

# Manufacturing Market™ INSIDER

inside the contract manufacturing industry

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## Survey Finds N. American Opportunities Arising From China Cost Increases

**Also shows that more than a few products brought back from China**

It's certainly no secret that the costs of outsourcing to China are rising. By now, the outsourcing world is well aware that offshoring to China is facing a triple whammy of bad economic trends. Labor costs in China are increasing; the high price of oil is driving up shipping costs; and the dollar has been losing value against Chinese currency. China's new corporate tax law adds yet another cost driver. All of this in theory sounds like good news for North American EMS providers. But what is the market reality in North America?

Another piece of the offshoring puzzle concerns anecdotal reports that OEMs have brought back programs to North America from China. If true, these reports would give North American providers more ammunition in their competition with China. But where is the data to back up these claims? In an attempt to answer these and other related questions, *MMI* conducted a survey of EMS providers that manufacture exclusively in North America.

Of the 33 providers polled, 15 responded to the survey. That's a response rate of 45%, which is respectable when busy executives are

asked to take time for a survey that ostensibly promises no direct benefit to them. All participants but one agreed that their business could be best described as low volume, high mix.

A large portion of respondents are encountering new opportunities arising from the changing economics of offshoring to China. The survey found that 12 out of 15 respondents, or 80%, are seeing new opportunities as a result of the rising costs of outsourcing to China (Chart 1, p. 2).

"We are seeing a spike in quote opportunities from new and existing customers for products that had previously gone to China but are now becoming cost prohibitive to ship from China. For the first time in the history of the EMS industry, China is now driving some inflation in the EMS business. Mexico is quickly gaining an edge as the low-cost provider for North American consumption," says

Todd Baggett, VP of business development at **EPIC Technologies** (Norwalk, OH).

But the survey indicates that there has not been a dramatic increase this year in opportunities arising from China cost increases. Of the 12 respondents who see opportunities, half reported that these opportunities have increased moderately since the beginning of the year, and the other half said they have increased only slightly (Chart 2, p. 2).

Economic conditions in North America and the U.S., in particular, may have something to do with the absence of dramatic growth in these opportunities. Deborah Gillies, director of marketing for **Creation Technologies** (Burnaby, B.C., Canada), says she believes that at present "there is some reluctance" in the North American market "to do a lot of changing given the market conditions."

Rising costs of outsourcing to China are music to the ears of North

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# Survey

Chart 1: Providers who see new opportunities from the rising costs of outsourcing to China versus those who do not

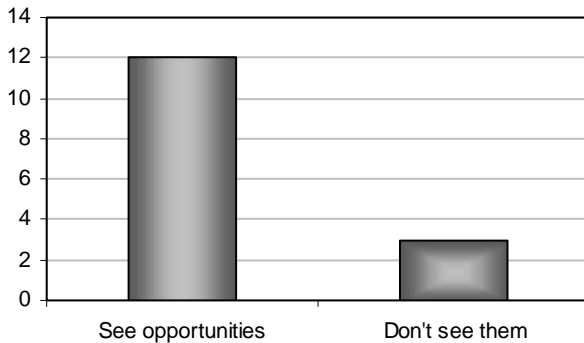


Chart 2: How have the opportunities in Chart 1 increased since the beginning of the year?

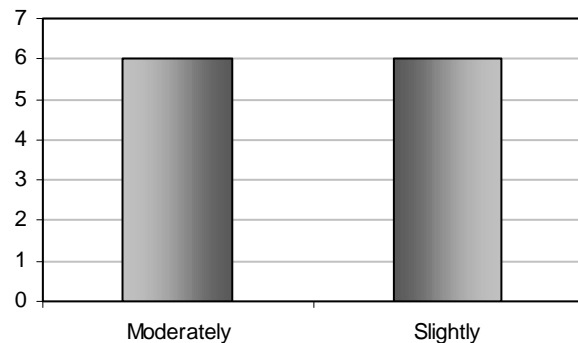


Chart 3: How much of your new business this year can be attributed to the rising costs of outsourcing to China?

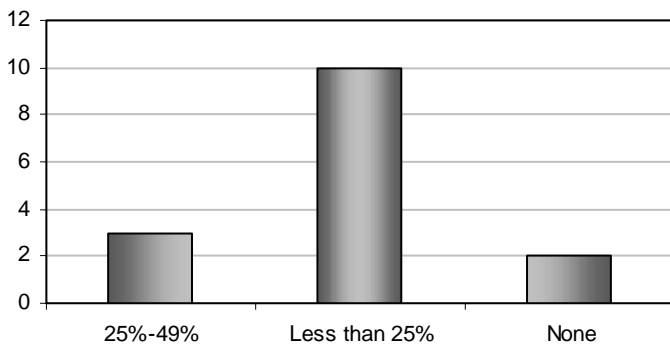
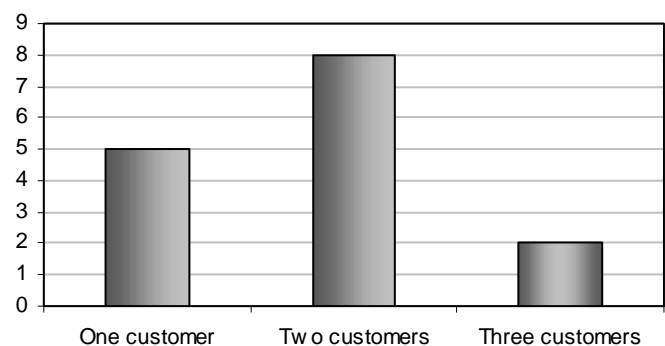


Chart 4: Number of respondents versus number of customers who brought products back from China in the last 12 months



American providers, but these costs have not made a major impact so far this year on respondents' businesses. For 80% of participants, less than 25% or none of their new business this year can be attributed to these rising costs (Chart 3). The remaining 20% of respondents (three), however, owed 25% to 49% of this year's new business to these rising costs.

There is one area where increasing China costs can actually work against a North American provider. "Increased delivery costs of components that **TeligentEMS** procures from China are adversely affecting the cost of the products we are producing in the U.S.," says Chris Eldred, president of TeligentEMS (Havana, FL). "An example of this would be a molded plastic housing, tooled in China by the customer, where the cost of freight now exceeds the cost of the part by five fold." The total cost of the part would be less if it were purchased in the U.S.

Rob Subia, president of **Western Electronics** (Meridian, ID) makes a similar observation: "Where we see the most profound effect is on raw materials that we source on behalf of our customers." He cites increased pricing due to precious metals and fuel surcharges among other factors.

### Data on products brought back

The survey has verified that more than a few customers have brought products back from China in the last 12 months. All 15 respondents have at least one customer who relocated a product from China to North America in that period. And ten of them, or two-thirds of the total, reported having two or more customers who did that (Chart 4).

By simply multiplying the number of respondents times the number of

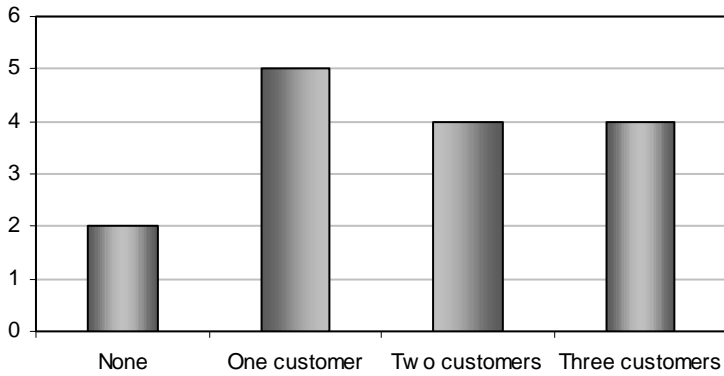
customers in Chart 4, one calculates there were 27 instances of a customer bringing a product back from China in the last 12 months among the 15 respondents. That's an average of 1.8 customers per respondent.

The survey asked participants to select the main reasons cited by customers for bringing products back. Increasing landed costs, chosen 80% of the time, were the reason most often mentioned followed closely by lack flexibility and communications/management issues, both with 67% of pos-

Table 1: Main reasons customers cited for bringing products back from China

| Reason                                    | % of respondents |
|---|------------------|
| Increasing landed costs                   | 80               |
| Lack of flexibility                       | 67               |
| Communications/management issues          | 67               |
| Piracy concerns                           | 40               |
| Dissatisfaction with Chinese manufacturer | 40               |
| Other                                     | 27               |
| NPI issues                                | 13               |

Chart 5: Number of respondents versus the number of customers who chose North American facilities over China in the last 12 months



| Reason   | % of respondents* |
|--|-------------------|
| Ease of working with a North American provider | 85                |
| Lack of flexibility                            | 69                |
| Increasing landed costs from China             | 54                |
| Ease of making design changes in N. America    | 54                |
| Piracy concerns                                | 46                |
| Time to market                                 | 15                |
| Other  | 15                |

\*Out of a total of 13 respondents with one or more customers who chose N. America over China in the last 12 months.

Chart 6: Product types most often mentioned where N. America was chosen over China (no. of mentions vs. product type)

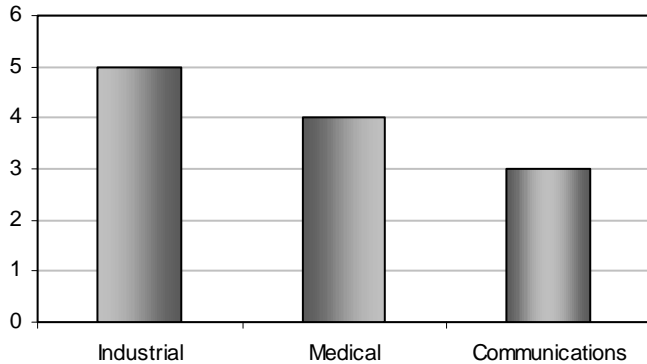
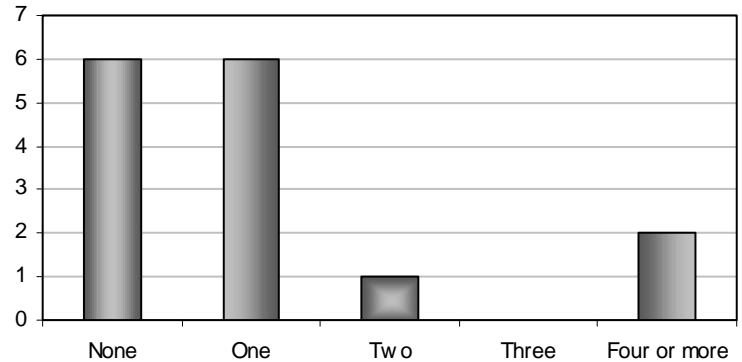


Chart 7: How many programs did respondents lose to China over the last 12 months (no. of respondents vs. no. of programs lost)?



sible responses (Table 1, p. 2). Piracy concerns and dissatisfaction with the Chinese manufacturer were selected 40% of the time. Other reasons listed by respondents consist of NPI issues (13%); exchange rates and Asian inflation; surprises; and responsiveness, flexibility and delivery.

“Companies that outsourced to China have had quality, delivery, processing of non-conforming product issues, and now rising costs. They are tired of the hassle and willing to pay higher costs to simplify their supply problems,” says P. Michael Stoehr, president and CEO of **Milwaukee Electronics Corp.,** or **MEC** (Milwaukee, WI).

Another provider finds new interest in bringing products back to North America. “I’ve had numerous discussions with customers and prospective customers that suggest that they are very interested in repatriating a num-

ber of their product lines to North America,” says Jim DiBurro, executive VP of sales marketing at **Micro-board Processing, Inc.** (Seymour, CT). He cites the first five items in Tables 1 and 2 on pages 2 and 3 as reasons for this interest.

DiBurro adds, “Surprisingly, we’ve done a number of quotes where our landed cost from our factory in Connecticut is equivalent or substantially lower than an Asian supplier’s quote. With the dramatic devaluation of the U.S. dollar and similarly dramatic improvements in our efficiency based on aggressive implementation of lean methodologies, I am finding our total costs (and pricing) to be very compelling to a wide range of customers.”

A case can be made that products brought back should not have been offshored to China in the first place. “The higher cost has probably stopped or returned products to the States that

should have not been over there anyway,” says Mike Brown, chairman of **Logic** (Eden Prairie, MN). “Cost is not the only driver for an OEM to want product built in Asia. Many times it is for reasons of geographical distribution or to be close to an OEM’s Asian manufacturing facility.”

### North American wins

Another survey question asked how many of a provider’s customers in the last 12 months chose its North American facilities over China for a new EMS program. The answers ranged from none to three, with a majority of responses (53%) indicating two or three customer wins versus China (Chart 5).

Providers were then queried as to the main reasons cited by customers for choosing the providers’ facilities over China. The reason most frequently checked was ease of working with a

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North American provider, selected 85% of the time. Lack of flexibility was the next most popular answer with 69% of respondents, followed by increasing landed costs from China and ease of making design changes in North America, both at 54%. Piracy concerns drew 46% of respondents, while time to market accounted for 15% (Table 2, p. 3). Other reasons supplied were the end market being North America and exchange rates and Asian inflation.

Three types of products were mentioned most often where customers chose a North American facility over China. These product types were industrial, medical and communications in descending order of frequency (Chart 6, p. 3).

To be fair, it must be pointed out that some North American providers also lost business to China over the last 12 months. Still, 40% of respondents reported no programs lost over the period, and another 40% only saw one program go to China (Chart 7, p. 3).

### Cost of ownership

“We’re seeing people taking a ‘total cost’ review of their outsourcing

requirements. In the case of China, costs that were previously ‘overhead’ rather than those directly affecting the standard cost of the product were not considered or scrutinized as closely,” says Chuck Tillett, president of **I. Technical Services** (Alpharetta, GA). These additional items include the rising costs of traveling to China along with the salaries of those traveling as well as the time spent managing a supplier in China. “By adding all these cost elements into the mix, along with the rising costs in China that are reasonably well documented, U.S. manufacturing is better positioned to compete,” says Tillett.

According to Chris Eldred of TeligentEMS, his company is “seeing additional opportunities from current and prospective customers who are now evaluating the total cost of ownership.” He gives the example of a customer who transferred an RF amplifier from India to the provider’s U.S. facility after factoring in a faster turn rate for inventory, simpler and more timely communications and an improved product cycle time.

This view is echoed by another participant. “We are seeing more multina-

tional OEMs focus on total acquisition costs and are now interested in a North/Central American solution for the regional business they want supported in this area of the world. These opportunities could bring substantial growth and revenue to our business in 2009,” says this unnamed participant.

Recognition of total costs and other offshoring issues is growing. “We are seeing even more of a realization of the full costs, difficulty of managing/communicating, and lack of flexibility that has always been there, but not sufficiently understood,” says Bob Blumberg, chairman of **SMS Technologies** (San Diego, CA). “Rising costs are a factor too, but I think the trend reversal we are seeing is at least as much an understanding of the reality of offshoring, especially for small to mid-size programs or small to mid-size OEMs.”

*Editor’s caution:* This survey is based on results mostly from low-volume, high-mix providers. It should not be applied to high-volume segments of the EMS market. In addition, since the sample for this survey was not randomly selected, biases may have been introduced.

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## News

### Sanmina-SCI Finishes Part of PC Divestiture

**Sanmina-SCI** (San Jose, CA) has completed the transition of its personal computing BTO/CTO operation in Monterrey, Mexico, to **Lenovo Group**. This operation is part of the PC business that Sanmina-SCI has designated for divestiture (Feb., p. 6). Lenovo is one of three major customers of that business.

Under a definitive agreement signed on April 25, Lenovo would pay net book value plus an unspecified premium for certain assets of the PC business in Monterrey (and the as-

sumption of certain liabilities). It was anticipated Sanmina-SCI would assign to **Foxteq Holdings** responsibility for certain transitional services to be provided to Lenovo for a limited period following the closing of this transaction, according to a Form 8-K filed by Sanmina-SCI. Foxteq, a member of the **Foxconn Technology Group**, is the buyer for the rest of Sanmina-SCI’s PC business (Feb., p. 6).

This month, the European Commission cleared Sanmina-SCI’s planned sale of two plants in its PC business to the Foxconn group. The plants are located in Székesfehérvár, Hungary, and Guadalajara, Mexico. Sanmina-SCI also intends to sell PC business assets in the U.S. to the Foxconn group.

### Delta Group Makes Another Acquisition

**Delta Group** (Albuquerque, NM) has purchased the assets of **Bitworks**, an EMS provider in Prairie Grove, AR. This is Delta’s fourth acquisition of an EMS company in three years.

Bitworks provides PC board and electromechanical assembly for its customers located in Arkansas, Oklahoma, Kansas and Missouri. Started as an engineering consulting firm, Bitworks also offers engineering services such as circuit design and board layout as well as embedded firmware and high-level software.

The acquisition “allows Delta Group to continue its strategy of cus-

tomers and geographic diversification,” said Harry Mueller, president of Delta Group.

In the company’s three prior deals, it added **Frontier Technologies** in California, **Assembly Solutions** in Texas and **Singletec** in Florida.

Delta plans a near-term investment in the Arkansas operation and expects to complete a facility expansion there by the end of 2009.

The current management of Bitworks will continue to oversee activities in Arkansas.

Delta Group’s other assembly operations are in Albuquerque, NM; San Diego, CA; Dallas, TX; and Rockledge, FL.

### **IEC Buys Cable Assembler**

**IEC Electronics** of Newark, NY, a publicly held EMS company, has acquired **Val-U-Tech**, a privately owned manufacturer of wire harness assemblies in Victor, NY. The purchase price was about \$10 million.

For 2007, Val-U-Tech recorded revenue of \$11.0 million and expects that its sales for the first six months of 2008 will be about \$6.9 million compared with \$4.4 million for the year-earlier period. The company has grown both its sales and earnings at double-digit rates for the last few years, according to IEC.

“Val-U-Tech serves customers in the military, medical and industrial markets, identical to those of IEC. The acquisition leverages the existing customer base of both companies and presents opportunities to cross sell both wire harnesses and board assemblies to future customers,” said W. Barry Gilbert, IEC’s chairman and CEO. “Some of IEC’s customers have anticipated cable harness projects to be awarded over the next year. With Val-U-Tech’s management team and IEC’s support, we are reasonably confident of winning our share of these pro-

grams.”

He added, “This acquisition should significantly contribute to our earnings and will enable us to utilize our substantial tax loss carry-forward.”

The combined company will have 360 employees with pro forma annualized revenue of about \$70 million in fiscal 2009.

Mike Brudek and Nick Vaseliv, co-owners of Val-U-Tech, will both stay on. Brudek will become president of the Val-U-Tech subsidiary, and Vaseliv will focus on business development for Val-U-Tech’s existing customers and will also be involved in the support of IEC’s existing customers having cable harness needs.

IEC financed the transaction with a credit facility from **M&T Bank**, seller notes and the issuance of stock.

In the quarter ended Mar. 28, IEC earned a net profit of \$673,000, including an income tax benefit of \$370,000, on revenue of \$11.9 million. Sales were up 9.6% year over year.

### **Catalyst Acquires RAMP Assets**

EMS provider **Catalyst Manufacturing Services** has acquired certain assets of another EMS company, **RAMP Industries** in Binghamton, NY.

Established in 1976, RAMP operates out of a 60,000-ft<sup>2</sup> facility and focuses on low to medium volume and high mix. Historically RAMP has provided a wide range of electronic assemblies, system integration and wire harness assemblies to military and industrial customers.

James Matthews, CEO of Catalyst, said this addition matches well with the company’s business model and market segments and enhances its service offerings in electromechanical and wire harness assembly. He added that Catalyst is excited about the opportunity to engage with RAMP’s cus-

tomers and considers them to be a strategic part of the organization for the long term.

Privately held Catalyst is a full-service provider with locations in Endicott, NY; Raleigh, NC; and Tijuana, Mexico.

### **UK Deal**

**Jaltek Group** (Luton, UK), a provider of integrated design and manufacturing services, recently acquired UK-based **Hidalgo**, a design and development services company specializing in RF telecommunications and physiological monitoring systems. The acquisition expands Jaltek’s service offering and gives Jaltek the ability to sell its manufacturing, PCB design and software capabilities to Hidalgo’s customer base.

Hidalgo is also the developer of a system called Equivital, which enables wireless monitoring of a person’s vital signs. According to Jaltek, the system is already proving successful in trials with the U.S. Department of Defense. The company said growing interest in the Equivital system presents a significant new opportunity for Jaltek.

Owned by directors and employees, Hidalgo is located in Swavesey, near Cambridge, England.

*Another transaction...* Through a subsidiary, **Venture** (Singapore) has acquired the remaining 40% interest in its subsidiary **Scinetic Engineering Pte Ltd** at a cost of \$13.57 million. Venture purchased a 60% stake in SCE in November 2005 to augment Venture’s capabilities in retail systems as well as to enhance its design offerings to customers in the computer application and peripheral sector. In acquiring the remaining interest in SCE, Venture plans to fully integrate SCE’s design and manufacturing services into Venture’s operations. In addition, Venture has set up a wholly owned subsidiary, **Venture Electron-**

**ics (Shenzhen) Co. Ltd.**, in Shenzhen, China, with registered capital of \$880,000. The subsidiary's principal activities include assembly and testing of electronic products. This is Venture's first subsidiary in southern China; its other subsidiaries are located in Shanghai and Suzhou.

### **Russia Deal Falls Through**

Flextronics has withdrawn from a deal by which it would have acquired **Elcoteq's** Russian subsidiary and its plant in St. Petersburg (Feb., p. 7). Among conditions necessary for closing this transaction were that Flextronics would obtain approval from Russian competition authorities and would complete negotiations with Russian customs authorities. As these conditions were not met by the deadline stated in an agreement between the two companies, Flextronics decided to exercise its right to terminate the transaction. Flextronics has paid Elcoteq one million euros as compensation for ending the deal.

A Russia business daily reported that last month Russia competition authorities refused to approve the acquisition (May, p. 6).

Elcoteq (Luxembourg) is continuing with its plan to divest the St. Petersburg plant and is holding discussions with new parties for this purpose.

At the same time, Elcoteq continues negotiations with Russian officials concerning certain customs practices and will re-assess its long-term strategy in Russia based on these discussions. According to Elcoteq, demand for home communications and related EMS in the Russian market is promising provided that customs practices change.

*New notebook business...* **HP** has chosen **Flextronics** (Singapore) to design and manufacture a high-volume consumer notebook computer. Alex

Blanton, an analyst at **Ingalls & Snyder** (New York, NY), estimates that this program will add revenues of \$500 million to \$1 billion a year for Flextronics.

*New notebook business, reported but not confirmed...* Last month a Chinese-language newspaper in Taiwan, the *Economic Daily News*, reported that **Hon Hai Precision Industry** (Tucheng City, Taiwan) and Flextronics have received orders for consumer-based notebooks from **Dell**. Neither Hon Hai nor Flextronics would comment. If true, this report would show that Dell is making greater use of EMS providers, something that the company recently promised when unveiling its new supply-chain strategy (April, p. 1).

*More new business...* **BTI Systems** (Ottawa, Canada) has chosen Flextronics to manufacture packet optical edge systems for BTI as its global partner.

*...Location Based Technologies* (Anaheim, CA) has selected **Jabil Circuit** (St. Petersburg, FL) to manufacture the PocketFinder family of personal locator devices. Also, **Kronos** (Chelmsford, MA), a provider of workforce management solutions, will transfer its manufacturing to Jabil's operation in Billerica, MA, according to a report on the *Boston Herald* website. *...Neah Power Systems* (Bothell, WA) has selected Sanmina-SCI to provide engineering and manufacturing support for commercializing Neah's fuel cell systems. Neah is a developer of silicon-based fuel cells for portable electronic devices.

*...Plexus* (Neenah, WI) has received purchase orders for about \$5 million of additional production for a historically episodic program of a large unnamed defense customer. These orders are expected to be shipped in its fiscal Q4 ending September. The provider is also aware of potential orders worth about \$17 million in revenue. If they materialize, Plexus anticipates these orders would be produced over the

first three quarters of fiscal 2009.

*...Under a new agreement, Fabrinet* (Cayman Islands), a provider of foundry services to optical component, module and subsystem OEMs, will transfer process technologies for **Infinera's** optical subsystems to Fabrinet's Thailand-based manufacturing center and commence production. Fabrinet will serve as a second-source supplier for Infinera subsystems. Infinera (Sunnyvale, CA) provides digital optical networking systems to telecom carriers.

*...Malmö, Sweden-based connectBlue* has selected **Enics** (Baden, Switzerland) to manufacture its next wireless modules. In late 2007, connectBlue signed a contract for delivery of 100,000 Bluetooth modules to a well-known international telecom company.

The product is slated to be launched this month. *...EMS provider PartnerTech* (Malmö, Sweden) and **Biotage** (Uppsala, Sweden), a company in life science research, have expanded their relationship and signed a new agreement for the manufacture of instruments for DNA analysis and microwave synthesis. Worth an estimated SEK 40 million (\$6.6 million) a year, the two-year agreement covers ongoing manufacture of current products as well as serial production of a new DNA instrument that PartnerTech developed. The provider's customer center in Ätvidaberg, Sweden, manufactures the instrument. *...V.S. Industry* (Senai, Malaysia) will manufacture items for a new vacuum cleaner from **Dyson International**, according to a report on the website of *The Star Online*, a Malaysian news source. *...Under a renewed, five-year contract, Kitron* (Billingstad, Norway) will continue to manufacture a blood centrifuge and spare parts for **Gambro BCT** (Denver, CO). The contract has an estimated value of about SEK 50 million (\$8.3 million). Also, Kitron's microelectronics subsidiary in Jönköping, Sweden, has received a new order from **Sensys Traffic AB** for

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manufacturing of automatic speed surveillance and traffic light systems. The contract value is pegged at about SEK 50 million (\$8.3 million) for 2008. Finally, **Kongsberg Defence & Aerospace (Defence Communication)** has given Kitron new orders for Kongsberg's military RadioLink. They are worth NOK 28.2 million (\$5.5 million)...**LaBarge** (St. Louis, MO) has landed a \$1.5-million contract from **Northrop Grumman** to continue to produce electronic assemblies for a radar jammer system designed for the F-15 Eagle fighter aircraft...**Incap** (Oulu, Finland) and Finland's Slot Machine Association (RAY), a long-time customer of Incap, have signed an agreement whereby Incap will manufacture PCBs and mechanical parts for slot machines and also handle their final assembly and testing. The four-year contract, which deepens the relationship between the two parties, is valued around six to seven million euros a year. RAY will also outsource to another manufacturer.

*Considering handset outsourcing...* This month, *Reuters* reported that Korea's **LG Electronics**, a major cellphone OEM, is thinking about whether to start discussions with handset contract manufacturers, and **Foxconn International Holdings** and **Flextronics** were named as natural choices for such talks. But reportedly, no talks are underway.

*New facilities...* Foxconn International Holdings has opened its first design center in the U.S., according to an article on the website of the *South Florida Sun-Sentinel*. The 42,000-ft<sup>2</sup> facility in South Florida will employ a staff of 200 to develop mobile phones, especially those at the high end, the newspaper reported....In Logan, UT, EMS provider **Inovar** has added a 40,000-ft<sup>2</sup> facility to accommodate growth, streamline operations and improve technology. The new facility

will be used to increase production not only for contract manufacturing customers but also for product lines of Inovar's parent company, **inthinc**. In March, Inovar merged with **IWI** (Salt Lake City, UT), a developer of technologies for driving safety, to form **inthinc**. With the new facility, Inovar now has 65,000 ft<sup>2</sup> in Logan....Last month, **Ayrshire Electronics** (Louisville, KY) started production at its new facility in Reynosa, Mexico. With initial space of 12,000 ft<sup>2</sup>, the facility has room to expand.

*Facility taken over...* In Toulerville, France, **Cofidur**, a French EMS provider, has leased a 5,000-m<sup>2</sup> facility recently closed by **Sanmina-SCI**, reported *EE Times Europe*, citing a local newspaper.

*Hon Hai to invest in software park...* According to published reports, Terry Gou, chairman of Hon Hai Precision Industry, has signed a letter of intent to invest in a software park located in the southern Taiwan city of Kaohsiung. Reportedly, Hon Hai plans to hire 520 software engineers by May 20, 2009 and employ 3,000 of them in five years. It was reported earlier that Hon Hai was planning this investment (April, p. 7).

*Some financial news...* For the quarter ended May 31, Jabil reported revenue of \$3.1 billion, up 3% year over year. GAAP net income amounted to \$38.4 million versus \$6.2 million for the year-earlier quarter. GAAP operating income for the May quarter rose 88% year over year, while core operating income decreased 2% year over year but increased 26% sequentially. Core EPS increased 13% year over year and 30% sequentially to \$0.26, which exceeded company guidance of \$0.18 to \$0.22. Jabil expects core EPS for the August quarter to be in a range of \$0.29 to \$0.33, which implies another quarter of sequential improvement for this metric. The company

expects revenue for the August quarter in a range of \$3.2 billion to \$3.3 billion.

*People on the move...* **EPIC Technologies** (Norwalk, OH) has appointed Bhawnesh Mathur as CEO. During his nearly 30-year career in the electronics industry, Mathur has implemented successful growth strategies for **IBM**, **Arrow Electronics** and **Sanmina-SCI**, according to a statement from EPIC. Former CEO John Sammut will be a key resource for Mathur during this transition and will remain on EPIC's board. Randon Haight, who had acted as interim CEO, resumes his role on the board....Elcoteq recently added two members to the Elcoteq Management Team. They are Petteri Laakso, senior VP, group operations and Markus Kivimäki, senior VP, corporate legal affairs....Rüdiger Hornhardt, cofounder of Top 50 provider **EN ElectronicNetwork** (Limburg, Germany), has resigned from the company's executive board. However, Hornhardt will support the EN group as GM of three of its sites....Enics (Baden, Switzerland), another Top 50 provider, recently announced a series of appointments to strengthen its existing management. The company made Petri Helin senior VP, APAC (Asia Pacific) and global sourcing; Ari Räsänen senior VP, operations; and Kai Paajaste VP, human resources. In addition, Enics appointed Kati Kaistin, director, demand/supply chain management; Gianluigi Ravenna VP, account management; and Anders Wendner VP, sales....Top 50 provider **SMTC** (Toronto, Canada) has expanded its board of directors from four to six members. Joining the board are John Marinucci, president and CEO of **New Flyer Industries**, and Alex Walker, founder and managing partner of **Blackmore Partners**. New Flyer is a manufacturer of heavy-duty transit buses, and Blackmore is an advisory firm....Brent Jensen has joined **On-Core Manufacturing Services**

# News

(Springfield, MA) as its first CFO. Previously, he served as CFO at **Advent Solar**, **Jazz Semiconductor**, **ZARS Pharma** and **AMI Semiconductor**. . . Dale Nordquist, senior VP of sales and marketing at **Winland Electronics** (Mankato, MN) will leave the company as of June 30 and become president and CEO of **Zareba Systems** (Minneapolis, MN). Also, Winland has appointed Warren Mitchell to the newly created position of VP of operations and supply chain. He joined Winland in February as executive supply chain leader. At one time, Mitchell was VP, worldwide supply chain management for **Pemstar**, an EMS company that was acquired by **Benchmark Electronics**. . . Juhani Hanninen has stepped down from his position as president and CEO of Incap (Oulu, Finland), a publicly held EMS company. But he will remain with the company to oversee the development of its marketing and sales. Hanninen will also advance further internationalization of Incap's operations in the boards of its foreign subsidiaries. The company has named Sami Mykkänen president and CEO on an interim basis from June 1 to December 31, 2008. Previously, Mykkänen was responsible for manufacturing services and strategic sourcing at Incap. Before joining Incap in March 2007, he served as manufactur-

ing director at **Powerwave Shanghai**. In addition, Incap recently hired Eeva Vaajoensuu as its new CFO. The previous CFO moved to another company.

*European restructuring*. . . Sanmina-SCI will close its enclosures plant in Forserum, Sweden, and consolidate operations into its plant in Miskolc, Hungary. . . Publicly held **Kimball International** (Jasper, IN), parent of Top 50 EMS provider **Kimball Electronics Group**, will consolidate its EMS facilities in Longford, Ireland; Bridgend, Wales; and Poznan, Poland, into a new, larger facility in Poznan. This consolidation is part of a plan to expand Kimball's European automotive electronics capabilities and to establish a European Medical Center of Expertise in Poznan, according to a Form 8-K filed by Kimball. Production in Ireland is scheduled to cease during Q4 2008, while the final transfer of production from the Wales facility is planned to occur in Q4 2010. Both moves are subject to consultation with employee representatives regarding redundancies. . . Under a program to enhance competitiveness in Finland, Enics has decided that PCBA manufacturing and final testing there will take place in its newly established PCBA plant in Lohja. As a result, Enics is eliminating 65 jobs in its Vaasa, Finland, unit, which will focus on cus-

tommer service, final assembly, pre-manufacturing and after-sales services.

*U.S. closure*. . . **Sparton** (Jackson, MI) will close its Albuquerque, NM, facility on or about Sept. 30. The facility has had difficulty in obtaining enough sales to support its ongoing operations because of the current business climate, pressures of offshore competition and volatile market demands, according to Sparton. Plant offerings have been aimed primarily at industrial customers.

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