

Risks	Mexico Comments	China Comments	Higher China Costs
Time Zone	Normal business is 8 am -5pm, CST	Dealing with China the business day, 11:00 P/M - 6:00 A/M, EST. All issues take an extra day or so to resolve	Overtime, cut into family time, delays in responses
Lead time	With Kan Bans, a few days	5 weeks min. on water shipments, 10 days with standard air, if NO delays in customs	Loss of customer potential
	Raw materials take 1 extra day into MX.	Raw materials have a long and inconsistent path into China. Lead time impacted, expedites harder, bad counts	Add 10 days for raw into China: higher inventory cost/exposure
	Quick reaction to ECNs, Obsolescence	Lead time delays, back flush issues and engineering changes slowed and more costly	Slower and more costly reaction time for
	No surprise audits on outbound	At least 3 surprise random audits to start shipments	start-up delays
	Customs not an issue shipping inside MX	Up to 4 customs delays potential: Raw in, F/G out of China, F/G into US, F/G into MX	missed shipments, delays
Costs	Net 30 is allowing xxxxx 29 days to integrate and resale	Net 30, if shipping by sea, xxxxx has paid for PCBAs before integration	at .5% a point for every 15 days, at least \$1.00 for every \$10.00 cost
	Ground - 1/2 day away, lowest transportation costs, optimize packaging	If Air is used, add \$4 to \$7 per kilo more the if you use sea transportation	divide weight per PCB (packaged), maybe \$.50 per PCBA.
	No fuel surcharges	Fuel surcharges are being invoiced to MC Assy about every 2-3 weeks with the current fuel volatility	\$ per Kilo
	No Duties	Duty fees export from China, into USA and again into MX.	At least 2 extra duties, Out of China and into MX.
	With a short window needed to plan, storage costs for push out minimal	With a longer planning window, extra storage costs incurred	\$10 per pallet and another \$10 per pallet over 30 days
	2 day trip to MX for an xxxxx visit, qualification, problem resolution	Minimum 5 day trip to China for the same xxxxx visit.	\$3,000 min per trip; plus the cost per xxxxx employee an extra 2 - 3 days out of the office (see next tab)
	Raw material consistent into Mexico	Raw materials have a long and inconsistent path into China. Lead time impacted, expedites harder, bad part counts.	Higher inventory cost & exposure, poorer delivery performance
	We believe we can offer a cost savings by using reusable packages	Cost of ship or flight worthy packages, not reusable	About \$.30 per PCBA
Risk	NO Intellectual Property (IP) risk in Mexico	IP is constantly being copied in China	Loss of your design to competition
	No port closures effect final production	The next inevitable port closure will impact PCBA shipments from China	Lost revenue, late shipments, loss of customer in worst case scenario
	Little global outsourcing experience needed at xxxxx	Extensive and deep global supply chain team / experience needed at xxxxx	Underestimating risks and knowing how to plan a lengthy supply chain
	New product launch is a low risk at Mc Assembly Florida or Mexico	Higher risk and cost, and longer cycle time to launch new business in China	Late, expensive new product development costs