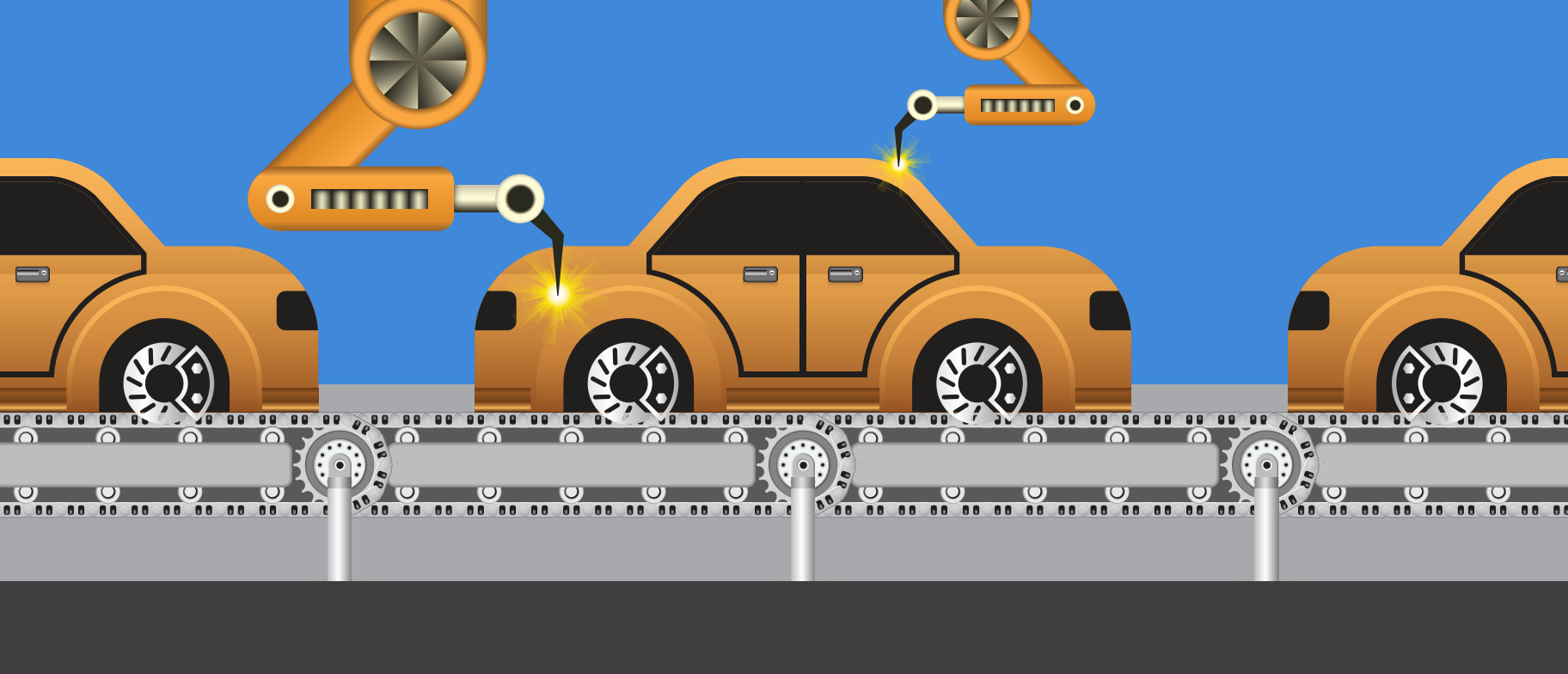


RISK IN THE AUTOMOTIVE INDUSTRY



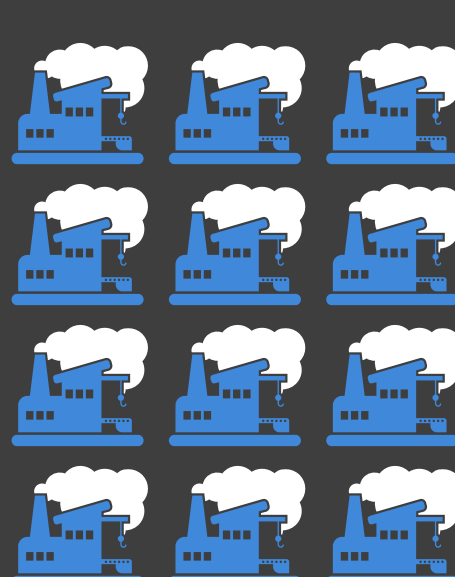
Risk identification and management is becoming critical in the automotive industry. Supply chain disruptions and threats are challenging the old guard of risk control. The traditional way of thinking has to change.

SUPPLY CHAIN RISKS

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



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



1,000
factories in Thailand were shut down by storms in just one month



3X
more natural disasters in the US over the last 3 decades

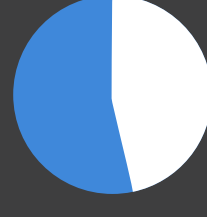
NEW RISK MANAGEMENT REQUIREMENTS

Requirements and Standards

ISO 9001:2015 incorporates risk-based thinking

Additional risk-based thinking requirements will be included in IATF 16949:2016

MMOG/LE* incorporates risk management as a supply chain best practice



Automotive suppliers have reported reducing inventory by as much as 60% by leveraging MMOG/LE best practices

*MMOG/LE stands for Materials Management Operations Guideline/Logistics Evaluation

\$10K

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



\$108K

Up 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

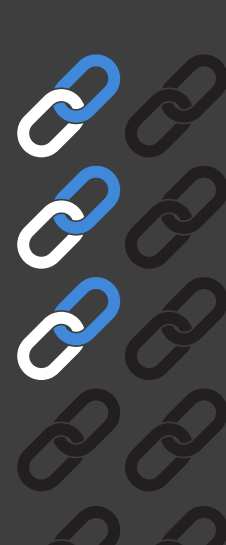
LOSE
YOUR PREFERRED
SUPPLIER
STATUS

FAIL
TO GAIN NEW
BUSINESS
OR LOSE EXISTING
BUSINESS

FACE
PENALTIES AND
FAIL A THIRD PARTY
OR CUSTOMER
AUDIT

30%

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



73%

of suppliers strongly agree that there is an inadequate investment in demand and capacity tools

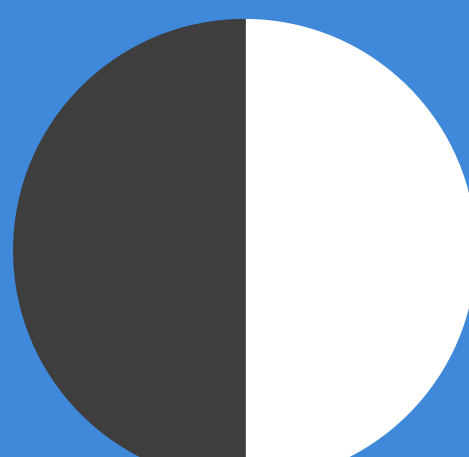


RISK MANAGEMENT PLANNING

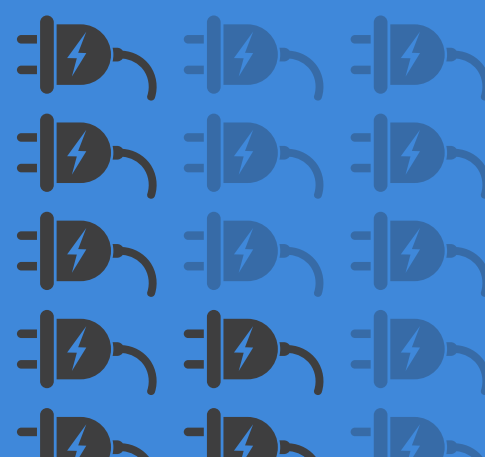
Identify, prioritize, and proactively manage your risks. Train, test, and validate your **contingency plans**.

300,000

fewer vehicles were 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.