Legacy Product Acquisition

Pumps and Motors Product Line

Background

- OE supplier had a product line in the "decline" stage of its lifecycle as it brought a replacement product to market
- Contractually obligated to provide service requirements 10-plus years after peak production demand

Changes in Market Dynamics

- Annual product sales decreased from $40mm at its peak to$3.5mm limited production and service level demand
- Some customers not ready/willing to upgrade to new product line, resulting in a long tail of service/replacement business

Program Economics

- Manufacturer losing money on the product
- Poor handle on true costs (original allocations no longer relevant)
- Reduced economies of scale
- Heavy customer leverage in other products made it difficult to raise prices

QCC Solution

- QCC acquired the product line, including intellectual property, inventory and fixed assets
- QCC lowered costs by optimizing manufacturing processes and supply chain management around the smaller volumes
- Manufacturer's resources and floor space were freed up to focus on design and conversion to new product line, improving ROI

CP Model Hydraulic Pump and Motor Family