

Frost & Sullivan Award for Technology Leadership



AWARD DESCRIPTION

The Frost & Sullivan Award for Technology Leadership is bestowed each year upon the company that has demonstrated excellence in technology leadership within their industry. The recipient company has demonstrated technology leadership by excelling in all stages of the technology life cycle-incubation, adaptation, take-up and maturity-to ensure a continuous flow of improvements. By innovating leading-edge concepts the company has pioneered client applications.

RESEARCH METHODOLOGY

To choose the recipient of this Award, the analyst team tracks all emerging technologies and ongoing research and development projects within the industry. This process includes interviews with all the market participants and extensive secondary and technology research. The technologies and research projects are then compared according to customer base demands. Also considered are elements such as feasibility of product launch, likelihood of customer acceptance and acceptance rates, and estimated time to market. Competitors are then compared and ranked for relative position. The company chosen to receive the award received the number one industry ranking.

MEASUREMENT CRITERIA

In addition to the methodology described above, there are specific criteria used in determining the final ranking of competitors in this industry. The recipient of this Award has excelled based on one or more of the following criteria:

- Significance of the technology in the industry
- Number of competitors having similar industry technology (competitive factor)
- The technology refinement process meets changing end-user needs (addresses research and development efforts by vendors)
- Value-added technology and services to the customers



- Adoption rate by each of the industry participants (denotes responsiveness of the vendors)
- New product innovation
- Time to market

AWARD RECIPIENT:

AERCO International, Inc.

AERCO International, Inc. is the recipient of the 2004 Frost & Sullivan Technology Leadership Award for leading the way in high efficiency boiler technology. AERCO International, Inc. was the first company in the North American boilers market to develop and manufacture condensing and fully modulating high-efficiency boilers. The company has since preserved a reputation as leaders in further developing and exploring high efficiency boiler technology.

Leading the Industry in High Efficiency Technology

In 1987, AERCO International, Inc. launched its KC-1000 model which was the first high-efficiency boiler built in North America. The KC-1000 was designed to fully condense and modulate at a 14 to 1 turn down rate. AERCO International, Inc. introduction of high-efficiency boilers enabled end-users to burn fuel at much greater efficiency levels capable of delivering up to 95.0 percent thermal efficiency. As a result of high efficiency condensing and modulating boiler technology end-users are able to adjust the firing levels across a 14 to 1 turn down rate as opposed to the traditional boilers where customers can only operate at either one hundred percent on or off.

The traditional on and off boiler types are set up to only burn at maximum capacity levels and deliver it when the boiler is turned on. With a need in the market to adjust boilers' firing rates to different load levels, AERCO International, Inc.'s

Frost & Sullivan Award for Technology Leadership



introduction of its high-efficiency boiler technology was nothing short of a breakthrough in boiler technology.

In 1998, AERCO International, Inc. introduced the Benchmark model, which included high efficiency technology designed for larger capacity boilers. With the Benchmark, AERCO International, Inc. was able to satisfy the growing need for large applications using high-efficiency technology. Not only did AERCO International, Inc. successfully increase the capacity of its existing high efficiency boiler but they also managed to improve the firing rate to an impressive 20 to 1 turn down rate, which to this day has yet to be matched by any competitor in the industry. With such a high turn down rate, the Benchmark, which has the capacity of 2 million British thermal units (BTUs)/hour, can be adjusted to satisfy applications for as low as 100,000 BTUs/hour and as a result satisfy a large range of load requirements depending on end-users' needs and deliver up to 98.0 percent thermal efficiency.

Superior Value to End-Users

With its introduction of high efficiency technology in boilers, AERCO International, Inc. enabled end-users to gain remarkable energy savings. In designing high-efficiency boilers, AERCO International, Inc. was determined to develop a way for customers to change the firing input levels, quickly and accurately. In order to develop a boiler where the firing levels could be adjusted to a wide range of temperatures, AERCO International, Inc. understood that it had to produce its own boiler components and take the lead in research and development.

Part of AERCO International, Inc. success in developing high-efficiency technology can be attributed to the company's patented air fuel valve, still unmatched by competitors in the industry, which was designed to enable its boilers to have very stable combustion levels over the entire operating range. End-users with high-efficiency boilers have been able to benefit from cost-effective and seasonal operating efficiency gains, as well as energy savings and lower operating costs.



Adoption and Penetration Rates for High Efficiency

AERCO International, Inc. has experienced incredible growth rates for its high efficiency product line. The KC-1000 boiler has increased ten fold in sales within the first ten years of existence. By the time competitors caught on to high efficiency technology, AERCO International, Inc. was already a step ahead and launched its Benchmark model, which set a new standard for larger capacity high efficiency boilers and the addition of an incredible 20 to 1 turn down rate. The Benchmark has achieved an impressive 240.0 percent increase in sales growth from 1999 to 2003.

The demand for high-efficiency boilers in larger capacities is still growing at a healthy pace. With a new product in development that combines high turn down with low NO_x (Nitrous Oxide) technology at lower costs, the end-users are anxious to see how AERCO International, Inc. will again raise the bar for high efficiency boilers.

AERCO International, Inc. has been able to achieve product technology advancements in competition with its much larger peers and competitors that have substantial capital and research & development resources. AERCO International, Inc. has created a major technology trend in the boilers industry and successfully set the path for other competitors to follow.

With these strong established achievements in high efficiency boiler technology AERCO International, Inc. is a deserving recipient of the Frost & Sullivan 2004 Technology Leadership Award.