Gartner Announces Ranking of Top Asia Pacific Supply Chain Organisations for 2012

Regionâ€™s Supply Chain Leaders Revealed at Supply Chain Executive Conference, Sydney Convention & Exhibition Centre, Sydney, Australia, 23-24 July 2012

Global research and advisory firm Gartner, Inc. has revealed its annual ranking of the top supply chain organisations headquartered in Asia Pacific at its Supply Chain Executive Conference (www.gartner.com/ap/supplychain) currently underway in Sydney, Australia. The goal of the annual Gartner Supply Chain Top 25 research initiative is to raise awareness of the supply chain discipline and how it impacts business results. From the overall list of qualifying organisations, Gartner identified the top 15 performers headquartered in Asia Pacific, based on revenue growth, return on assets (ROA), inventory and peer opinion.Of the top 15 supply chain companies from the Asia Pacific region, five are headquartered in Japan (Canon, Honda, Komatsu, Seven & I Holdings, Toyota), four in Korea (Hyundai, Hyundai Heavy Industries, LG, Samsung), two in China (Huawei and Lenovo), one in Australia (Woolworths), one in India (Tata Motors), one in Singapore (Flextronics) and one in Taiwan (ASUSTeK).While demand in Asia Pacific is growing, inflation, rising costs and a tightening labour market pose challenges for companies in the region, said Vikas Sarangdhar, research director at Gartner. Economic challenges in the rest of the world also amplify the risks, as a further sharp fall in exports to advanced economies and capital outflows would impact Asia both directly and through knock-on effects on domestic demand.Samsung still leads the Top 15 in Asia Pacific which is dominated by high tech, consumer electronics, automotive, retail and industrial products companies. Four companies entered the Asia Pacific listing for the first time in 2012. Most Japanese companies are still recovering from the natural and economic crises of 2011. These companies are now regaining their stability.According to Gartner research director Debashis Tarafdar, Asia Pacific supply chain leaders have maintained momentum in the difficult economic environment by re-configuring their supply chains while staying focused on a demand-driven strategy.Companies leading the top supply chains in Asia Pacific have demonstrated capabilities in demand management, operational excellence and innovation, said Mr. Tarafdar. They are using best practices including demand sensing and shaping, segmentation and collaboration, to help manage demand volatility and deliver predictable results. To measure supply chain performance, they select the right metrics that are aligned to the companys overall business objectives. They also build resiliency into supply network design, and implement risk management strategies across trading partner networks.Table 1: The 2012 Gartner Supply Chain Top 25: Asia Pacific Table 1. Gartner Supply Chain Top 25 for 2012: Asia/Pacific2012 APAC Rank2012 Overall RankCompanyReturn on Assets (1)Inventory Turns (2)Revenue Growth (3)Composite Score (4)113Samsung Electronics9.4%17.115.9%3.67231Hyundai Motor 8.7%18.012.6%1.95342Tata Motors3.3%5.944.0%1.75443Lenovo Group1.0%20.816.7%1.75545Huawei Technologies9.8%4.916.4%1.73657Woolworths 10.5%10.44.7%1.56769Toyota Motor 0.6%11.7-6.6%1.41876ASUSTeK Computer7.5%5.614.6%1.35981Hyundai Heavy Industries7.9%7.58.8%1.331094Seven & I Holdings 2.8%20.0-5.1%1.1111104Honda Motor 3.2%7.2-5.5%1.0312111Canon 5.7%3.8-1.7%0.8813116LG Electronics-0.4%20.8-1.1%0.8314118Komatsu 4.8%3.13.6%0.7815121Flextronics International -8.2%7.75.3%0.72Notes:1ROA: ((2011 net income / 2011 total assets)*50%) + ((2010 net income / 2010 total assets)*30%) + ((2009 net income / 2009 total assets)*20%)2Inventory Turns: 2011 cost of goods sold / 2011 quarterly average inventory3Revenue Growth: ((change in revenue 2011-2010) *50%) + ((change in revenue 2010-2009) *30%) + ((change in revenue 2009-2008) *20%)4Composite Score: (peer opinion*25%) + (Gartner opinion*25%) + (ROA*25%) + (inventory turns*15%) + (revenue growth*10%)2011 data used where available. Where unavailable, latest available full-year data used.All raw data normalized to a 10-point scale prior to composite calculation.Source: Gartner (July 2012)Earlier this year we announced Gartners Global Supply Chain Top 25 but regional rankings help to capture issues and best practices that are unique to each region, said Debra Hofman, managing vice president at Gartner.Ms Hofman said there were a number of notable trends in Asia Pacific affecting supply chain leaders that included: A focus on growth and low-cost innovation. Growing but unpredictable demand with associated demand management challenges. Shifting supply bases that require supply chain redesign. Growth in intra region trade that helps to buffer global volatility. Rapid inflation, rising and volatile costs and tightening labour market that combine to pose increased risks.Several supply chain leaders from this region did not make it into the Top 15 list this year because they did not receive enough votes. Notable mentions are Taiwan Semiconductor Manufacturing Company, Wilmar International and Wesfarmers. Some of these and other companies in Asia Pacific could enter the Global Supply Chain Top 25 in the future. Their success will depend on how well and how quickly they adopt and adapt global and local best practices to their context.About the Gartner Supply Chain Top 25The Gartner Supply Chain Top 25, now published for eight years, uses a methodology that comprises two main components: financial and opinion. Public financial data provides a view into how companies have performed in the past, while the opinion component offers insight into the supply chain leadership of the future. These two components are combined into a total composite score for each company considered. The Asia Pacific list of companies is derived from a combination of sources, including the Fortune Global 500 and the Forbes Global 2000, with a revenue cutoff of US$10 billion. The list is then pared down to the manufacturing, retail and distribution sectors to eliminate certain industries, such as financial services and insurance, that do not have physical supply chains.For more information about the Gartner Supply Chain Top 25 or to register on the global panel of voters, please visit http://www.gartner.com/technology/supply-chain/top25.jsp

About Gartner Supply Chain Executive Conference 2012The Gartner Supply Chain Executives Conference is the world's most important gathering of supply chain leaders. The agenda has been designed to empower supply chain executives to achieve excellence through a mixture of Gartner insights and planning tools, real-life case studies delivered by leading supply chain executives, and ample opportunities for delegates to share best practices in focused roundtable discussions. For further information, please visit: www.gartner.com/ap/supplychain Join the discussion on Twitter using #GartnerSCC.Journalists can register by contacting Susan Moore, Gartner PR on +61 2 9459 4692 or susan.moore@gartner.com.About GartnerGartner, Inc. (NYSE: IT) is the world's leading information technology research and advisory company. Gartner delivers the technology-related insight necessary for its clients to make the right decisions, every day. From CIOs and senior IT leaders in corporations and government agencies, to business leaders in high-tech and telecom enterprises and professional services firms, to technology investors, Gartner is the valuable partner to clients in 12,000 distinct organizations. Through the resources of Gartner Research, Gartner Executive Programs, Gartner Consulting and Gartner Events, Gartner works with every client to research, analyze and interpret the business of IT within the context of their individual role. Founded in 1979, Gartner is headquartered in Stamford, Connecticut, U.S.A., and has 5,000 associates, including 1,280 research analysts and consultants, and clients in 85 countries. For more information, visit www.gartner.com.# # #