



SMTC Recognized for

2021

Customer Value Leadership

Global Mid-tier Segment

Electronics Manufacturing Services Market

Excellence in Best Practices

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. SMTC Corporation excels in many of the criteria in the mid-tier segment electronics manufacturing services market.

AWARD CRITERIA	
<i>Business Impact</i>	<i>Customer Impact</i>
Financial Performance	Price/Performance Value
Customer Acquisition	Customer Purchase Experience
Operational Efficiency	Customer Ownership Experience
Growth Potential	Customer Service Experience
Human Capital	Brand Equity

Excellent Operational Efficiency

Founded in 1985, Canada-headquartered Surface Mount Technology Centre Corporation (SMTC) is a mid-sized provider of end-to-end electronics manufacturing services (EMS), including printed circuit board assembly (PCBA), systems integration, comprehensive testing services, product design, and supply chain management services. Effective and efficient operations are a critical metric for EMS vendors, as customers rely on these businesses to deliver fully manufactured solutions. A hiccup or bottleneck in any part of the supply chain often results in poor customer experiences. To ensure its operations run

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seamlessly, SMTC leverages a “one-size-fits-one” approach, meaning it customizes every customer’s supply chain solution to address their specific requirements. The company also bolsters its quality and reliability by complying with multiple regulatory bodies, such as the International Standards Organization (9001, 13485), Institute for Interconnecting and Packaging Electronic Circuits (600, 610, 620, 7711, 7721), and the Current Good Manufacturing Practices.

SMTC experienced significant challenges, such as difficulty acquiring raw materials, driven by the COVID-19 pandemic in 2020 and its subsequent shelter-in-place and social distancing mandates. The company believes the pandemic unearthed many vulnerabilities and challenges for original equipment

manufacturers (OEM), influencing them to reevaluate their supply chain's reliability. SMTC proved its agility by foreseeing impending supply chain issues and reacting accordingly. In the middle of 2020, the company advised its customers to purchase certain products, such as silicon semiconductors, as the acquisition of raw products was sure to slow significantly. SMTC brings end-to-end knowledge and expertise to every customer interaction, gaining a complete understanding of the customer's business, and identifies innovative solutions tailored to their competitive strengths. The company's ultimate end goal for each customer is to lower their total cost of ownership without sacrificing quality and reliability, influencing customer and end-user satisfaction.

Additionally, SMTC leverages its New Product Introduction (NPI) Technology Center located in California's Silicon Valley to support new and existing customers as they bring innovative products to market. The NPI Technology Center acts as a gateway to SMTC's low-cost regions in Mexico and China. It is also where companies engage with SMTC to leverage its extensive supply chain ecosystem, value engineering expertise, and manufacturing capabilities for quick-turn prototyping and high-mix, medium-to low-volume production. Frost & Sullivan finds that SMTC achieves excellence in operational efficiency by regularly evaluating its processes and technology to improve its performance. This best practice is an extension of the company's strong customer focus, which differentiates it from many competitors and provides significant value to clients and end-users.

End-to-end Value

SMTC offers three vertically integrated manufacturing streams: enclosures and precision metal fabrication products, PCBA products, and large-scale systems. The company provides each stream with various end-to-end services that aid the manufacturing process, including assembly, test, and direct-order-fulfillment. SMTC complements these core services with cable assembly, interconnect, and value engineering services. It also vertically integrates its manufacturing streams to improve control quality, lead times, and inventory risk, avoiding lost margins that often occur when loosely connected entities provide these services. As a result, the company's customers benefit from lower costs, better quality, and shorter lead times. Frost & Sullivan recognizes SMTC offers an iron-clad value proposition through its EMS offerings and a close personal touch by forming long-term relationships with its clients.

Relationship-based Business

SMTC is unique in its customer service and purchase experiences as it maintains a relatively small customer base of less than 100 clients and offers complete transparency from the first encounter. Limiting the customer base enables SMTC and its team to deliver personalized and knowledgeable service to its clients, ensuring employee engagement forms the basis for the relationship, rather than falling into a transactional engagement. The company's team maintains a first-name basis with its clients and provides C-level engagement every step of the process, differentiating from many competitors that bounce customers between representatives. With this best-in-class engagement, the company offers end-to-end transparency regarding its cost modeling approach, enabling clients to understand more than the unit price. SMTC also maintains close relationships with various OEMs. It works closely with its customers through the design, manufacturing, and distribution processes, providing value-added services throughout the process.

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SMTC possesses the flexibility to work within a customer-approved vendor list for acquiring parts. For the electrical and mechanical sides, the company works with direct distributors and preferred suppliers. It bids on projects only after spending time with the potential client, simulating a quote based on their specific needs. The company supersedes many competitors by avoiding the ‘one-size-fits-all’ approach, which various vendors impose on their clients. SMTC’s Net Promoter Score typically falls within the 20s or 30s as the company ensures it exceeds its customers’ expectations. As of 2021, the company operates more than 50 facilities in the United States and Mexico, which provides local

support, valuable flexibility, fast turnaround and delivery times, and low-cost volume manufacturing capabilities to its global customers. SMTC’s facilities total to over 560,000 square feet of global production space. Frost & Sullivan applauds the company for its end-to-end, robust customer experience. SMTC brings a close, personal touch to every customer engagement and ensures ongoing customer loyalty and satisfaction.

A Bright Future

SMTC continues to experience success on the financial front, with double-digital growth for the past few years. The company exited 2020 at approximately \$394 million, which demonstrates significant growth from 2017, in which SMTC’s revenue grew from \$130 million to \$200 million. The company won roughly four different projects in the last nine months, leading to more than \$30 million in revenue. The company diversifies its customer base and develops its business by expanding its interactions with existing customers and acquiring new high-quality customers.

SMTC also emphasizes strategic acquisitions, such as its acquisition of MC Assembly Holdings Inc. This acquisition enabled the company to expand its operations to Melbourne, Florida, Billerica, Massachusetts, and Zacatecas, Mexico (which it consolidated with its existing Chihuahua, Mexico facility). The company views Mexico as a strategic advantage, which drove its decision to open and expand a second location in the country. It also sets its sights in Southeast Asia as a key expansion opportunity; however, the company plans to wait and see how the global economy recovers from the pandemic. SMTC continues to monitor the global pandemic and take steps to mitigate the potential risks to the company posed by the virus’ spread and related impacts. Frost & Sullivan applauds SMTC for its ongoing strategic approach to internal and external processes, and finds the company well-poised for robust growth.

Conclusion

To ensure rapid performance and delivery, electronics manufacturing services (EMS) vendors require end-to-end fluidity and agility, including their supply chain. As a result, the 2020 COVID-19 pandemic and subsequent shutdowns delivered severe impacts, such as delays in raw material acquisition. Canadian EMS vendor, Surface Mount Technology Centre Corporation (SMTC) predicted the significant impact on its supply chain and promptly encouraged its clients to purchase more materials in response. This response demonstrates SMTC's agility and flexibility in the market, which is a crowning differentiator. The company leverages its operational efficiency and technological expertise to eliminate any bottlenecks in the supply chain, ensuring its clients meet their deadlines. Moreover, SMTC avoids the "one-size-fits-all" approach leveraged by many competitors and opts for tailored supply chains for each customer. The company continues to move forward with investments in Mexico and plans to penetrate Southeast Asia, setting up for robust future growth. For its keen technological expertise, unmatched agility, strong customer-first mentality, and an excellent overall performance, SMTC earns Frost & Sullivan's 2021 Global Customer Value Leadership Award in the mid-tier segment EMS market.

What You Need to Know about the Customer Value Leadership Recognition

Frost & Sullivan's Customer Value Leadership Award recognizes the company that offers products or services customers find superior for the overall price, performance, and quality.

Best Practices Award Analysis

For the Customer Value Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Business Impact

Financial Performance: Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

Customer Acquisition: Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

Operational Efficiency: Company staff performs assigned tasks productively, quickly, and to a high-quality standard

Growth Potential: Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

Human Capital: Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

