

NOTE is a contract manufacturer of electronics-based products on the EMS market.

We focus on the four segments Industrial, Telecom, Vehicle/Maritime and Medical Technology/Safety & Security.



SWE-DISH made in Sweden

SWE-DISH markets the world's most compact portable satellite communication system for internet-based information. They have chosen to locate their production to NOTE Norrtelje to ensure the closest possible link between development and production.

Bo Sundqvist, Vice President Supply at SWE-DISH, explains the logic behind the choice of production location.

"We are a Swedish development company with customers all around the world. For us, being close to our production

is very important. Our customers place high demands on us in terms of flexibility and capacity to adapt to their unique specifications. We also work closely with NOTE when developing new products. For instance, at the design stage we take into account what electronics components are available on the market and which suppliers can be relied upon for serial production. When we then move on to the prototype phase we work closely with both the NOTE development team and NOTE production team to ensure a smooth transition to serial manufacturing."



CHOOSING THE PRODUCTION LOCATION

Mats Hoflund, Sales Manager at NOTE, explains that several factors come into play when a customer is choosing a production location.

"The lead time from customer order to delivery is decisive. The shorter this needs to be the nearer production has to be to the end customer. If you work with customer specific orders you very often need so-called variant control. This means that customer unique products and processes often benefit from geographic proximity. But if there is scope for slightly longer delivery times and the associated shipping costs can be borne, it can be advantageous to locate production to a low cost country. Otherwise it is quite common for end products to be a mix of near sourced components and standard components manufactured further afield."

Manufacturing in Europe gives you closer control

Where you arrange production depends on what you want to achieve. If you are looking to launch a product and want to keep close control over the development and industrialisation process there are several compelling reasons to choose Europe.

To boost our cost effective manufacturing capacity and offer the best possible customer service, NOTE entered into a joint venture with the Polish Fideltronik Group in autumn 2007. With highly skilled teams of engineers and designers, plus advanced production machinery, Fideltronik further strengthens NOTE as your EMS partner of choice on the European market.

Workers in the Baltic region near Sweden are both highly skilled and cost effective, and the advantages offered by the region do not stop there. For

instance, Europe offers advantageous factors such as language, culture, business climate, shorter lead times and smaller time differences.

Being close to end customers also enables you to react more rapidly to feedback and deliver better after-sales service. Your total costs will also benefit from reduced transport costs and the free movement of goods and services within the EU.

GREATER CONTROL AND FLEXIBILITY

"At NOTE we help our customers obtain the total concept that is best for them by offering the right balance between technology know-how, capacity, cost equations and market logistics," says Knut Pogost of NOTE AB. "Our Nearsourcing™ sites in Sweden, Finland and Norway provide a complete range of service and development skills while serial production in Europe is sourced to our local factories or Poland and the Baltic States."

Production planning is based on technology and total cost efficiency to optimise every stage in the process. A well-established infrastructure helps press costs and at the same time shortens time-to-market. ➔

Advantages with NOTE as your partner in cost effective Europe

- Close to end customers
- Flexible partnership
- Well-established infrastructure
- Culture and business climate
- Greater control over production
- Reduced transport costs to European customers
- Free movement of goods and services within the EU



Sourcing drive in Poland and China

NOTE Components takes care of central procurement of components on behalf of the Group. These operations are now being further strengthened by developing sourcing functions in Gdansk and China.

New function for Seamless Transfer

NOTE is creating a new function for Seamless Transfer, i.e. the seamless coordination of production transfers between different Group production units.

Björn Fahlin has been given the task of launching the group-wide function within NOTE. He was previously Production Manager at NOTE Norrtälje and a key person in the planning of the ultramodern new factory in Norrtälje.

“This is yet another step in improving transfers between factories,” says Fahlin. Our goal is to create standardised methods for production transfers and to involve the work groups who are to perform the work.”



Standardisation and efficiency are the watchwords of NOTE Components. This applies to reducing customers' time-to-market, coordinating volumes to create the best possible negotiating position vis-à-vis sub-suppliers and establishing common ordering formats within the Group.

“Our customers are constantly striving to put greater distance between them and their rivals which means we can never take our foot off the gas when it comes to rationalising our own operations,” says Markus Norrbom, Director of NOTE Components in Scandinavia. “Our sourcing drive is creating new opportunities, both by pressing prices and by creating improvements in quality.”

EVEN BETTER SOURCING IN POLAND
NOTE established its sourcing centre in

Gdansk in 2006. The sourcing team is structured into two departments, which are now being given more substantial roles. One department works with standard components and the other with customer specific material. The standard components department will now be responsible for negotiating all standard component price agreements for the Group. The various NOTE factories can then make delivery call offs directly to suppliers contracted by NOTE Components in Gdansk. The department that deals with customer specific ranges is being given greater responsibility for purchasing, supplier issues and certain distribution issues.

CHINA STRENGTHENED

NOTE established an International Procurement Office in Shenzhen, China, as early as 2005. As part of NOTE's new partnership with Ionics and the acquisition of a 50 percent stake in the Ionics factory in Tangxia, the sourcing office will now relocate to the factory.

“Having well-established sourcing functions in both Europe and Asia and a worldwide network of suppliers means NOTE can optimise its resources from a global perspective,” says Norrbom.



New business system delivers internal and external benefits

NOTE has chosen Oracle E-Business Suite as the new standard platform for the Group's business system. This system was the best fit for NOTE's requirements and also the quickest to implement.

Oracle E-Business Suite is an integrated business system that covers most functions, from planning and logistics to order systems and invoicing. NOTE units currently use different systems, in many cases more than one, to handle their business flow. The introduction of the new platform will enable these systems to be gradually replaced by the new group-wide system.

“Having chosen the system, we will now be visiting the various parts of our organisation to explain the benefits the system of-

fers and provide proper support to all units wishing to upgrade their business systems,” says Harald Wikström, CIO at NOTE.

POLISH PARTNER

In order to effect the best possible integration of the system, NOTE is working closely with a Polish partner with experience of implementing the system at an EMS factory based on a Lean philosophy.

“Our choice of system together with an experienced partner ensures a quick takeoff. Which significantly reduces total costs,” says Wikström. “Obviously launching the system will present our factories a challenge, but we will be developing an extensive experience bank that will simplify the process.”

First to install the new business system

will be NOTE Gdansk, an increasingly important hub within the NOTE Group. Next in line is NOTE Tauragė in Lithuania followed by NOTE Pärnu in Estonia.

GOOD NEWS FOR CUSTOMERS AND SUPPLIERS TOO

The new business system is not just an internal concern for NOTE. Plenty of new opportunities will be created thanks to customer and supplier portals.

“For instance, a customer can check order status at any time. And suppliers can log onto the system to check our component stock levels without having to chase someone by phone or receive filtered information,” explains Wikström. “This gives them greater scope to structure their production flow and plan deliveries to us. We are convinced there are major benefits to be reaped by both ourselves, our customers and our partners.”



”” **The new business system is not just an internal concern for NOTE.**





Advantages with NOTE as your partner in Asia

- Cost effective production of smaller volumes with several variants
- Known business partner on a different market
- Easier and more secure to do business
- Secure delivery
- Close to end customer

Manufacturing in Asia opens new doors



NOTE is establishing a strategic partnership with Ionics of The Philippines and is acquiring a 50 percent stake in their factory in Tangxia, China, north west of Shenzhen, and a couple of hours by car from Hong Kong.

The new factory will create new opportunities for NOTE customers, not least companies in the telecom sector. It means they can be close to market and is another step on NOTE's road to becoming an EMS company with worldwide coverage. Anders Rigodt, who heads NOTE's business development within the telecom sector, explains the logic:

"We want a presence on markets where our global customers are active. As a society we are becoming increasingly environmentally aware and there is a clear trend towards the more efficient use of resources: products to be sold in Europe are going to be manufactured in Europe and what is to be sold in Asia is going to be manufactured there."

GOOD DEVELOPMENT CAPACITY

In addition to closeness to the Asian markets, this new strategic partnership will offer other opportunities.

"Their unique engineering know-how will enable us to tap into a great deal of knowledge on development issues," says Rigodt.

"Although Ionics is a Filipino company with Asian roots, it has numerous global customers. This makes the cultural differences easier to deal with."



Watch out for pitfalls when you manufacture in Asia

With NOTE as your European partner you are better equipped to overcome the legal and practical barriers to the Asian market. By leaving the business dealings and process to us, you can focus on delivery and launch.

The most common reason for manufacturing in Asia is to press costs in order to maintain or improve your financial margins on the sale of already mature products on the European market. Another reason is to get closer to your end customers on the Asian market by sourcing production directly there.

LOWER COSTS, HIGHER RISKS

"To be able to determine your total costs, you need to look at the whole picture and decide what is most important for your business," says NOTE's Corporate Business Development Manager, Anders Rigodt. "When you manufacture products

on the other side of the world, the total costs will be influenced by factors such as time to market, exchange rates, transport costs and import duties. On the other hand, these factors are offset by lower costs for labour and materials."

SAFEGUARD YOUR RIGHTS

It is also important to keep an eye on how cultural differences, languages, time differences and a different business climate can affect how much control you have over the process. It is a sad fact that practical and legal problems with corruption, contract signing and intellectual property rights can be a major headache if you are not extremely careful in whom you do business with.

"At NOTE we go through the entire process with our customers," adds Rigodt. "And naturally, we can provide all the service and feedback our customers can require."



Nearsourcing™ increases your competitive advantage




offering design, development, testing, production and after-sales,” Linder explains. All this is geared to ensuring the product launch will be as profitable and successful as possible.

INVESTMENT OPPORTUNITY

NOTE is already the leading EMS partner in the Nordic region today – a contract developer and manufacturer of electronics-based products, from design to after-sales. With Nearsourcing we have introduced a strategy for continued strong growth.

“We are also seeking growth through the acquisition of PCB layout companies with a good customer base,” adds Linder. “We are acquiring and developing production sites with good growth potential in Europe and Asia to boost our capacity and service. This will further re-

partner in the future. 

Nearsourcing makes sound business sense for customers wanting to launch new products successfully. And also for investors looking to do well on the European EMS market.

“In practice, Nearsourcing is a strategy for developing and launching new products on the market,” explains Martin Linder, Business Development Manager at NOTE. “We have sites throughout Sweden to ensure

The benefits of Nearsourcing

- Shorter time-to-market
- Excellent accessibility and flexibility
- Broad range of services
- Complete control at every stage of the process
- Cost effective production

work related to development and industrialisation is readily accessi-

ble. Serial production is then done at our factories in Sweden, the Baltic states, Poland and China.”

NEARSOURCING WORK?

Each Nearsourcing site offers a value chain of service from concept, design, prototype and testing to finished product. In addition to close consultation with development and prototype departments, our customers also have access to NOTEfied – NOTE Fast Introduction Engineering Database – a unique components database that means you do not have to search for information at different suppliers. This saves you both time and money.

“To help ensure a successful product launch we also offer NOTE Product Introduction, a complete business process

THIS IS NOTE

NOTE is one of the leading EMS companies in Scandinavia.

Number of employees: Approx. 1,100

Other: The company is listed on Stockholm’s Nordic List and has around 3,000 shareholders.

Address:

NOTE AB
Vendevägen 85 A
Box 711
SE-182 17 Danderyd
Tel +46 (0)8-568 990 00
Fax +46 (0)8-568 990 99