

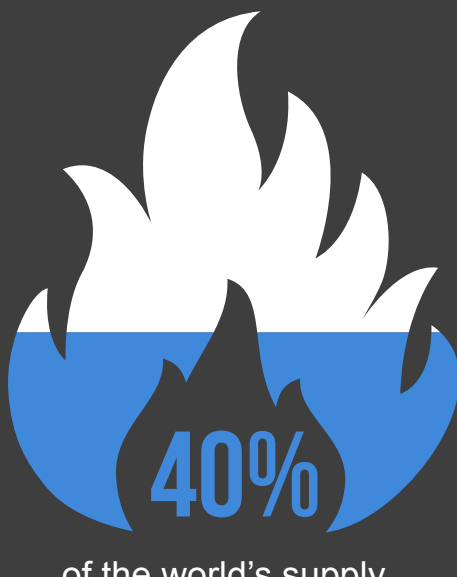
THE STATE OF RISK IN THE AUTOMOTIVE INDUSTRY



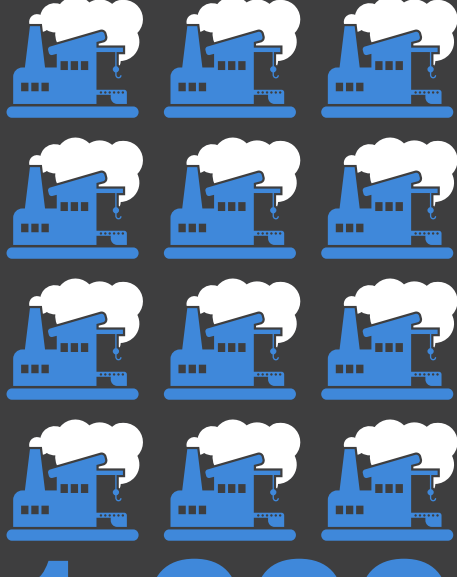
Risk identification and management is becoming critical in the automotive industry. Supply chain disruptions and threats are challenging the old guard of risk control. The traditional way of thinking has to change.

SUPPLY CHAIN RISKS

Risks to supply chain include **natural disasters, geopolitical risks, cyber security, lower tier supplier performance, and labor disruption.**



40% of the world's supply of a nylon compound used in plastic fuel and break lines were lost due to a fire



1,000 factories in Thailand were shut down by storms



3X the number of natural disasters have affected the US

NEW RISK MANAGEMENT REQUIREMENTS

Risk management for supply chain is already a requirement.

Requirements and Standards

ISO 9001:2015 incorporates risk-based thinking

It is anticipated that ISO 9001:2015 will be included in the next version of ISO of ISO/TS 16949, due later in 2016

MMOG/LE incorporates risk management as a supply chain best practice in Version 4

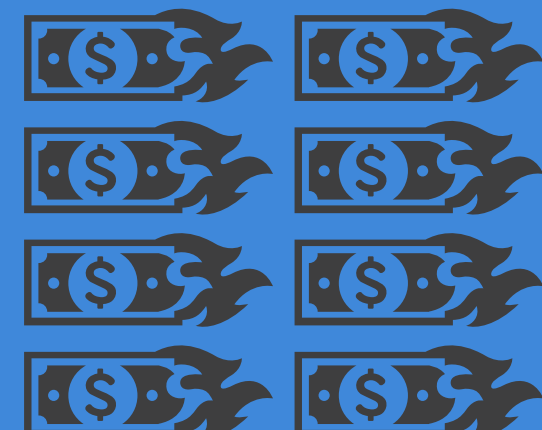
\$10K

per minute is the amount that OEMs have charged if suppliers shut down an assembly line



\$108K

\$84,000 to \$108,000 is lost for every hour of IT system downtime



3-5%

sub-suppliers were on watch lists due to poor quality and delivery performance



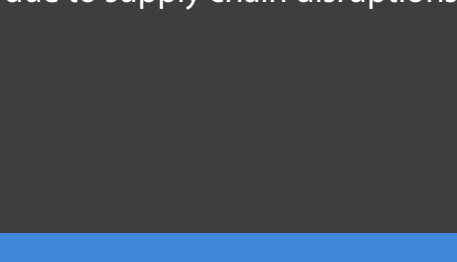
FAILURE TO ADDRESS RISK MANAGEMENT

If standards aren't met, you could...

LOSE
YOUR PREFERRED SUPPLIER STATUS

30%

of companies estimate losses of at least 5% of annual revenue due to supply chain disruptions



FAIL
TO GAIN NEW BUSINESS OR LOSE EXISTING BUSINESS



73%

of companies don't demand capacity planning tools



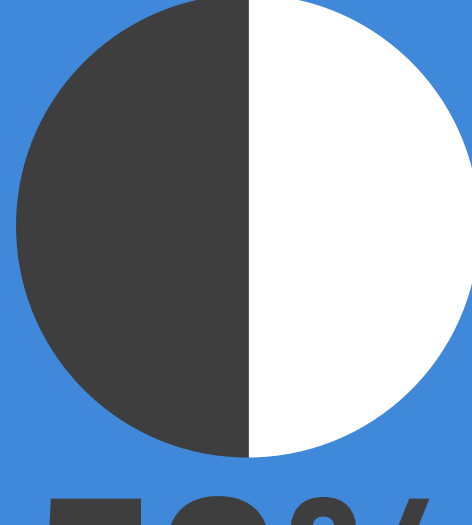
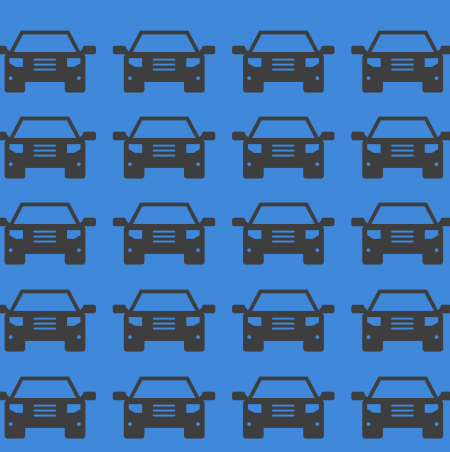
FACE
PENALTIES AND FAIL A THIRD PARTY OR CUSTOMER AUDIT

RISK MANAGEMENT PLANNING

Identify, prioritize, and proactively manage your risks. Train, test, and validate your contingency plans.

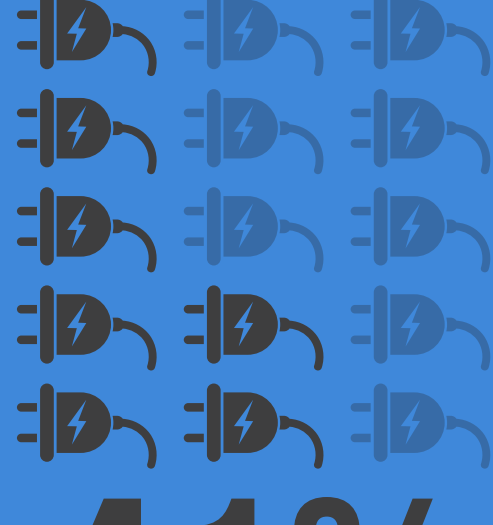
300,000

fewer vehicles will be produced by Thai automakers due to natural disasters



50%

of production disruptions were caused by lower tier suppliers



41%

of respondents of a supply chain resilience survey experienced disruptions due to unplanned outages of IT or telecom systems

QAD AS YOUR RISK MANAGEMENT PARTNER

Let QAD be your guide for staying ahead of the latest compliance standards. We help the automotive industry proactively manage risk in order to minimize supply chain disruptions. We can help you be an effective enterprise by aligning our solutions to your risk management needs.