CentricSoftware™

2018 Global PLM Software for the Retail, Fashion, Apparel and Consumer Goods Product Leadership Award

FROST & SULLIVAN

2018 BEST PRACTICES AWARD

GLOBAL PLM SOFTWARE FOR THE RETAIL, FASHION, APPAREL AND CONSUMER GOODS PRODUCT LEADERSHIP AWARD

2018 BEST PRACTICES AWARDS

Contents

Background and Company Performance

Industry Challenges

Retail and consumer goods are highly dynamic and competitive industries requiring manufacturers, retailers and brands to innovate faster, deliver products at competitive prices, gain control on product life-cycle events, and enhance their brand equity. Explosive population growth and a rise in per capita spend across both advanced and emerging economies are contributing to a dramatic change in the demand-and-supply equation. Relentless shifts in customer preferences spurred by the customization trend and constant product innovation require manufacturers to deliver the right product at the right time in the right place. In the fashion world, styles are short-lived, so manufacturers, retailers and brands strive to launch new product offerings every season and deliver more seasons under brief time-to-market frames in attempt to keep pace with intense competition.

To succeed in such a dynamic business environment, the industry requires software solutions that consolidate myriad data from various sources and are easily accessible, solutions that will establish an integrated ecosystem with seamless flow of information and ideas across the value chain. Yet the common challenge with traditional product lifecycle management (PLM) software solutions is that they are developed to support operations in mostly harsh and asset-intensive industries. Consequently, complex PLM designs pose challenges when looking to integrate those solutions with existing enterprise architecture of the retail and consumer goods industries; however, retail is highly customer-driven with data input flowing across the value chain from product designers, manufacturing units, and warehousing to suppliers. Hence the industry requires modern PLM software that is agile, flexible, user-friendly, and customizable.

The PLM software market, which is currently in a growth stage, is expected to witness a double-digit growth rate in the next 5 years within the retail, fashion, apparel, and consumer goods industries. Given its fragmented nature populated by a diverse mix of vendors that include automation giants, information technology (IT) companies, system integrators, and niche software providers, delivering a cost-effective solution that leverages digitalization and Industrial Internet of Things (IIoT)-based technologies is key for today's vendors to sustain a competitive edge in this market.

Product Family Attributes and Business Impact

Unique Product Positioning Fulfills Critical Needs

Founded in Silicon Valley, Centric Software is a leading provider of next-generation PLM software for the retail, fashion, apparel, and consumer goods industries across the globe. The key factor that underpins the company's strong global presence and ability to outpace its competitors is an industry-leading design and build team comprised of specialists who have been pivotal in delivering industry-specific next-generation PLM software.

The nature of the fashion and retail industries requires solutions that offer complete visibility and control across the value chain and, importantly, support delivery of a new product at the right time. Centric Software has excelled in fulfilling this crucial need

through its Centric 8 PLM solutions that create a unified platform to efficiently operate and manage various components across the ecosystem, including product development, design, planning, merchandising, testing, sourcing, procurement, production, and distributor teams or supplier departments. The unmatched benefit enjoyed by customers is enhanced collaboration across various functions and teams that eliminates the scope of work duplication, minimizes errors, and saves time.

Another main challenge that manufacturers, retailers and brands face is entering new markets and managing operations globally. Primarily, the complex supply chain involves production and distribution activities that are outsourced with the aim to localize product features and information, such as delivering product pricing and labeling in regional languages. These barriers are eliminated with the recent updates to Centric 8, Centric's flagship PLM solution, an all-inclusive software solution designed to help customers track and trace product at every stage across the value chain (design, manufacturing, factories, and suppliers) and automate product information, such as currencies/prices and item description, based on customer location. This offers greater visibility and transparency into business processes and eliminates the laborious task of manually entering and storing data, complete with one view of all products. In fact, in a recent update, Centric integrated advanced features such as 3D and CAD-agnostic 3D Sample Review. These advancements enable product visualization, expedite the prototype process and curb costs and effortlessly make product alterations.

This approach helps end users focus their efforts on analyzing data and strategizing to boost their revenue margins.

Furthermore, the Agile Deployment^{SM} of Centric 8 is a distinctive attribute that is not possible with traditional PLM software. Founded on industry best practices, Centric 8 is built to deploy in just 3 to 6 months, enabling customers to reap the benefits within the first year of its installation. Moreover, software up-gradation and migration are simplified without rewriting code or reprogramming. The confluence of these capabilities helps customers remain competitive and achieve higher return on investment (ROI), making Centric Software an exceptional PLM partner in the market.

Best Practice Example 1: Implementing Centric PLM

The ability of Centric 8 to fulfill the unmet needs of the retail and consumer goods industry is exemplified with its implementation at a leading North America home décor company. In this fast paced and competitive industry consumers prefer to partner with companies who offer extensive product line and rapid access to new products. To fulfill this market requirement, the home décor company faced the challenge of limited flexibility and control over their database depository and disconnected business processes and departments. To eliminate these challenges, they partnered with Centric Software and installed Centric 8 software that played a crucial role in integrating their entire value chain. The highly interactive and easily configurable nature of the software enabled ease of access to data, unified platform-sharing tasks, and smooth communication across

business units and visual software tools to assist in the development of novel designs thereby assisting in the successful implementation of their retail strategy.

With Centric 8 the company expanded its product line and increased its SKUs by 50%, reduced the new product set-up time from a week to just two days and simplified the process of adding direct-to-consumer online. All this was achieved by optimally utilizing the existing resources and helped to improve the company's profitability. In the present era of digitalization where customers require faster access to newest collection and prefer to purchase products that are optimally priced, Centric 8 helped in reducing the product's time-to-market and eliminates additional operational costs.

In total, Centric Software demonstrated an impressive capability to assist this customer in sustaining its market position and remaining competitive.

Digital Innovation: The Cornerstone of Centric PLM Design

Centric Software's unceasing product development activities serve as a pillar of strength in delivering top-notch innovative solutions that address both present and future industry needs and set the company ahead of its closest competitors. For instance, the company's recent addition of Skyline, Visual Innovation Platform (VIP), Centric AI Image Search, and Adobe Connect Illustrator are helping transition end users towards a new era of digitalization.

Skyline: The digital data depository and analytical platform Skyline was developed to provide real-time access to myriad data (collected over the years on various topics and seasons) and drive real-time decisions. It ensures data consistency by connecting to all software, systems, and devices across the enterprise. Any number of users from any geographic location can access this data swiftly, with no restrictions. Unlike traditional PLM software, Skyline is 10 times faster in resolving issues and addressing queries.

Visual Innovation Platform: The VIP was built to promote idea generation and ease the exchange of ideas across the various teams (designers, production line, and retailers). As VIP is integrated into Centric 8 and can also be integrated with non-Centric PLM and other business systems, data can be accessed through touch-based devices for digital visualization, discarding the need for paper documents, and seamlessly synchronize all information to generate a holistic view of materials, colors, styles, and live updates on current work. The key benefits achieved with this platform are it eases understanding and implementation of ideas, ramps up the production process, and ultimately reduces a new product's time-to-market.

Centric AI Image Search: The recent addition of Centric AI Image Search to the PLM software transitions all data relating to samples such as materials, texture, colors, trims, and styles from physical to digital libraries. With the power of machine learning algorithms, the company has developed the image recognition tool for end users to easily access enormous volumes of data collected over time and leverage this feature to support new product launches. A serious challenge faced by product innovation teams in the retail and consumer goods industry is the complex process of accessing a series of samples collected over time.

The lack of an organized data storage process makes it challenging for the designing team to search for samples and requires physical scanning, thereby making it a time-consuming task. To ease access to a wealth of data during the product design phase, Centric launched its AI Image Search feature in the PLM software. With the power of machine learning algorithms, Centric has developed the image recognition tool that helps to scan through the archives instantaneously by taking a picture and identifies suitable suppliers of the chosen sample.

Adobe Illustrator Connect: Another key addition that distinguishes Centric from other PLM software is the integration of Adobe Illustrator Connect to Centric 8 software. This builds a centralized platform where designers use Adobe Illustrator to create new designs, refer to previous styles and models, access existing materials and colors, and efficiently manage inventories required for the production of their new designs. The integration of this feature enables end users to focus on product innovation and importantly reduce product development lifecycle with transparency and seamless communication across departments.

Two other notable features of Centric PLM are the slicer tool and mass copy and carryover styles. With the slicer tool, designers and executive teams can focus on critical parameters required for their strategic planning of future product designs and strategies to capture new markets. Similarly, the mass copy and carryover styles is a new interface that displays all the styles from various seasons and helps the end-user team choose the required style for the new season launch with just a click of a button.

Addition of these next-generation tools to the Centric 8 solution demonstrates to Frost & Sullivan Centric Software's commitment to enhancing the customer experience throughout the PLM lifecycle by adopting advanced systems such as IIoT-based technologies to offer an end-to-end solution that is easy to use and assists customers in remaining competitive.

Reaching New Frontiers with Centric 8: Customer Acquisition

With flexibility, reliability, and innovation forming the building blocks of Centric 8 software, the company has been successful in effectively addressing industry needs and has subsequently expanded its global reach to develop a strong customer base. Since its inception in 1989, Centric Software has partnered with more than 275 customers and is gaining traction in the Asia-Pacific and Latin American regions. The key success factor behind Centric 8's increased adoption is its personalization feature and provision of a 'single source of truth', which has helped the company establish a solid reputation in the industry. With a retention rate of 99%, customer satisfaction and loyalty remain undeniable.

Another differentiating factor of Centric 8 software is its suitability for various sized businesses (large, medium, and small enterprises). Conventional PLM software is primarily built to cater to the needs of process and asset-intensive industries, which drastically vary from retail industry requirements. In the current scenario, with increasing participation from start-ups and small and medium-sized enterprises (SMEs), cost-effective PLM software is the need of the hour. Centric Software answers this call by offering a cloud-

based PLM software solution through Centric SMB that is cost-effective and at the same time provides essential modules for product development and management. Moreover, the end user can organize and manage business processes efficiently by customizing the mobile applications through the software development kit (SDK).

Furthermore, the continuous improvement and up-gradation in the software enriches user experience. In fact, the addition of 50 new features in Centric 8 in the past six months and augmenting IIoT technologies such as cloud, mobility, and AI continue to enthrall customers and support long-term relationship building. Centric Software, which initially targeted the fashion and retail industry, is now serving the consumer goods industry. In a short time span, the company has begun working on several projects focusing on home décor and wall paper clients in addition to major multi-category retailer deployments.

Best Practice Example 2: Implementing Centric SMB

A typical success case that testifies to Centric 8 competencies applied to SMB is Centric SMB's successful implementation at a San Francisco-based casual apparel start-up. The main challenge at the start-up was managing its continuously growing product portfolio. With more than 25 custom-made fabrics used for producing clothes and accessories for men, women, and children (right from product design), production units and suppliers faced limited visibility on data, challenges in delegating tasks, and inability to leverage stacks of data stored in paper form. These restraints hindered the customer's ability to develop new styles, so the start-up decided to partner with Centric to use its SMB software, which all together redefined its position in this competitive market.

Within the first year of software installation, the start-up was able to deliver 178 styles in the first season due to its new user-friendly and personalized data viewing platform that provides holistic perspective and saves up to 15% of the personnel time every day in procuring data. Today, the start-up has been successful in expanding its footprint with 35 retails stores across the United States and delivers 488 styles. The proven result of Centric SMB and its ability to support the customer's business strategy has been instrumental towards building a long-term partnership with customers like this apparel start-up.

Optimistic Growth Trajectory Buoyed by Strong Company Culture

Centric Software has been enjoying sustained growth rates; it achieved annual revenue of $61 million in 2017, with year-on-year growth of 60%. The company's positive growth trajectory is supported by its continuously growing list of customers. In 2017, the company signed multiple partnership agreements including LVMH, Auchan, Supergroup, Woolworths, SMCP, Michael Kors, Marine Layer, Keen Inc., Blue Sky, Lojas Renner, Descente, EEKA, and Brandix. The high rate of renewal for Centric 8 subscriptions and the steady addition of new customers exhibit the superior quality of this industry-leading software in fulfilling customer needs. Features such as Agile Deployment[SM], data organization across the value chain, access to accurate data, reduced reporting time, and embedding digital-based technologies have made Centric PLM software the ideal PLM solution for the retail and consumer goods industry. Furthermore, the company's recent

acquisition by Dassault Systèmes expands its horizons by reaching new markets and target customers across industry verticals. This deal further strengthens Centric Software's position globally and encourages its research and innovation team by eliminating funding constraints.

Frost & Sullivan recognizes that intrinsic to the company's impressive growth trajectory is its strong company culture that promotes innovation and has been fundamental to its success. Deep-rooted industry expertise remains a distinctive contributor to excelling in the PLM software space as compared to other traditional PLM software providers. Given Centric Software's continuous, incessant expansion of software capabilities and steady progress in entering new markets, Frost & Sullivan firmly believes this company will retain a secure foothold in the global PLM software industry.

Conclusion

Centric Software, a specialist in PLM software focused on the retail, fashion, apparel, and consumer goods industries, excels repeatedly as determined by the Frost & Sullivan Best Practices Research program. The company's commitment to continuously innovate and enhance product capabilities is the cornerstone off its success in sustaining a strong market position, despite the intense competition from traditional automation solution providers. Centric Software consistently meets the changing needs of the fast-paced industry, which results in forging strong customer relationships and rising as a leader in this dynamic market.

The start-up's uncompromising effort towards adding novel IIoT-based features to its latest Centric 8 software version, such as cloud platform, mobile applications, AI and machine learning, and analytical capabilities, offers customers a new end-to-end digital experience via a next-generation tool that empowers them to efficiently drive strategic business decisions. Over the 2016–2017 period, the company witnessed a 100% increase in closure of customer deals. Moreover, with the acquisition by Dassault Systèmes, Centric Software is expected to gain a stronger position by joining forces with this major competitor to reach new markets and expand its boundaries to include customers from more industries.

For its strong overall performance, Centric Software has earned Frost & Sullivan's 2018 Product Leadership Award.

Significance of Product Leadership

Ultimately, growth in any organization depends upon customers purchasing from a company and then making the decision to return time and again. A comprehensive product line, filled with high-quality, value-driven options, is the key to building an engaged customer base. To achieve and maintain product excellence, an organization must strive to be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.

Understanding Product Leadership

Demand forecasting, branding, and differentiating all play a critical role in finding growth opportunities for your product line. This three-fold focus, however, must be complemented by an equally rigorous focus on pursuing those opportunities to a best-in-class standard. Customer communications, customer feedback, pricing, and competitor actions must all be managed and monitored for ongoing success. If an organization can successfully parlay product excellence into positive business impact, increased market share will inevitably follow over time.

Key Benchmarking Criteria

For the Product Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Product Family Attributes and Business Impact—according to the criteria identified below.

Product Family Attributes

      Criterion 1: Match to Needs
      Criterion 2: Reliability and Quality
      Criterion 3: Product/Service Value
      Criterion 4: Positioning
   Criterion 5: Design

Business Impact

      Criterion 1: Financial Performance
      Criterion 2: Customer Acquisition
      Criterion 3: Operational Efficiency
      Criterion 4: Growth Potential
      Criterion 5: Human Capital

Best Practices Award Analysis for Centric Software

Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation. Ratings guidelines are illustrated below.

RATINGS GUIDELINES

9–10 Excellent
7–8 Good
4–6 Fair
1–3 Poor
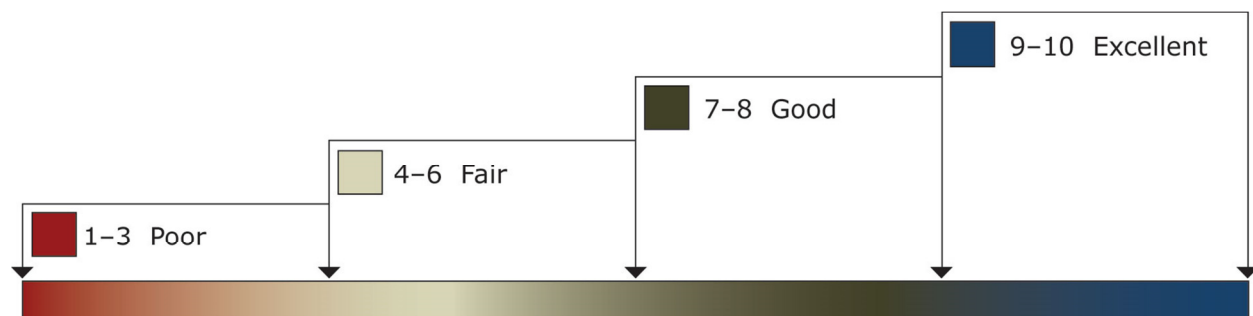
The Decision Support Scorecard is organized by Product Family Attributes and Business Impact (i.e., These are the overarching categories for all 10 benchmarking criteria; the definitions for each criterion are provided beneath the scorecard.). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key participants as Competitor 2 and Competitor 3.

Measurement of 1–10 (1 = poor; 10 = excellent)			
Product Leadership	Product Family Attributes	Business Impact	**Average Rating**
Centric Software	**10**	**9**	**9.5**
Competitor 2	8	8	8
Competitor 3	7	7	7

Product Family Attributes

Criterion 1: Match to Needs
Requirement: Customer needs directly influence and inspire the design and positioning of the product family.

Criterion 2: Reliability and Quality
Requirement: Products consistently meet or exceed customer expectations for performance and length of service.

Criterion 3: Product/Service Value
Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

Criterion 4: Positioning
Requirement: Products or services address unique, unmet need that competitors cannot easily replicate or replace.

Criterion 5: Design
Requirement: The product features an innovative design, enhancing both visual appeal and ease of use.

Business Impact

Criterion 1: Financial Performance
Requirement: Overall financial performance is strong in terms of revenues, revenue growth, operating margin, and other key financial metrics.

Criterion 2: Customer Acquisition
Requirement: Product strength enables acquisition of new customers, even as it enhances retention of current customers.

Criterion 3: Operational Efficiency
Requirement: Staff is able to perform assigned tasks productively, quickly, and to a high quality standard.

Criterion 4: Growth Potential

Requirements: Product quality strengthens brand, reinforces customer loyalty, and enhances growth potential.

Criterion 5: Human Capital

Requirement: Company culture is characterized by a strong commitment to product quality and customer impact, which in turn enhances employee morale and retention.

Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.
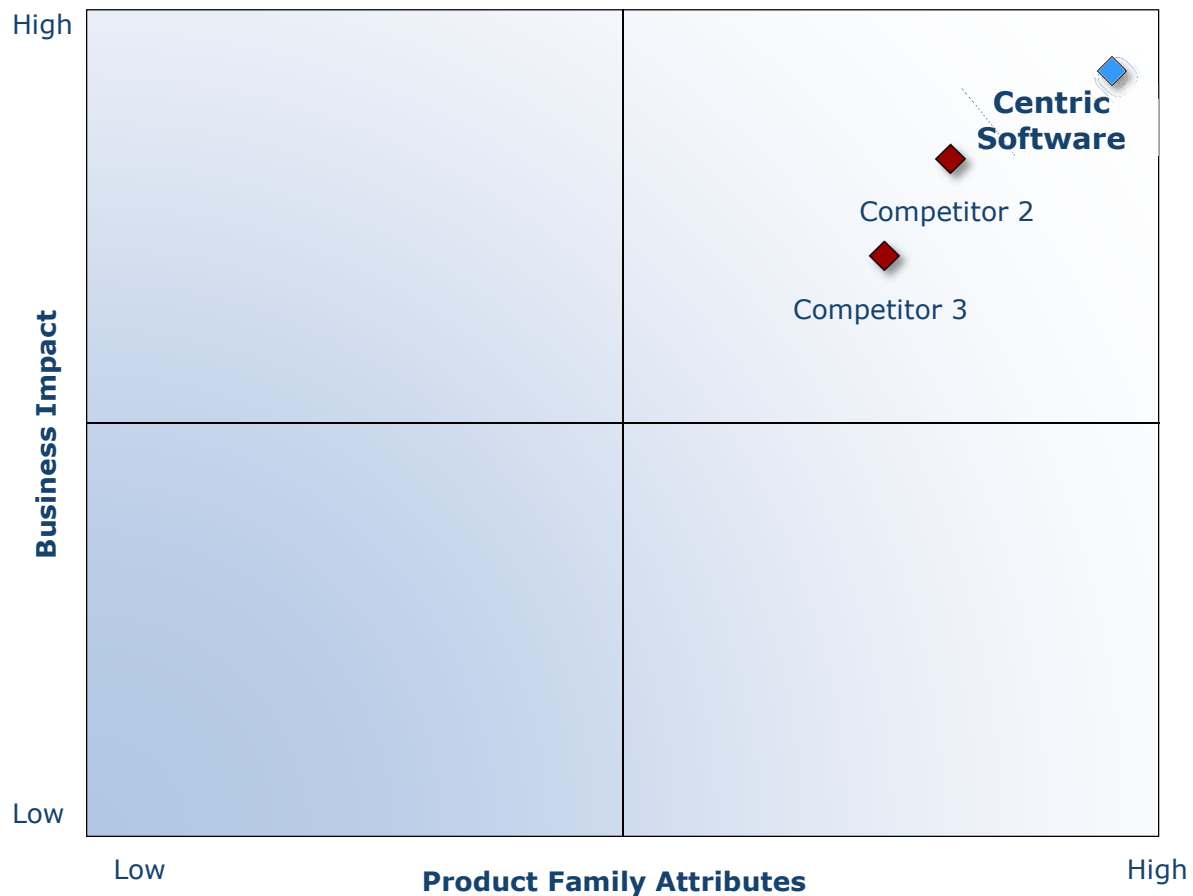
Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP		OBJECTIVE	KEY ACTIVITIES	OUTPUT
1	**Monitor, target, and screen**	Identify Award recipient candidates from around the globe	• Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies	Pipeline of candidates who potentially meet all best-practice criteria
2	**Perform 360-degree research**	Perform comprehensive, 360-degree research on all candidates in the pipeline	• Interview thought leaders and industry practitioners • Assess candidates' fit with best-practice criteria • Rank all candidates	Matrix positioning of all candidates' performance relative to one another
3	**Invite thought leadership in best practices**	Perform in-depth examination of all candidates	• Confirm best-practice criteria • Examine eligibility of all candidates • Identify any information gaps	Detailed profiles of all ranked candidates
4	**Initiate research director review**	Conduct an unbiased evaluation of all candidate profiles	• Brainstorm ranking options • Invite multiple perspectives on candidates' performance • Update candidate profiles	Final prioritization of all eligible candidates and companion best-practice positioning paper
5	**Assemble panel of industry experts**	Present findings to an expert panel of industry thought leaders	• Share findings • Strengthen cases for candidate eligibility • Prioritize candidates	Refined list of prioritized Award candidates
6	**Conduct global industry review**	Build consensus on Award candidates' eligibility	• Hold global team meeting to review all candidates • Pressure-test fit with criteria • Confirm inclusion of all eligible candidates	Final list of eligible Award candidates, representing success stories worldwide
7	**Perform quality check**	Develop official Award consideration materials	• Perform final performance benchmarking activities • Write nominations • Perform quality review	High-quality, accurate, and creative presentation of nominees' successes
8	**Reconnect with panel of industry experts**	Finalize the selection of the best-practice Award recipient	• Review analysis with panel • Build consensus • Select recipient	Decision on which company performs best against all best-practice criteria
9	**Communicate recognition**	Inform Award recipient of Award recognition	• Announce Award to the CEO • Inspire the organization for continued success • Celebrate the recipient's performance	Announcement of Award and plan for how recipient can use the Award to enhance the brand
10	**Take strategic action**	Upon licensing, company is able to share Award news with stakeholders and customers	• Coordinate media outreach • Design a marketing plan • Assess Award's role in future strategic planning	Widespread awareness of recipient's Award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree 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 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS
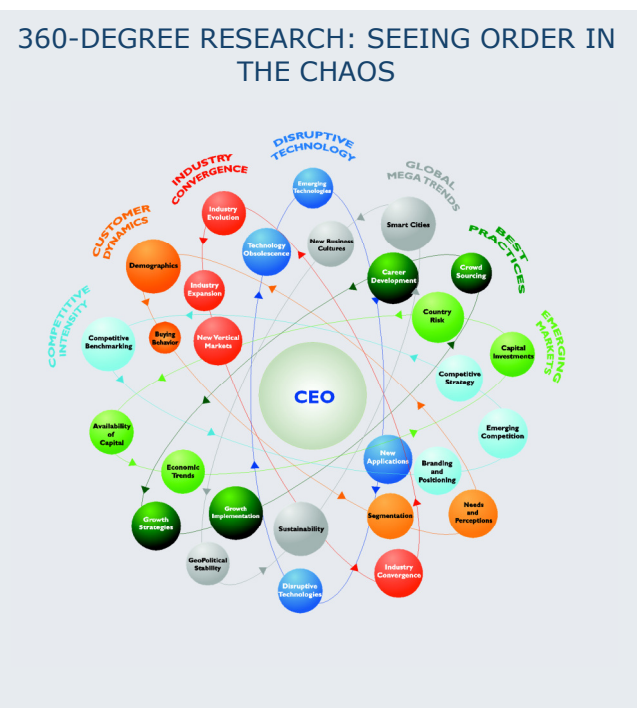
About Frost & Sullivan

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 more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit http://www.frost.com.