

Johnson Controls and QAD form partnership to define and deliver just-in-time sequencing capabilities

QAD Inc. (NASDAQ: QADI), a leading provider of enterprise applications for global manufacturers, and Johnson Controls (NYSE: JCI), a global leader in automotive systems and facility management and control, announced at the European Automotive News Congress conference that they have entered into a partnership whereby the companies will collaborate to develop a next-generation Just-In-Time (JIT) Sequencing software module for MFG/PRO, QAD's flagship enterprise resource planning software. Through this partnership, QAD gains software components developed by Johnson Controls that incorporate more than 10 years of Johnson Controls knowledge and expertise on JIT Sequencing. This approach allows QAD to take advantage of its strong partnership with Johnson Controls to reduce the time-to-market for this functionality and improve the software product design using best-of-breed knowledge and advice from Johnson Controls. The QAD Just-In-Time Sequencing module for MFG/PRO is planned to be available before the end of 2003.

Just-In-Time Sequencing is designed for automotive suppliers seeking to respond to the increased market pressures placed on them by the automotive original equipment manufacturers (OEMs) whose mission is to increase flexibility in the assembly and configuration of cars and trucks while reducing the overall lead time required to deliver a vehicle to the final customer. This Build-to-Order concept requires that key, custom-built vehicle components be produced and delivered in the exact sequence to vehicles moving down the OEMs assembly line. Success for a supplier in Just-In-Time Sequencing lies in providing this configuration and delivery capability while at the same time maintaining control over production and inventory carrying costs.

We are pleased to be working with JCI on the development of JIT Sequencing capabilities for the automotive industry, said Pam Lopker, president and founder of QAD. By working together, we will be able to deliver a truly innovative solution that addresses the critical needs of this industry. Currently it takes about six weeks for demand information to flow through a typical automotive supply chain. Lean Enterprise systems, like the QAD JIT Sequencing module for MFG/PRO, will help improve communication through the supply chain, and can increase a suppliers ability to deliver built-to-order components.

Using the QAD JIT Sequencing module, OEM demand requirements will be communicated via assembly broadcast signals directly to the suppliers production planning and scheduling system. This will permit the manufacture and delivery of customized products to be performed. With its integration to MFG/PRO the traditional capabilities and controls over manufacturing processes will also be in place and companies will gain insight into critical management information required to analyze and manage costs and profit margins critical in the automotive business. Finally, the JIT Sequencing module will provide extended sequencing capabilities so that suppliers further down the supply chain can also provide their products using Build-to-Order concepts.

Johnson Controls has standardized its worldwide manufacturing operations on QAD MFG/PRO, and through this partnership will work with QAD to define and develop the requirements for JIT Sequencing. It plans to deploy this critical functionality in its plants throughout Europe and North America. Over the last 18 years, Johnson Controls has focused its processes not only on providing the highest levels of customer delivery and quality, but also on developing highly collaborative OEM supply relationships. In addition to manufacturing seating, interior, electrical systems and batteries, Johnson Controls is leading the supply industry in the development of complete component integration capabilities with the goal of being a system integrator to OEMs around the world.

Johnson Controls uses QAD as our core execution software for running our manufacturing operations, said Guus Dekkers, Vice President Information Technology ASG Europe & International, Johnson Controls. Our cooperation with QAD will allow us, in a short time-frame, to expand our current JIT implementations to be prepared for new trends and requirements in the automotive supply chain. This initiative will help the automotive supply chain become more transparent and efficient in the future. We are pleased to work with QAD to define this innovative capability.

About Johnson Controls

Johnson Controls is a global market leader in automotive systems and facility management and control. In the automotive market, it is a major supplier

of integrated seating and interior systems, and batteries. For nonresidential facilities, Johnson Controls provides control systems and services including comfort, energy and security management. Johnson Controls (NYSE: JCI), founded in 1885, has headquarters in Milwaukee, Wisconsin.

About QAD

QAD enterprise applications leverage advances in Internet and enabling technologies to provide critical functionality for managing manufacturing resources and operations within and beyond the enterprise, enabling global manufacturers to collaborate with their customers, suppliers and partners to make and deliver the right product, at the right cost and at the right time. Manufacturers of automotive, consumer products, electronics, food and beverage, industrial and medical products use QAD applications at approximately 5,200 licensed sites in more than 80 countries and in as many as 26 languages. For more information about QAD, telephone +1 805 684 6614, or visit the QAD Web site at: www.qad.com. To receive any of QAD's press releases via facsimile, contact +1 800 356 0747, or outside the U.S. contact +1 213 253 5647.

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