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## Keytronic



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*The annual listing of 10 companies that are at the forefront of providing  
Contract Manufacturing services and impacting the industry*

# Keytronic (NASDAQ: KTCC)

## The EMS Vanguard

In today's technologically driven world, evolving customer requirements and the growing importance of innovation and product development have compelled firms to develop products faster and more efficiently. Companies worldwide have reduced cycle times in their factories and succeeded in delivering higher levels of quality, safety, and sheer variety. Process management has revolutionized manufacturing to minimize bottlenecks and reduce variations by studying each step and fluctuations in the workloads. Similarly, in the electronics manufacturing space, companies are continually looking for multiple ways to control the production cost and simultaneously obtain higher flexibility and control in the market. This growing need and rising consumer requirements compel businesses to partner with electronic manufacturing service (EMS) providers that can offer industry expertise and experience along with the ability to respond to product innovation and dynamic changes in demand. "We provide complete product design and manufacturing capabilities including plastic molding, metal fabrication and finishing, PCB assembly, full product assembly and testing all under one roof in a cost-effective manner," says Craig Gates, the CEO of Keytronic. The company offers value-added design and manufacturing services from its facilities in the U.S., Mexico, China, and a new facility in Vietnam, which they opened about 11 months ago. Keytronic was founded in 1969 as a OEM keyboard company and transformed itself in the late 90s into an industry leading EMS provider with a mission to provide a one-stop-shop to its clients for all their EMS needs and deliver superior customer service at a minimal price.

"We see a lot of customers whose supply chain operations are Asia centric facing hard times in the recent COVID-19 situation," asserts Gates. Continuous disruptions in the geopolitical order have forced many organizations to rethink and re-design their business policies. He mentions that many of their clients are looking to relocate their business from mainland Asia to Vietnam, Mexico, and the United States. The viable strategy is to follow a centralized approach that helps in the easy movement of the products from one factory to another to allow their customers to relocate their operations efficiently. To help their clients in relocation and have better visibility in the manufacturing



Craig Gates

process, Keytronic assigns a project manager with a cross-functional team to help their customers with the problems they are facing. The entire relocation process, including documentation, production control, and purchasing of the materials can be managed by Keytronic for their customer. Keytronic is uniquely organized to provide relocation services, including their IPO in Shanghai and the Spokane Valley, Washington headquarters, which functions as a global 'command and centralized control center' for all of Keytronic's remote manufacturing facilities. Once the transfer is complete, Keytronic's global footprint provides the cost benefits of off-shore locations generally associated with only much larger electronic manufacturing service providers, yet Keytronic provides superior customer service, flexibility and open book, transparent communication usually associated with much smaller providers.

Over the years, Keytronic has successfully grown in the contract manufacturing space, catering to hundreds of different customers from several industries. The company offers complete product design, assists in completing designs with their client's engineering group and also provides expertise for re-designing to reduce overall production cost.

Keytronic firmly believes that each of their projects and clients is equally important and valuable. To further illustrate the company's capabilities, Gates highlighted a success story where one of their customers approached them to reduce production cost. The client visited many other companies, including large Tier I contract manufacturers, but couldn't find anyone that could meet their demands to maximize the overall results. Keytronic proposed to the prospective customer a complete re-design of their product, including metal forming and finishing, electronics, and assembly. The company helped its client save almost 40 percent of their current manufacturing cost.

With such capabilities, Keytronic's multiple plants in the U.S. and Mexico are growing rapidly as many of their customers are trying to shift their focus toward Keytronic from their current manufacturing service provider. "We have recently entered into the military aviation market with a couple of big customers. We are excited about it, as these programs are growing at a rapid pace," concludes Gates. 