

F R O S T & S U L L I V A N

# 2024 CUSTOMER VALUE LEADER

*IN THE GLOBAL  
MID-TIER ELECTRONICS  
MANUFACTURING  
SERVICES INDUSTRY*

F R O S T & S U L L I V A N

BEST  
2024 PRACTICES  
AWARD



## Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. SMTC excels in many of the criteria in the mid-tier electronics manufacturing services space.

AWARD CRITERIA	
<i>Business Impact</i>	<i>Customer Impact</i>
Financial Performance	Price/Performance Value
Customer Acquisition	Customer Purchase Experience
Operational Efficiency	Customer Ownership Experience
Growth Potential	Customer Service Experience
Human Capital	Brand Equity

### A Market Snapshot

The global electronics manufacturing services (EMS) market traditionally comprises companies that manufacture electronic products, predominantly assembling components on printed circuit boards (PCB) and box builds for original equipment manufacturers (OEM). This market has grown in the past five decades into a multi-billion dollar business. Moreover, with the start of the digital age driven by the ever-growing dependence on data, automation, and artificial intelligence, the need for embedded electronics in products across all verticals is increasing. As of 2023, many OEMs are outsourcing operations to EMS vendors so they can focus on core business activities. Despite the proven benefits of partnering with an EMS vendor, prevailing challenges continue to restrain widespread adoption.

The market remains fragmented by several vendors, leading to competitive pricing that erodes revenue potential. Moreover, geopolitical chaos and logistics problems influence the demand for on-shore production, challenging manufacturers struggling with post-COVID-19 supply chain delays. Since many vendors have facilities on other continents, providing an efficient estimated arrival time is difficult. Part availability, rapid manufacturing, and quick shipments are the standards vendors must offer to remain competitive in the market.

Frost & Sullivan research finds the EMS market will reach \$624.38 billion in 2025 with a compound annual growth rate of 5.4% from 2020 to 2025.<sup>1</sup>

<sup>1</sup> Global Electronics Manufacturing Services (EMS) Growth Opportunities (Frost & Sullivan September 2021).

### **Best Practices Excellence: SMTC**

Founded in 1965 and headquartered in Melbourne, Florida, SMTC Corporation is a mid-sized company and one of the fastest growing vendors that offers a complete range of EMS solutions. The company's services encompass PCB assembly, systems integration, extensive testing services, product design, and supply chain management. In 2021 and 2022, Frost & Sullivan acknowledge SMTC for its technological proficiency, exceptional flexibility, and customer-centric approach and continues to be impressed by its ongoing innovation, steadfast leadership, and strategic excellence.

### **Competitive Advantage through Customer-centric Approach**

SMTC's primary mission is to collaborate with its partners to develop high-quality, innovative solutions that create value and improve communities, identifying and fulfilling customer needs since its inception.<sup>2</sup> Continuous efforts on growth strategy and new technology adoptions enhance existing processes and services, enabling the company to deliver on its promises. Focusing on its core customer base, the company provides service-level executive engagement and increases its solutions for target audiences.

*"With its factories operating and supporting customers, SMTC continues its COVID-19 supply chain management, addressing constraints and logistics challenges while integrating customer factories and people into SMTC. For example, the company is working on a new solution, Supply Chain and Material, which empowers clients with deep visibility into their supply and material stock, providing more customer value while strengthening SMTC's market position."*

**- Prabhu Karunakaran**  
**Industry Principal, Semiconductors**

Moreover, SMTC focuses on "leaders of leader" in megatrend markets by deepening its existing customer relationships and selectively acquiring customers, focusing on industries such as electrification, infrastructure, aerospace and defense (A&D), testing and measurement, Internet of Things, and fifth-generation applications. With its experienced, value-based management team navigating challenging market conditions, SMTC is experiencing robust growth, including company, technology, and financial success.

In its acquisition efforts, SMTC concentrates on similarly sized and vertically integrated firms to broaden its solutions for its target audiences. The

company reported significant business growth in 2022, with over \$100 million in new awards and bookings.<sup>3</sup> With its factories operating and supporting customers, SMTC continues its COVID-19 supply chain management, addressing constraints and logistics challenges while integrating customer factories and people into SMTC. For example, the company is working on a new solution, Supply Chain and Material, which empowers clients with deep visibility into their supply and material stock, providing more customer value while strengthening SMTC's market position.

Additionally, SMTC transitioned from public to private, enabling plans for continued acquisition, growth, and customer flexibility. The company also targets factory expansions and new manufacturing locations in Mexico or regions where client needs exist. SMTC reported \$536+ million in revenue for 2022 and anticipates around \$750 million for 2023.

<sup>2</sup> SMTC: About. *SMTC Website*. Web page. [www.smtc.com/about](http://www.smtc.com/about).

<sup>3</sup> "Corporate Overview." *SMTC*. PowerPoint Presentation. PDF. Accessed 6 November 2023.

The company continuously works toward creating new solutions and services through strategic relationships and industry knowledge that meet its customers' requirements. Frost & Sullivan believes SMTC is uniquely prepared for today's demands and exceptionally positioned for tomorrow's needs, with a clear strategic vision and execution that underpins it as a partner of choice.

### ***Strategic and Customer Focused Approach***

With its customer-centric philosophy, SMTC operates on the central tenet that its success depends on customer satisfaction. This philosophy permeates the company's daily practices. SMTC prioritizes every aspect of the customer journey to deliver best-in-class experiences, with its three focal points (i.e., technology, service, and cost) contributing significantly to its success. By investing in advantage technologies to design, engineer, and test new capabilities, the company offers an extensive portfolio of advanced design and manufacturing solutions. Additionally, its EMS capabilities span the entire product lifecycle, providing comprehensive services, such as product configuration and build-to-order.

SMTC remains highly competitive through its variable and scalable pricing, providing end-to-end transparency regarding its cost modeling approach and never arbitrarily raising prices. A one-size-fits-one approach further differentiates the company by customizing each client's supply chain solution to their specific requirements. Furthermore, the company guarantees high quality by complying with multiple regulatory organizations, including the International Organization for Standardization and the Institute for Interconnectivity and Packaging Electronic Circuits. Moreover, SMTC goes above and beyond for its customers. For example, in early 2020, it advised clients about potential supply chain issues and encouraged them to purchase surplus.

To ensure a best-in-class customer experience, SMTC invests in key performance measurements, such as Net Promoter Score and employee engagement. The executive team participates in a quarterly gathering with a third-party consulting firm for activities like team building, executive succession, and planning. The company also focuses on strengthening its workforce through opportunities such as the President's Club and Champions Club, recognizing and rewarding top employees based on key performance indicators.

Additionally, SMTC's leadership brings its teams together (e.g., sales team and customer-facing teams) to discuss topics such as strategic alignment, ensuring that every level of its company, from the top to the bottom, is well-positioned and smooth.

SMTC meets with customers to assess their needs and develop tailored solutions with roadmaps for seamless execution. This foundational approach establishes ongoing client trust for long-lasting relationships extending through the service's lifecycle.

### ***A Promising Outlook for 2024 and Beyond***

Since its founding, SMTC has grown to more than 4,000 employees in various countries. These individuals come from multiple backgrounds in EMS, electronic components, engineering, and supply chain management. Moreover, in the last 38 years, SMTC has built an empire that spans North America to Europe and Asia. The company's brand is well known for its rapid growth and exemplary leadership team that enables it to deliver undeniable customer value. A key point of differentiation is the company's key focus areas, A&D and the commercial sectors.

For example, SMTC developed its High-reliability Engine to address the growing demand for reliable components in A&D. The engine differentiates from traditional solutions due to its robust durability and reliability, making it ideal for critical applications like military aircraft, space vehicles, and other high-

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**- Samantha Fisher**  
**Best Practices Research Analyst**

performance equipment. The engine ensures safety and reliability, meeting the most stringent industry standards for withstanding harsh environmental conditions, intense vibrations, and extreme temperatures. The company’s commercial space has grown in and of itself mainly on the power of electrification in infrastructure. In addition, SMTC has expanded in Mexico, bringing its manufacturing square footage to 625,000, with more than 50 manufacturing and assembly lines.

Furthermore, the company continues to witness increasing business growth as organizations move nearshore or onshore to alleviate logistical problems,

resulting in a quicker time to market as customers can receive their components faster than offshore operations.

Frost & Sullivan is impressed with SMTC’s ongoing operational excellence, customer-centricity, and strategic growth. The company is well-positioned to drive the small-medium EMS space into its next growth phase, capturing market share and sustaining its leadership in the coming years.

## Conclusion

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Frost & Sullivan believes that innovation and growth opportunities drive future success; many factors contribute, yet having a strategic and customer-centric approach is critical. SMTC understands these core concepts and is leading the mid-tier electronics manufacturing services market due to its focused strategies, helping it to outpace competitors. Through its continuous efforts, SMTC enhances its existing processes and services while maintaining an active research and development team to create new solutions for its target audiences, such as the aerospace and defense industry. A highly competitive market participant, SMTC offers end-to-end, scalable pricing and customization for each customer’s specific requirements. Moreover, SMTC invests in its employees and offers significant rewards for high-quality performance. Overall, the company develops and implements its strategies with its customers in mind, securing its position as a trusted partner and market leader.

SMTC earns Frost & Sullivan’s 2024 Global Customer Value Leadership Award for its strong overall performance in the mid-tier electronics manufacturing services market.

## What You Need to Know about the Customer Value Leadership Recognition

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Frost & Sullivan's Customer Value Leadership Award recognizes the company that offers products or services customers find superior for the overall price, performance, and quality.

### Best Practices Award Analysis

For the Customer Value Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

#### *Business Impact*

**Financial Performance:** Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

**Customer Acquisition:** Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

**Operational Efficiency:** Company staff performs assigned tasks productively, quickly, and to a high-quality standard

**Growth Potential:** Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

**Human Capital:** Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

#### *Customer Impact*

**Price/Performance Value:** Products or services provide the best value for the price compared to similar market offerings

**Customer Purchase Experience:** Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

**Customer Ownership Experience:** Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

**Customer Service Experience:** Customer service is accessible, fast, stress-free, and high quality

**Brand Equity:** Customers perceive the brand positively and exhibit high brand loyalty

## About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

## The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

[Learn more.](#)

### Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



## The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

### Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

