

FROST & SULLIVAN

SICK

2022
COMPANY
OF THE
YEAR

GLOBAL INDUSTRIAL
INTERNET OF THINGS SENSOR INDUSTRY

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. SICK excels in many of the criteria in the IIoT sensor space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

A Market Snapshot

The Industrial Internet of Things (IIoT) continues to transform the production aspect and future potential of various manufacturing and process organizations. Primary factors, such as boosting operational

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**- Samantha Fisher,
Best Practices Research Analyst**

efficiency, increasing productivity, and reducing process complexity, are critical drivers for adoption. More importantly, cognitive systems and real-time analysis can interpret data from systems, sensors, and components and derive actionable insights, which industrial organizations can leverage to improve their output reliability, quality, and overall efficiency. However, increasingly complicated applications continue to impact digital transformation. IIoT maturity rates are vastly different among industrial organizations, creating unique challenges for implementation. It is

critical to have accurate information on business drivers so organizations can achieve their goals; however, outdated technology is often incompatible with the Industry 4.0 and IIoT upgrades.

Quality, Innovation, Leadership: SICK

Founded in 1946 and headquartered in Waldkirch, Breisgau, Germany, SICK is a leading sensor technology manufacturer for industrial automation applications (factory, logistics, and process). The company provides tailor-made solutions that help customers to extract and filter data in production and logistics processes and transform it into actionable insights, thereby offering a competitive advantage in the market. The company is renowned for their wide variety of optical sensors, which organizations leverage across critical applications in manufacturing, warehouse automation, robotics and more.

A Leader’s Path

SICK creates innovative products through ongoing customer engagement and feedback. The company has a strong reputation for innovation and problem-solving; these cornerstones are the foundation on which SICK builds its technology. It maintains a deliberate design process incorporating customer feedback and requirements into the research and development (R&D) cycles. SICK leverages its proven Environment of the Customer methodology to validate new ideas qualitatively and quantitatively. During this process, the company gathers input directly from customers regarding new solutions and service offerings, ensuring its roadmap designs meet relevant customer needs and solve important business challenges. SICK also monitors market trends and disruptive technologies to determine how it can incorporate them into existing solutions to solve customer problems. SICK developed and refined these processes over several years, perfecting its approach. As a result, SICK has grown and expanded its portfolio with best-in-class, disruptive technologies for the industrial sector.



Source: Frost & Sullivan

Sensors serve as the IIoT's initial connection link. Intelligent sensors are used nowadays not only to collect data but also to transform it into information and ultimately knowledge. Sensors do more than merely “sense”; as a result of the digital transformation and Industry 4.0 mega trends, they are now also able to “think.” In these terms, SICK offers the most comprehensive solution portfolio in the market, spanning robust features and capabilities. The company’s unique products and solutions have standard connectivity across platforms via solutions to the cloud and SICK’s Telematic Data Collector (TDC). Some examples of the company’s unique product and software technology include SICK AppSpace, deep learning, quality control, localization and navigation technologies, and a broad diversity of Light Detection and Ranging (LiDAR) sensors.

SICK's AppSpace processes sensor data into relevant information that helps users solve business challenges, while its connectivity solutions gather information from legacy machines and bring it to the business layer. Traditional solutions rendered this data immovable from the machine level; however, SICK allows customers to link what the company calls "islands of information," optimizing flexible production across the entire organization with full customizable solutions. SICK also offers a localization solution for autonomously moving platforms, LiDAR-LOC. This technology leverages sensor data to deliver accurate and reliable localization results based on natural contours above existing safety functions without environmental adjustments.

Additionally, SICK's product development team closely monitors emerging market trends and evolving demands, responding with novel solutions. As a global company, it focuses on serving all customers with the same high-quality and comprehensive expertise, regardless of physical location. With this leadership focus, Frost & Sullivan expects SICK to sustain its leadership in the IIoT sensor market.

A Customer-centric Approach Driving Unmatched Client Experience

With its customer-centric corporate philosophy, SICK operates on the central tenet that its success depends on customer satisfaction. This philosophy permeates the company's daily practices. In the last few years, the company recognized a significant shift in customer needs and market dynamics. Thus, SICK is transforming its business structure, product development, and go-to-market strategy, optimizing the company for success through the changing market conditions and demonstrating its agility in the process. For example, SICK's industry-agnostic Consulting and Digital Solutions team was built to address its

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**- Sebastián Trolli,
Sr. Industry Analyst, Industrial Technologies**

customers' challenges, including use cases in addressing labor gaps, inventory challenges, and quality improvements. Finally, the company has global industry centers, market intelligence, and regional sales/service clusters that monitor mega trends. SICK analyzes these trends continuously to uncover potential impacts on its operations and customers. Frost & Sullivan finds this targeted approach ensures organizational stability and agility in the market.

SICK's mission and organizational commitments to exceed customer expectations across all customer journey phases drive its service and support

offerings. The company identifies and plans every customer touchpoint to ensure seamless technology integration. Once project implementation is complete, SICK collects and analyzes client feedback to ensure it surpasses their expectations. The company rounds out this excellence with knowledgeable customer support centers in various regions, enabling customers to engage with representatives in local languages and time zones.

SICK offers tiered support levels based on a customer's specific needs. At the highest level, the company creates defined customer teams to build a tailored support experience for specific customers. Based on the problem area or situation, SICK will offer resources from pre-sales, project management, application engineering, and post-sales support. Customer support representatives are responsible for accounts and regions to build relationships and provide a personalized experience for customers. SICK regularly reviews and revises its support strategies, adding channels and capabilities to serve customers better. This high-level customer-centricity allows for improved customer understanding and a focus on optimizing the purchase process for the customer.

Positioned for Growth

Since its inception, SICK's sterling reputation and customer-centric framework led to its coveted preferred partner status. Over the years, it added a range of new customers to its established base. R&D investments increased from €201 million to €210 million in 2021. In addition to its continuous market monitoring, SICK's systematic product development process enables it to expand its technology and innovation leadership.

The company witnessed a strong surge in orders from 2019 to 2022, translating to robust net sales as reported through 2021 (€1,963.7 million versus €1,700.0 million). It also saw significant growth across its regional locations in Europe, the Middle East, Africa, the Americas, and the Asia Pacific. Meanwhile, SICK maintains a strong focus as it navigates the 2022 supply chain headwinds and develops solutions to address customer needs. For example, at the start of 2022, SICK fully acquired Croatian technology company Mobilisis, expanding its global technology leadership for digital localization in Industry 4.0 applications.

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Frost & Sullivan believes SICK is well-positioned to drive the IIoT sensor space into its next growth phase, capturing market share and sustaining its leadership in the coming years.



Source: Frost & Sullivan

Conclusion

Despite the proven benefits of the Industrial Internet of Things (IIoT) and Industry 4.0, existing challenges related to costs, complexity, and perception continue to disturb market adoption. Overall, SICK addresses these unmet needs with a strong leadership focus that incorporates a customer-centric strategy and exemplifies best practice implementation. The company combines sensor intelligence with industry and application knowledge, thus breaking new ground for sensor-based applications and developing rapidly into a provider of complete software-based solutions. With digital services that rely on deep learning, analysis tools, and augmented reality, combined with end-to-end support throughout the customer journey, from initial consulting to final training and customer service, SICK continues to carve its place in the IIoT landscape. The company remains a trusted partner, earning a reputation for offering the overall best in the market.

With its strong overall performance, SICK earns Frost & Sullivan's 2022 Global Company of the Year Award in the IIoT sensor industry.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

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

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

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

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Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

