



The Hidden Mechanics Behind Long Price Contracts

Commonly Asked
Questions

mic-tec.com

Contents

Part I	Introduction
Part II	Factor One – Location & Political Stability
Part III	Factor Two- Economy & Currency
Part IV	Factor Three – Vertical Integration
Part V	Micro's Long Term Scalability

Summary

At Micro we found ourselves being asked the same questions from different companies and people, and wanted to address these topics via www.mic-tec.com/faq and through the creation of assets to inform and educate our community. One of those questions is "What are the mechanics behind long term pricing contracts?". The answer might not be what you think, because for Micro to confidently engage these deals, work had to be done to create security and predictability.



Michael Tucci,
CEO and President

Part I: Introduction

Long term pricing commitments require stability in several ways. Some of these are controllable internally, and some require external assurances that a company cannot control. It's worth understanding these mechanics before trusting offers from suppliers.

Part II: Factor One – Location & Political Stability

Micro is strategically located in Costa Rica for a reason. We enjoy a global and central location, near to many of our clients, but we also benefit from the security and stability of the Costa Rican economy, and this plays a role in our long-term pricing commitments.

As the only steadily Latin America democracy, Costa Rica boasts the most stable economy in all South America, as it boasts exceptional leadership, flexible class lines, holistic prosperity and strong social indicators.

Part III: Factor Two- Economy & Currency

Costa Rica's economy and currency provide a bedrock of stability from which we can price our agreements, with little margin for error.

The 2018 Index of Economic Freedom states – "Macroeconomic stability, strong institutions, policy predictability, a fairly well-educated workforce, and a favorable stance toward trade and private foreign direct investment underpin Costa Rica's attractive business environment."

About Costa Rica

- Costa Rica offers a highly technical workforce with a low-cost manufacturing base and centrally located efficient supply chain.
- This unique combination provides Micro, and many of the world's biggest OEMs the perfect base of operations for manufacturing and assembly.
- It also provides us competitive cost advantages that competitors often struggle to match.

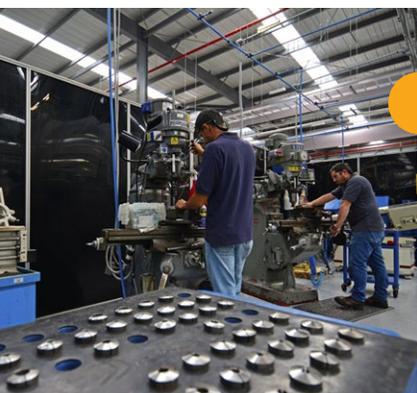


Part IV: Factor Three – Vertical Integration

Vertical Integration refers to the collection of multiple manufacturing disciplines under one roof to allow a product to be manufactured completely in house.

Micro also safely guarantees long-term pricing contracts through our superior vertical integration, whereby we control every part of the manufacturing process from tooling to machining, prototyping, molding, stamping and assembly. Vertical integration allows Micro to control supply chains whilst ensuring steady access to components and raw materials. We save costs through not outsourcing different parts of the process to sub suppliers with margins, and these savings are passed on to you.

It's not a new concept but the benefit gap is becoming comparably larger as modern manufacturing evolves into the next era.



More benefits to vertical integration

Comparative to sub-contracting each of the manufacturing processes separately, there are multiple benefits of note to Micro's vertically integrated setup.

- Quality enhancement and control (1 team building the entire product)
- Single point accountability
- Speed to prototype, change and correction of errors
- Delivery reliability (reduces risks of delay caused by a chain of suppliers)
- Supply chain simplicity
- Cost reduction and control
- Protection of your intellectual property
- Broader solutional capacity (everyone working together to solve the challenge in house)

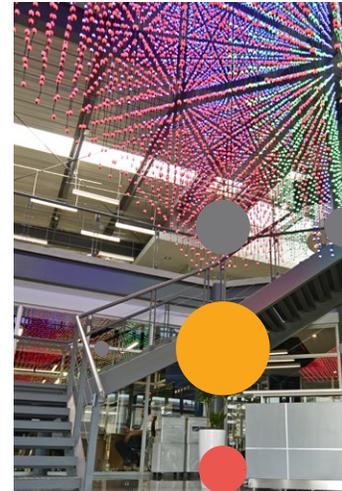
Our multi-industry focus has sharpened our internal processes to meet the most demanding OEM standards, and our learnings in one industry often provide inspiration for solutions in others.

Single point accountability means that errors are fixed in real time and quality can be guaranteed without relying on outsourced components and sub-suppliers.

Part IV: Micro's Long Term Scalability

We control every part of the manufacturing process from start to finish, providing completely controllable turnkey solutions. From designing and building our own tooling in house to finding creative ways that achieve superior outcomes with tighter cost control, our approach provides options for clients.

Our historical success doesn't just speak to our capacity to handle complexity, but also our ability to handle complexity at scale. Regardless of industry, difficulty or timeline, our approach is always all-in, looking to find ways to meet deadlines, cost per part constraints and functionality requirements.





Contact us today

Every innovated solution is backed by the uncompromising pursuit of excellence at every phase of our manufacturing process.

We invite you to contact us to learn more about the integrity built into our systems and processes.

Call us Toll-Free: (888) 386-4270
Phone: (954) 973-6166
Fax: (954) 973-6339
General email enquiries: info@mic-tec.com

Follow us online

