



**2009 European Energy & Power Systems
Product Line Strategy Award**



“We accelerate growth”



Product Line Strategy, Energy & Power Systems Europe, 2009

Frost & Sullivan’s Global Research Platform

Frost & Sullivan is entering its 48th year in business with a global research organisation of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The Company’s research philosophy originates with the CEO’s 360 Degree Perspective,* which in turn serves as the foundation of its TEAM Research** methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Our research team is proud to present the ‘2009 European Energy & Power Systems Product Line Strategy Award’, to Socomec.

Significance of the Product Line Strategy Award

Key Industry Challenges Addressed by Wide Product Line

The European UPS market is characterised by low product differentiation and high competition. The financial crisis that started in 2008 has affected the market significantly due to fall in demand from major end-user applications using these systems. Datacenters and IT segments account for the highest demand for UPS systems and issues such as energy efficiency and total cost of ownership have come to occupy the central position. Industrial applications on the other hand demand rugged systems capable of working in extreme conditions. Moreover, different sizes of UPS systems are used in different applications. Offices, residential, computer rooms, etc mostly use the small to medium UPS systems while large datacenters, telecom base stations, airports, etc use medium to large UPS systems. Hence, companies offering a wide range of products that are suitable for different applications succeed in this market as it also provides customers the choice to select the best from the products on offer. Introduction of new products also enhances product differentiation and prevents price erosion.

Impact of Product Line Strategy Award on Key Stakeholders

The Product Line Strategy Award is a prestigious recognition of Socomec’s accomplishments in the UPS Market. It is our firm belief that such recognition can have a profound impact in enhancing the brand value and thereby accelerating the growth of Socomec. As captured in Figure I below, by researching, ranking, and recognising those who deliver excellence and best practices in their respective endeavours, we hope to inspire, influence, and impact three specific constituencies:

- **Investors**

Socomec’s current investors will be pleased to gain favourable press from an impartial third party with high industry credibility. Similarly, prospective investors are likely to favour companies with a well-established reputation for excellence. In either case, a best-practice award from Frost & Sullivan can only bolster the case for Socomec as a worthy investment.

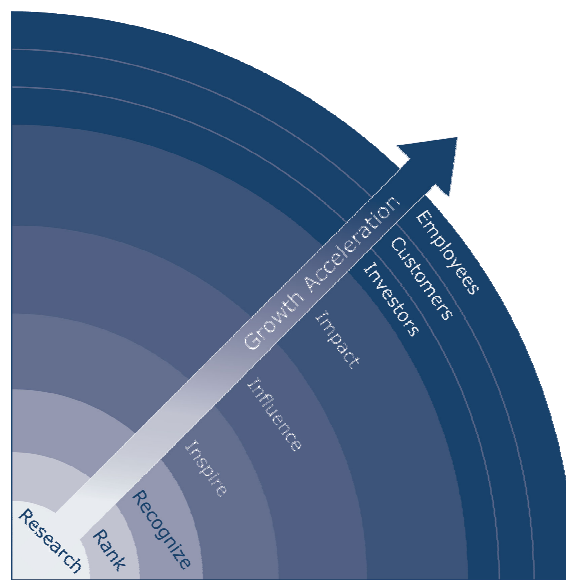
- **Customers**

A best-practice award will reassure customers that they are allied with an organisation unmatched in its field. They may in turn reward your organisation with greater loyalty and increased share of wallet.

- **Employees**

This award represents the creativity and dedication of Socomec’s executive team and employees. Such public recognition can boost morale and inspire your team to continue its best-in-class pursuit of a strong competitive position for Socomec.

Figure 1: Best Practices Leverage for Growth Acceleration



Key Benchmarking Criteria for Product Line Strategy Award

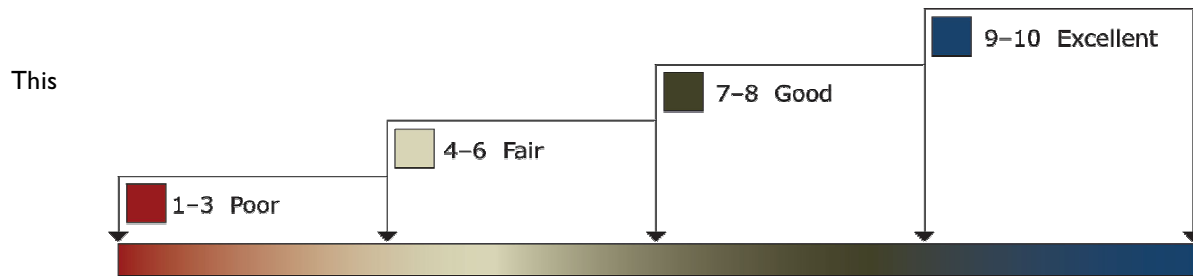
For the Product Line Strategy Award, the following criteria were used to benchmark Socomec’s performance against key competitors:

- Breadth of Product Line
- Size of Addressable Customer Base
- Impact on Customer Value
- Impact on Market Share
- Breadth of Applications/Markets Served
- Product lines are compared with Customer Base Demands

Decision Support Matrix and Measurement Criteria

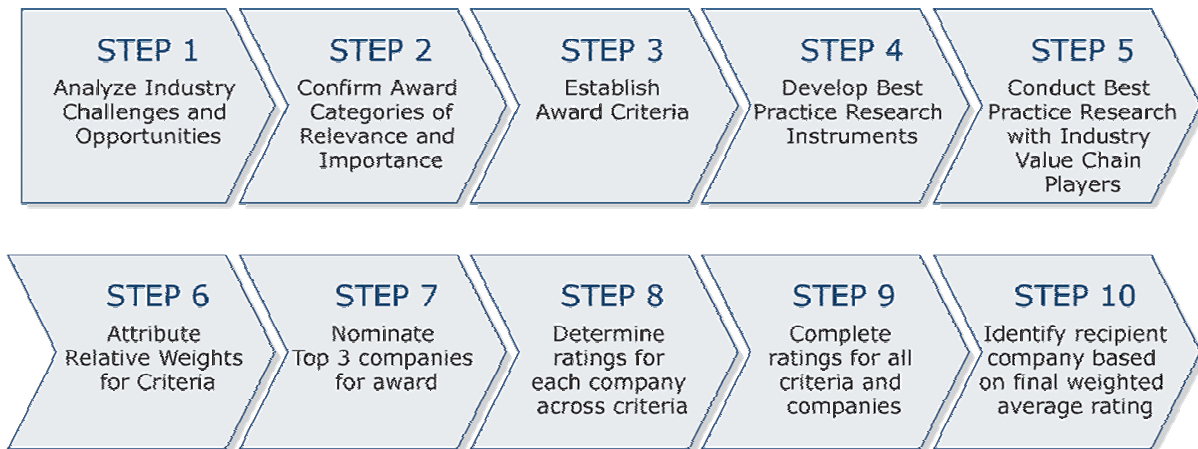
To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Matrix (DSM). The DSM is an analytical tool that compares companies' performance relative to each other with an integration of quantitative and qualitative metrics. The DSM features criteria unique to each award category and ranks importance by assigning weights to each criterion. The relative weighting reflects current market conditions and illustrates the associated importance of each criterion according to Frost & Sullivan. Fundamentally, each DSM is distinct for each market and award category. The DSM allows our research and consulting teams to objectively analyse each company's performance on each criterion relative to its top competitors and assign performance ratings on that basis. The DSM follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are shown in Figure 2.

Figure 2: Performance-Based Ratings for Decision Support Matrix



exercise encompasses all criteria, leading to a weighted average ranking of each company. Researchers can then easily identify the company with the highest ranking. As a final step, the research team confirms the veracity of the model by ensuring 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.

Figure 3: Frost & Sullivan's 10-Step Process for Identifying Award-Recipients



Best Practice Award Analysis for Socomec

The Decision Support Matrix, shown in Figure 4, illustrates the relative importance of each criterion for the Product Line Strategy Award and the ratings for each company under evaluation. To protect the interests of the award recipient's competitors, we have chosen to refer to them as Competitor 1 and Competitor 2.

Figure 4: Decision Support Matrix for Product Line Strategy Award

Measurement of 1-10 (1 = lowest; 10 = highest)	Award Criteria						Weighted Rating
	Breadth of Product Line	Size of Addressable Customer Base	Impact on Customer Value	Impact on Market Share	Breadth of Applications/Markets Served	Product lines are compared with Customer Base Demands	
Relative Weight (%)	25%	15%	15%	15%	15%	15%	100%
Socomec Group	7	7	8	7	8	8	45
Competitor 1	6	7	7	5	8	7	40
Competitor 2	5	7	5	4	6	5	32

Criterion 1: Breadth of Product Line

An extensive product line not only offers customers the variety to choose from but also supplies UPS systems that are best suited for the particular application. This is important in order to introduce product differentiation into the market and also enhance the company's product portfolio, thus helping it to boost sales and target growing applications.

Socomec introduced two new product ranges in 2008 and 2009. Its flagship product – Green Power UPS is available from 10-200 kVA and offers the highest efficiency (96%) even when the load is operating at 30% or 40%. This is a truly remarkable product and unique when compared to other products available in the market since the efficiency remains unaffected even at low loads. According to a recent survey conducted by Datacenter Dynamics, the biggest concerns for datacenters currently are power consumption and availability and total cost of ownership (TCO). Socomec's Green Power UPS addresses these two issues. The electrical topology of Green Power UPS is based on Socomec's patented process and offers several advantages such as compact size, low TCO, low maintenance and so on.

The company introduced NETYS RT from 1 kVA to 11 kVA in March 2009. Other UPS products existing in Socomec's portfolio consists of ITYS (1-10 kVA), MODULYS (1.5-24 kVA), MASTERYS (8-120 kVA), Green Power (10-200kVA) and DELPHYS range (60-900 kVA), which is also available with a flywheel backup energy storage. Apart from UPS systems, the company also manufactures a host of switching and protection equipment and in the past 1 to 2 years has added new products such as switching, control and protection solutions for solar applications, DIRIS A40/A41 energy management solution ,STATYS static transfer switch and ATRYS harmonic compensator.

The broad product range that Socomec boasts of is reflected in the scoring as compared to its competitors.

Criterion 2: Size of Addressable Customer Base

The EMEA UPS market was worth approximately \$3.0 billion in 2008, according to a recent research conducted by Frost & Sullivan. Socomec is one of the top 5 companies and hence holds a sizable chunk of the market. Although the UPS demand has suffered due to the economic slowdown, pockets of opportunity exist and the market is expected to witness positive growth in revenues from 2011. By introducing new and advanced products, Socomec is positioning itself to take advantage of any opportunity that arises, which would further expand its customer base and increase its market share.

Since the size of the market open to all manufacturers is the same, scoring for the companies considered are similar.

Criterion 3: Impact on Customer Value

Creation of customer value is the key to success of a product in any market. Unless a new product brings advanced features or advantages to a customer, uptake and sales would be limited, thus affecting the company's revenues and ultimately its growth.

Socomec's Green Power UPS boasts of 96% efficiency at 25% to 100% load, thus resulting in low TCO or lifetime costs for the consumer due to lower energy bills. It is environment-friendly as it reduces energy loss and need for air conditioning and is compatible with a flywheel energy storage solution. Socomec in partnership with Pentadyne offers flywheel UPS systems. As compared to other UPS systems, Socomec's Green Power UPS results in 30% space saving and the EBS battery charging management extends battery lifetime. It also offers 24/7/365 remote monitoring and surveillance and the shutdown of the server can be managed from the UPS, which is connected to the local area network. The important feature is that the UPS speaks the language of the customer and hence is easily understood by all parties. This enables prompt addressing of any issues or problems thus saving valuable time and resources for the customer.

The UPS NETYS range addressing the needs of servers and networking devices, VoIP communication systems and video surveillance equipment enhances Socomec's offering in the low power range and is easy to use and install, is available in rack or tower format, has a compact footprint (1U for 1-1,5 kVA, 4U for 5-7 kVA and 6U for 9-11 kVA) and broad range of communication protocols implies easy integration with building management systems (BMS).

Criterion 4: Impact on Market Share

In 2008, Socomec held a 7.8 percent share of the EMEA UPS market. The company has witnessed a compound annual growth rate (CAGR) of around 25.0% from 2005 to 2008 in terms of revenues.

With the introduction of Green Power and NETYS RT, Socomec aims to increase its share as well as footprint in the IT segment. Due to the economic downturn, the industrial segment has been severely affected and Socomec has traditionally been very strong in supplying to this application. However, in order to prevent loss in revenues and market share, the company's strategy going forward is to concentrate on the IT and datacenter segment where green issues and lowering total cost of ownership is higher priority. Since its introduction in 2008, Green Power UPS has resulted in around 25% to 30% increase in company sales and around 500 units have been sold till date. NETYS RT were only introduced in March 2009 and have been very well received by customers in a short span of time. Given the depressed market conditions prevailing in 2009 and 2010, Socomec expects the sales of Green Power and NETYS RT to compensate for the decline in its other products and help maintain its current share of the European UPS market.

Criterion 5: Breadth of Applications/Markets Served

With its broad range of products, the coverage of Socomec in terms of applications, be it industrial, transportation, IT, retail or telecommunications, is extensive. The NETYS, ITYS, Green Power, MODULYS and MASTERYYS range of UPS systems find their applicability in IT, server, telecom and mobile networks and call centres among others. MODULYS and MASTERYYS with its modular architecture are particularly suitable for applications where power requirements keep increasing. MASTERYYS range from 8-120 kVA works well for industrial process applications while the DELPHYS IP and MASTERYYS IP with its robust construction is suitable for applications in harsh and critical environments. The Green Power and VSS+DC flywheel UPS system with its low carbon footprint, high efficiency and low TCO is suitable in industrial processes as well as datacenters.

Criterion 6: Product lines are compared with Customer Base Demands

Socomec constantly strives to satisfy customer demands and is very receptive of their needs and requirements. Whether through its distributors or by participating in trade shows, exhibitions, etc, it gathers feedback from customers about its products and what improvements can be made. Moreover, it invites customers and conducts special training sessions or seminars to impart knowledge about its products. Thus, it is at every step interacting with end-users in order to create products that add value and address their needs. For e.g. its Green Power UPS addresses the biggest concerns of datacenter and IT customers regarding power consumption and TCO. According to an end-user survey conducted by Frost & Sullivan for the Industrial UPS Markets, one of the most important factors that consumers take into account while purchasing a UPS is reliability and the biggest consequence they are worried about during a power failure is loss in production and revenues. The MASTERYS and DELPHYS range with its sturdy design and lesser components offers high reliability and is a tried and tested product.

The CEO 360 Degree Perspective™ - Visionary Platform for Growth Strategies

The CEO 360 Degree model provides a clear illustration of the complex business universe in which CEOs and their management teams live today. It represents the foundation of Frost & Sullivan's global research organization and provides the basis on which companies can gain a visionary and strategic understanding of the market. The 360 degree perspective is also a “must-have” requirement for the identification and analysis of best-practice performance by industry leaders.

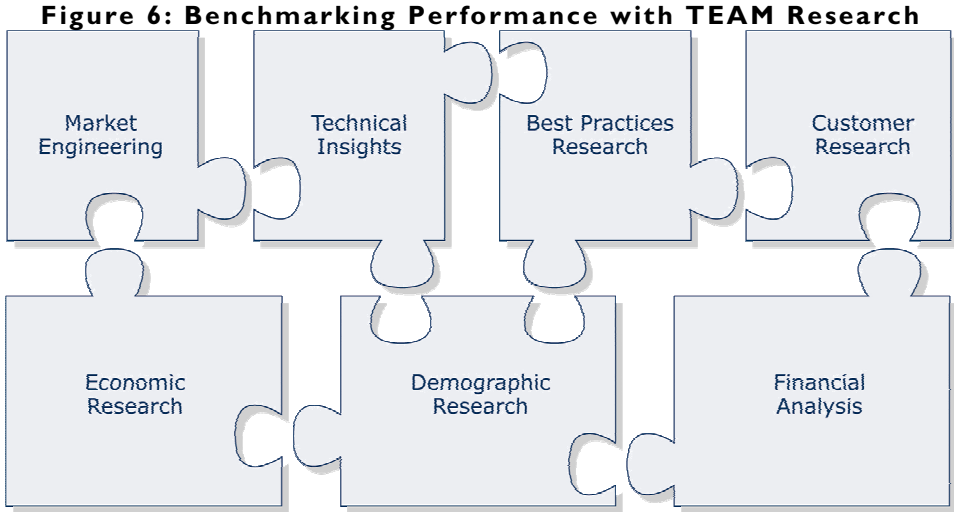
The 360 degree model enables our clients to gain a comprehensive, action-oriented understanding of market evolution and its implications for their companies' growth strategies. As illustrated in Figure 5 below, the following six-step process outlines how our researchers and consultants embed the 360 degree perspective into their analyses and recommendations:

Figure 5: How the CEO's 360 Degree Perspective Directs Our Research Process



Critical Importance of TEAM Research

Frost & Sullivan’s TEAM 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. Our experience has shown over the years that companies too often make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Frost & Sullivan contends that the successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices and demographic analyses. In that vein, the letters T, E, A and M reflect our core technical, economic, applied (financial and best practices) and market analyses. The integration of these research disciplines into the TEAM Research methodology provides an evaluation platform for benchmarking industry players and for creating high-potential growth strategies for our clients.



About Socomec Group

With over 85 years of experience in the power and electronic field, SOCOMEC is one of the top five players in the worldwide UPS market. The company also has a strong global presence with activities in over 70 countries and 21 subsidiaries worldwide. It offers a wide gamut of products and services such as UPS, industrial switches, relays, transformers, surge arrestors and enclosures, among others. The company recorded a turnover of €310 million in 2009, with majority of its revenues coming from the sale of UPS systems.



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 almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.

Jasmine Malone
Frost & Sullivan
DDI: +44 207 915 7869
Email: jasmine.malone@frost.com
www.frost.com

Juri ROMITO
SOCOMECS UPS
DDI: +39 0444 598746
Email: juri.romito@socomec.com
www.socomec.com