

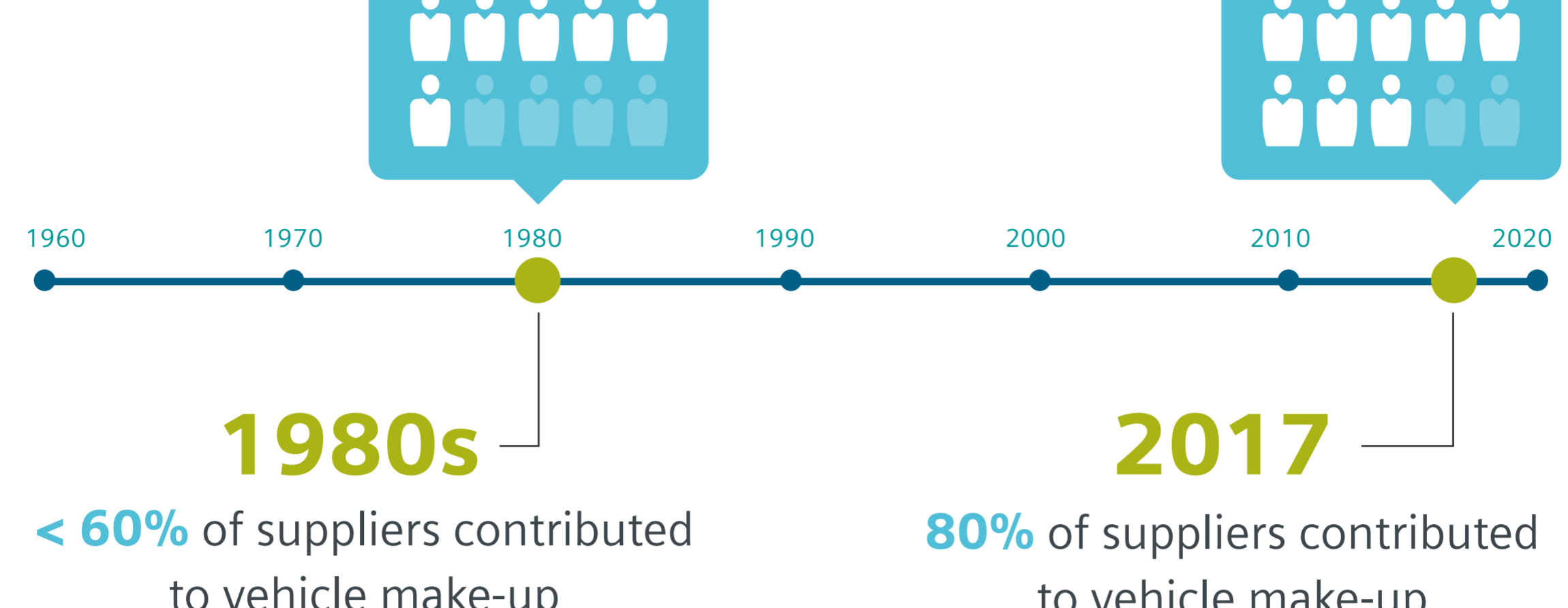


Why Automakers Need A Closed-Loop Quality Management System

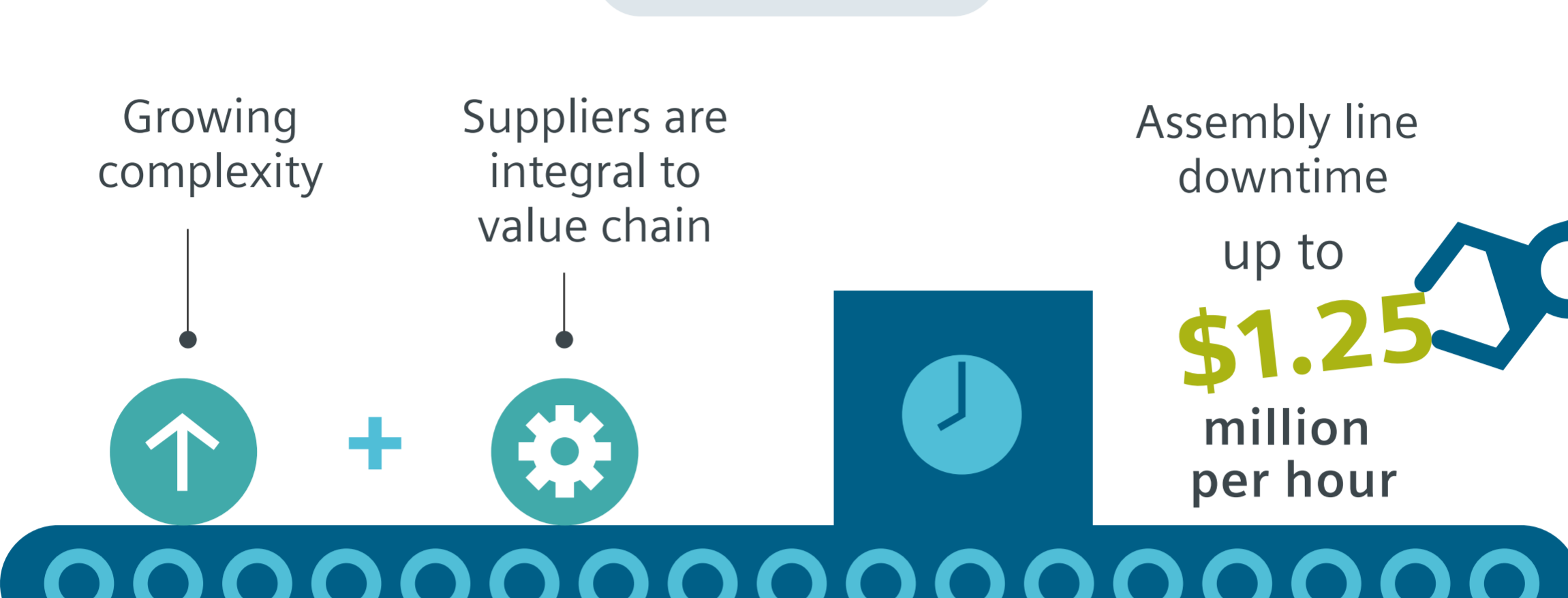
Growing supplier complexity, increased government regulation and ever-more choosy customers are exerting intense pressure on the automotive industry's quality management systems, leading manufacturers to pursue a more strategic approach to quality.

Supplier Quality Is More Important

Automakers' increasing reliance on suppliers for component parts is driving the need for automated end-to-end quality management.



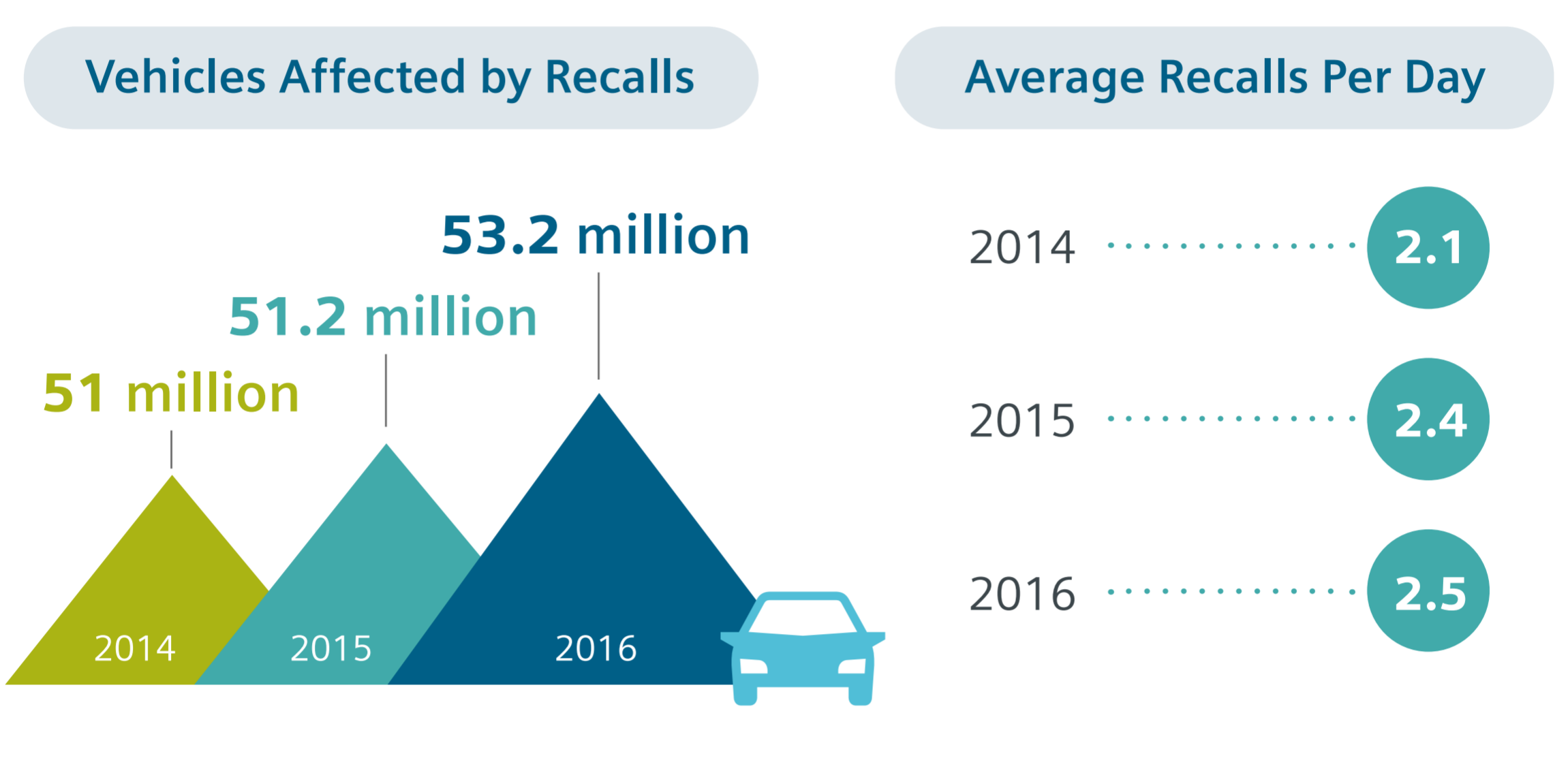
Outcomes



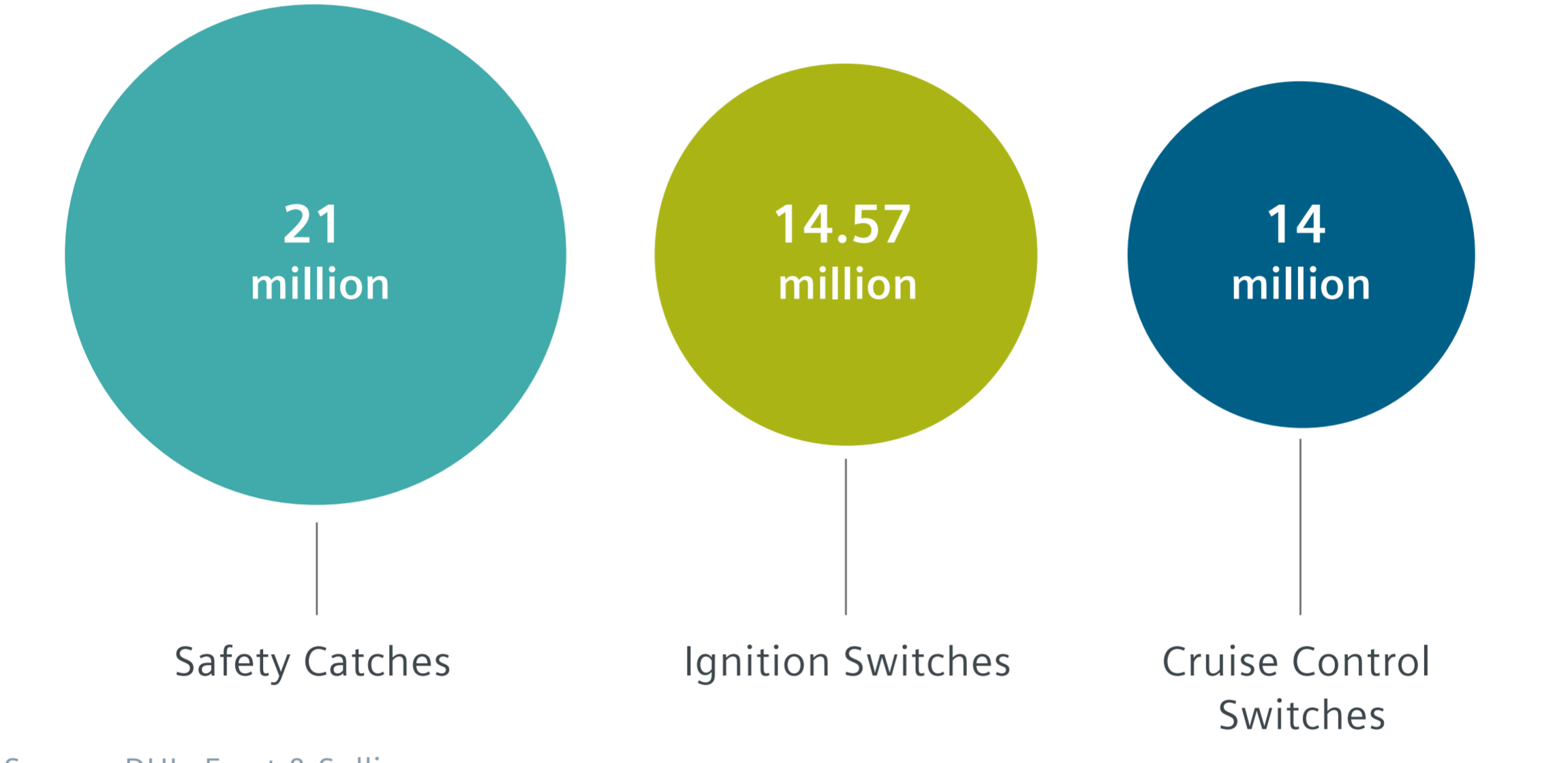
Source: Frost & Sullivan Customer Research

Automotive Recalls Are On the Rise

A steady increase of quality-related recalls on supplied parts increases the urgency to use a holistic quality management system.



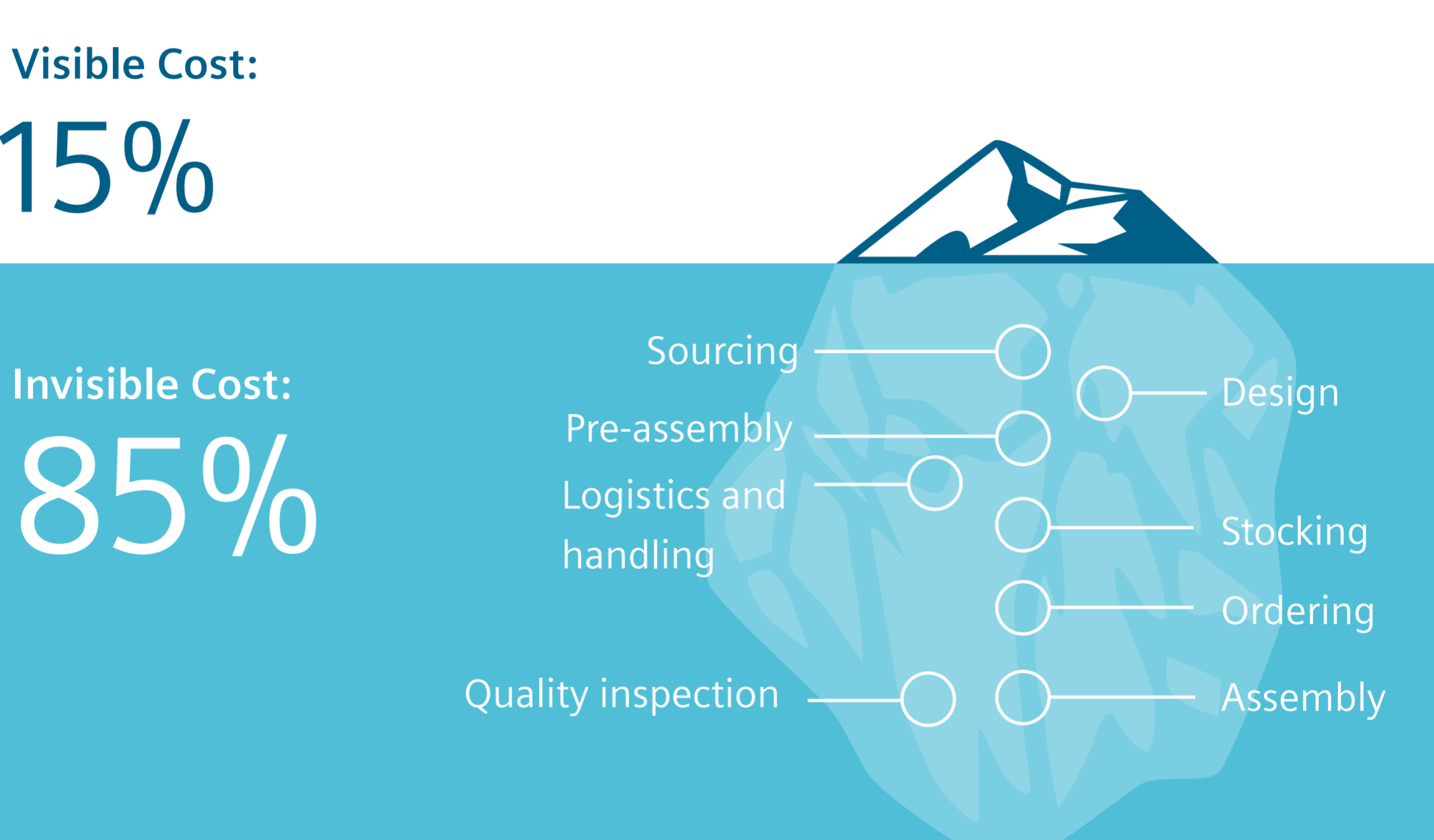
Highly Recalled Auto Supplier Parts



Source: DHL; Frost & Sullivan

The Cost of Poor Quality Can Be Hidden

Quality management must extend beyond the traditional approach to encompass the often-invisible causes of poor quality throughout the value chain.



Source: LNS Research, *The Cost of Poor Quality Definition*

Brand Damage Results from Quality Recalls

Automakers must extend the concept of quality beyond compliance to regulations and standards. Brand equity is particularly susceptible to damage from quality lapses.

| | Consumers Positively Disposed | Consumers Negatively Disposed |
|---------------------------|-------------------------------|-------------------------------|
| Toyota Pre-Recall | 83% | 17% |
| Recall 1 (2009) | 78% | 22% |
| Recall 2 (2010) | 59% | 41% |
| Post-Recall (2011) | 70% | 30% |

Source: GfK MRI Starch Advertising Research, via Forbes

QMS Improves Performance

From decreases in returns/rework to an increase in sales, QMS in manufacturing has a positive impact on the financial status of the organization.



Source: Frost & Sullivan, *Quality in the Future of Manufacturing*

Optimize Production with a Closed-Loop QMS

To achieve the faster time-to-market, improved production processes, fewer defects and increased product quality, automobile manufacturers must implement an automated closed-loop quality management system.

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