

## 1 Something is happening in the automotive sector

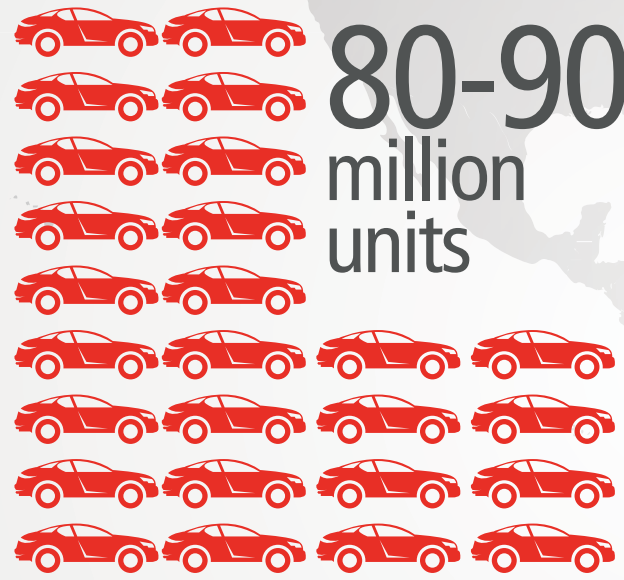
A **quiet revolution** that will **change the industry forever**.  
Convergence of automotive and high tech.



## 2 What's happening now?

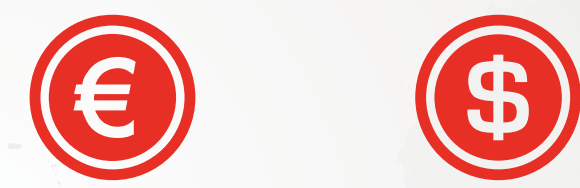
### Global growth:

By 2016, worldwide light vehicle production is estimated to grow to



### Profit margins remain healthy for auto OEMs -

**8% to 14%**



### A shift in market power

Emerging markets offer greatest growth potential. China still leads at

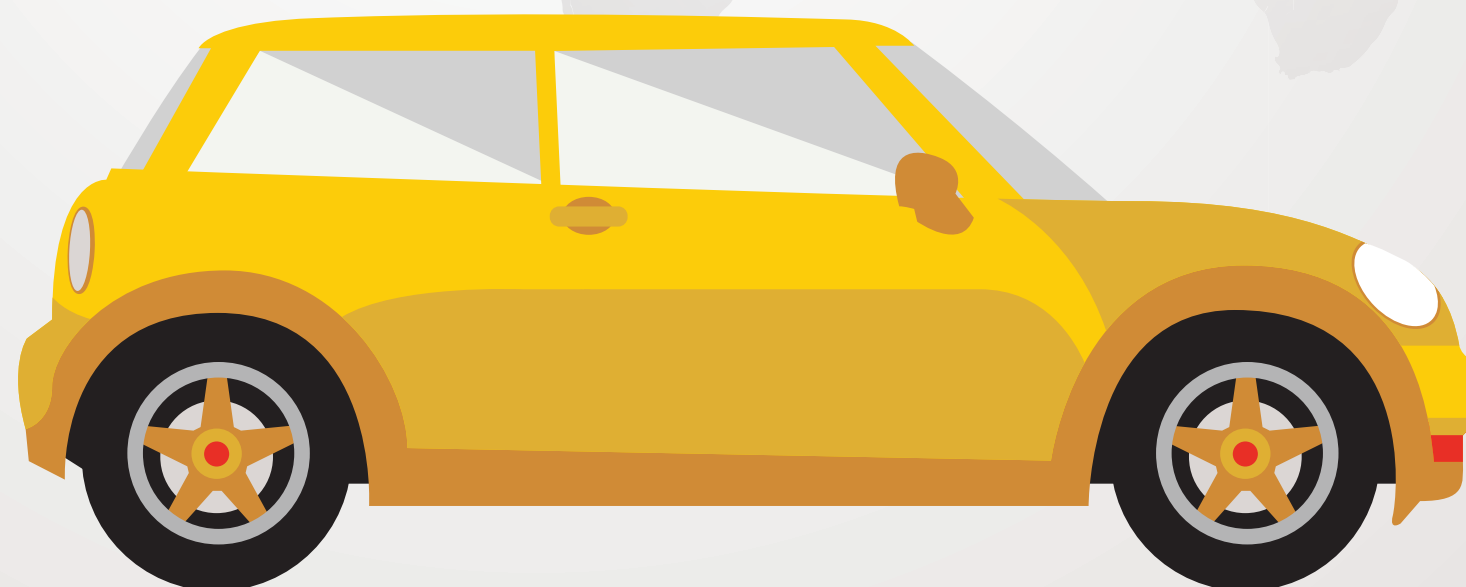
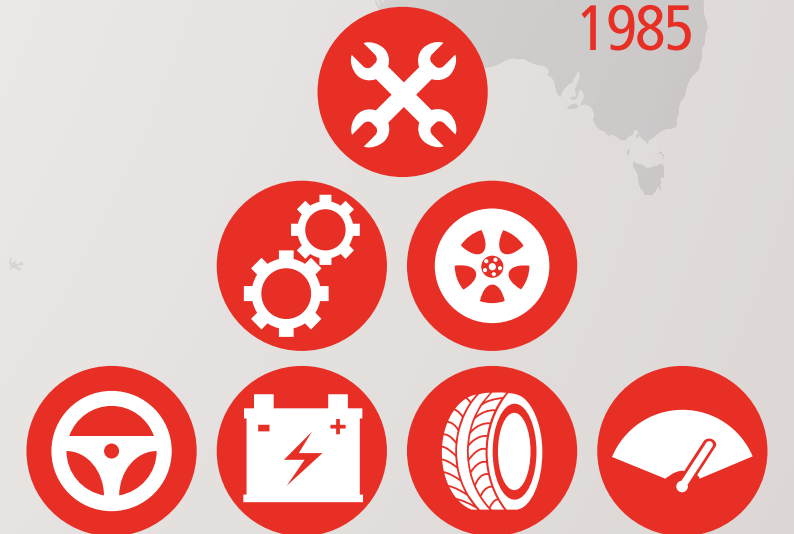


### More supplier components

Suppliers are increasingly contributing to vehicle make-up

**82%**  
Today

**56%**  
1985



## 3 Revolutionizing the future: Two Trends

### Trend 1

The **rise** of the **"mega supplier"** Suppliers are getting **bigger**.

They are **vertically integrating**, and forming **new partnerships** to serve the vehicle manufacturers.

**Suppliers** are establishing **global manufacturing clusters** around OEM production plants.

### Trend 2

**Convergence – the super sector** comes of age Cars are now **technology on four wheels**.

Today's average midsize vehicle requires

**20 million-plus lines of code.**



By comparison, a **Boeing 787** has less than **15 million lines of code.**



### Think about it:

In the US, **vehicles of the future** now **premier** at the **Consumer Electronics Show**



## 4 What does this mean?

Every supplier becomes **critical**. **Failure** at even the smallest tier 4 supplier can stop an assembly line.



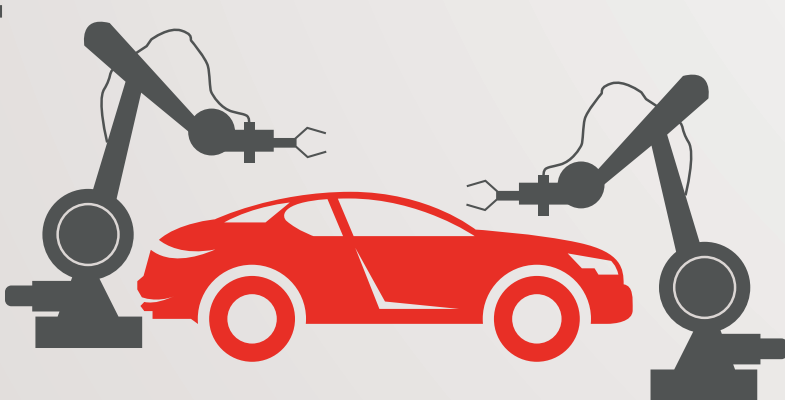
The stakes are high: **Shutting down** an automotive production line **costs \$1.25 million an hour**



### The new reality:

Automotive now **must compete** with tech for supplier capacity.

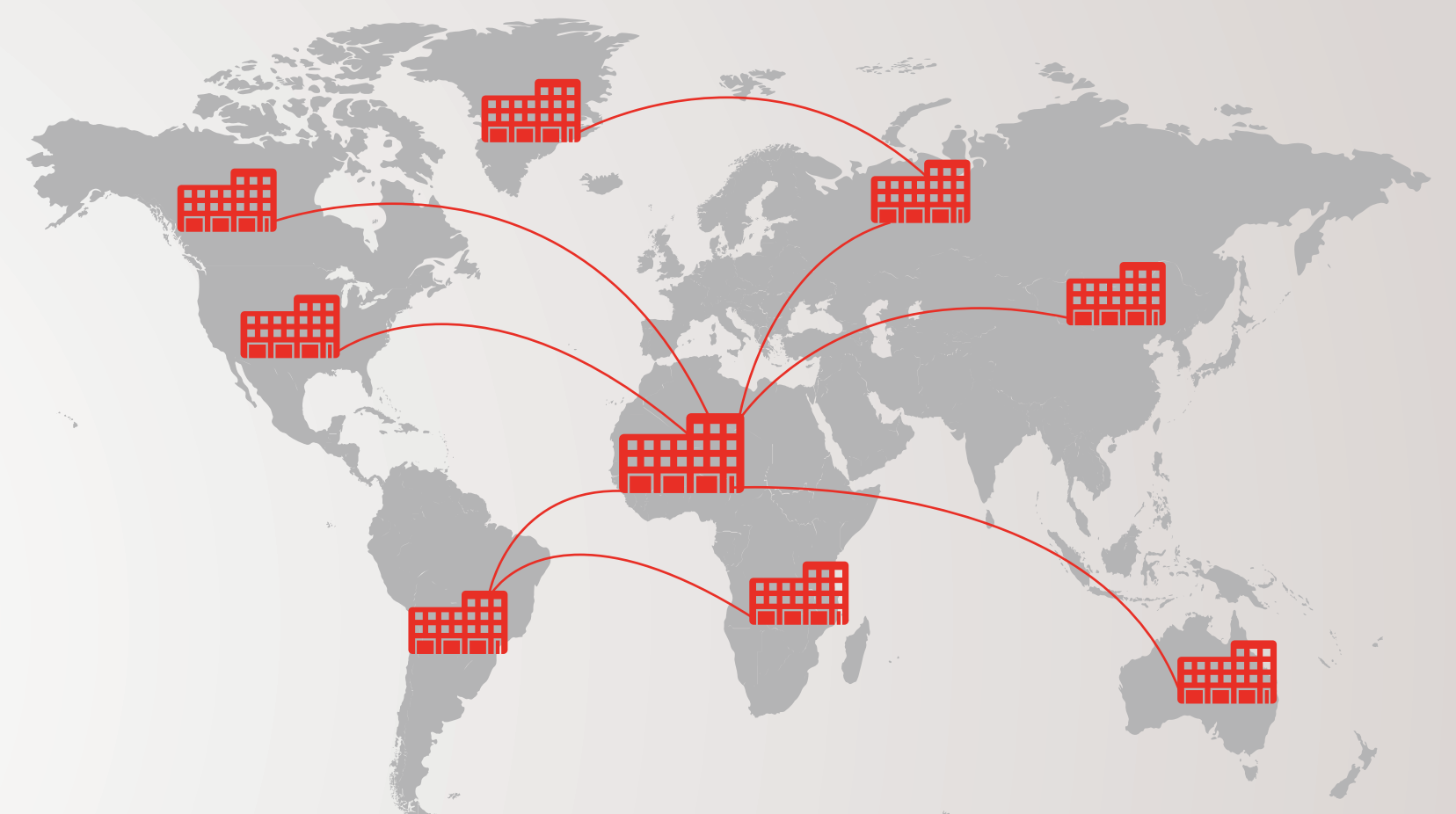
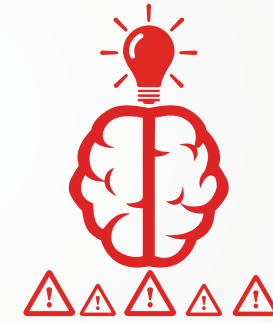
And **tech** may be the **larger customer**.



## 5 The new automotive supply chain

### What does success require?

- **Standardization** of processes, systems, operating practices, capabilities.
- **Replicable** supply chains.
- **Smarter risk management**



## 6 What are the solutions?



**Closer partnerships**



**Multiple suppliers** for the same component



**Supply localization**



**A risk-balanced supply chain**

## 7 What makes the new automotive supply chain possible?



### Intelligent Visibility

– up and down the supply chain



### Collaboration

– across all supplier tiers



### Good demand signals

– at all levels



### Orchestration

– of the entire automotive ecosystem

**The path forward**  
Create **smarter supply chains** that ensure **future growth**.