

CASE STUDY AEROSPACE & DEFENSE EUROPE - ITAR



INTRODUCTION

The importance of testing new target markets and staying flexible before taking long-term decisions is well understood by EuroDev. Therefore, we offer introduction programs which enable North American companies to familiarize themselves with the European Aerospace & Defense industry prior to making any longer term investments. With market research, lead generation, and potential client visits together with our principals, the opportunity to grow in Europe is validated in a cost-effective and reliable way. This case study provides an overview of EuroDev's services and shows how an introduction program is applied in a specific context. Below, the collaboration with a US manufacturer of firearm components is outlined through the different market-entry phases.

THE COMPANIES' EXPANSION AMBITIONS

This US based organization has been a leader in the field of precision metal components, such as springs and complex stampings for nearly 80 years. Their expertise ranges from the aerospace and defense industry, to the medical, industrial electronics, and transportation markets. The family owned business develops some of the most challenging components and assemblies, always in close cooperation with their customers; from initial concept to prototyping, design for manufacturing and product launch.

With production facilities in the US as well as in Asia, developing their European footprint seemed to be a logical next step to become a global leader. Based on their international business experience in Asia, it was obvious for EuroDev's principal that developing the European market from the US would not be ideal due to the lack of market knowledge and networks, not to mention the differences in culture, languages and time zones. Also, entering the European firearms market is a complicated process since the US government requires ITAR compliance (International Traffic In Arms Regulations).

In order to overcome these barriers, the company partnered up with EuroDev. At the beginning of 2015, they set up their European office with EuroDev's business development professionals acting on their behalf as their European sales team.

MARKET ENTRY PHASES

PHASE 1

After company specific training at US headquarters, the EuroDev team started conducting market research. The research focused on identifying large potential target customers in countries which do not benefit from local supply base, e.g. Turkey. This way, a strong value proposition could be offered. At the closing of phase 1, EuroDev's principal obtained.

- ✓ A comprehensive understanding of the EU market and its opportunities
- ✓ A competitor analysis and overview showing validation of the companies' value proposition at key targets per country
- ✓ Segmentation of the targets based on willingness to work with a US supplier through ITAR -This resulted in a target list for which the company requested TAA (Technical Assistance Agreements).



Additionally, for key targets an NDA was put into place to prepare for exchange of proprietary technical information.

PHASE 2

During phase two, the sales team focused on getting a better understanding of the specifics of each opportunity. Based on product specifications and technical drawings for components, samples were developed and quotations were made for samples as well as for full volume production quantities. Moreover, the necessary documentation to prepare for an export licence was prepared; a Declaration and an End-User Statement. Once everything was finalized, a company in Turkey placed the first order in the USA for components to be used in local production, using the domestic market as a test market.

PHASE 3

After receiving positive results from domestic market testing, the Turkish company was interested in placing orders for larger quantities of components for the use in their export products as well. In order to avoid the complexity of indicating upfront where the final product would be shipped, the EuroDev team worked with all involved to develop a WDA (Warehouse and Distribution Agreement). This agreement avoids the complexity of having to indicate upfront what the final destination of each component would be. Details needed from the Turkish customer include;

- List of all export countries being serviced from Turkey
- Specific customer information including shipping addresses etc.
- Specifications of all metal precision components covered in this agreement

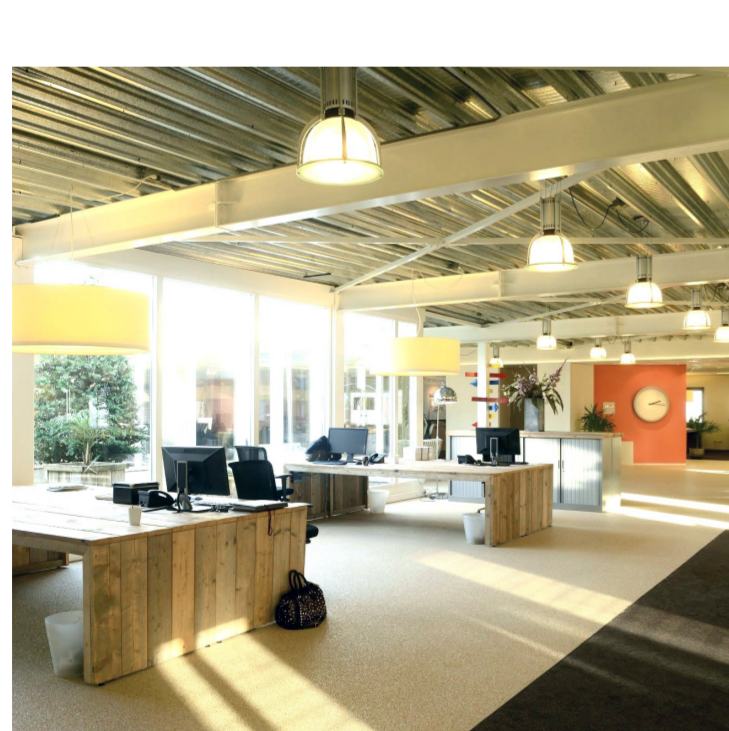
NEXT STEPS

Currently, the proposed WDA is being reviewed by legal experts both in the USA and in Europe. Once this is done, it will be submitted to US government for approval. As soon as the WDA is in place, this Turkish firearms manufacturer can start placing full production volume orders for this particular component in the US. These can be used in production of final products which are exported to any customer covered in the WDA. There will be an opportunity to further develop business at this facility as the additional components covered in the WDA will gradually be developed and supplied from the US as well.

For EuroDev's principal, however, the opportunity is not limited to supply only for this particular Turkish plant since there are several other companies in the Turkish region with a similar profile, offering similar opportunities. These can now be approached with important sales tools; a clear roadmap on how to serve European customers with ITAR controlled parts and a local reference!

MEET EURODEV'S BUSINESS DEVELOPMENT MANAGER

- Moniek Oortwijn
- BD manager @ EuroDev since early 2013
- Specialisms: Aerospace & Defense | Automotive
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WHY CHOOSE EURODEV?

EuroDev, established in 1996 with offices in The Netherlands and France, has a single, defining purpose to help mid-sized American companies expand their business in Europe. We have developed a proven, successful development model: since our founding, we have partnered with over 250 North American companies to help them define and meet their European business goals.



SALES OUTSOURCING
Dedicated sales and marketing teams for North American manufacturers who want to expand in Europe



HR OUTSOURCING
Professional employer organization services, HR management and recruiting solutions across the EU



M&A CONSULTING
Comprehensive buy-side services: research to deal-closing, for companies interested in European acquisitions