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BEST PRACTICES

AWARDS

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BEST
2020 PRACTICES
AWARD



**2020 GLOBAL SMART METER
GROWTH EXCELLENCE LEADERSHIP AWARD**

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Background and Company Performance

Industry Challenges

Over the last five years, the global smart metering industry has experienced major technological changes related to communication and data analytics software. Moreover, as only a few countries have rolled out smart metering, the number of best-in-class examples of successful projects is limited. As such, many utilities are hesitant to invest, worried about making the wrong decision and selecting a technology that is superseded by a better option soon after. Linked to this dilemma are delays caused by regulators in approving technologies and standards, a process that can take an excessively long time, as regulators are often slow and cautious.

Working from a meter-to-cash driven model, utilities today have understood that the large-scale roll out of smart metering aimed solely for market purposes, wherein meters are used simply as billing sensors on the grid, will yield minimal return on investment (ROI). Instead, meters today are being designed smarter, with the aim to improve grid performance and enable distributed energy, electric vehicle penetration, and other renewable resource integration options. The bigger utilities will invest in next-generation smart metering because the technology will have more features related to smart grid realization. Looking ahead, regulatory requirements and utility expectations from next-generation smart meters are tied to multiple use cases and benefits, rather than merely end-user energy savings.

A successful smart metering network will take advantage of different technologies for delivering multiple use cases and benefits. Meter vendors will gain an advantage as the value derived from customer flexibility increases. Yet meter vendors face significant competitive threats from various Chinese companies and start-ups offering customers smart grid insights and fresh energy management approaches. These competitors create pressure for major meter vendors to offer products and services that will maximize smart meter data and the networks in which they operate. Utilities' choice between integrated products from meter vendors or from a third party remains an important issue. However, most utilities have not surrendered their control and infrastructure to third parties. This drives meter vendors to position themselves as smart-metering-as-a-service providers rather than as merely a product-based solution provider.

The major driver for smart metering remains meter-to-cash processes, which require connectivity within smart metering. As emphasis on Internet of Things (IoT) and its use cases gains momentum, smart utilities are looking forward to minimizing the total cost of ownership linked to various technical benefits. Factors such as hardware costs, operational costs, data management costs, and provision costs are all impacting the cost of total ownership. Also, predetermined factors such as population density, environmental impact, and legislation are decisive in cost considerations to drive maximum efficiency and the adoption of technologies that are realizable more quickly. Today, utilities invest in less wait time for new, superior solutions to develop. Various factors are considered in making smart meter deployment cost-effective, including networking.

Moreover, the electronics industry is dynamic in nature and incorporates the use of various

conflicting materials; also, the supply chain in metals, plastic, and electronic components is very extensive. Some of the common challenges in manufacturing electronics are material scarcity, pollution, and excessive use of energy resources. These challenges need to be addressed as a short-term initiative, and Iskraemeco stands out as a company at the forefront of taking considerable efforts focused on the component side of smart metering, including materials used, processes, and activities that work as the bedrock of a sustainability approach. Frost & Sullivan recognizes that it is vital to lower energy and material consumption in the smart meter production process, and to develop and manufacture meters with a long life-cycle, which serves as a platform to save energy at the end-user side.

Growth Performance and Customer Impact

Phenomenal International Success and Continued Expansion of Market Opportunities

The Slovenia-headquartered metering company Iskraemeco is transforming from a smart meter product-oriented business to a smart meter solutions provider. The company's evolution has enabled it to grow exponentially to become a leading global smart metering solutions provider in key regions such as Europe, the Middle East, and Africa (EMEA). The new production line at the company's headquarters in Kranj enables it to meet higher smart metering demand and increase its production capacities in smart electricity meter deployments, with the main focus on delivering 300,000 to 500,000 meters annually to the German market. The production line was entirely designed and manufactured in Slovenia with an aim for higher growth potential and expansion into new markets.

Also, Iskraemeco has production facilities in Egypt, Bosnia-Herzegovina, Saudi Arabia, Malaysia, and Colombia. One of the company's key strategies has been to strengthen its international sales and production, thereby achieving enhanced competitiveness, gaining economies of size, and reducing labor costs by moving production to low-cost countries. The company has successfully diversified its product offerings and reduced dependence on a narrow set of products by equipping its portfolio with turnkey advanced metering infrastructure (AMI) solutions. In Central Eastern Europe, Iskraemeco is working continuously with the major utilities to support the modernization of their infrastructure—apart from having a strong presence, solidifying its leadership position, and gaining increased market share in Baltic regions, Russia, and Eastern European markets such as Lithuania, Croatia, Romania, Slovakia, Slovenia, and Macedonia.

The company has established a notable competitive presence in Western Europe in key countries including Austria, the Netherlands, and Sweden. In 2018, Iskraemeco exhibited growth excellence by achieving the highest market share in Germany and the Netherlands. The five-year framework agreement for smart metering with EKZ (Elektrizitätswerke des Kantons Zürich) enabled Iskraemeco to advance in the Swiss market. By obtaining B+D Meter type approval by the Federal Institute of Metrology (METAS), Iskraemeco envisions gaining more metering projects in Switzerland.

Iskraemeco has established itself as an undisputed market leader in the Middle East and Africa with over one-third of market share in smart meter shipments on an annual basis for 2018. On the Middle Eastern front, the company has positioned its smart metering portfolio aggressively within the markets of the United Arab Emirates, Bahrain, and Oman. As a part of the Elsewedy Electric Group, the company has a strong presence in Egypt and has won an initial tender from Egyptian Canal Distribution Company (ECDC). The success of its pilot project will enable the company to win tenders for a huge untapped smart meter customer base of 10 million end points in Egypt.

Outside of EMEA, Iskraemeco's target markets for growth are in Latin America and India. Latin America has been an important market with huge smart metering and smart grid potential. In 2018, Iskraemeco extended its commercial reach through a sister company in Buenos Aires, Argentina. The company is led by a strong local team and will be acting as a regional hub serving the Latin American markets. Establishment of the Latin America regional hub demonstrates Iskraemeco's commitment to pursue its global strategic goals with respect to commercial development in this region. Similarly, the company has recently ventured into the Indian market. In 2019, Iskraemeco established an office in India alongside a professional team to support potential projects in the region.

Exponential and Exceptional Growth Potential

Iskraemeco's focus on short-term and long-term growth strategies has enabled it to maintain a superior industry position. The company has witnessed higher revenue growth than its competitors in the smart metering market. The transformation from a product to a solution-based smart metering provider has enabled the company to attain strong organic growth by solidifying its position in the EMEA region and by achieving increased top-line and bottom-line growth based on increased value chain penetration and tailor-made solutions. As a part of the long-term growth strategy, Iskraemeco leverages a robust, self-sustaining growth pipeline system with considerable investment in products and markets outside EMEA that include aggressive plans to gain significant market share within the Latin American and Asia-Pacific regions. The company has been instrumental in targeting these key high growth regions, having a large customer base for potential deployment of smart metering amidst establishing regional hubs with local expertise and customized offering.

Moreover, the company is poised to grow inorganically by establishing a holding company in Switzerland with short-term plans to branch out from core electricity metering and offer a more diversified portfolio including gas and water metering. It has embraced growth diversification by actively investing to expand its product line. Iskraemeco is one of the major companies that has developed a fully aligned vision and strategy, with an increasing focus on medium-to-long-term goals. These goals involve a steady focus on leveraging mega trends and M&As to expand and synergize within the broader IoT and smart city solutions space, with emphasis on end-to-end project delivery capabilities.

Iskraemeco has been actively fostering effective execution of its dynamic vision, strategy, and execution excellence in various ways. The company has a strategic planning process updated annually comprising comprehensive short-term planning and long-term strategic

plans and vision for five years based on industry changes and market dynamics. The company's strategic growth plans leverage on a continuous improvement program that is linked directly to strategy. In the recent past, the company underwent significant changes at an organizational level, streamlined its operations and fine-tuned commercial departments, and made forays into sales operations to support field sales as well as its remote local offices and regional hubs. Sales partner ecosystem and processes ensure indirect sales arms are being aligned with top-level objectives. In fact, the company has established a system alliance partner ecosystem and processes to ensure the right level of coordination to win complex projects. This way, Iskraemeco has attained significant growth through integrated sales and marketing strategies, making it one of the leading players in leveraging cutting-edge technology solutions to strengthen brand and demand generation.

Frost & Sullivan finds these unique strategies, updates to the operating environment, and internal changes demonstrate excellence in growth that enabled Iskraemeco to expand at a rate faster than the industry average. The company has exhibited exponential growth coming from its smart metering business segment, having achieved over 100% growth in 2017 and over 30% growth in revenues in 2018.

The company has ambitious plans to grow over 40% in the next two years fostered by lateral expansion within core markets, new market acquisitions, diversification of products and solutions portfolio, and exponential inorganic growth. The company has made significant strides in German smart metering market penetration; in 2018, it achieved revenue growth of more than 60% compared to 2017, holding onto its position at the pinnacle of the market. In the Dutch market, Iskraemeco continues to successfully deliver its share of the SMR5 smart metering project. The delivery is part of a contract awarded to Iskraemeco in 2016, which includes development, testing, production, and delivery of smart electricity and smart gas meters to four Dutch utilities, managing about 70% of the Dutch electricity market. On the Central European market front, the company exhibited growth of more than 65% over that of 2017. Europe and the Middle East account for 94% of the company's revenues. Iskraemeco leverages a clearly defined growth pipeline system to drive at least 25% of its growth from 'adjacent' markets, even as it expands sales in its core market that is represented by Europe.

Benchmarking Excellence in Growth Sustainability

Iskraemeco received Bisnode's AAA Creditworthiness Rating Excellence Certificate in 2018, an international recognition granted by the credit rating company Bisnode for creditworthiness excellence in 12 European states: Sweden, Norway, Finland, Denmark, Germany, Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Poland, Czech Republic, and Hungary. The certificate is only awarded to legal entities that are compliant to the highest business ethics standards and have consistently recorded higher-than-average performance in terms of payment behavior, reliability of delivery, as well as quality of products and services. Iskraemeco retained the highest creditworthiness rating, AAA, for three consecutive years, which demonstrates its outstanding achievements and exemplifies its high-performance, trustworthiness, and position as a reliable and credible partner to

customers and other businesses. This internationally recognized certificate places Iskraemeco among the top 1.6% of legal entities in Slovenia. As a holder of the AAA Creditworthiness Rating Excellence Certificate, Iskraemeco portrays itself as one among the lowest-risk legal entities to establish business operations from the perspective of suppliers, customers, insurance companies, banks, and other stakeholders. The certification demonstrates the company's business operations success until 2020 that benchmarks its careful and continuous planning and focus on execution. Frost & Sullivan finds the certification by Bisnode certainly reflects a strong financial position that supports Iskraemeco in fueling its investment plan as well as empowering it to sustain growth.

Key Strides in Product Leadership with Innovation Complementing Sustainability

Iskraemeco introduced a new product strategy that is based on modular product design. The modular approach enables the company to address customer specifications and requests swiftly and more efficiently. The platform reduces utilities' total cost of ownership (TCO) and is a future-proof investment designed according to the Iskraemeco sustainability policy. As a strong promoter of sustainability and circularity complementing product development, Iskraemeco has established itself as a leading sustainability trendsetter. The company utilizes a three-tier sustainability strategy based on internal processes, transparency of supply chain and partner relationships, and the transfer of knowledge in the wider community. Iskraemeco is devoted to upholding fair labor standards, remaining free from supply chain of conflict materials (i.e., 3TG), increasing the amount of recyclable material in the end product, overcoming material scarcity and e-waste, promoting lean production, and prioritizing waste management and energy efficiency.

The principle of sustainability through a 'Fair Meter' approach has strategically enhanced the company's product portfolio and enabled it to improve its environmental and social footprint. Moving forward, I aims to augment the Fair Meter platform to emerging smart meter markets. After two years of systematic activities, the company managed to awaken the interest of utilities in Italy, Poland, Lithuania, Tunisia, Sweden, Iceland, and Germany. Iskraemeco sees a major opportunity to have the sustainability concept as integral criteria of interested utilities' tendering process. Frost & Sullivan recognizes Iskraemeco's sustainability approach as the competitive advantage and a unique sales proposition.

Customer Service Experience

Over the last few years, Iskraemeco has made its customers a focal point within its key processes. This shift has created better visibility into customers' needs and pain points that subsequently enhances the customer ownership experience and drives customer value enrichment. Iskraemeco's established network of partners, subsidiaries, and production facilities offers reliable and efficient support services to the complete client base. The company has been instrumental in supporting its customers in demanding projects that involve updating infrastructure to become smart. These projects demand thorough planning that specifically addresses customers' unmet needs via in-depth analysis and provision of recommendations for optimal solutions and well-planned budgets.

Moreover, the company's meticulous efforts towards persistent product development and technology enhancement directed at customer value enrichment are highly commendable. New products not only satisfy customers' current needs but also address their future needs. To ensure superior customer satisfaction, Iskraemeco offers implementation and testing of its proposed solutions, apart from turnkey solutions including system maintenance and proposals for optimization. This approach has become one of the critical success factors driving its high customer acquisition potential.

Iskraemeco has many long-term (spanning over many decades) successful partnerships with utilities worldwide. The company established solid contractual corporation with all energy giants (such as RWE and E.on) of various metering devices over many years and has regular business relations with close to 300 smaller utilities all over Germany, thereby establishing a strong foothold in the market. Since 2012, Iskraemeco has made robust ties with Dutch utilities and delivered 1.5 million smart meters up to 2018, which has created an impressive market share foothold for the future. The company's continued cooperation with Vatenfall in Sweden and Finland as a supplier of first-generation meters and turnkey solutions, complemented by healthy customer relations continues till date. For instance, Iskraemeco has a clearly defined system for integrating recorded feedback into its product development and sales strategies. Overall, many successful projects and agreements are ongoing in the Balkans, the Middle East, Latin America, and the Far East; the company's long-term customer relations signal high brand equity and high product quality.

Brand Equity

Iskraemeco's brand name is associated with technology excellence, innovation, and customer value. The transformation it made from a traditional manufacturing company into a smart metering solution provider is fuelled by digitalization and new business models arising across the global electricity market. This transformation was marked by the rebranding of Iskraemeco's corporate identity into the new 'IE' brand. Professional knowledge, extensive experience, innovation, sustainability and circularity, metering eternity, timelessness, cyclical movement, recycling, and sustainability are the main concepts cemented into the new logo. The company's technology enhancements and ecologically optimized innovations have played a crucial role in its brand equity and generated opportunities in winning projects, wherein utilities are in pursuit of engaging with future technologies to enhance their overall user experience. Iskraemeco's determined effort towards building and strengthening brand equity is represented in its excellence in year-on-year revenue growth in which it has been constantly achieving above-market growth rates.

Iskraemeco's long-term strategy has paved the way for the gradual change of its corporate identity. Building on that momentum, in 2018 Iskraemeco carried out a repositioning campaign to reflect its focus on growth, innovation and development, and to refresh and upgrade its corporate image in order to keep up with the latest trends, incorporating

digitalization as well as new business models, such as IoT, eMobility, Smart cities, and smart solutions that are of strategic importance to its future business.

Conclusion

As part of the Elsewedy Electric Group, Iskraemeco successfully transformed from a product-oriented business into a comprehensive smart metering solutions provider. Within a ten-year period, the company positioned itself as the third-largest smart metering solutions provider in the EMEA region and has substantially elevated its position in a highly competitive market. The company has a strong go-to-market strategy and growth pipeline system primed to capture a higher market position in the coming years within emerging smart meter markets such as those in India, Latin American countries, and Egypt.

For its focus on building high levels of customer satisfaction and establishing relationships built on transparency and trust among stakeholders in the value chain, as well as its impressive commitment to sustainable technology, fierce strategic initiatives, and strong overall performance, Iskraemeco earns Frost & Sullivan's 2020 Growth Excellence Leadership Award in the Global Smart Metering Industry.

Significance of Growth Excellence Leadership

Growth Excellence Leadership is about inspiring customers to purchase from your company and then return time and again. In a sense, then, everything is truly about the customer. Making customers happy is the cornerstone of any successful, long-term growth strategy. Companies that excel in driving growth strive to be best in class in three key areas: meeting customer demand, fostering brand loyalty, and carving out a unique and sustainable market niche.



Understanding Growth Excellence Leadership

Companies that creatively and profitably deliver value to customers ultimately set up their businesses for long-term, rapid growth. This is what Growth Excellence Leadership is all about: growth through customer focus, fostering a virtuous cycle of improvement and success.

Key Benchmarking Criteria

For the Growth Excellence Leadership Award, Frost & Sullivan analysts independently evaluated Growth Performance and Customer Impact according to the criteria identified below.

Growth Performance

- Criterion 1: Growth Strategy
- Criterion 2: Above-Market Growth
- Criterion 3: Share of Wallet
- Criterion 4: Growth Diversification
- Criterion 5: Growth Sustainability

Customer Impact

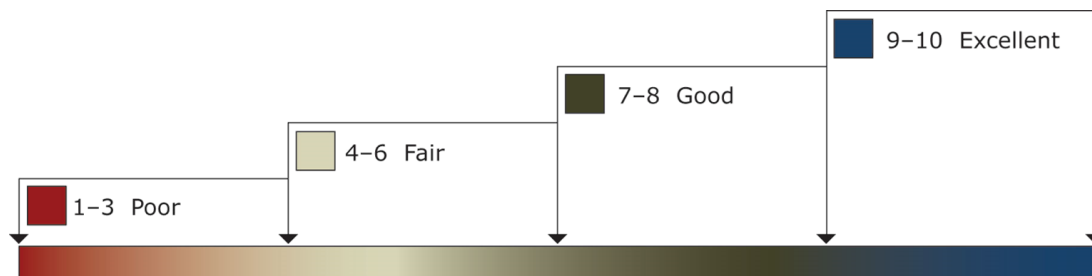
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Best Practices Award Analysis for Iskraemeco

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 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



The Decision Support Scorecard considers Growth Performance and Customer Impact (i.e., 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, Frost & Sullivan has chosen to refer to the other key participants as Competitor 1 and Competitor 2.

<i>Measurement of 1–10 (1 = poor; 10 = excellent)</i>			
Growth Excellence Leadership	Growth Performance	Customer Impact	Average Rating
Iskraemeco	10	8	9
Competitor 2	8	8	8
Competitor 3	6	7	6.5

Growth Performance

Criterion 1: Growth Strategy

Requirement: Executive team has a shared vision for the organization's growth and has created and implemented a strategy that is consistent with that vision.

Criterion 2: Above-market Growth

Requirement: Company's growth rate exceeds the industry's year-over-year growth rate.

Criterion 3: Share of Wallet

Requirement: Customers allocate a greater percentage of their total spend to purchasing products or services produced by the company.

Criterion 4: Growth Diversification

Requirements: Company is equally able to pursue organic (e.g., distribution channel optimization, new product innovation) and inorganic (e.g., acquisitions, partnerships) growth opportunities consistent with the long-term objectives of the organization.

Criterion 5: Growth Sustainability

Requirement: Company has consistently sought opportunities for growth, enabling the organization to build on its base and sustain growth over the long term.

Customer Impact

Criterion 1: Price/Performance Value

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

Criterion 2: Customer Purchase Experience

Requirement: Customers feel they are buying the optimal solution that addresses both their unique needs and their unique constraints.

Criterion 3: Customer Ownership Experience

Requirement: Customers are proud to own the company's product or service and have a positive experience throughout the life of the product or service.

Criterion 4: Customer Service Experience

Requirement: Customer service is accessible, fast, stress-free, and of high quality.

Criterion 5: Brand Equity

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

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 practices 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 world	<ul style="list-style-type: none"> Conduct in-depth industry research Identify emerging industries Scan multiple regions 	Pipeline of candidates that potentially meet all best practices criteria
2 Perform 360-degree research	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> Interview thought leaders and industry practitioners Assess candidates' fit with best practices 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	<ul style="list-style-type: none"> Confirm best practices 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	<ul style="list-style-type: none"> Brainstorm ranking options Invite multiple perspectives on candidates' performance Update candidate profiles 	Final prioritization of all eligible candidates and companion best practices positioning paper
5 Assemble panel of industry experts	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 practices award recipient	<ul style="list-style-type: none"> Review analysis with panel Build consensus Select recipient 	Decision on which company performs best against all best practices criteria
9 Communicate recognition	Inform award recipient of recognition	<ul style="list-style-type: none"> Present 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	<ul style="list-style-type: none"> Coordinate media outreach Design a marketing plan Assess award's role in 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 the 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, resulting in 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, helps clients 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 practices models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages nearly 60 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on 6 continents. To join Frost & Sullivan's Growth Partnership, visit <http://www.frost.com>.