The Sherwin-Williams Company

Founded in 1866 in Cleveland, Ohio

#1 coatings company in the Americas

#3 coatings company worldwide

Over 40,000 employees worldwide

Operations in over 21 countries

Sales in over 120 countries

Over $11 Billion in Sales

“What is Worth Doing is Worth Doing Well.”
The Sherwin-Williams Co.
Revenue

2015 Net Sales: $11.34 Billion

Paint Stores Group: $7.21 Billion
Consumer Group: $1.58 Billion
Global Finishes Group: $1.92 Billion
Latin America Coatings Group: $0.63 Billion
The Americas Group

- Sherwin-Williams is the largest operator of specialty paint retail stores in the Americas (over 4,100)

- Keys to Our Success
  - “Ask Sherwin-Williams” (our service)
  - Product Quality, Consistency from any Store
  - Innovative Products
Consumer Group: Diversified Brands

Highly recognized consumer brands. Strong User Loyalty.
Global Finishes Group
Protective & Marine: Product Finishes: Automotive
High performance coatings technologies

Marine
Bridge & Highway
Fire Protection
Oil & Gas

Military
Electronics
Kitchen Cabinets
Heavy Equipment
Composite Bldg. Products
Metal Building Products

Aerospace
Auto Exterior and Interior
Global Supply Chain

Providing Services to All Selling Divisions

- One integrated global supply chain supporting sales for all customers
  - > 85 manufacturing plants globally
  - > 35 distribution centers
- Also R&D “Global Resource Centers”
  - External Innovation, Polymer Technology, Analytical & Physical Characterization, Microbiology, Color, Exposure Testing
Sherwin Williams Protects Iconic Landmarks & Brands

Decks of Niagara Falls
MISSION
Improving shareholder value and financial performance by increasing the flow of innovations

Open Innovation helps identify enabling technologies for **breakthrough** products
Global External Innovation Team
What is Open Innovation?

• Think of it like this........

“THE LAB IS MY WORLD”

To

“THE WORLD IS MY LAB”
Global External Innovation Team
Our Mission

- **Technology Scouting**
  - We scout for the technology needs of all SHW divisions and facilitate collaborative relationships as well as provide insights to SHW customers regarding innovation & new ideas

- **Proof-of-Concept Testing**
  - We test new materials to validate performance & claims, create demonstrations for customers & transfer new technology to SHW Division innovation Labs

- **Government Funding**
  - We reduce risk and facilitate new partnerships by securing government funding in your country

- **Information Services**
  - We provide comprehensive technology landscapes and patent searches to stay informed and up-to-date on the latest technologies and competitive threats
Funneling Technology for Success

Open Innovation feeds the funnel

Contacts & Ideas Novel Technology

Success is based on filling the funnel at any stage

Stage 0

Stage 1

Stage 2

Stage 3

Stage 4

Stage 5

Product Concept  Prototype Development  Develop & Test  Commercialize  Audit

Concept Testing  Prototype Development  Develop & Test  Commercialize  Audit

Success is based on filling the funnel at any stage

Fuzzy Front End

Funneling Technology for Success
Open Innovation is a *Contact* Sport

Develop broad and deep network

100

50

1
External Innovation Work Flow

- Technology Scouting & Funding Opportunities
- Facilitate strategic partnerships for technology development
- Proof-of-Concept Lab Demonstration projects

Lesson: Success depends on specific needs identification

IDENTIFYING SW BUSINESS NEEDS
The Scouting Universe

- Start-ups & Small companies
- Customers
- Consumers & Social Media
- Current Coatings Suppliers
- Coatings Suppliers with other Divisions
- Government labs
- Adjacent industries
- Research Institutes
- Inventors

Universities
Scouting & Innovating at the Margins
OPPORTUNITY TERRITORIES for SCOUTING

MAINTENANCE & DURABILITY
- Improved Durability
- Self-maintenance
- Corrosion Resistance
- Extreme Environments

THE PAINTING PROCESS
- Make It Easy & Fast
- Enhanced Transfer Efficiency
- Reduced Surface Preparation

CUSTOM SOLUTIONS
- Packaging Innovation
- Smart Coatings
- Unique Experiences

VISUAL APPEARANCE & VISUALIZATION
- Unique Appearances
- New Textures
- Predict the Finish

SUSTAINABILITY
- Resource Conservation
- Environmentally Responsible
- Reduce / Reuse / Recycle
- Energy Saving

CUSTOMER CONNECTIVITY
- Paint Apps
- Social Media
- Connected Experiences
- Crowdsourcing
What Makes a Good External Partner?

• Has the capability to work with a large corporation
  – Bandwidth, resources, $\$, physical infrastructure
• Realistic self-assessment

  YouTube 20 million hits  ≠ Commercial success

• David v. Goliath syndrome
• Secure IP
• Data substantiation
• Obtaining Samples
  – May not share wet samples but prefer to show product over prepared panels
  – Wet samples usually require funding ($500-$50,000 now)
  – Volume is an issue (gm or ml v. lb or gal)

• Usually no history of manufacture, path is usually identified
Proof of Concept Lab

• Lab evaluates technology suitability & readiness
• Different technologies demand various evaluation regimens
• Not standard testing
• Helps facilitate smooth transition into other labs
Information Specialists

- MLS Internet librarians
- Trained to search for articulated needs
- We have invested in a number of specialized databases for coatings & business data
- Provide landscape analysis, patent searches, competitive information etc
- They are embedded in our projects from the beginning
Leveraging Government Funding

- Accelerate technology & product development by leveraging government resources
- Collaborative teams & consortia to compliment SHW’s capabilities
What is the goal of all this effort?

Collaborative Relationships

Information

Technical Scouting

Proof of Concept Testing

Government Funding