



## 2013 North American Test Asset Management Solutions for Aerospace & Defense Customer Value Enhancement Award



FROST & SULLIVAN



50 Years of Growth, Innovation & Leadership

## **Customer Value Enhancement Award Test Asset Management Solutions for Aerospace & Defense North America, 2013**

### **Frost & Sullivan's Global Research Platform**

Frost & Sullivan is in its 50th year of business with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The company's research philosophy originates with the CEO's 360-Degree Perspective™, which serves as the foundation of its TEAM Research™ methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the findings of this Best Practices research, Frost & Sullivan is proud to present the 2013 North American Customer Value Enhancement Award in Test Asset Management Solutions for Aerospace & Defense to The Sente Group.

### **Significance of the Customer Value Enhancement Award**

#### **Key Industry Challenges**

With the present economic uncertainty, companies across all sectors in North America are increasingly being faced with a challenge to reduce their overall costs. Companies in the aerospace and defense sector, in particular, are striving to differentiate themselves in order to compete more efficiently in an environment characterized by decreasing defense spending. In such a scenario, a primary concern for these companies is to improve their engineering productivity. While North American companies are striving to reduce their overall costs, many of them end up overlooking or underwhelming their test capital equipment savings opportunities with common approaches. The management of such equipment is often the responsibility of technical personnel who know test equipment. However, breakthrough success with test asset management is more about people than the test equipment itself. A sound understanding of personnel behavior, organizational dynamics and effective integration with important value stream processes is the key to transformative change and improved efficiencies.

The efficient management of test assets can result in significant cost savings while providing other benefits. However, this can be a daunting task especially for large, dispersed companies with large inventories of test equipment spread across multiple sites. A large number of test assets across multiple sites often results in a lack of awareness and information about the number and location of assets, their state and utilization rate, etc. Furthermore, users often engage in hoarding test equipment for future use, without having any present requirement for them, just to ensure that they will have the equipment when they need it. These factors can lead to a number of inefficiencies such as unnecessary equipment purchases and hamper the growth of companies.

Hence, companies that focus on offering solutions that help large enterprises efficiently manage their test assets have significant potential if able to raise awareness of the issue

among customers and offer a solution that answers their requirements. Companies with innovative and comprehensive service offerings designed to bring down test asset costs while improving the utilization of test equipment will be able to successfully differentiate themselves in the North American test asset management market and increase their market share.

## **Best Practice Award Analysis for Sente**

The Frost & Sullivan Award for Customer Value Enhancement is presented each year to the company that has demonstrated excellence in implementing strategies that proactively create value for its customers with a focus on improving the return on the investment that customers make in its services or products. This Award recognizes the company's inordinate focus on enhancing the value that its customers receive, beyond simply good customer service, leading to improved customer retention and ultimately customer base expansion.

### **Sente's Performance in Test Asset Management**

Headquartered in Atlanta, Georgia, Sente was founded in 1997 with an aim to help organizations manage their large inventory of test equipment in a more cost-efficient and productive manner. Focused on the aerospace and defense sector, the company adopts an advanced and holistic approach to managing its customers' test resources. It works closely with its customers to identify the complex challenges and cultural dynamics associated with each of their individual test environments. Using such detailed information, Sente then implements its solutions to reduce costs dramatically while concomitantly improving performance. Using Sente's services, its customers have enjoyed improvement in equipment utilization by up to 400 percent. They have been able to reduce their capital budgets by 50 to 75 percent, unproductive user time by 75 to 90 percent while ensuring a significant reduction in maintenance and support costs, which can reach up to 50 percent. Sente's services have also translated into a significant reduction in obsolescence risk of equipment, as its customers are able to invest in better equipment since they are spending less on equipment that they do not need. The company has grown steadily over the years and won several awards from leading aerospace and defense companies in the recent past, which indicate a bright future for the company in terms of revenue growth.

### **Key Performance Drivers for Sente**

#### **Factor 1: Differentiated Product Offering**

Sente operates with a primary goal of helping aerospace and defense companies improve the utilization of their test assets. Its employees work closely with the customers at their premises, which enable a deep understanding of customer challenges and issues, to provide solutions that drastically improve their test asset management process while bringing down overall test capital costs. While other companies provide test asset management solutions

that offer tactical assistance to customers, Sente focuses on delivering solutions that have a strategic and long-term impact on customers' test environments. Sente's Test Resource Management (TRM) suite includes a complete set of tools that provides a holistic view of a company's test environment and brings relevant information and data to the right person at the right time.

The TRM suite includes the PracticeTRM™ Practitioner Suite, the AccessTRM™ User Suite, the ManageTRM™ Manager Suite, as well as Additional Test Equipment Management Tools. The PracticeTRM™ Practitioner Suite consists of a combination of hardware and software tools, with the help of which critical asset management tasks can be performed by TRM practitioners more efficiently and reliably. The AccessTRM User Suite allows easy access of TRM data. Using these sets of software tools, users across different groups within an organization can better coordinate the use of test equipment among themselves. Sente's ManageTRM Manager Suite consists of a set of software tools that allow lab managers to get an insight into the cost and performance of the organization's test resources. Using these tools, managers can also monitor progress on pre-defined metrics. This not only allows for the elimination of undesired practices and workflows, but also enables forecasting of future trends and assists managers in critical decision-making. Sente's Additional Test Equipment Management tools are a variety of tools that provide a number of additional functionalities. For example, the TRMnet™ is a module that can be used to support workflow across multiple geographic locations and SenteSource™ is a tool that provides access to TRM best practices along with customized reports, process maps and templates for individual customers.

## **Factor 2: Competitive Strengths**

While a number of companies offer test asset management solutions in the North American market, Sente stands out by handling more types of test assets than other companies do, covering the entire product lifecycle from planning to disposal and helping its customers in strategic sourcing management. Unlike its competitors, Sente focuses on an extensive range of test assets, which not only include general purpose test assets such as oscilloscopes, signal generators, analyzers and meters, but also large fixed test assets such as wind tunnels, engine test cells and EMI chambers, and program-specific test equipment such as cables and fixtures. Second, the company focuses on the entire equipment lifecycle, assisting customers in capacity and demand planning, management of tests, characterization of equipment capability and costs, reduction of maintenance costs, and finally disposal of the test assets. Third, Sente helps organizations focus their scarce test resources on their core functionalities rather than focusing on the support functions. The company enables its customers to direct their human and financial capital on their core activities, while helping them efficiently transition the non-core and support activities to eligible external suppliers. This is done by Sente in a manner that ensures optimized test asset utilization while minimizing costs and risks. Sente also adopts a differentiated approach in test asset management. Currently, it has over 250 integrated process maps that can be

customized to suit individual customer environments and then installed and matured using proprietary implementation methodology. It also offers in-depth job descriptions, along with performance metrics, to ensure efficient utilization of human assets at customer locations. In addition, Sente's software tools and templates are designed to optimize workflows and the performance of test assets. The company has made significant investments in software over the past seven years that have enabled them to achieve the same results as in the past on state-of-the-art software platforms and at a lower cost. These differentiating elements of Sente's have provided it with a strong edge over its competitors in the North American test asset management market for aerospace and defense.

### **Factor 3: Customer-Focused Approach**

One of the key factors contributing to Sente's success is its strong focus on understanding the specific challenges and issues faced by its customers, and thereby adapting its solutions to suit individual customer environments. Its approach has enabled it to address the complex requirements of a number of high-profile companies in the North American aerospace and defense space. For example, one of the company's customers, a leading aerospace and defense company adopted Sente's solutions while undergoing a major reorganization to consolidate its assets and costs. With over 150,000 test assets spread across 15 sites in North America, the customer faced a significant challenge in acquiring comprehensive data on the location and state of its test assets. The customer's internal team worked with Sente to deploy the TRM solution across the 15 facilities, which took about 9 months. In the end, cost savings exceeded customer expectations by over 20 percent. Driven by the success of Sente's project, the customer, who continues to work with the company, awarded the project its internal annual award in the largest business impact category, linking this initiative to perhaps the most critical process that is increasing productivity across the company.

Another company, a Fortune 150 defense contractor, adopted Sente's services after discovering a larger number of test assets than expected in its engineering laboratories. An in-depth investigation revealed outdated assets, uncoordinated and localized methods to track and schedule test assets, and an equipment utilization rate of nine percent. After deploying Sente's TRM system, the customer witnessed an improvement in the asset utilization rate by almost 300 percent in the first year. Total inventory of test equipment were also reduced by 35 percent.

Another noteworthy success story is Sente's accomplishments with a Fortune 150 aerospace manufacturer, which adopted the company's TRM solution to address a problem of test asset unavailability. The company had over 1,000 engineers across 140 different projects vying for the test assets. In order to address this issue, the customer's employees were resorting to hoarding the assets in case of future requirement. This resulted into a waste of time in searching for assets, increased asset purchases, and a high number of obsolete equipment, which reduced the utilization rate to 15 percent. Within three months of

deploying Sente's TRM solution, the customer experienced a 95 percent improvement in data accuracy and reduced waiting time for test equipment from 16 weeks to less than a day. After one year of the deployment of the solution, the company was able to reduce test capital budget by 50 percent.

Because of high cost savings and improved test equipment utilization, all these customers continue to work with Sente. Sente's success in understanding the dynamics of customer environments enabling the company to customize its solutions to address each of its customers' individual needs has resulted in a strong base of loyal customers in the North American market for Sente.

### **Conclusion**

Focusing on serving the needs of the aerospace and defense sector, Sente offers a range of solutions to help organizations manage their test assets and resources more efficiently and cost-effectively. The company aims at helping its customers focus their scarce test resources on their core functionalities and enables drastic reductions in test capital budgets while significantly improving utilization rates. Because of its differentiated approach and focus on providing strategic and long-term benefits to customers, Sente has been chosen as the worthy recipient of the 2013 Frost & Sullivan Customer Value Enhancement Award in the North American Test Asset Management market for Aerospace & Defense.

### **The CEO 360-Degree Perspective™ - Visionary Platform for Growth Strategies**

The CEO 360-Degree-Perspective™ model provides a clear illustration of the complex business universe in which CEOs and their management teams live today. It represents the foundation of Frost & Sullivan's global research organization and provides the basis on which companies can gain a visionary and strategic understanding of the market. The CEO 360-Degree-Perspective™ is also a "must-have" requirement for the identification and analysis of best-practice performance by industry leaders.

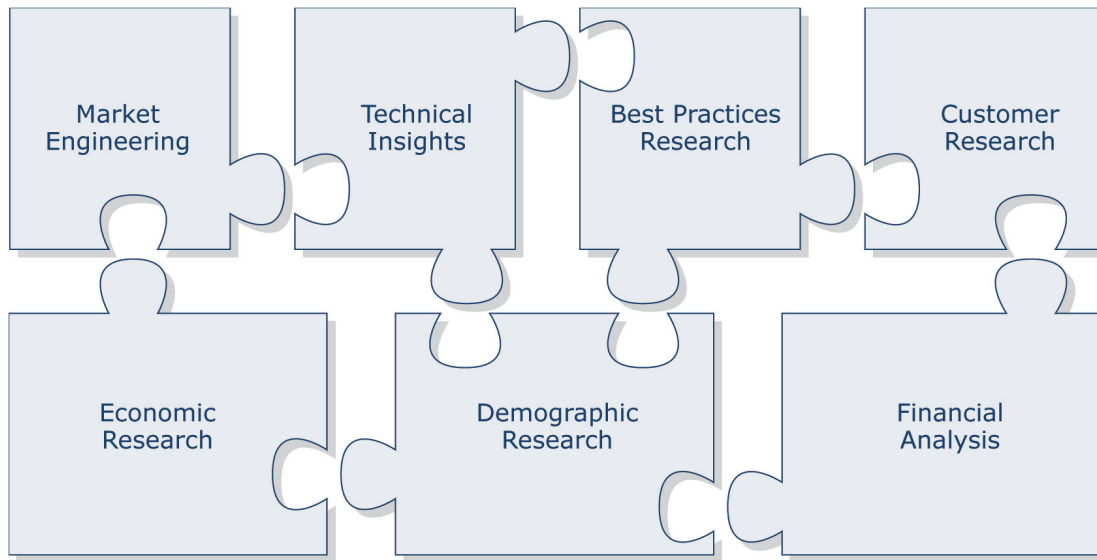
The CEO 360-Degree-Perspective™ model enables our clients to gain a comprehensive, action-oriented understanding of market evolution and its implications for their companies' growth strategies. As illustrated in Chart 1 below, the following six-step process outlines how our researchers and consultants embed the CEO 360-Degree-Perspective™ into their analyses and recommendations.

**Chart 1: The CEO's 360-Degree Perspective™ Model**



### Critical Importance of TEAM Research

Frost & Sullivan’s TEAM Research methodology represents the analytical rigor of our research process. It offers a 360-degree view of industry challenges, trends, and issues by integrating all seven of Frost & Sullivan's research methodologies. Our experience has shown over the years that companies too often make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Frost & Sullivan contends that successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. In that vein, the letters T, E, A and M reflect our core technical, economic, applied (financial and best practices) and market analyses. The integration of these research disciplines into the TEAM Research methodology provides an evaluation platform for benchmarking industry players and for creating high-potential growth strategies for our clients.

**Chart 2: Benchmarking Performance with TEAM Research**

### About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best-practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from more than 40 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.