

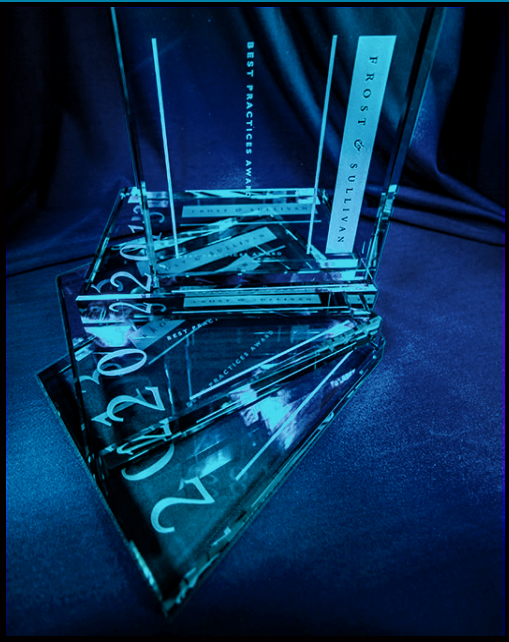
FROST & SULLIVAN



J.A.KING

PRECISION MEASUREMENT PROFESSIONALS

2016 North American
Calibration & Repair Services
Growth Excellence Leadership Award



FROST & SULLIVAN

BEST
2016 PRACTICES
AWARD

NORTH AMERICAN
CALIBRATION & REPAIR SERVICES
GROWTH EXCELLENCE LEADERSHIP AWARD

2016

BEST PRACTICES
AWARDS

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Background and Company Performance

Industry Challenges

The calibration and repair services market in North America is growing, driven by increasing requirements for quality and safety across industries and the proliferation of high-tech products. However, customers are using a wide range of equipment in their operational processes and require providers that are able to service all of their instruments. This expansive range of instruments poses a significant challenge for providers of calibration and repair services.

Price pressure is another significant challenge participants are facing in the North American calibration and repair services market, which is extremely fragmented with over 500 laboratories spread across the region, many of which are very small and do not have the overhead of larger providers. This creates significant price pressure augmented by a lack of awareness among many customers about the benefits of calibration, which leads them to look for the lower price in the market. Price pressure is also growing among educated customers due to the rising value of the US dollar, which reduces their competitiveness in export markets.

Another industry challenge for participants is the share of in-house laboratories, which form the largest segment in the calibration and repair services market. While the trend is towards outsourcing calibration and repair, market participants must convince customers to entrust them with such work. This is especially difficult to achieve in industries where the cost of failure is high such as aerospace and defense (A&D), automotive, and life sciences.

Addressing the above-mentioned challenges and others such as the reducing pool of skilled labor and the demand for local services are critical for achieving success in the calibration and repair services market in North America.

Growth Performance and Customer Impact

Growth Strategy

J.A. King & Company LLC (J.A. King) is a leading participant in the calibration and repair services market in North America. The company ranked sixth on the leaderboard in 2015 among original equipment manufacturers (OEMs) and third-party service providers (TSPs), and is currently the fifth-largest TSP in the North American market. Over the past few years, the company's growth has been fueled by increasing demand for calibration and repair services supplemented by the company's strategic acquisitions intended to expand scope and geographic footprint.

A key factor pivotal in fueling revenue growth for J.A. King has been its wide scope of capabilities. Boasting one of the broadest scopes of capabilities in the North American calibration and repair services market, the company is well-positioned to address the growing demand from customers seeking a single provider of diverse services. Its scope spans all key parameters including electrical, mechanical, physical/dimensional, and thermodynamic. Its geographic footprint has also expanded tremendously over the past few years and now covers the Midwest and Southeast regions of the United States.

In addition, J.A. King has set its sights on end-user industries that tend to value quality over price and grow at a faster clip than the US gross domestic product (GDP). Although it serves customers from a wide range of industries, the company focuses on 7 industries: automotive, A&D, consumer products, food and beverage (F&B), chemical, energy, and life sciences. This focus has helped boost the company's top-line performance in the past few years by enabling the development of dedicated growth strategies for the higher growth segments of the market.

Above-market Growth

Over the past 5 years, J.A. King has grown tremendously in the calibration and repair services market in North America, from approximately \$14 million in revenue in 2011 to \$34 million in 2015. In the span of just 5 years, the company has managed to more than double its revenue size. This translates into a compound annual growth rate (CAGR) of 24.8% from 2011 to 2015. In comparison, the total market for calibration and repair services in North America has only witnessed mid-single digit growth during the same time period and the TSP segment of the market, which is where J.A. King operates, has only witnessed high single-digit growth.

In addition to outperforming the total market, J.A. King's success is also way above that of its peers, which is the result of both organic growth and strategic acquisitions. Over the last 10 years, the company has made 13 acquisitions that have expanded its scope and geographic coverage. For example, one of the company's recent acquisitions is that of Accurate Laboratories (Accurate Labs), which was made in September 2015 and expands the scope of J.A. King in the physical/dimensional space as well as increases its presence in the state of Oklahoma. Its acquisitions, including that of Accurate Labs, also help the company address one of the greatest challenges faced by participants in the calibration and repair services market in North America—lack of skilled workers.

Growth Sustainability

J.A. King has been able to generate consistent growth over the past few years. The company strives to supplement its organic growth that ranges from 8 to 10% each year with a significant acquisition or customer win. It has delivered on that promise every year since 1996, which marked the takeover of the company's management by the third generation. Although J.A. King has narrowed its focus on specific industries, the number of

markets and customers within each of these industries is significant (the company has about 8,000 to 9,000 active customers) providing the company with the opportunity to sustain its growth pattern moving forward.

There is significant growth potential for the company within its current markets and beyond. The market for calibration and repair services in North America reached \$1.31 billion in 2015 while J.A. King's market share is in the low single digits despite being one of the leading participants. Currently, the company's coverage is strong in the Midwest and Southeast regions of the country, which represents about a third of the total market revenues. J.A. King can capitalize on the growth expected in the Midwest and Southeast as well as increase its penetration in other parts of North America.

In addition, it continuously strives to expand its scope and makes significant investments in new standards for that purpose, which is expected to sustain its growth in the future as well. In the past few years, the company has made strong investments particularly in the physical/dimensional space, adding inspection capabilities, for example. It has also invested heavily in the mechanical space and in expanding its thermodynamic capabilities to a lesser extent.

Customer Purchase Experience

J.A. King scores high in customer experience with calibration and repair services—one the key reasons being its wide scope of capabilities that enables it to service a large number of the equipment used by customers. Customers see significant benefits from engaging with a single provider, in both cost and time savings. It offers different delivery mechanisms including services performed in its own facilities but has also been successful at establishing permanent laboratories at customers' sites. Reducing the burden of calibration on customers is a key trend in the market, driving the demand for on-site services and other convenience offerings. With on-site services, disruption of customer operations is reduced as well as transportation issues including packaging the equipment and potential damage during transit.

Price-performance Value

J.A. King is reputed in the calibration and repair services market for delivering high-quality services in an acceptable turnaround time (TAT) and at competitive prices. With the increasing value of the US dollar, many international companies are now less competitive in the markets they export to. J.A. King is particularly aware of this challenge due to its customer base consisting of many international companies. By partnering with J.A. King, these customers are afforded significant savings by dealing with a single vendor for calibration and repair services. Customers may also benefit greatly from outsourcing their internal laboratories to J.A. King. The outsourcing of in-house laboratories has been a growing trend in the market that greatly benefits TSPs with a wide scope, such as J.A. King.

Brand Equity

The J.A. King brand in the North American market for calibration and repair services is synonymous with high-quality services, quick TAT, and high value. It is especially known in the automotive and transportation industry with customers including BMW, Nissan, Mercedes-Benz, John Deere, and Thomas Built Buses. Over the past 3 to 5 years, J.A. King has grown into a household name in the calibration and repair services market and is currently the fifth-largest TSP in North America.

Conclusion

J.A. King is a leading participant in the calibration and repair services market in North America. The company has witnessed stupendous growth over the past 5 years resulting from a wide scope of capabilities, a growing geographic footprint, and significant focus on serving the needs of customers in industries that witness higher growth than others and value quality over price. The company's performance is commendable and enabled it to enter among the top 5 independent service providers of calibration and repair services in the region in 2015.

With its strong overall performance, J. A. King & Company has earned Frost & Sullivan's 2016 Growth Excellence Leadership Award.

Significance of Growth Excellence Leadership

Growth Excellence Leadership is about inspiring customers to purchase from your company, and then to return time and again. In a sense, then, everything is truly about the customer, and making those customers happy is the cornerstone of any long-term successful 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, 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 two key factors—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

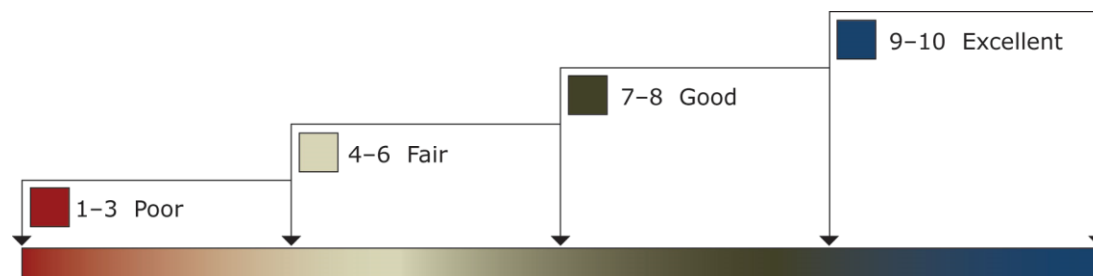
- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

Best Practice Award Analysis for J. A. King & Company

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 our 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 is organized by Growth Performance and Customer Impact (i.e., the overarching categories for all 10 benchmarking criteria; the definitions for each criteria 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, we have chosen to refer to the other key players as Competitor 2 and Competitor 3.

DECISION SUPPORT SCORECARD FOR GROWTH EXCELLENCE LEADERSHIP AWARD

<i>Measurement of 1-10 (1 = poor; 10 = excellent)</i>			
Growth Excellence Leadership	Growth Performance	Customer Impact	Average Rating
J.A. King & Company	9.4	8.6	9.0
Competitor 2	6.8	8.4	7.6
Competitor 3	8.4	8.8	8.6

Growth Performance

Criterion 1: Growth Strategy

Requirement: Executive team has a shared vision for the organization’s future 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) or 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 out opportunities for new 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 like they are buying the most 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

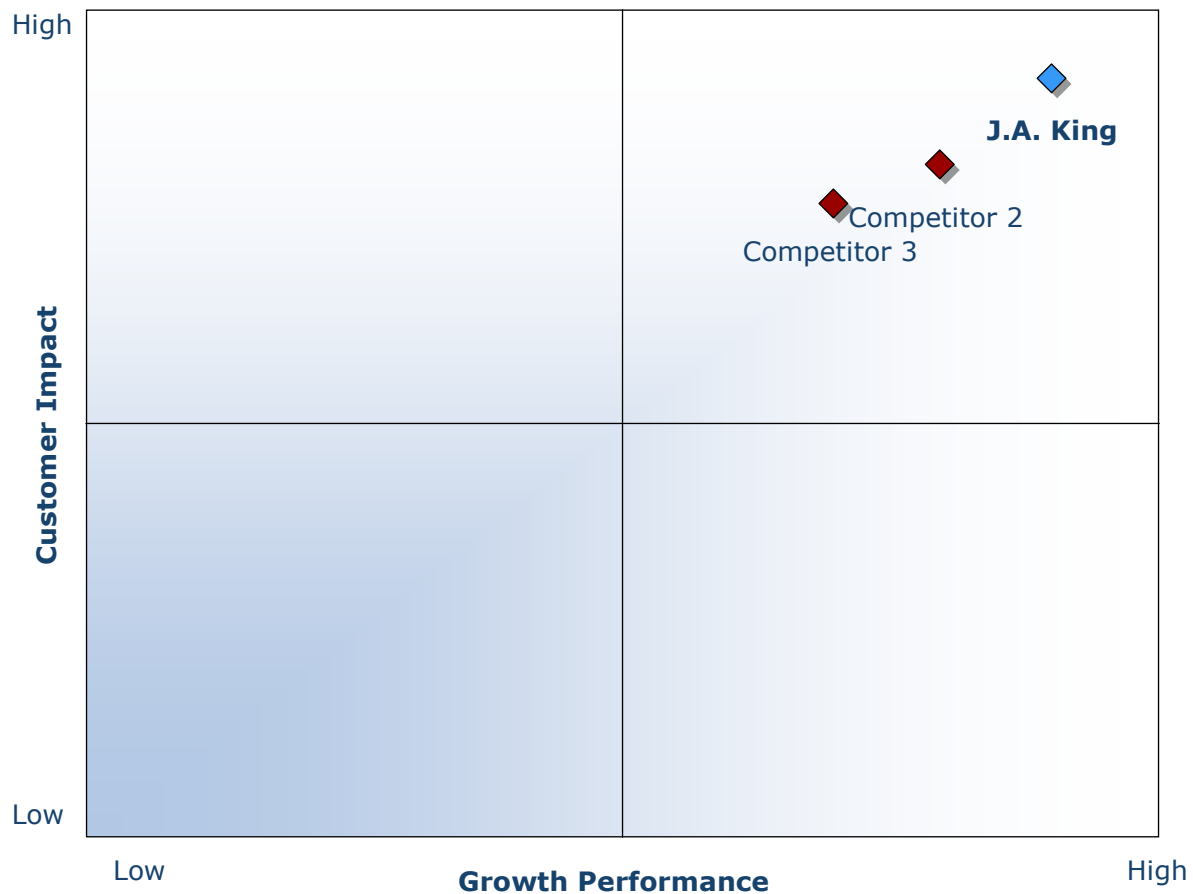
Criterion 5: Brand Equity

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 can 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.

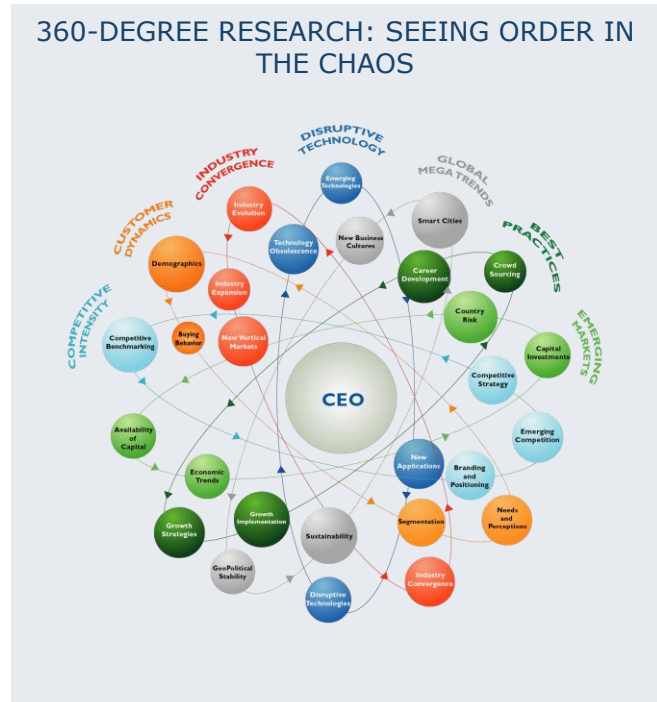
DECISION SUPPORT MATRIX FOR GROWTH EXCELLENCE LEADERSHIP AWARD



The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan’s 360-degree research methodology represents the analytical rigor of our 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, leading to 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 players and for identifying those performing at best-in-class levels.



Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan Awards follow a 10-step process to evaluate award candidates and assess their fit with select best practice 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 globe	<ul style="list-style-type: none"> • Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies 	Pipeline of candidates who potentially meet all best-practice 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-practice criteria • Rank all candidates 	Matrix positioning 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-practice 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-practice 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-practice award recipient	<ul style="list-style-type: none"> • Review analysis with panel • Build consensus • Select winner 	Decision on which company performs best against all best-practice criteria
9 Communicate recognition	Inform award recipient of award 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 may 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 future strategic planning 	Widespread awareness of recipient's award status among investors, media personnel, and employees

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to 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 practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.