



## IHS SPEECH FOR ICES WORKSHOP DINNER

Delft, February 9<sup>th</sup> 2007

Ladies and gentlemen - good evening. My name is Kristian Sorensen, and I am responsible for the Dutch Representative office of IHS, the lead sponsor of the dinner. I therefore have the pleasure of welcoming you this evening, and extend a special thank you to the two organizers, Ms. Tineke Egyedi and Mr. Henk de Vries, who have selected this very nice restaurant in beautiful Delft.

IHS is an Information Management company who specializes in developing and managing critical technical information & insight for customers around the world, with management of standards as one of our core areas. Our customers span from academic institutions, governments and commercial companies ranging from small to very large global corporations in a broad range of technical and engineering intensive industries.

To explain in more in detail why IHS considers this workshop to be of high importance, I will offer you some insight into how this area looks from the IHS perspective, based on our interactions with customers from industries such as Aerospace & Defense, Energy, Automotive, Electronics and Academia.

Today, standardization and standards already act as powerful vehicles to ensure that; the products we buy, the buildings we live in, the cars we drive and the aircrafts we fly in are of increasingly good quality, safe, environmental friendly etc.

However, the following movements are putting pressure on the companies we speak to, generating a reaction where the role of standardization and standards becomes even more critical:

- The transformation from the “Information Age” to “Knowledge Society”/“Knowledge Economy”
- The Technological Development
- And as a result of both the fast progressing Globalization.



The increased globalization has opened up a number of opportunities with opposing challenges for companies around the world.

Opportunities include:

- Access to new geographical markets with following business opportunities
- Increased margins through economies of scale by selling to consumers or organizations with similar needs
- Access to new customers with new needs.

Risks include:

- Unknown/Unpredictable conditions of new markets
- Possible fragmented customer needs reflected by different cultures
- Increased competition from both large global players and small local players
- Increasing business complexity with the following challenge to manage the operation and liability risks. Areas of challenges includes managing:
  - Costs,
  - Quality,
  - Health, safety & environment through e.g. Regulatory compliance and
  - Not to mention protection of Intellectual Property through Copy right compliance.

For companies who would like to take advantage of these opportunities whilst avoiding the pitfalls of the risks, standardization and active use of standards seems to offer, a still rather unexploited area for many companies, predominantly due to lack of awareness of this areas potential. E.g. we see that companies tend to view standards as either of the following:

- A necessary evil
- Mission critical to run their business
- A strategic tool to improve their business



Only some of the leading worldwide companies are already using standardization and standards as a strategic management tool to proactively ensure:

- Cost reduction or at least cost control
- Compliance with local or regional regulations, or customer requirements
- Knowledge sharing of industry best practice in an increasing changing and in some areas aging workforce, such as people working with standards.
- The ability to meet the requirements of standards and regulations, and to build on top of these to create a unique competitive advantage for their company.
- Effective quality control, limiting operational downtime and health, safety and environmental risks, not to mention financial risks.

One of the key challenges we consider to be a predominant reason for this limited recognition of the potential benefits of standardization and use of standards seems to be a lack of visibility and awareness among senior executives in many companies. This subject therefore, represents an effective and still rather unexploited business management tool.

But then again this is perhaps not so strange. The concepts; Standardization and Standards are in the sense of visibility, awareness and recognition for their impact on our society interesting sizes. Both words mean a lot to a select group of people in the world and seem to be very fuzzy for the majority. Despite this, the meanings of both words play an increasingly large role in every modern man/woman's life, and also in an increasing number of corporations. In fact standards increasingly seem to act as the fundament on top of which our society in the knowledge economy is built.

Never the less the importance and further potential of standardization and standards to companies and the general public sometimes seems to be one of the most well kept secrets, also many companies that could benefit are not aware of the full potential and more considers it a necessary evil. In addition the group of people working with standards belongs to an aging group where there is not the same level of "new blood" joining the field, as will



soon be departing. This is concerning as critical and valuable expert and best practice knowledge will then disappear together with these peoples retirement.

IHS therefore regard it as highly important to not only ensure that new engineers are ready to take over - preferable in due time to ensure they can learn from the experts. Equally important, will be to ensure that a different group of people, to whom standardization and standards are much more exotic concepts, get insight into this area. So they learn how it can play a much larger and more important role as a management tool for them to meet their objectives of leading their organizations forward. For company leaders the benefits of standardization and standards should be a very welcome tool, with the requirements for them to manage their companies ever more cost effectively and towards ever increasing revenue - not to mention nowadays, with the necessary thoughtfulness to the environment plus health and safety of the public, employees and partners. The growing need and requirement from the society and governments for companies to assume ever more legal, social and environmental responsibility, represents a great opportunity for standardization and standards. The Business Schools, from which many a business leader has received their education, can do much more to educate their students about how they can benefit from using standardization and standards as a strategic management tool for leading their companies in a modern, globalizing world.

I am sure that even people with a business background can be bit by the standardization “bug” and develop the same kind of passion for its values and benefits like everyone in this audience has and the people that have worked hard to make this workshop become a reality. This Workshop is a great example of this passion and what there is a critical need for in the world – more and broader availability of education and awareness on the subject’s value and benefits.

My best wishes for a pleasant evening and the rest of the workshop.

Thank you and Bon Appetite!