

Home and dry

An innovative UK company makes its case in demonstrating that contract manufacturing solutions are a lot closer than you think



Despite the threat from Chinese and Eastern European competition, Newcastle-under-Lyme-based AWS Electronics remains optimistic about the outlook and plans for current growth rates to continue for the foreseeable future. As business development manager Mark Howitt explains to *Electronics Buyer*, with over 240 employees and a £12.3M turnover AWS proudly continues to build on its core manufacturing and design capabilities, its accreditation and its after-sales support.

As a medium-sized Contract Electronics Manufacturer (CEM), AWS has experienced some of the recent major changes in the electronics industry. Mark outlines the following key areas in more detail.

> Far East and Eastern Europe out-sourcing

Out-sourcing to the Far East and Eastern Europe has removed the majority of high volume business from the UK. As a result, many large UK-based CEMs have struggled and in extreme cases, closed. Although offshore CEMs are increasingly venturing into medium volume boards and assemblies, this business trend has played into the hands of companies like AWS, in that it is much easier to liaise with a local supplier for development, start and end of production, and irregular quantities. This makes it easier for both AWS and its clients to handle complexity, variety and rapid changes in design.

AWS has significant advantages over Far Eastern and Eastern European suppliers in new product introduction, end of production run, low and medium volume production, supply to JIT customers, value-added services and customer liaison.

> Increasing use of JIT supply among OEMs

The growth of Just In Time (JIT) supply to OEMs also gives AWS a tactical advantage over offshore suppliers in that it can either produce or cancel production at short notice, and its shipment lead-times are brief. Although chopping and changing production at short notice incurs costs and inefficiencies, JIT enables AWS to offer a service that distinguishes it from the competition.

> Increasing speed of obsolescence

The increasing speed of obsolescence of electronic products will drive some of AWS' business towards re-engineering existing boards and assemblies by reproducing the functionality of original equipment. This is costly and laborious, but is an essential service to the industry. It will also have ongoing rework as additional components are made obsolete.

> UK-based OEMs closing or moving overseas

The trend for UK-based OEMs closing or moving production overseas is a tendency that disadvantages AWS, although not entirely so. Since one of AWS' main selling points is its close proximity to its UK-based customers, virtually every OEM product range moved overseas reduces the potential market. However, as most internationally out-sourced products are the high



investment being geared towards quality, flexibility and extending the variety of services it can offer.

>The competitive advantage

For UK and especially Irish customers, AWS has many advantages over the competition and in particular over offshore competitors. These advantages include: new product introduction; end of production run; low and medium volume production; supply to JIT customers; value-added services; customer liaison. AWS feels that the low price countries are not necessarily low cost countries. Hidden costs of increased shipment and other lead-time hassles, administrative time, travel and costs, product introduction, changes and inflexibility of both production rates and designs can more than outweigh any perceived advantages of cheaper labour.

>Building a stronger future

The AWS mission statement is: "To enable our customers become more competitive in their respective markets by becoming a trusted and valued part of their supply chain." It aims to achieve this by providing responsive and flexible services, building long-standing relationships and generating excellent business results.

The company is constantly investing in both equipment and training and the latest equipment purchases and upgrades are designed around the need to convert to lead-free manufacture. AWS offers many services to support customers through the conversion process, ranging from analysis of bills of materials to complete re-specifying and re-sourcing, and even re-design to accommodate lead-free alternatives. Even more important than investment in equipment, the company invests in its people, believing that they make the difference between a good CEM and a poor one.

Finally, AWS is proud of its customers, who have found their relationship with AWS to be very beneficial. This means that in 31 years AWS has never lost a major customer, with most seeking to put increasing amounts of business into AWS. Together with new customers won over the years, it ensures that the company is stable and growing strongly, reflecting the success and confidence of its customer base.

volume items, this affects AWS' larger competitors more so. It is also balanced by new companies and products being developed and launched within the UK, which is where AWS can best compete. This links in with the next trend towards vertical integration - the provision of more services relating to AWS' core product range than purely manufacturing and delivering it.

>Customer demand for more integrated capabilities

As customers cut their own resources to the bone, they increasingly need suppliers to undertake work that they would have previously done in-house. These services are also required by new OEMs who do not have the in-house capabilities. A final push towards vertical integration is the current fashion among OEMs for cutting or rationalising their supplier base, encouraging each supplier to supply a broader range of goods and services. This trend means that AWS has a real competitive advantage for provision, whether by in-house capabilities or by associations with partner companies who are experts in their fields.

AWS has long been accredited to ISO 9001 and its successor ISO 9001:2000, which is a fundamental requirement that many OEMs place on their suppliers. Without such accreditation, AWS would not be invited to tender. As governments and customers become ever more focused on quality and customer/consumer litigation, such standards are growing, resulting in increasing numbers of market sectors requiring additional accreditation.

Companies experienced in out-sourcing have over the years discovered that a cheap price is not enough: they need their out-sourcing partners to provide both consistent quality and excellent capabilities. To this end AWS is continually investing both in training and in equipment - both strands of

>AWS Electronics

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