2021 Quality Management Trends Report

5 Key Takeaways for Quality Management Leaders in 2021
ENGINE exists to futureproof your business.

A strategic mix of traditional research, data integration, and business analytics, uniquely able to find the insights that will futureproof our clients' businesses.

We help consumer products and chemical companies bring high-quality, safe, sustainable, and compliant products to market faster.

Founded 2007 • 950+ customers • 4,500+ employees • $1.5B+ revenue

Global company, San Francisco Bay Area HQ
Agenda

• Report Background
• 5 Key Takeaways:
  1. Quality management maturity
  2. Supplier management challenges
  3. Pandemic impacts
  4. Quality & EHS
  5. Digital transformation
• Recommended Actions
• About Engine Insights and Veeva
• Audience Q&A
Background: 2021 Quality Management Trends Report

• Jan 2021 survey
• 250+ quality management leaders
• 12 in-depth interviews
  – Representing North America and Europe
• Regulated industries including:
  – Consumer Products
  – Cosmetics
  – Food & Beverage
  – Specialty Chemicals
  – Crop Science

Survey Respondent Profile

Industry
- Consumer goods: 28%
- Cosmetics: 9% (CONSUMER 37%)
- Food & beverage: 32%
- Specialty chemicals: 17%
- Basic chemicals: 10%
- Crop science: 3% (CHEMICAL 30%)

Company revenue
- $500-999M: 42%
- $1-4.9B: 41%
- $5-9.9B: 13%
- $10B+: 3%

Job Function
- Quality: 61%
- Supply chain/supplier quality: 17%
- Operations: 10%
- R&D/NSC: 7%
- Manufacturing/engineering: 4%

Years of Experience
- 21+: 4%
- 16-20: 23%
- 11-15: 42%
- 6-10: 22%
- 2-5: 9%
Quality management is maturing as companies seek greater efficiency and effectiveness.
Many companies are well along the path to quality management maturity.
Maturation is continuing.

- **Fully Mature**: 44% in current maturity, 47% expected maturity in 1 year.
- **Early adopters**: 39% in current maturity, 23% expected maturity in 1 year.
- **Majority**: 18% in current maturity, 16% expected maturity in 1 year.
- **Laggards**: 3% in current maturity, 8% expected maturity in 1 year.

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**Current Maturity**
- 44%
- 39%
- 18%
- 3%

**Expected Maturity in 1 year**
- 47%
- 23%
- 16%
- 8%
Specialty Chemicals,
Quality Management
“My first role is to harmonize for all sites and all processes.”

– Specialty Chemicals, Quality Management
# Measuring Maturity – and Why It Matters

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<th>Data-Driven</th>
<th>Optimizing</th>
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<td>Heavy use of paper with some defined process</td>
<td>Inconsistent processes with multiple legacy systems</td>
<td>Disconnected content management and QMS that automate paper processes</td>
<td>Unified content management and QMS with integrations, external use and metrics</td>
<td>Regular incremental process improvement with predictive analytics</td>
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### Measuring Maturity

1. Heavy use of paper with some defined process
2. Inconsistent processes with multiple legacy systems
3. Disconnected content management and QMS that automate paper processes
4. Unified content management and QMS with integrations, external use and metrics
5. Regular incremental process improvement with predictive analytics
Current vs. Desired Quality Maturity Summary
Supplier management challenges are both pressing and wide reaching.
Companies struggle to manage suppliers.

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- Lack of adequate systems to support supplier management
- Compliance to product specifications
- Delivering on-time
- Maintaining traceability of supplied materials
- Adequate and timely communication
- Manage and reduce supplier nonconformances
- Qualifying and re-qualifying suppliers
- Effectiveness of supplier corrective actions
- Conducting onsite supplier audits
- Remote auditing
- Tracking delivery
- Understanding supplier performance using a balanced scorecard approach
- Resources to support all supply chain activity
- Timely responses on SCARs
- Improving root cause analysis conducted by suppliers
- Submitting COAs
“Collecting information from suppliers is an email process. We might get it, we might not.”

– Specialty Chemicals, QHSE
How Many Companies Manage Suppliers Today

Disconnected - Inefficient - Error prone
Supplier Collaboration Moves to the Cloud

More companies are adopting one global system to unify quality across their supply chains
“Dashboard functions have enabled us to utilize data to make business decisions. Before it would take days or weeks to build reports for quality leadership and communicate to suppliers. Now with a click of a button we can see and share constantly generated content.”

- Andy Pennoni, Assistant Director of QA Compliance, Risk Management, and Sustainability

“Having cloud technology to manage suppliers has enabled virtual work even amidst disruption. Today, as my entire team sits working from home, they still have access to Veeva Vault and what’s going on with their suppliers and can send information to their suppliers.”

- Sheryl Wreghitt, Supplier Development Manager
The pandemic has increased the urgency to manage risk and move forward with digital transformation.
The pandemic shifted priorities to increase the urgency of managing risk and moving forward with digital transformation.
Consumer Goods,
Quality & Compliance
“I would’ve never been able to have my quality team fully remote had I not had Veeva.”

– Consumer Goods, Quality & Compliance
Business Continuity Amidst a Pandemic

“Over the last three years we moved our entire infrastructure to multi-cloud and best-of-breed SaaS application infrastructure where QualityOne is one major milestone in that. And I think that if we had not done that we would have been in major trouble.”

- Ole Thoresen, Dir. Digitization and Improvements

“Take the time to find new ways, by leveraging a digital platform like Veeva and other tools, for how we can really prime our organizations and prime our teams to make some significant step changes through this disrupting time.”

- Andy O’Connor, VP of Quality

“We can’t train suppliers in Veeva on-site so we switched to virtual sessions. Many suppliers have been perfectly capable of picking up Veeva with just the shortened online trainings we’ve done which is a sign the system is intuitive.”

- Shane Allen, Supplier Quality Engineer

“The ability for us to create and distribute these [supplier] specs internally and externally to suppliers through Veeva during this remote work from home has been extremely beneficial in the speed at which we track and accomplish these changes.”

- Corinna Guillaume, Senior Quality Manager
Quality & EHS are converging.
Quality and EHS roles, solutions are converging.

74%

Dual Quality & EHS role
Consumer Goods,
Quality Management
“It's a strategic imperative to move toward more common platforms. That's one of the drivers towards modernity.”

– Consumer Goods, Quality Management
Harmonize Processes Across Quality and HSE

**Quality**
- Nonconformances
- Inspections & Specs
- Customer complaints
- Supplier Management

**HSE**
- Incident Management
- OHS Agency Reporting
- Workplace Safety

**Reports & Dashboards**
- Doc Control & Training
- Audit Management
- Root Cause Analysis
- Risk Management
- Change Management
- CAPA
Companies are investing in digital transformation and cloud-based QMS.
Companies are making multiple quality management investments.

**Past 12 Months Investments in Quality Management**

- **51%**
  - Digital transformation initiatives

- **42%**
  - Supplier quality management

- **38%**
  - Improve existing product and/or service quality

- **37%**
  - Document control software

- **45%**
  - Quality management software

- **39%**
  - Employee compliance training

- **38%**
  - Risk management

- **23%**
  - More headcount
Consumer Goods, Quality & Compliance
“One of the main returns on investment is the cost of quality. Having an automated system means our data is accurate. It’s comprehensive...The cost to maintain the same quality of product in the field goes way down.”

– Consumer Goods, Quality & Compliance
Today’s Market Demand an Agile Approach

Speed to Value

TRADITIONAL
Analyze, Build Consensus, RFI/P, Engage

• Exhaustive End-to-End Analysis
• Comprehensive consensus approach
• Lengthy RFI & RFP selection processes
• Result: Business drivers out of date

AGILE
Identify Need, Scope/Prove Pilot, Scale

• End-state hypothesis & urgent need priority
• Evaluation-based technology selection
• Iterative Approach: Test-Invest-Scale
• Co-Creation: From Pilot-to-Commercial Offering
Real World Example

Top 5 Consumer Goods Company

Accelerating Time to Value
From Co-Creation to Commercial Offering

- Real-time Supplier NCRs
- Covid-19 Supplier Temporary Approval
- Accelerating CoA Processing with AI

- Remediate Supplier NCRs at the Dock
- Dispensation system enhances supply chain resiliency
- Reducing manual effort for factories by automating CoA
Recap of Key Findings

1. Quality management is maturing as companies seek greater efficiency and effectiveness.

2. Supplier management challenges are both pressing and wide reaching.

3. The pandemic has increased the urgency to manage risk and move forward with digital transformation.

4. Quality & EHS are converging.

5. Companies are investing in digital transformation and cloud-based QMS.
4 Things You Can Start Today to Improve Quality in Your Organization

1. Conduct an internal assessment
2. Connect with a specialist
3. Network and learn
4. Sign up for events
Questions