

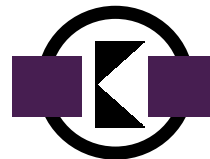
ANNOUNCING

INTEGRATED SUPPLY - OPPORTUNITIES AND THREATS, 1999 TO 2004


- A Critical Assessment of
Supply Chain Management Programs -

A key syndicated study for all suppliers of maintenance, repair, and operational (MRO) products and services and for providers of integrated supply management programs and systems.

- **Chemicals**
- **Electrical equipment**
- **Industrial and institutional cleaners**
- **Industrial paper products and services**
- **Industrial gases and welding supplies**
- **Lubricants**
- **Metalworking fluids**
- **Mobile equipment repair products and services**
- **Paints and coatings**
- **Packaging**
- **Safety supplies**
- **Shipping materials**
- **Other MRO products and services**



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Integrated supply is changing how large and small companies purchase and sell/market maintenance, repair, and operational (MRO) products and services. For some suppliers, integrated supply will open a window of opportunity to significantly grow market share and strengthen relationships with customers. For others, integrated supply could have a negative impact on the bottom line. Suppliers who are unaware of integrated supply or who are unprepared to participate in the programs could quickly find themselves on the outside looking in.

INTEGRATED SUPPLY - OPPORTUNITIES AND THREATS, 1999 TO 2004 is a multiclient report designed specifically for suppliers of MRO products and services. This report will provide subscribers with information and insights on the current and future impact of integrated supply on their businesses. Specifically, the report will provide subscribers with:

- A clear understanding of integrated supply models
- An examination of the primary drivers in supplier selection
- Insights into the end-use markets using integrated supply
- Costs and benefits to suppliers and users of integrated supply programs
- Insights into business opportunities and threats resulting from integrated supply
- Existing and anticipated alliances and supply relationships
- The outlook for integrated supply and the next step in supply chain management

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INTEGRATED SUPPLY - OPPORTUNITIES AND THREATS, 1999 TO 2004

THE OBJECTIVE

The primary objective of *INTEGRATED SUPPLY - OPPORTUNITIES AND THREATS, 1999 TO 2004* is to provide subscribers with a comprehensive, accurate, and independent appraisal of business opportunities and threats resulting from integrated supply in MRO products and services.

THE SCOPE

The study will focus specifically on the MRO products and services and end-use industries detailed in Sections 7 and 8 listed in the Tentative Table of Contents. The geographic scope of the study is the United States. The base year for market size and segmentation data is 1999.

THE STUDY

To achieve the objective stated above, *INTEGRATED SUPPLY - OPPORTUNITIES AND THREATS, 1999 TO 2004* will analyze the market from the perspective of the buyers and sellers. The study will provide subscribers with information and insights on program types and attributes, industries using integrated supply, costs and benefits of the programs, success factors, competitive forces, and other topics. Most importantly, however, the study will provide subscribers with a clear understanding of the business opportunities and threats integrated supply presents to their product lines and the end-use markets they serve.

Key components in the tentative table of contents are discussed below:

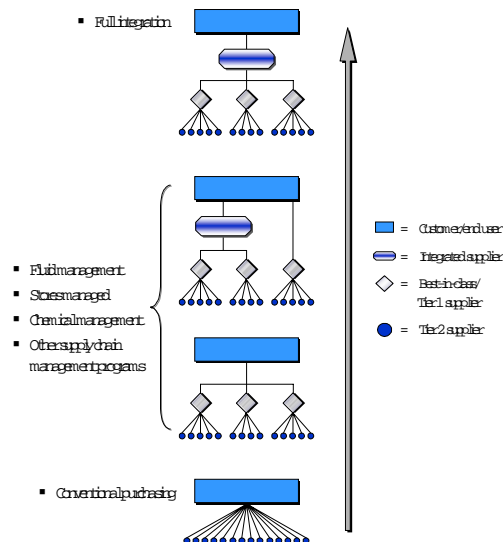
1. **Executive summary.** This section will provide a concise, executive-style overview of key report findings.
2. **Introduction.** The introduction will provide background information on the scope, methodology, and abbreviations used in the study.

3. **Integrated supply attributes and models.** Integrated supply programs comprise a wide range of variable attributes and, as such, **there is no single program that describes integrated supply.** The programs can run the gamut from homegrown chemical management programs to the total integration of a single MRO supplier, as shown in Figure 1. Program variability is largely due to variations in manufacturing practices, corporate cultures, and the cost/benefit trade-offs from the perspective of the buyers and sellers of the programs. As a result, one size clearly does not fit all in integrated supply. The degree of integration can range from minor to total, and the correct scope of the program is a pivotal issue to its success.

This section of the study will assist subscribers in developing the "right size" for their programs and communicating the value of the programs to customers by providing models for each end-use industry covered. The models will be based on in-depth, industry-specific interviews with end users and suppliers.

Figure 1

EVOLUTION OF INTEGRATED SUPPLY



4. **Costs and benefits.** This section will feature an analysis of the costs and benefits of each integrated supply model presented in Section 3. The analysis will present the costs and benefits from both the seller's and buyer's perspectives.

5. **Supplier selection.** This section will provide valuable insights into how end users select MRO suppliers for integrated supply programs. Supplier selection is a particularly important issue in integrated supply programs as it typically represents nontraditional drivers. As an example, a major automotive original equipment manufacturer (OEM) could decide to bring together all of its MRO purchases and inventory management under one roof and sole-source the products and services to a paints and coatings manufacturer (a Tier 1 supplier). The paints and coatings manufacturer would then contract with a Tier 2 supplier for other MRO products such as lubricants, industrial cleaners, safety supplies, and others. The significance of understanding the drivers in the decision in this example and building effective relationships and networks speaks for itself if a company implements an integrated supply program and finds itself competing for the Tier 2 contract.

This section will assist subscribers in competing for both Tier 1 and Tier 2 positions by detailing the products and services that typically drive supplier selection in each end-use market. In addition, it will provide subscribers with a panoramic view of the supplier selection landscape for these programs and afford them the opportunity to leverage this knowledge across many industries.

6. **Integrated supply selling.** This section will feature an analysis of how suppliers of MRO products and services are selling integrated supply programs. It will assess both the push and pull strategies and tactics employed and examine the success

of these programs.

In addition to discussing conventional sales and distribution approaches, this section will examine how MRO suppliers are using the Internet and e-commerce to position themselves as integrated suppliers.

7. **Product category analysis and impact assessment.** This section will provide a detailed analysis of how integrated supply impacts demand for each MRO product category in each end-use industry. It will provide information on market size and segmentation, hierarchy of product importance, and other product-related issues. A tentative outline of the information to be provided on integrated supply for each product category is shown below:

- Product description
- Product position
- Brand equity
- Integrated supply providers
- Best-in-class attributes
- Impact assessment, 1999 to 2004

8. **End-use market analysis and impact assessment.** In addition to providing top-level data on market size and segmentation, this section will discuss the current and future impact of integrated supply on each end-use market. This section will be particularly useful in assisting subscribers to accurately identify the end-use markets on which to focus and to develop effective integrated supply programs tailored to the end-users' needs. Specifically, this section will identify the integrated supply components and models that are most successful in each end-use industry. In addition, it will provide insights on how integrated supply impacts brand equity and competitive strategies. A tentative outline of the information to be provided on integrated supply for each end-use market feature is shown below:

- Market description
- Channel dynamics
- Lead MRO products (pivotal products in integrated supply)
- Brand equity
- Integrated supply component and model assessment
- Costs and benefits
- Competitive strategies
- Suppliers
- Market developments
- Impact assessment, 1999 to 2004

9. **Supplier profiles.** This section will feature company profiles for the leading suppliers of MRO products and services that offer integrated supply programs. In addition, it will provide company profiles for selected best-in-class suppliers with Tier 1 and Tier 2 positions, and for vendors that supply integrated supply software and systems. Tentatively, this section will include approximately 25 company profiles, each comprising three to four pages with the information listed below:

- Company overview
- Financial performance
- Management and personnel of integrated supply business
- Products and services
- Integrated supply programs
 - Types
 - Sales and marketing
 - End-user perceptions
- Appraisal

10. **Market trends and outlook.** This section will consolidate the findings from the study to provide an outlook for integrated supply to the year 2004. Specifically, it will address the rate at which programs are expected to grow; what industries will be impacted and to what degree; the intensity of the competition for the Tier 1 and Tier 2 positions; leaders and laggards; alliances; and the impact of the Internet and information technology.

11. Business opportunities. Clearly, the most actionable benefits from this study will be derived from the business opportunities section. This section will provide strategically important insights into opportunities arising from integrated supply and a road map for subscribers to use in developing successful business plans. By the very nature of integrated supply, the value of this section, and that of the report in total, extends far beyond those directly involved in integrated supply programs. This section is considered a "must read" for all significant suppliers of MRO products and services.

METHODOLOGY

As a leading consultancy on MRO products and services, Kline & Company has developed a program based heavily on primary research (field and telephone interviews). This approach has a proven track record as the most effective and reliable method in analyzing MRO markets and supply chain management issues, as well as in identifying business opportunities.

INTEGRATED SUPPLY - OPPORTUNITIES AND THREATS, 1999 TO 2004 will leverage our contacts in the industry and employ the use of primary research to capture insights and information from a wide range of industry experts and opinion leaders. Although primary research will be the leading source of study data, our analysis will also be supplemented by secondary research. This secondary research will include: (1) a review of suppliers' Web sites, product literature, and price lists; (2) a search of recent trade and technical literature; and (3) an analysis of statistical data from the government, industry, and trade associations and agencies. In addition, we will leverage nonconfidential information available through Kline & Company's multiclient studies, including the following:

- THE EMERGENCE OF CHEMICAL MANAGEMENT IN THE METALWORKING INDUSTRIES, 1996

- FOOD PROCESSING AND INDUSTRIAL CLEANING PRODUCTS USA, 1999
- METALWORKING FLUIDS USA, 1998 AND 1994
- JANITORIAL AND HOUSEKEEPING CLEANING PRODUCTS USA, 1998
- OPPORTUNITIES IN LUBRICANTS (PUBLISHED ANNUALLY FROM 1984 TO 1998)
- U.S. SPECIALTY CHEMICALS SERIES 1995-1998 OF THE KLINE INVESTMENT AND DIVERSIFICATION OPPORTUNITIES PROGRAM
- CHEMICAL DISTRIBUTION 2000, UNITED STATES
- THE U.S. DISTRIBUTION CHANNEL FOR INSTITUTIONAL CLEANING PRODUCTS, 1995
- FOOD SERVICE CLEANING PRODUCTS USA, 1996
- U.S. COMMERCIAL AND INSTITUTIONAL PAPER PRODUCTS, 1996

SUBSCRIPTION PRIVILEGES AND TENTATIVE SCHEDULE

INTEGRATED SUPPLY - OPPORTUNITIES AND THREATS, 1999 TO 2004 is available by subscription only. Each subscriber will receive three copies of the report and will be entitled to a one-day post-survey briefing in our offices with members of the study team. This meeting may be held up to three months after receipt of the report.

If a sufficient number of charter subscribers is received by May 14, 1999, the report will be delivered at the end of the fourth quarter of 1999.

To subscribe now and take advantage of the significant discount extended to charter subscribers (see subscription agreement for details), please have an authorized employee sign the enclosed subscription agreement form and return it to our offices prior to May 14, 1999. We will return a countersigned copy to you promptly. In addition to enjoying a significant discount, charter subscribers have the opportunity to contribute significantly to the overall design of the study during the planning phase.

KLINE GROUP CREDENTIALS

Kline & Company, Inc. is a leading business research firm with principal offices in the United States, Belgium, Japan, Australia, Singapore, China, Mexico, and Brazil. Since its inception in 1959, Kline & Company has completed more than 4,000 proprietary assignments and nearly 150 syndicated studies.

INTEGRATED SUPPLY - OPPORTUNITIES AND THREATS, 1999 TO 2004 is Kline & Company's second comprehensive syndicated analysis of recent developments in supply chain management. Kline & Company's first syndicated study on the subject, ***THE EMERGENCE OF CHEMICAL MANAGEMENT IN THE METALWORKING INDUSTRIES, 1996***, detailed developments in chemical management and featured a cost/benefit analysis of the programs from the perspectives of the buyer and seller. The study provided the industry with several models of chemical management programs, resulted in a tightening of the definition of these programs, and offered an opportunity for suppliers to differentiate their offerings and better serve customer needs.

Kline & Company will leverage the extensive expertise and knowledge of all industry groups to deliver a study based on primary information from both suppliers and major end users. Kline & Company maintains active business consulting practices in the following industries:

- Adhesives and Coatings
- Agribusiness
- Chemicals
- Consumer Products
- Electronics
- Industrial and Institutional Cleaning Products
- Lubricants and Functional Fluids
- Metal Processing
- Minerals and Mining
- Petrochemicals
- Pharmaceuticals



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