

F R O S T & S U L L I V A N

2024 COMPANY OF THE YEAR

*IN THE GLOBAL
CALIBRATION AND
REPAIR INDUSTRY*

F R O S T & S U L L I V A N

BEST
2024 PRACTICES
AWARD

simco.
electronics

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. SIMCO Electronics excels in many of the criteria in the calibration and repair space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

A Market Snapshot

Different industries, including aerospace and defense (A&D), life sciences, and healthcare, must maintain accuracy in the measurement and instrument systems to meet regulatory compliance and ensure quality control. Therefore, calibration and repair services are critical for all industries to maintain a proper measurement system. These industries require high-efficiency levels and data collection to improve process effectiveness with an increased need for constant calibration to maintain instrument accuracy. Also, improving cost efficiency and added service benefits drive market growth.

However, existing challenges continue to restrain the market. Legacy calibration methods and technologies are rapidly becoming obsolete, so seasoned companies must invest in training and new equipment to remain competitive and relevant. Price-sensitive customers are also demanding affordable price points from service providers, who struggle to balance meeting these customers' and competitors' pricing pressures while investing in new equipment and a skilled workforce. Additionally, calibration and repair services' quality depend on the technician's skill level and depth of knowledge about the technique and equipment. Thus, service providers must maintain innovative ways to retain skilled workers, especially for niche applications. They must provide training and other development programs to support their workforce's skill set.

Frost & Sullivan research finds the global calibration and repair services market will reach \$5.11 billion by 2029, with a compound annual growth rate of 4.3% from 2019 to 2029.¹

Best Practices Excellence: SIMCO Electronics

Founded in 1962 and headquartered in Santa Monica, California, SIMCO Electronics (SIMCO) is a globally recognized company that provides calibration and repair services and solutions for various test and measurement equipment. Over the past 60 years, SIMCO has emerged as a leader in calibration and repair services, ensuring precision and reliability in instruments utilized across diverse sectors, including A&D,

“[SIMCO] actively addresses customer challenges by offering a fully integrated cloud solutions and services suite called CERDAAC. These tools empower quality and operations program managers to champion operational excellence, reduce downtime, and ensure compliance. Notably, numerous SIMCO customers turn to CERDAAC to swiftly tackle pressing corrective and preventative actions or quality issues that their existing software or systems fail to resolve.”

- Janani Balasundar
Research Analyst

life sciences, and healthcare. With an unwavering commitment to quality, SIMCO solidifies its reputation by meeting the rigorous requirements of its varied customer base, enhancing the overall performance of electronic systems. Initially rooted in the National Aeronautics and Space Administration (NASA), the company has evolved to offer a comprehensive suite of regulatory cloud software and services for managing equipment, people, and programs. Catering to critical industries, SIMCO proudly serves the most prominent players in these sectors, with a significant presence among top biomedical manufacturers and A&D contractors in the United States (US).

In 2020, Frost & Sullivan recognized SIMCO for its optimized customer value, services, software, and best-in-class approach, presenting the company with the Customer Value Leadership Award. This award is one of many, as SIMCO was also awarded in 2012, 2014, 2016, and 2018. Frost & Sullivan remains impressed with the company’s ongoing excellence and growth.

A Leader’s Path

SIMCO’s industry leader positioning is grounded in over six decades of experience, encompassing the delivery of over 15 million services to around 3,000 highly regulated customers, including 16 of the top 20 global life science companies.² With many of its customers being subject to regulatory oversight from entities like the US Food and Drug Administration (FDA), International Organization of Standardization (ISO), and Clinical Laboratory Improvement Amendments, SIMCO gains valuable insights into the distinctive challenges faced by each customer.

¹ *Growth Opportunities in Calibration and Repair Services* (Frost & Sullivan September 2023)

² “Industries Served.” *SIMCO Electronics*. Web page. Accessed 22 November 2023. <https://www.simco.com/industries/>

Manufacturers in these regulated industries rely on SIMCO to provide transparent visibility into each asset's usage and maintenance, and servicing, which is crucial for demonstrating regulatory compliance. Additionally, SIMCO operates like owners, going above and beyond, regardless of the task.

SIMCO's vision centers on providing the highest level of quality and customer service in the industry with the stated purpose of delivering lean, life-saving solutions to protect others. To make its vision a reality,

"[SIMCO] maintains a sterling reputation as 'The Standard for Quality Service' and remains fully committed to providing the highest quality service in the industry. Moreover, the company's dedication to lean processes has resulted in 67% of SIMCO employees achieving Lean Six Sigma certification [...] Furthermore, the company boasts eight employees with Lean Six Sigma black belts and over \$2 million per key account annualized savings delivered."

- Samantha Fisher
Best Practices Research Analyst

the company maintains a tri-pronged approach to the industry, which includes trust, innovation, and empathy. It connects deep-seated domain and operational knowledge with advanced technology to provide reliable calibration and repair services. The company actively addresses customer challenges by offering a fully integrated cloud solutions and services suite called CERDAAC. These tools empower quality and operations program managers to champion operational excellence, reduce downtime, and ensure compliance. Notably, numerous SIMCO customers turn to CERDAAC to swiftly tackle pressing corrective and preventative actions or quality issues that their existing software or systems fail to resolve. Managers also leverage CERDAAC to pinpoint malfunctioning equipment and its location on the

production floor. By leveraging this platform, SIMCO customers, on average, achieve an impressive 287% return on investment.³

CERDAAC integrates the functionalities of a traditional computerized maintenance management system, offering cloud solutions to oversee critical assets and programs associated with production, attacking any problem that may arise. This approach encompasses managing equipment calibration and maintenance, facilities management, workplace and partner compliance, and tracking product use. Quality and operations professionals benefit from user-friendly reports and dashboards to monitor equipment service histories and proactively schedule maintenance. CERDAAC aids in determining whether SIMCO should perform a service in the customer's lab, one of SIMCO's more than 20 nationwide labs, or, if necessary, send it to the original equipment manufacturer (OEM). More importantly, the company refuses to compromise on quality, which is why it maintains stringent regulatory compliance, such as ISO 9001:2015, ISO/IEC 17025:2017, and ANSI/NCSL 5540-1, among others.

With a legacy of market leadership, SIMCO's compelling value proposition underpins its sustained success.

³ "SIMCO Names Top 10 Life Sciences Solution Provider by Life Sciences Review Magazine." *CERDAAC by SIMCO*. Press release. 1 November 2022. Accessed 28 November 2023. <https://cerdaac.com/simco-named-top-10-life-sciences-solution-provider-by-life-sciences-review-magazine/>

Unmatched Price/Performance Value

Through customer feedback and market research, SIMCO consistently upgrades and enhances its solution, ensuring it meets customer needs and performs optimally compared to competing products. The company strives to find better ways to serve its customer base. For example, in January 2023, SIMCO announced the newest CERDAAC release. The unified suite of highly configurable clouds helps calibrate, maintain, and manage tools, equipment, and other assets used in production. The CERDAAC software is pre-validated to comply with the FDA's Code of Federal Regulation 21 Part 11 requirements for quality systems, making the software an obvious choice for FDA-regulated manufacturers. With the new release, SIMCO introduced four new clouds to the platform:

- **Enroll & Control Cloud:** This solution optimizes asset management with streamlined onboarding, customizable e-forms, and efficient workflows. The cloud ensures compliance through searchable audit trails, boosts operational efficiency with digital signatures, and extends asset life with automated notifications and comprehensive visibility across the plant and supply chain.
- **Workforce Cloud:** The employee-focused cloud ensures workforce readiness with qualifications and training management, enhancing workplace safety through incident reporting and configurable dashboards. The solution guarantees compliance through policy acknowledgments, automated routing, and comprehensive audit trails, offering a streamlined solution for maintaining a prepared, safe, and compliant workforce.
- **Partner Cloud:** This SIMCO's cloud digitizes compliance requirements, streamlines management processes, and reduces audit risk with deviation management and comprehensive audit trails. The solution features automated partner form routing and secure communication through role-based access, offering an efficient solution for ensuring partner compliance and minimizing risks.
- **Product Traceability Cloud:** This solution digitizes quality control, streamlines inspections, and ensures product traceability by linking equipment to goods. With comprehensive audit trails, configurable dashboards, and electronic device history record management, SIMCO provides an efficiency quality control and traceability solution.

The new clouds expand on CERDAAC's asset management clouds, such as Custom Cloud, Calibration Cloud, Maintenance Cloud, and Facility Cloud. Each cloud operates standalone or as a complete asset management solution that spans key manufacturing operations support processes.

Lead by Being Lean

With its customer-centric corporate philosophy, SIMCO operates on the central tenet that its success depends on customer satisfaction. This philosophy permeates the company's daily practices. In service of its mission, SIMCO obsesses over its customers, and its customer-centricity is a key differentiator from competitors that rely on a "me first" attitude with their product lines, profit and loss, and global expansion, limiting their flexibility. SIMCO maintains a fast and friendly response to inquiries and maintains positive relationships with all its customers.

SIMCO's remarkable history and growth reflect its commitment to extending Lean Six Sigma management principles beyond the production line to encompass equipment, personnel, and programs supporting production. With six decades of experience collaborating with highly regulated manufacturers, SIMCO stands out as an ideal partner for organizations aiming to deliver quality more efficiently. The company's lean culture is evident in its continuous efforts to eliminate waste. Weekly mission and service meetings foster an environment of improvement, encouraging discussions on finding better solutions and tackling challenges with a lean approach. This dedication results in faster and more reliable turnaround times, bolstering the company's reputation for trustworthy quality.

While competitors often rely on industry-wide available calibration and repair procedures, SIMCO differentiates itself by developing comprehensive procedures internally and encouraging its employees to learn and grow. The company's technicians train to write these procedures before sending them for a central review. SIMCO's commitment to quality is exemplified by its transition from meticulous manual checks to a comprehensive, computer-based checking system. The manual approach requires technicians to rigorously check each calibration for proper procedure use and data errors, which is reliable but labor-intensive. Identifying a 3% to 5% error rate across instruments prompted the company to enhance its quality check. The company now leverages computers to scrutinize every procedure, ensuring correctness in standards, technical training, and record keeping. This comprehensive approach, evaluated by SIMCO's auditing body, significantly reduces errors. Unlike many competitors, SIMCO prioritizes the computers' precision and consistency to ensure accurate and error-free procedures, offering an advantage in quality assurance. Additionally, SIMCO's leadership maintains a "One Team" workplace, prioritizing alignment and teamwork between internal teams as they work towards fulfilling the company's goals.

Finally, SIMCO is a strong supporter and advocate for "Right-to-Repair," which is a movement to ensure consumers can repair, calibrate, or modify their equipment without waiting for an OEM-approved technician, which can result in ten times longer calibration than third-party providers, such as SIMCO (e.g., 30-day average vs. three-day average), double-digit annual calibration prices, and discontinuous service for older products, forcing customers to upgrade unnecessarily.

SIMCO meets with customers to assess their needs and develop tailored solutions with roadmaps for seamless execution. This foundational approach establishes ongoing trust with customers for long-lasting relationships extending throughout the product's lifecycle.

SIMCO: An Innovation Hub

SIMCO rounds out its value proposition with its best-in-class commitment to innovation. The company was born out of innovation at NASA and presently resides in Silicon Valley, one of the largest technology hubs in the US. To this end, SIMCO focuses on expanding its technology to meet its customers' needs. For example, it incorporated artificial intelligence both internally (e.g., quality, work optimization) and customer-facing systems (e.g., equipment information and how-to guides). To address customers that require parts that are obsolete, such as battery covers and knobs, SIMCO offers three-dimensional printing services to extend their asset lives.

Case Study: Korry Electronics⁴

Korry Electronics (Korry), a cockpit control provider for military and commercial aircraft, turned to SIMCO and CERDAAC to manage 6,000 assets, calibration, and compliance and to reduce unplanned downtime. Since first implementing SIMCO's software in 2010, Korry reports it has 137 users managing over 6,000 equipment assets. In addition to using CERDAAC, the customer leverages SIMCO's managed services for equipment calibration and repair on-site at Korry's facility or at one of SIMCO's labs.

"With CERDAAC, the whole company can go in and see the status of any asset and get the information they need. There's nothing hiding under the carpet. There are no surprises because we're not relying on that one person to hit a button on a spreadsheet."

- Korry Electronics

A Promising Outlook for 2024 and Beyond

Since its founding, SIMCO has grown to more than 350 employees who provide high-quality and enterprise-level calibration and repair services from 20 labs in North America and Asia. The company maintains a sterling reputation as "The Standard for Quality Service" and remains fully committed to providing the highest quality service in the industry. Moreover, the company's dedication to lean processes has resulted in 67% of SIMCO employees achieving Lean Six Sigma certification (complete or in-process). Furthermore, the company boasts eight employees with Lean Six Sigma black belts and over \$2 million per key account annualized savings delivered (for SIMCO's largest customers).

Additionally, SIMCO continues to see lucrative momentum, achieving double-digit organized topline growth. The company reports more than 100% revenue retention (existing calibration service customers) and over 115% software subscription revenue retention (on existing software accounts). SIMCO is witnessing robust growth from its lives-at-stake enterprises, with 70% of its total revenue coming from these customers. Finally, SIMCO is quickly approaching nine digits in topline revenue. SIMCO has also seen profitability through its software growth investments and price increases driven by customer-signed lean savings.

Frost & Sullivan applauds SIMCO for its best-in-class CERDAAC solutions, customer-centricity, and growth momentum, and finds the company well-positioned as a leader in the calibration and repair industry.

⁴ "Case study: Korry Electronics." *SIMCO Electronics*. PDF. Accessed 28 November 2023.

Conclusion

Legacy calibration and repair methods and technologies are rapidly becoming obsolete, requiring seasoned companies to invest in training and new equipment to remain competitive and relevant. Moreover, cost sensitivity and pricing pressures are driving the need for novel solutions and methodologies. However, original equipment manufacturers' continuous restrictions on consumers' ability to repair, modify, or calibrate their assets is further impacting the industry.

Overall, SIMCO Electronics (SIMCO) addresses these unmet needs with a strong leadership focus that incorporates customer-centric strategies and exemplifies best practice implementation. With over 60 years of experience in calibration and repair, SIMCO actively addresses customer challenges by offering fully integrated cloud solutions and services suite called CERDAAC. These tools empower quality and operations program managers to champion operational excellence, reduce downtime, and ensure compliance. The cloud suite is stocked full of best-in-class solutions for various use cases, including Enroll & Control Cloud, Workforce Cloud, Partner Cloud, and Product Traceability Cloud. SIMCO also stacks its value proposition with a customer-centric approach and Right-to-Repair advocacy. The company remains a trusted partner, earning a reputation for offering the overall best in the industry.

With its strong overall performance, SIMCO Electronics earns Frost & Sullivan's 2024 Global Company of the Year Award in the calibration and repair industry.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

