

Dancing with the Tiger

ODM sourcing in Asia

The design and manufacturing launch of an electronic product involves many man-years of effort, which can make the development of a new product idea dauntingly expensive to some, especially if you're considering a one-off, bespoke design. Traditionally, the alternative has been to use an ODM (original design manufacturer) which, while offering significant cost savings, is not without risk, and only really works for me-too products. But is there a middle ground which would enable the product developer to achieve significant cost savings while retaining control?

We believe the answer is yes, but it does require a very structured approach. It also requires a very high degree of trust, both in the ODMs identified but also, crucially, in the people or organisations that have identified them. Cambridge Consultants' experience in developing electronic products, combined with our ODM connections in Asia, gives us an interesting perspective on this, which has enabled us to develop a new model for low-cost product development.

This model is particularly applicable to consumer electronics, where the product lifetime is short, and cost control (and minimisation) is paramount. ODMs that serve the consumer electronics industry typically offer mechanical, electronics and software design capabilities, and tend to focus on particular types of product. Generally, they will also have a pre-existing design portfolio, which may be used to expedite the development of a new product, provided the platform matches the key requirements of the new product specification.

In this instance, an ODM will generally give the client the rights to use the platform in return for a modest licence fee, on the assumption that they will make their money from the subsequent manufacturing contract. However, the ODM will usually charge for the non-recurring engineering costs (i.e. the design effort associated with the new product development and any subsequent manufacturing set-up costs) and / or any tooling costs incurred.

The ethos of the model is that your design agency (such as Cambridge Consultants!) remains the design authority, with responsibility for the detailed design of the critical aspects of the product (user interfaces, innovative electronics and software solutions, etc). This is especially relevant when a completely new

