Six best practices for high tech manufacturers collaborating with non-tech companies

There's been a recent evolution of traditionally non-technical products becoming things that now integrate technology. This has generated a growing collaboration between high tech manufacturers and non-tech companies that need to increase their high tech expertise and capacity. Not only is this driving demand for high tech companies, it's also creating new business and revenue opportunities.

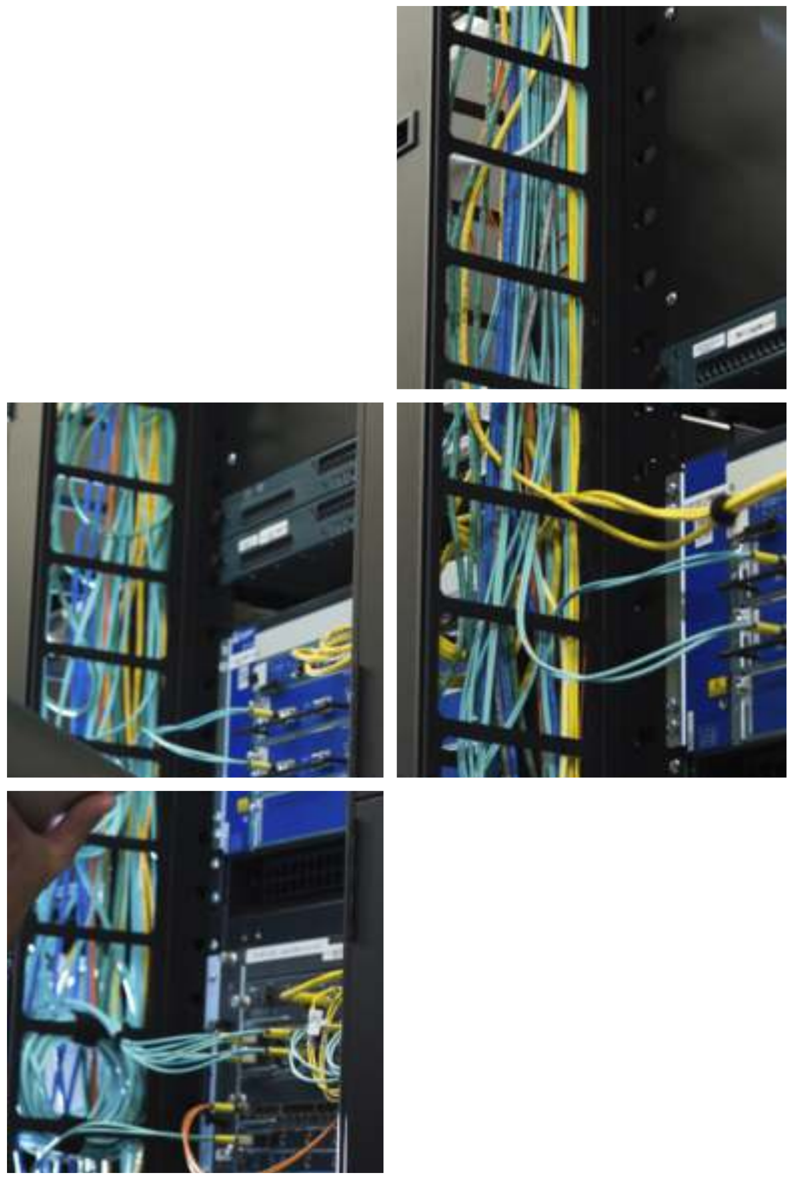
Here are six best practices to help high tech manufacturers like you make the most of your collaboration with non-tech companies:

1

Choose partnerships carefully

Collaborating with non-high tech companies can require greater due diligence than partnering with companies already in your industry. To be successful, you and your non-tech partners will likely need to reconcile differences in business processes, product lifecycles, and corporate cultures. Start by making sure you have a thorough knowledge of your own business strengths and weaknesses, and the specific market opportunities you're pursuing. Look for potential partners with complementary strengths and weaknesses, who've established a positive presence in the new target segment.

As part of your due diligence, keep in mind that non-tech partners may have different motivations than your traditional suppliers. **There's a shortage of high tech capability and capacity at most low-tech manufacturers.**[1] As a result, these companies may be motivated to get access to your technology as much they're motivated by your unit cost and other more traditional incentives. A PwC survey revealed that **among industrial manufacturing CEOs who planned to form new alliances or joint ventures, 60% planned to do so in order to gain access to new technologies**.[2]



2

Share your secrets, but do it selectively

Collaboration with non-high tech companies can only succeed if you're willing to share key, relevant, privileged information with your supply chain partners and customers. Carefully assess what intellectual property (IP) assets you're willing to share and the potential benefit to your business and your partner relationships. If possible, put the IP assets in a separate repository and establish well-defined rules for your partner's access to and use of the information. Document the information exchange process in a clearly defined and comprehensive legal agreement. When you take a well thought out and strategic approach to sharing privileged information, you can boost trust with partners, encourage them to reciprocate for your mutual benefit, and keep your IP safe.

3

Help your partners acclimate to accelerated product lifecycles

Until recently, few industries rivaled high tech's accelerated product lifecycles. Many non-high tech companies are not used to high tech's fast pace of product development, introduction, and retirement. To help your non-high tech partners better acclimate to faster product innovation and accelerated product lifecycles, integrate your product design processes with those of your non-high-tech partners using advanced product lifecycle management and product configuration solutions, along with tools that facilitate collaboration with other systems.

4

Adapt your supply chain management

The fast pace of high tech product design can put added pressure on your non-tech partner's supply chain management processes. To manage these pressures, look for a supply chain management solution that has workflow management and advanced analytics capabilities. According to an MPI Group report: **"Supply chain management (SCM) applications can bring even distant vendors to a manager's desktop.** In the same way these executives walk the floors of their own facilities, they must 'digitally walk' through their suppliers' facilities to uncover issues that could damage delivery, costs, quality, or their brand."[1] Increasing your visibility into your non-tech partner's operations can forestall potential problems caused by dissimilarities between your business and theirs.

5

Adapt your compliance programs

With your IP being used in a wider range of products in industries you might not have previously worked in, you need to be aware that you'll likely be subject to the compliance requirements of these new industries. For instance, pharmaceutical and medical device companies that do business in the US must comply with US Food and Drug Administration (FDA) regulations, while many US automotive companies must meet National Highway Traffic Safety Administration (NHTSA) regulations. Compliance requirements often extend beyond just the products themselves to business practices. For instance, US-based defense companies that export products likely fall under International Traffic in Arms Regulations (ITAR) and Export Administration Regulations (EAR) standards; violations of these regulations can result in fines and imprisonment. At the outset of any collaboration with a company in a new industry, it's essential you conduct research to understand the specific compliance requirements and ramifications of that industry.

6

Rethink your capital investment strategy

Partnering with companies outside of high tech can require additional investments in your product research and development and market analysis, as well as in managing new, complex partner relationships. To help free up additional resources for these investments, high tech manufacturers should consider reducing their ongoing capital investments in IT infrastructures by migrating to a cloud computing platform. Cloud computing also offers the additional advantage of allowing you to quickly and cost-effectively scale your IT infrastructure up or down to meet near-term demand.

Learn more about how investing in IT can prepare you for the future of high tech manufacturing ›

1. "High Expectations for High Tech Value Chains," The MPI Group, June 2016.
2. PwC, 18th Annual Global CEO Survey 2015, January 20, 2015.

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INF-1654513-en-US-0417-1

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