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2020 BEST PRACTICES AWARD



BLUE RIDGE

FOR A MORE FORESEEABLE FUTURE

**2020 NORTH AMERICAN
CLOUD-BASED SCP SOLUTIONS FOR DISTRIBUTION
ENABLING TECHNOLOGY LEADERSHIP AWARD**

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Background and Company Performance

Industry Challenges

With traditional forecasting and planning solutions that miss critical market indicators and act more as a rear view mirror, distribution and retail businesses find it challenging to plan inventory levels and predict increasingly unpredictable customer behavior. Having the ability to notice any changes in customer demand, predict any changes even before they occur, accurately forecast demand, position inventory efficiently, manage supplier constraints, and optimize prices across the portfolio is important for distributors to capture more sales, reduce costs, and accelerate profits. Distributors want a solution with advanced forecasting models that will guarantee more certainty and that will help them free up significant capital and obtain sustainable results in months.

Under such circumstances, vendors that can address the aforementioned challenges and offer advanced, unified supply chain planning (SCP) solutions that are purpose built for distributors and have a comprehensive view of the forecast to predict accurately any changes in customer demand are expected to secure a leadership position in the market.

Technology Leverage and Customer Impact

Commitment to Innovation and Creativity

Founded in 2008, Atlanta-based Blue Ridge Solutions offers cloud-native, unified Supply Chain Planning (SCP) solutions that are purpose built for distributors and retailers, configured to their businesses. The company leverages over 200 years of combined domain expertise, in addition to leading-edge analytics, artificial intelligence (AI), machine learning (ML), robust automation, demand forecasting, supply planning, and price optimization, to empower businesses to react to complex changes with high precision and efficiency. Frost & Sullivan finds Blue Ridge displays its technology leadership based on the following fronts:

On the SCP side, a big area of focus for Blue Ridge has been on forecasting customer demand based on the high precision of transaction-level data and integrated demand planning, wherein the company has conducted significant work so that distributors and retailers can create a foreseeable future with more certainty, speed and assurance.

Blue Ridge Analytics: Frost & Sullivan finds that descriptive, diagnostic, predictive, prescriptive, and adaptive supply chain analytics provide Blue Ridge with great analytical sophistication. Descriptive analytics describes the ecosystem under consideration using data to identify trends; diagnostic analytics to help customers understand why they get a certain performance and what caused it; predictive analytics to model the ecosystem and simulate scenarios to predict likely outcomes; and prescriptive analytics to prescribe the actions needed to optimize performance outcomes.

Blue Ridge's primary area of focus has been on adapting/learning from user behavior. Every time Blue Ridge's solution automatically updates demand forecasts, it shows the exceptions to users as well, such as the demand for certain stock keeping units (SKUs) that have gone beyond acceptable parameters for various reasons. By understanding and

observing users' answers and keystrokes or how they address those various exceptions, Blue Ridge, using a feedback loop, can then learn to do that for them. By being adaptive, Blue Ridge's solution learns from user behavior, and when it sees a problem, the system gets ahead of users and turns the problem into an actionable recommendation. Frost & Sullivan commends Blue Ridge for doing the heavy lifting for users by only offering them actionable recommendations so they can spend more time adding value with their expertise rather than doing menial or labor-intensive tasks.

Integrated Demand Planning: A big part of the company's focus continues to be on integrated demand planning for monitoring performance and generating actionable insights for the user community. Integrated Demand Planning effectively matches its capabilities to meet industry needs through a unique combination of demand forecasting; causal/exogenous event forecasting that takes into account exogenous factors, which could be outside the system, to forecast events; product assortment/affinity analytics, which helps customers know their product portfolio; customer analytics that captures every customer transaction, with the built-in intelligence continuously learning and detecting from customer purchase patterns and product affinities; and business capacity planning to drive a profitable plan.

Customer analytics was originally intended for retail; however, Blue Ridge now takes this up to its distribution-level customers. The Blue Ridge customer advisory panel wanted the company to look into business capacity planning, which it sees as part of the continuous inventory modeling by planning and understanding customers' constraints on the front end (e.g., how much they could receive in a day, and the acquisition cost analyses of that) to perform end-to-end planning better, such as all the way up to what is received. In addition, the company needed to eliminate the bottlenecks in the customer's supply chain and inside its ecosystem, from the supplier to the distribution center or to whatever the eventual customer-facing node is.

Built to operate as a standalone solution or integrated seamlessly into Integrated Business Planning (IBP), Blue Ridge's sophisticated Demand Planning solution leverages Big Data, AI, and ML technologies. In addition, integrated Demand Planning allows for configurable levels of automation and the tracking of customers' goals. For example, most enterprises operate on a cycling line of credit, where they borrow money to pay for inventory. One of the simulations that Blue Ridge can provide is to help those enterprises understand the cost of owning inventory and the cost of services, and then help them collaborate with partners outside their organizations. Integrated Demand Planning supports demand planning and demand optimization across wholesale and manufacturing verticals and provides customers with visibility into merchandising analytics.

Blue Ridge invests 34% of its revenues into product development. Over the last two years, Blue Ridge has brought several innovative features to the market, such as Price Optimization for distributors, Build Refine Intelligent Optimizer (BRIO), demand classification and seasonal identification, and IBP.

Blue Ridge Adds Price Optimization to its SCP Solutions: Many distributors do not have sophisticated pricing tools and need to catch up with Price Optimization, which can produce a fast return on investment (ROI). With the acquisition of Price Optimization and analytics company Prolific Virtue in 2019, Blue Ridge's Price Optimization now provides distributors with price sensitivity analysis, pricing simulations, and price recommendations to achieve their financial objectives, such as better profits, margins, and sales. Blue Ridge sees ML and neural networking methodologies as a clear path to automate and improve its price recommendations. With ML, a company can accurately forecast the financial impact of price changes and quickly predict the influence which price sensitivity will have on demand, by product and by customer.

Price Optimization is not only about being reactive or immediately managing price changes, such as those related to tariffs or costs, in the current period. Many customers use Blue Ridge's solutions to look at next year's prices or next year's contract negotiations with negotiated price points that feed into an integrated business plan. Blue Ridge's customers, therefore, can use Price Optimization for better supplier negotiations and to position themselves better against competitors as the market changes.

BRIO: BRIO in the build phase includes targeted alerts and selectable key performance indicators (KPIs) which customers can configure. The refine area includes the customer's business goals, forecast methods and parameters, and mass management of data. The Intelligent Optimizer (IO) coordinates responses, looks for root causes, and then brings together the proper strategies for every SKU. To this end, Blue Ridge is about to release its first version of combining the proper forecasting strategy with the proper inventory optimization strategy.

SKUs with severe intermittent demand are usually not the most profitable, yet customers have to carry them because they are part of their business. The drawback is that customers spend an enormous amount of time managing severely intermittent SKUs. When most of Blue Ridge's competitors are conducting optimized replenishment, they typically use economic order quantity (EOQ) or statistical forecasts, which only work for continuously moving items, but not for the long-tail items that are characterized by severe intermittent demand. One of the solutions Blue Ridge is currently testing with its customers is Intelligent Min Max for items that have a long tail, or intermittent demand. Blue Ridge has built its own logic for these kinds of SKUs, classifies them using its classification engine, and determines what the Intelligent Min Max should be for each type of SKU. Blue Ridge, therefore, is doing all the heavy lifting for users, telling them what they should do and how to get the service level that they want with the least investment in inventory.

Demand Classification and Seasonal Identification: In 2019, Blue Ridge released Demand Classification and Seasonal Identification, a classification engine that segments and looks at every SKU and conducts measurements on them using various attribution levels. Blue Ridge's customers use this information to automate the seasonal adjustment. The company, however, is using this information in its BRIO engine to select the most optimal forecasting and replenishment strategy.

IBP: Some of Blue Ridge's other projects include a module called Supply Planning and Order Forecast Export as well as its IBP application. IBP was built as a cloud-native solution with app-like simplicity. Moreover, IBP was built as part of the Blue Ridge SCP solution, leveraging master data that already exists and leveraging existing business and optimization objects where it makes sense. IBP can be configured to meet each customer's workflow and can be used independently of Blue Ridge SCP. Because IBP is designed and built to leverage SCP data, customers get the system up and running quickly. For example, Blue Ridge has configured templates for Demand Planning, sales planning, consensus planning, and financial plan view and can create long-range planning templates using any available time series.

Overall, Frost & Sullivan applauds Blue Ridge for enabling distributors to operate with more certainty, speed, and assurance by using powerful datasets, ML-driven recommendations, and pricing simulations.

Customer Service Experience

One of Blue Ridge's best practices is its LifeLine monitoring services with bronze-, silver-, and gold-level packages. Blue Ridge's expert LifeLine practitioners and consultants provide customers with personalized and ongoing attention and make periodic calls to offer proactive recommendations to customers on their service, inventory levels, and sales and inform them of any issues that need their attention.

Customer Purchase Experience, Ownership Experience, and Application Diversity

Blue Ridge has approximately 100 customers spread across four continents in the automotive; food service; heating, ventilation, air conditioning, and refrigeration (HVACR); industrial and hard goods distribution; furniture and specialty retail industries. Frost & Sullivan finds that Blue Ridge's growth trajectory continues to point upward, validating its entire business model. In the last 12 months, the company has had a 43% increase in annual recurring revenue and a 62% year-over-year (YoY) increase in bookings since 2017, including the addition of Republic National Distributing Company (RNDC) in Q1 2020 as the largest deal in company history.

Customers find Blue Ridge appealing because of its strengths in SCP for distribution and because Blue Ridge can guarantee an ROI in weeks or months rather than years, compared to traditional solutions. Once customers begin working with Blue Ridge, they find the company to be an essential and central part of their planning and operations. The ability of Blue Ridge to create "The Perfect Order" is evident in the platform's 95.5% user acceptance rate -- meaning that users trust the accuracy of the system's recommendations, editing less than 0.5% of the orders generated. Some of the company's leading customers include Ace International, CRP Industries, RaceTrac Petroleum, East Coast Metal Distributors, and Procurator. Blue Ridge has a 98% customer retention rate, offers its solutions in a diverse array of industries, and has recently landed the second-largest wine and spirits distributor in the United States.

Blue Ridge's solutions are quick to implement (up and running in as little as 90 days), compared to traditional solutions from competitors that can take six months or longer.

With SCP, Blue Ridge can get customers up and running in six to 12 weeks, and for customers that subscribe to its IBP, an extra four weeks are required, depending on how much additional configuration each customer needs. Because its solutions are cloud based, Blue Ridge can remove many barriers to the implementation process for customers. In addition, when a customer uses one of the enterprise-type systems, Blue Ridge can get that customer up and running even faster because it built all the connectors and plugins that are ready to be used with common enterprise resource planning (ERP) from SAP and Oracle NetSuite.

Blue Ridge is committed to ensuring its customers achieve more sustainable returns in the long term. For example, for CRP Industries, a leader in the automotive parts and industrial products sectors, sales have grown by more than 10%, and the order fill rate is at 95%, without growing inventory and with back orders at their lowest level.

Conclusion

Distributors need advanced SCP solutions to predict customer behavior, and Blue Ridge's cloud-native supply chain solutions are purpose built for distributors to address that need successfully. Adaptive analytics, integrated Demand Planning, robust automation, Price Optimization, BRIO, IBP, demand classification, and seasonal identification all enable distributors to forecast demand accurately, position inventory efficiently, optimize prices, react to complex changes, and operate with more certainty.

The company successfully leverages Big Data, ML, and AI technologies. Blue Ridge's solutions deliver some of the greatest customer value because they can reduce surplus stock, improve replenishment to eliminate stockouts, reduce uncertainty by improving forecast accuracy, and streamline supplier collaboration. In addition, Price Optimization helps distributors achieve desired financial objectives, such as better profits, margins, and sales, and helps them better negotiate with suppliers. Quick onboarding, ROI in weeks, and personalized attention from Blue Ridge's LifeLine services team further enhance the value proposition to customers.

With its strong overall performance, Blue Ridge has earned Frost & Sullivan's 2020 Enabling Technology Leadership Award for cloud-based SCP solutions in the North American distribution industry.

Significance of Enabling Technology Leadership

Ultimately, growth in any organization depends on customers purchasing from a company and then making the decision to 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. To achieve these goals through enabling technology leadership, an organization must be best in class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.



Understanding Enabling Technology Leadership

Product quality (driven by innovative technology) is the foundation of delivering customer value. When complemented by an equally rigorous focus on the customer, companies can begin to differentiate themselves from the competition. From awareness, to consideration, to purchase, to follow-up support, organizations that demonstrate best practices deliver a unique and enjoyable experience that gives customers confidence in the company, its products, and its integrity.

Key Benchmarking Criteria

For the Enabling Technology Leadership Award, Frost & Sullivan analysts independently evaluated Technology Leverage and Customer Impact according to the criteria identified below.

Technology Leverage

- Criterion 1: Commitment to Innovation
- Criterion 2: Commitment to Creativity
- Criterion 3: Stage Gate Efficiency
- Criterion 4: Commercialization Success
- Criterion 5: Application Diversity

Customer Impact

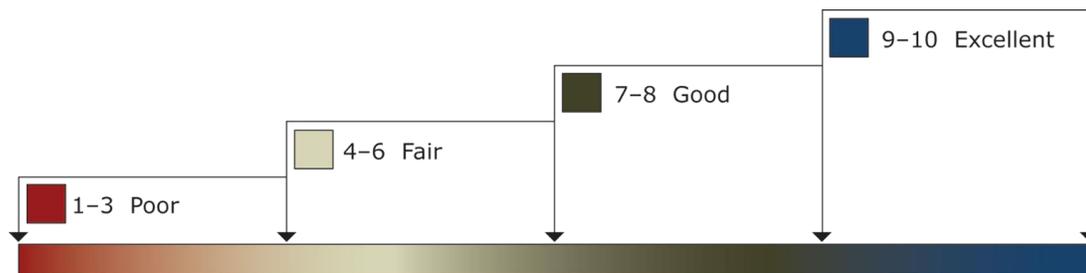
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Best Practices Award Analysis for Blue Ridge Solutions

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 Technology Leverage 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>			
Enabling Technology Leadership	Technology Leverage	Customer Impact	Average Rating
Blue Ridge Solutions	9.0	9.0	9.0
Competitor 1	8.0	8.0	8.0
Competitor 2	7.0	7.0	7.0

Technology Leverage

Criterion 1: Commitment to Innovation

Requirement: Conscious, ongoing adoption of emerging technologies that enable new product development and enhance product performance.

Criterion 2: Commitment to Creativity

Requirement: Technology leveraged to push the limits of form and function in the pursuit of white space innovation.

Criterion 3: Stage Gate Efficiency

Requirement: Adoption of technology to enhance the stage gate process for launching new products and solutions.

Criterion 4: Commercialization Success

Requirement: A proven track record of taking new technologies to market with a high rate of success.

Criterion 5: Application Diversity

Requirement: The development and/or integration of technologies that serve multiple applications and can be embraced in multiple environments.

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

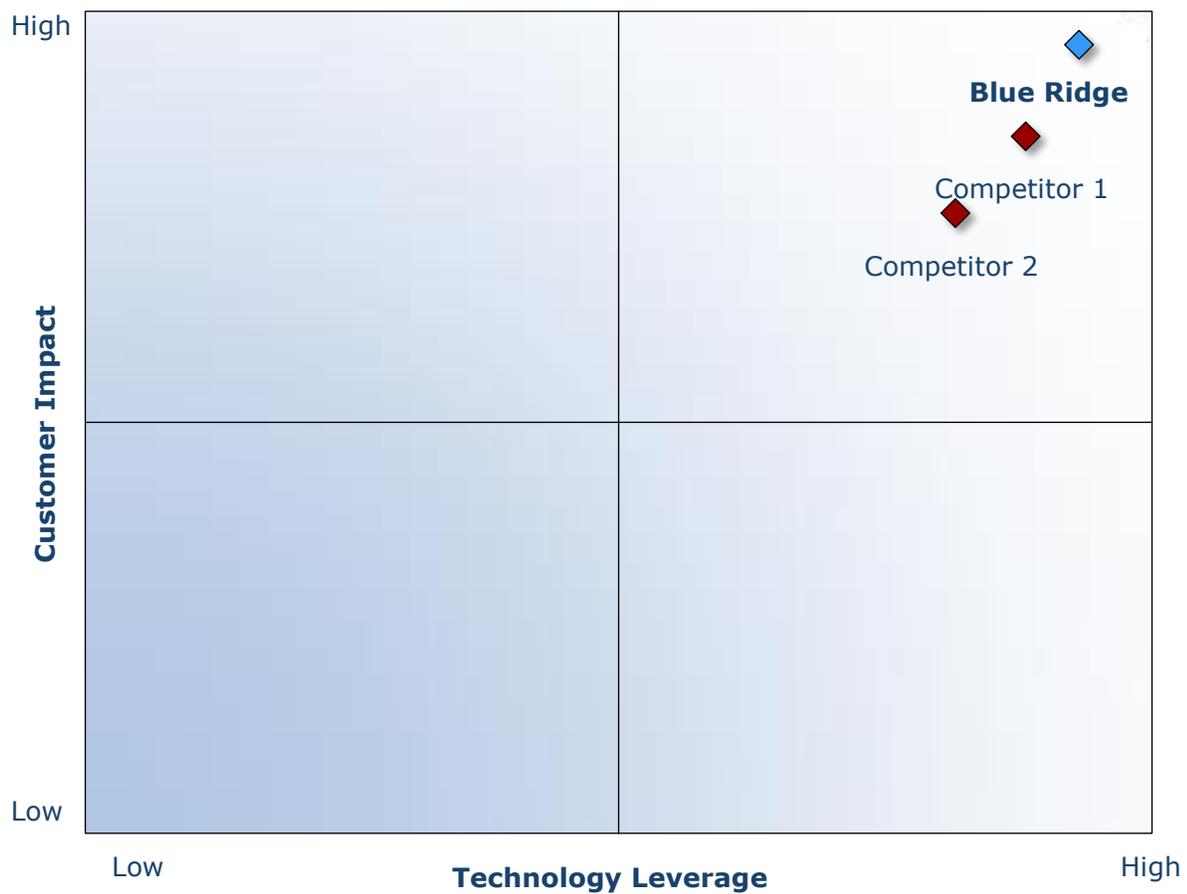
Requirement: Customer service is accessible, fast, stress-free, and of high quality.

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>.