

Frost & Sullivan Award for Market Leadership

2006

FROST & SULLIVAN

Market Leadership Award

AWARD DESCRIPTION

The Frost & Sullivan Award for Market Leadership is given to the company that has exhibited market share leadership through the implementation of market strategy. The recipient has displayed excellence in all areas of the market leadership process, including the identification of market challenges, drivers and restraints, as well as strategy development and methods of addressing these market dynamics. Furthermore, the Award recipient has continually demonstrated solutions for monitoring market changes and for implementing superior market strategies. By utilizing these strategies for success, the company has established itself as the market share leader in its respective industry.

RESEARCH METHODOLOGY

To choose the recipient of this Award, the analysts track competitor revenue and market share within the industry. This is achieved through interviews with all market participants and extensive secondary research of proprietary data sources. Finally, the competitors are compared and ranked for relative position. Frost & Sullivan then presents the Award to the company that received the number one industry rank.

MEASUREMENT CRITERIA

In addition to the methodology described above, there are specific criteria used to ascertain final competitor ranking in this industry. The recipient has excelled by substantially increasing one or more of the following criteria:

- Market share
- Revenue growth rates
- Profitability
- Market and technology innovation

HELLER

INDUSTRIES

AWARD RECIPIENT:

HELLER INDUSTRIES

Heller Industries has been awarded the 2006 Frost & Sullivan Market Leadership Award in the SMT reflow soldering equipment market for successfully making their mark on the soldering equipment market and for maintaining their stronghold market position during consecutive periods of market share and growth performance evaluation. This award is particularly commendable for a company that has continued to perform consistently in an industry that has faced numerous challenges and within a region that has been hit hard by outsourcing.

Heller Industries has consistently stayed at the forefront of the reflow soldering equipment market since its inception 46 years ago. The company's products have been considered industry benchmarks due to their ability to cater to changing market and technology requirements. This ability of the company to stay abreast of the changing trends and revised requirements of the electronics assembly have strengthened their position in the market. Their customer bases provide the inspiration for continued product enhancements. This not only creates stronger relationships with the customer but custom product offerings also serve in broadening the scope of the company's market.

Enviably Market Presence

Heller Industries continues to remain the market leader with an enviable market share of 22.3 per cent in the North American region during the year

2005. This underscores the company's consistent performance in terms of producing quality products along with providing exceptional support services throughout North America and around the world. Heller Industries has been competitively active in this market for decades together and has managed to garner the trust and loyalty of its customers due to its focus on high product quality and innovation. The company has been experiencing consistent growth rate of 12 percent per year. Instead of succumbing to intense competition and price pressures from overseas markets, the company has also formed strategic alliances as a means to expand into other potentially markets. Besides manufacturing plants in the United States, other strategic locations include South Korea and China as well. Aggressive R&D efforts do not take the focus off from the pursuit of pushing the cost curve down. Despite facing immense price pressures the company has been successful in combating price pressures through large volume sales.

Customer Receptiveness

Heller Industries stays abreast of changing customer needs and bases its product improvements on customer feedback. Besides round table meetings with users and machine operators, the company has an in-house team dedicated in obtaining customer feedbacks and suggestions from the



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end-user groups. On going consultations also help the company devise future products and additional features that can help overcome the challenges faced by the customer during the actual electronics assembly process. In addition to strategically located service centers in various geographic regions, Heller Industries also provides customers with continuous 24 hours support. They can also gain access to the company's central support system through an effective remote linking system called the Remote Modem-Accessible Technical Service (RMATS). This enables instant support from expert engineers irrespective of the clients' manufacturing location. About 90 per cent of service requests are fulfilled in 24 hours and this fast response has been instrumental in the company's successful customer retention and loyalty.

Strong Product Line

Heller Industries pioneered the convection reflow system in the late 1980's. Strong domain expertise has helped the company redesign its equipment to overcome several industry challenges. The company also designed the first flux removal system applicable to both nitrogen and air solder processes which are critical in reducing machine downtime since it reduces frequent equipment cleaning. Besides quality products that are environmentally friendly, robust designs that can handle 70,000 hour lifetime and sound support system, the company offers low cost of ownership on their machines.

This is achieved by rigorous attempts that have successfully culminated in reduced operational and resulting opportunity costs. Decreased machine maintenance and downtime owing to self-clean ovens have translated to significant cost savings for the customer by as much as 50 percent. Adding to the company's extensive product line is also their inventory of used equipment. This is particularly useful to startup customers those who lack the funds to invest in capital equipment at the very onset of their business. Users can benefit from not buying used equipment from a third

party vendor. Customers are more confident in the equipment when they buy directly from the manufacturer as they can be assured of good support, installation and warranty.

Impacts of Lead-free

Perhaps the biggest challenge that has faced the SMT market has been the implementation of the Restriction of Hazardous Substances (RoHS) initiative, which mandates the elimination of lead and other toxic substances from electronics products. The substitution of lead-free paste has resulted in higher reflow temperatures that manufacturers across the world have overcome over by re-engineering their products. Heller Industries has used the spike zone design to reduce its liquidous time. The machines also make use of ultra fast cooling systems as well. Heller Industries has also entered into a partnership with ECD, which is a profiler company to develop the cpk. With this program it is possible to calculate the cpk numbers which is a measure of the ovens repeatability process numbers. The values adds that go with the machines include lifetime warranty on the machines and easy to use software.

The company has been successful in balancing a fine price to performance ratio. This when combined with its strategic partnerships in North America and the rest of the world, has helped the company expand into untapped customer bases. Product quality and support have been important milestones in making Heller Industries a true market leader. The company is committed to achieving a 10-15 percent growth on the reflow ovens and hopes to achieve cross border mergers and acquisitions as a futuristic means of establishing a global presence. Frost & Sullivan recognizes Heller Industries attempts at reaching out and connecting to its customers and delivering top quality products and deems it worthy of being the market leader. Frost & Sullivan bestows the title of Market Leader for the reflow soldering equipment market for the North American regions for the second consecutive period of evaluation in the year 2006 to Heller Industries.

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