

# SMTc

## THE PERFECT MANUFACTURING PARTNER







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*President and co-chief executive officer, Claude Germain, and executive vice president and chief operating officer, Paul Blom, discuss how the company has successfully evolved into the business that it is today*

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SMTC PCB Test

Today a global Tier II Electronics Manufacturing Services (EMS) provider, delivering integrated contract manufacturing services to original equipment manufacturers within the industrial, computing and communication market segments, SMTC has come a long way in its 25-plus year history.

After going through a phase of consolidation during the 1990s, the market crash of 2001 resulted in the company, headquartered in Ontario, Canada, having to deleverage its assets in fairly rapid order. This led to a near ten year period where the company focused itself on retaining a solid balance sheet.

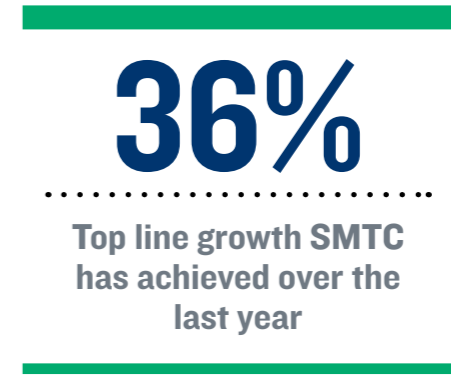
“By 2011, the process of deleveraging was largely complete,” explains president and co-chief executive officer, Claude Germain, “so we embarked upon a more balanced strategy that focused on growing our operating cash flow, and increasing the investment in our business. Since 2011, and by reducing our costs and increasing our top line, we have generated additional cash. We have invested this into working capital to support our top line growth, into upgrading and modernizing our equipment, into engineering and design, and into mergers and acquisitions.”

Business conditions in the electronics market have a tendency to oscillate from year to year. Though 2012 was not a stellar year for the industry, SMTC was able to

grow its top line significantly more than the industry average as a result of its focus on business development and account management. “While we are not of the view that we can reinvent the economics of being a Tier II EMS player,” Germain continues, “what we do know for sure is that we can always do a better job when it comes to driving our top line. Thanks to our adoption of various strategic initiatives we have been able to grow our top line in the last year by as much as 36 percent. It was this achievement that saw SMTC presented with the Frost & Sullivan award for being the fastest growing global EMS player in 2012.”

Where the company has garnered similar praise over the years is in its use of world class IT systems and tools to support the core processes related to engineering, supply chain and manufacturing, providing customers with significant added value.

“The IT systems we utilise,” states executive vice president of operations, Paul Blom, “are absolutely key to our success, and to the services that we bring to our customers. We leverage Agile and Valor to support engineering and new product introduction activities. Agile is also key to the management of several hundred thousand part numbers and a high volume of customer engineering changes per year. Meanwhile, on the procurement and quoting side, Quotewin by PolyDyne is used to support a global quoting and commodity management process. And







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finally, Kinaxis is used to execute planning, demand simulation and production planning activities.”

These platforms have been tailored to perfectly complement one another and remain constantly updated so as to provide SMTC with the most up-to-date data available when it comes to customer forecasts, bills and materials and engineering changes. By updating the said platforms on a continuous basis the

company is able to ensure that it is always procuring and quoting parts at the most accurate of levels, while also doing a rapid job of introducing new products.

“Increasing SMTC’s contribution to each of our customer relationships,” Blom highlights, “is our value engineering team. Working closely with our customers, leveraging the skills of our strong internal team, and involving external partners, we identify appropriate opportunities to achieve cost and lead time reductions. The SMTC value engineering team focuses on design-for-manufacturing, design-for-supply

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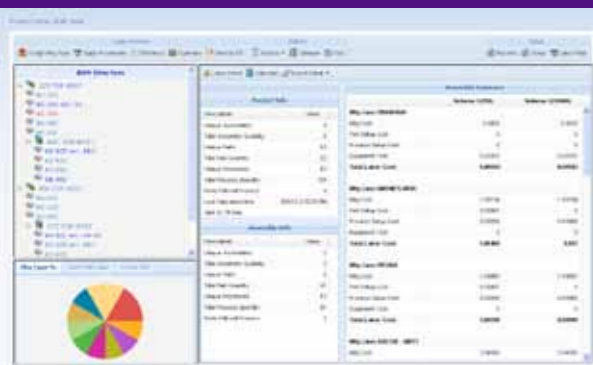
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“SMTC WAS PRESENTED WITH THE FROST & SULLIVAN AWARD FOR BEING THE FASTEST GROWING GLOBAL EMS PLAYER IN 2012”





SMTC manufacturing plant

**“I SEE SMTC CONTINUING TO EVOLVE THE WAYS IN WHICH WE DELIVER SERVICES TO OUR CUSTOMERS, AND INVESTING FURTHER IN BOTH IT SYSTEMS AND EMPLOYEE SKILLS”**

chain and the leveraging of SMTC’s global procurement capabilities.”

Another example of the way SMTC strives to work with customers every step of the way, is its ability to undertake what it calls AVL expansion projects. It is during these that

the company goes back to its customers and presents recommendations on who to add to the approved vendor list on the bill of materials to drive cost and lead time reductions, and product life cycle optimization.

“During these AVL projects,” Blom says,

“we focus on several key areas, the first is driving cost reduction by leveraging our preferred suppliers. The next is a focus on risk reduction and improved continuity of supply, particularly during periods of material shortages – here we look to increase the number of options available for global sourcing of components and assemblies.”

Looking forward, Blom points out that SMTC’s customers will continue to experience various competitive pressures within their markets, thus they will continue to turn to SMTC to provide proven value engineering and supply chain solutions. “I see SMTC as

a business continuing to evolve the ways in which we deliver services to our customers, while at the same time investing further in both IT systems and employee skills. Each customer has different needs, evolving over time. It is key that we proactively anticipate these requirements, bringing the right solutions to our customers at the right time, in order to address these needs.” **BE**

For more information about SMTC visit: [www.smtc.com](http://www.smtc.com)



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