



# Logic International & Protrain China

## *Case study in focus*

### The Challenge

Perform a feasibility study on the manufacturing outsourcing in china of all the product lines and identify market development potential.

Robotel an equipment manufacturer of smart class training room system was facing tough competition from oversea and was looking to increase its export revenues. All their products were manufactured in Canada and because of price pressure, they were looking to manufacture in low cost countries. China seems a good destination and could potentially be a good market for their product. Key challenge was that their product line have a very high mix ratio providing low volume per product to manufacture.

Logic and Protrain China were mandated to define a strategy that would allow them to manufacture in china with minimum investment while opening up for them the Chinese market.

### The Logic & Protrain China Solution

The solution recommended was in 3 phases. One to start manufacture their product using a contract manufacturer located in Shenzhen providing them immediately 20 % cost reduction. The second phase was to support the manufacturing and preparing the market for their product by establishing in Nansha Park ( Guangdong province) a small team under the supervision of Hong Kong University of Science and technology . The third phase if the market is favorable , set up a Joint venture or Wholly own company in the Pearl river area.

### The Deliverables

This project was managed completely from Hong Kong, China and Laval Canada:

- Identification and selection of contract manufacturer
- Establishment of end to end processes
- Development of the financial analysis of the outsourcing of all product lines versus other scenarios
- Negotiate future agreement with Nansha Park
- Define the detail plan for moving production line from Laval to Shenzhen.

### The Results

The complete feasibility was delivered to Robotel with potential results if they go ahead with the projects;.

- One time cost reduction of 20% landed in Laval
- Breakeven point achieve for the new Chinese team during the first year
- Open new possibility to enter China market using their people in Nansha
- Minimum risks during the initial phase due to the support of HKU S &T to manage all the administrative tasks for the staff in china for Robotel.



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