

Prescriptive Data Analytics for Electronic Manufacturing Supply Chains



Adrien Sandrini - CEO

About Precogs

Precogs, a business analytics company offering visibility on the risk of adverse events in the electronic manufacturing supply chain. Precogs' solutions improve and fortify a company's supply chain through prescriptive data analytics that promote user proactivity by identifying supply & demand imbalances, and the discrepancies of component pricing. The integration of SAP Hana in Precogs' solutions has empowered us with near real-time data processing, to classify component supply disruptions.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: Mr. Sandrini, what is the vision at Precogs?

Mr. Sandrini: At Precogs we work for the electronics industry, which is one of the most volatile industries and supply chain is the worst. What we do is we provide visibility on supply chain risk and competent pricing.

CEOCFO: How do you provide the visibility; what is the product and service that you offer?

Mr. Sandrini: It is based on the data and algorithm. What we are doing is collecting and analyzing up to thirty million pieces of data that include component prices, lead times and quantities. Then with all of that data we are able to forecast shortages and what should be the best component prices for our clients.

CEOCFO: What were the challenges in putting together such a massive offering?

Mr. Sandrini: Collecting the data is difficult, but what is really difficult is to find the right information in such a large amount of data.

CEOCFO: Are there competitors?

Mr. Sandrini: Currently we are the only one that is able to offer these specific pricing insights.

CEOCFO: Where are you in getting your story across to potential customers?

Mr. Sandrini: It is really just the beginning. We have done a few years of R&D and we began to sell in the last quarter of 2013. Right now we have four out of the top five players in the European EMS (Electronic Manufacturing Supply Chain) industry.

CEOCFO: How do you reach potential customers?

Mr. Sandrini: Previously I was working in the manufacturing industry as a director of the supply chain at Sagemcom in France. Therefore, I had some initial contacts when we began to sell in France. We are now beginning to branch out into other countries in Europe, China, and we are also close to signing our third deal in the United States.

CEOCFO: Your products are CogWatch and CogMargin; would you tell us about them?

Mr. Sandrini: We give visibility on pricing and on supply risk for electronic components. Our process is to begin with the analysis of component prices, just because the return-on-investment is so fast and it is really easy to see the benefits. After we have helped our clients to save millions of dollars, then we move on to discuss the supply chain issues.

CEOCFO: Who in the organizations would be using your products; what is your business model?

Mr. Sandrini: We have a real interesting business model. Our solutions are integral to the supply chain in the reduction of costs, thus the primary users are Global Sourcing/Purchasing Managers or Directors.

What we are able to do is prove to our clients that they will obtain a return-on-investment before they engage in a long-term contract. We sign an NDA with our potential clients and they provide us with their current pricing information in an

Excel file. Then we do the analysis and give them an example of their potential savings for free. This is only a portion of their savings. They would have to pay a flat rate if they want the full list of savings. It is really a win/win concept.

CEOCFO: *What are the challenges in getting a potential customer to understand the value?*

Mr. Sandrini: The challenge starts with getting the first meeting at the right level. Not just with a buyer, but with upper management (Global Sourcing Manager/Director or Purchasing Director). Then, we have to help them to understand that there could be some discrepancies in their component prices. At which point, we identify specific pricing discrepancies that could be improved.

CEOCFO: *In which languages are you able to provide service?*

Mr. Sandrini: We are a French company, but the primary language of the electronic industry is English as it is necessary to reach the global market

CEOCFO: *What changes have you made as you have developed the product?*

Mr. Sandrini: There have been many changes. In the beginning we were only working on the supply chain risk. We worked two years on the supply chain risk and when we began to discuss with potential clients, we had a big challenge because the original investment was not possible to template. What is the cost of the shortage? It is really a difficult question. Then we began to work on the prices aspect, as the return-on-investment can be quicker.

CEOCFO: *Do you need to follow changing trends?*

Mr. Sandrini: The algorithm is changing everyday. It is a very volatile market so we have to follow it very closely.

“What we are able to do is prove to our clients that they will obtain a return-on-investment before they engage in a long-term contract.” - Adrien Sandrini

CEOCFO: *What is your plan for the next year or so to get your story told and build your customer base?*

Mr. Sandrini: We are currently working with a few big clients that are early adopters, and we will acquire additional client adoptions in the US, Asia and also Europe in the coming months. Additionally, we are working on our first round of fundraising, which will allow us to grow faster.

CEOCFO: *As you move into raise money, does the investment community understand the concept?*

Mr. Sandrini: They may not understand the electronic industry, but what they understand really well is the return-on-investment that our clients have with our products. It is amazing, because it makes a huge difference in our client's the bottom-line. Some of them have even gained one point of savings to their EBITDA, which is substantial, and investors understand that. They also understand the business model, because we are able to prove that it works the first time and it really helps to go into big firms.

CEOCFO: *Our readers are primarily in the business and investment community; make to case for Precogs? Why pay attention?*

Mr. Sandrini: I really think that big data will change a great deal of things over the next few years. Precogs truly offers a concrete example of return-on-investment with big data and right now our business case is the first in the market to address this very important issue.

BIO: Adrien Sandrini has worked over the last 8 years in the manufacturing industry, as a director and manager of logistics for the sectors of automobile and electronics. Before his professional life began, he spent most of his academic career studying engineering at Ecole Centrale de Paris. Adrien is now the CEO of Precogs, a business analytics company, offering tailored supply-chain solutions that provide global transparency on supply risks within the electronics manufacturing industry. Precogs was created after years of work in the manufacturing industry with virtually no solutions that predict potential supply disruptions in assembly. This is where his work began in revolutionizing the world of electronics manufacturing with supply chain predictive technologies that are focused on individual component supply risks.

When he is not developing new technologies, you may find him strategizing his next move on the Asian game “Go”, or spending time at the beach with his family.

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