



“THE API ALLIANCE ADVANTAGE”

Production Options:

Option 1- Assembly Labor Only Supply:

API provides assembly labor services, customer provides complete kit, properly labeled with all required parts. Upon product completion, API generates an invoice for labor only.

Option 2- Labor + Procurement (Bill to Ship to) Supply:

API provides assembly labor services and parts procurement and ordering services for an approved BOM. All parts are ordered “Bill to Customer”- “ship to API”. This approach minimizes component mark up and BOM costs as the accounting process for parts delivery is handled by the customer. Customer would need to establish accounts at API or Customer specified vendors.

Option 3- Labor and Long Lead – Custom- Unique Supply:

API provides assembly labor services and also procures and provides as part of standard fixed pricing most BOM items. Under this arrangement certain items (due to long lead time, requirement to put more on shelf than typical, custom design of part or high cost of goods) makes it more cost effective for the customer to provide these limited BOM items. This minimizes the number of items the customer is going to supply while also minimizing API efforts on custom- long lead high \$ items that require mark up costing.

Option 4- Turnkey + Immediate Stock Recovery Supply:

API provides assembly labor services and also procures all required components for stock. All parts are billed to the customer upon receipt into API inventory. Upon completion of assembly of any individual product, an invoice for “labor only” is generated to complete the build of the product. This reduces component “mark-up” as the effort for long inventory turns, or lack of customer order demand, is minimized for API. The customer has assumed the value in the inventory as managed by API personnel at time of receipt. This does require multiple invoice transactions (handled in one weekly invoice summary) between API and the customer. This affords the freedom for the customer to fund any “excess” inventory and “on hand” inventory as they feel is required.

Option 5- Turnkey Supply:

API provides assembly labor services and complete turnkey part procurement and stocking. Customer is responsible for terms and conditions as agreed to in documenting completed finished goods assembly and billing. This approach minimizes customer accounting requirements but puts more required funding and subsequent “mark-up” on the inventory as it is financed by API until invoices for products are created upon completion. API is in charge of inventory and makes decisions as to what inventory levels are maintained with blanket and pulled releases of most items. Customer must be content with availability reports, min-max finished goods levels and potential lead time as it relates to order fulfillment.

Engineering Options

API offers a full set of engineering support and design services. This includes, but is not limited to, circuit board design and layout services, schematic generation, component and device level programming and software development, mechanical engineering, product design and production support. Projects are typically approached with a customer well defined scope of work that allows for a fixed price quotation by API or as a time and material approach for projects with less than clear scope or understanding of exact finish line requirements.