FROST & SULLIVAN

2024
PRODUCT LEADER

IN THE GLOBAL QUALITY AI MARKET INDUSTRY

COMPLIANCEQUEST

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. ComplianceQuest excels in many of the criteria in the quality AI market.

AWARD CRITERIA

Product Portfolio Attributes	Business Impact
Match to Needs	Financial Performance
Reliability and Quality	Customer Acquisition
Product/Service Value	Operational Efficiency
Positioning	Growth Potential
Design	Human Capital

Match to Needs, Positioning, and Design

Organizations are skeptical about artificial intelligence (AI) because of uncertainty, false advertising from vendors, no clear return of investment (ROI), and the significant changes required on their end. For instance, numerous vendors in the quality space and other industries claim to offer AI while overusing inaccurate buzzwords, technical jargon, and terminology such as natural language processing (NLP), machine learning (ML), deep learning, deep reinforcement learning, and chatbots. This overuse has resulted in a lack of trust in AI vendors and their claims, creating confusion among customers and prospects. Business leaders often do not understand what those buzzwords mean and how vendors use this technology to benefit their organization. This lack of understanding of AI and its possible use cases, especially in quality contexts, has resulted in uncertainty when making business decisions. People are apprehensive about how AI could change their organization and operations, potentially requiring significant tech stack restructuring or lengthy implementation periods. Additionally, there is considerable confusion regarding how precisely AI could improve business outcomes, the associated ROI, and the time required to realize ROI. Because of these challenges, prospects and customers often reject AI in quality applications.

However, AI continues to progress, and things have changed from what they were a few years ago. With the introduction of OpenAI and ChatGPT, generative AI is everywhere. People are now more receptive to AI, and its acceptance has grown significantly. For instance, ChatGPT is widely used across different

functions, including marketing, where it assists with content creation and campaigns. In the enterprise quality management systems (EQMS) space, real AI use cases are a game changer.

Amid this scenario, ComplianceQuest, headquartered in Tampa, United States, now offers the Digital Quality+ Platform. The plus component encompasses products, people, partners, processes, and performance monitoring needed across an organization. ComplianceQuest now has 4 suites: ProductQuest, in which ComplianceQuest added a product lifecycle management (PLM) suite in 2023, QualityQuest, SafetyQuest and SafetyQuest (ComplianceQuest added Supplier Management suite in 2024). AI is integrated throughout the platform and within its solutions, and this AI infusion continues to grow.

> *"From an AI standpoint, ComplianceQuest has been introducing AI into its platform over the past4 years, integrating it into all processes to help with productivity, efficiency, predictive visibility to minimize risk, and augmenting decision making within an organization. With each release, the company expands its AI capabilities. A platform functionality it has introduced are CQ.AI agents. ComplianceQuest has several of these agents that are embedded within many of its solutions, operating in areas such as decision support, audit/risk, complaints, quality, safety, supplier, and user experience."*
>
> *- Sankara Narayanan*
> *Industry Director*

ComplianceQuest has added intelligent analytics, management review, quality maturity index, and risk management across its entire platform to help Quality Executives have the visibility to achieve their goals across their entire organization. Additionally, the company has implemented CQ.Forms, CQ.AI agents, Digital SOPs (standard operating procedures and work instructions augmenting workers), supplier performance rating frameworks, and enhanced next-best actions/tasks to guide users through their tasks. Through its partnership with Salesforce, ComplianceQuest can deliver innovations more rapidly to its customers compared to vendors struggling with multiple platforms or legacy systems. ComplianceQuest automatically inherits any innovations developed by Salesforce, making them quickly available for customers. The chief differentiators of this next-gen platform are AI infusion, modern user experience, complete flexibility, unified solutions, and reporting and collaboration capabilities.

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ComplianceQuest has several of these agents embedded within many of its solutions itself, operating in areas such as decision support, audit/risk, complaints, quality, safety, supplier management, and user experience. In some cases, users may not even be aware of the AI processes executing tasks in the background on their behalf. To this end, CQ.AI agents augment user capabilities and provide them with all the necessary information to make smarter final decisions, reducing manual work in audit and risk processes, enhancing quality and customer satisfaction, ensuring compliance, saving time, prioritizing

safety, improving supplier performance, and enhancing user experience. These agents help users automate tasks, save time, reduce costs, eliminate redundancy, improve data integrity and quality, and minimize data errors. Additionally, the system can automatically identify duplicates and either eliminate or merge them.

Claiming to have AI and actually implementing it are different matters. Many vendors claim to use AI, but it is very difficult to verify if they have really integrated it into their systems. This results in a lack of available demos and limited functional breadth. This is where Frost & Sullivan finds ComplianceQuest unique. The company provides real applied AI for quality, going beyond basic AI to include hyper-automation, intelligent analytics, generative and conversational AI and other core AI features that enhance human capabilities, allowing to complete processes faster, more efficiently, and with fewer errors compared to a traditional EQMS. Some of the AI functionalities ComplianceQuest provides are assisted decision making (providing insights at the right time to facilitate faster and better decision-making), intelligent automation (automating tasks using AI without manual effort), guided workflows (providing recommendations to users to successfully complete tasks and processes, helping with user adoption), intelligent recommendations (smart recommendations provided at the right time increase efficiency), and predictive visibility (predicting future events based on current and historical data to enable proactive quality).

Rather than using technical jargon, ComplianceQuest provides functionalities that are more easily understandable for prospects and customers, despite using numerous AI capabilities and similar semantics. Additionally, ComplianceQuest now includes generative AI and conversational assistants capable of interacting with users to obtain information and generate, for instance, nonconformance records. Overall, ComplianceQuest's applied AI agents, including the quality, supplier, decision support, audit/risk, and safety agents, enhance productivity, efficiency, and cost reduction.

Some examples of CQ.AI include AI-embedded analytics in a CQ record such as a nonconformance, ComplianceQuest has always provided reports and analytics. Now, ComplianceQuest offers embedded analytics within the record, granting users access to the real-time information and trends to make decisions rather than looking it up in standard reports.

Regarding enhanced next best action/task, most conversations about this subject focus on workflows— simply indicating where a user currently stands in a workflow and what the next step entails. ComplianceQuest takes a significantly different approach. The company provides users with more information to guide them through each task in the workflow, embedding information about the next best task based on previously completed actions. It provides prerequisites, such as tasks requiring completion by other users before the current task can be undertaken. Moreover, ComplianceQuest allows users to execute tasks directly within the next best action pane, without having to navigate away, access another menu, or open another record.

Regarding intelligent recommendations, when a new complaint arises, it is important to determine if a similar complaint has already occurred and if an investigation is necessary. However, checking if a similar event has already occurred is a very lengthy process. The bigger the company, the more complex its products, and the greater the volume of complaints it will receive, requiring a lengthy process to find similar records and decide whether to proceed with an investigation. ComplianceQuest has a very simple

AI that identifies similar records, provides users with information based on their search, and assigns a rating associated with the records to assist in decision-making. If it is a similar complaint and does not require investigation, the AI can provide the recommendation. if it is a duplicate, users can flag it as such, prompting the AI to merge it and eliminate the other record.

ComplianceQuest has integrated its solution with Microsoft Teams. With this integration, the company has enabled users to use familiar communication platforms for conversations or chats, rather than forcing them to access the system and determine how they should create relevant records. With ComplianceQuest's AI conversational users can now ask questions and receive responses.

Overall, Frost & Sullivan applauds ComplianceQuest's applied AI initiatives in the EQMS space, which deliver real use cases with clear ROI and certainty to business leaders, all without requiring significant changes from the customer's side.

Product/Service Value

Leveraging AI in digital quality promises important advantages for businesses and users. One aspect of CQ.AI that delivers significant customer benefits is its influence on higher user adoption, increased productivity, reduced costs, optimized operations, better business decisions, improved data, end-to-end efficiency, and innovation compared to traditional EQMS and EQMS that do not incorporate advanced digital technologies.

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Increasing user adoption is extremely critical right now, given the challenges manufacturers face with resource shortages and talent attraction. Manufacturing companies are striving to retain and upskill existing resources and attract new talent, particularly millennials and digital natives, who usually prefer tasks that are not manual or based on spreadsheets or paper. The CQ system guides users and provides them with all the necessary information and assistance, enabling them to eliminate duplicates and receive recommendations. ComplianceQuest is witnessing significantly higher user adoption among its customers, which is helping manufacturers deal with some of their talent retention and attraction problems.

Obviously, productivity increases with reduced lead times and better safety when manual effort is eliminated. Time-saving automation reduces labor and costs, while optimized operations reduce redundancies, such as eliminating similar or duplicate records originating from call centers with the same complaints. Better business decisions and reduced bias in the decision-making process are now possible by capturing more data and providing insights to improve decision quality and minimize errors. Moreover, data integrity, quality, and searchability are enhanced. Tasks that previously took hours can now be completed in seconds or minutes, depending on the amount of data. AI enhances resource utilization across an organization, increasing end-to-end efficiency and allowing resources to focus on much higher-priority tasks and innovation through AI-powered insights.

ComplianceQuest does not sell AI separately—it is integrated into the platform at no additional cost. Whenever Salesforce introduces an AI innovation, it is automatically integrated into the platform. ComplianceQuest simply leverages and exposes these innovations within its software. Under the hood, ComplianceQuest AI Agents operate throughout the system, often unnoticed by users as they work in the background. Built upon the created models, these agents collect data and provide feedback. For example, if supplier performance deteriorates, these agents recommend user actions to address the affected supplier. All of this happens in the background without the user initiating it, so the only visible aspect for the user is basically the recommendation to help assist them to make a decision.

Customer Acquisition, Growth Potential, and Financial Performance

ComplianceQuest currently has over 300,000 users worldwide, a number that continues to increase. The company manages over 125 million active records within the CQ system, with this figure growing as ComplianceQuest onboards new customers who continue to expand. In 2023, ComplianceQuest secured 30 new key customers, including the American Red Cross, Dr. Reddy's Laboratory, and UL Solutions.

ComplianceQuest is the first QMS vendor (2023) that has integrated FedRAMP capabilities, meaning that its cloud is certified for use by the public sector, especially the federal government. This allows ComplianceQuest to target industries beyond manufacturing and life sciences. For instance, through FedRAMP capabilities, ComplianceQuest is now targeting the public sector, including departments such as Defense, Energy, Health and Human Services, and Veterans Affairs. Additionally, there are many cases in aerospace and defense where FedRAMP is required. The company has a customer retention rate of 95%, with leading customers including J&J, 3M, YKK, Canon, and Flex.

ComplianceQuest's employee headcount grew by 22% in 2023. Its compound annual growth rate (CAGR) since product launch until end of 2022 is 122%. The company maintains a strong partnership with Salesforce, collaborating directly with Salesforce account executives on large joint accounts. ComplianceQuest remains a Salesforce Summit partner, and the independent software vendor (ISV) targeted for manufacturing, healthcare, and life sciences.

Conclusion

Organizations need an AI platform for quality that provides a clear ROI, without requiring a restructuring of their tech stack, and from a vendor they can trust. ComplianceQuest successfully meets these requirements. The ComplianceQuest Digital Quality+ Platform drives operational efficiency and revenue while managing costs and risks in products, people, partners, processes, and performance. One of the key differentiators of this next-gen platform, which offers a modern user experience and complete flexibility, is that AI is embedded everywhere.

Frost & Sullivan recognizes ComplianceQuest for providing real applied AI for quality in the form of advanced decision-making, intelligent automation, guided workflows, intelligent recommendations, and predictive visibility. By embedding AI into every process and leveraging it in digital quality, ComplianceQuest delivers advantages for all businesses. Within this AI-infused platform, CQ.AI agents, along with hyper-automation and intelligent analytics, enhance productivity, efficiency, time savings, and cost reduction, driving growth and innovation. Higher user adoption, increased productivity, better business decision-making, innovation, and optimized operations further enhance the customer value proposition. Moreover, a high CAGR and sustained customer acquisition indicate that ComplianceQuest is poised for a strong growth in 2024 and beyond.

With its strong overall performance, ComplianceQuest earns Frost & Sullivan's 2024 Global Product Leadership Award in the quality AI market.

What You Need to Know about the Product Leadership Recognition

Frost & Sullivan's Product Leadership Award recognizes the company that offers a product or solution with attributes that deliver the best quality, reliability, and performance in the industry.

Best Practices Award Analysis

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

Product Portfolio Attributes

Match to Needs: Customer needs directly influence and inspire the product portfolio's design and positioning

Reliability and Quality: Products consistently meet or exceed customer expectations for performance and length of service

Product/Service Value: Products or services offer the best value for the price compared to similar market offerings

Positioning: Products serve a unique, unmet need that competitors cannot easily replicate

Design: Products feature innovative designs, enhancing both visual appeal and ease of use

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

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)

The Growth Pipeline Company™