

EXCLUSIVELY MADE FOR OMEGA BY AITEG

HUB Suppliers Due Diligence Report for Supplying HP Hungary Factory

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BACKGROUND: Experiences with HUB operations and Locations

ALFA is a well known Scottish company founded in 1977 in Glasgow Scotland, which later moved and established its HQ office in Prague on 1995. It is recognized as one of the leading VMI/HUB provider in Eastern Europe region. Main focus lies on international freight forwarding and logistics. Alfa subsidiaries can be found in Czech, Slovakia, Hungary and Bulgaria among the others. Alfa can offer 11 subsidiaries and altogether around 800 employees.

The considered bonded warehouse is located in Pencaros of Hungary with full operation since 1999; it's 10km away from HOMA Factory. Total space capacity of the warehouse is nearly 8000 m².

Alfa is part of IATA group, possesses ISO certification as well as simplified procedures for export and import, thus ensuring 24/7/365 deliveries option. Among VMI/HUB customers we can find Hewlett Packard, FIC, Foxconn, Panasonic.

OMMiE is well-known in world wide business environment for its experience in international forwarding, logistics, packaging and related services. The company has been established in Amsterdam Netherlands in 1965 and fully covers entire Europe region with sales office in every west European country as well as over-seas offices, present on the Hungary market since 1991. Main HQ is still in Netherlands and OMMiE can offer 35 offices world wide and altogether around 11.000 employees.

The bonded warehouse under consideration is located in Budapest, Hungary and has been fully operational since 2001. It is located 30 kilometers from the HOMA factory. The warehouse's total capacity is nearly 12000 m². OMMiE is also is part of IATA group, possesses ISO certification as well as simplified procedures for export and import, thus ensuring 24/7/365 deliveries option.

Among VMI/HUB customers we can find SCI Hungary, SCI France, IBM.

Security, and Material Equipment

Alfa & OMMiE

Both companies have standard security equipment on their premises, including:

- Private security guards
- CCTV cameras
- Fences
- Procedures and control over incoming and outgoing goods Is there a better way to state this?
- Accommodation What does this mean?
- Density control
- Locations under constant CCTV surveillance specially designated for high-value goods.

Alfa warehouse operates 2 unloading and 2 loading bays, 5 forklifts, 10 palette trucks and 13 trucks/vans and cars. Expected Lead-time to factory is 15-20 minutes.

OMMiE operates 2 unloading and 3 loading bays, 7 forklifts, 14 palette truck and 17 trucks/vans and cars. Expected Lead-time to factory is 40-45 minutes.

Security and material equipments is consider appropriate to warehouse size and customers demand, with full coverage for urgent requirements or upsides.

Reporting and Invoicing Platform

Alfa

Has developed its own software platform called FOSP which fully automated program, is used as main and only tool for all warehouse transactions recording, automatic generation of daily/weekly/monthly reporting and stock keeping. FOSP also generates monthly (weekly) invoices based on agreed fees.

Customer will be given FOSP password and login, thus enabling independent access for stock check ups any time, namely 24/7.

OMMiE

has adopted the latest SAP program with warehousing upgrades to manage its warehouses. SAP performs the same transactions as FSOP and can likewise automatically generate reports and invoices.

The warehouse management software at both facilities automatically records transactions, generates inventory reports, and performs invoicing. Additionally, both allow customers to have full, real-time access to the system for inventory purposes. In instances where customers have specific requirements, both providers are able, to some extent, to customize their software to generate special reports or specific forms of invoicing.

Price Quotations in USD

	In per pallet	Out per pallet	Storage per day	Bond Fees	Transport	Reporting & Management	Accuracy & Liability	Total Costs	Monthly Savings	Yearly Savings
OMMiE	2	2	0.3	50	15	250	100.00%			
Alfa	2.5	2.5	0.5	50	12	500	100.00%			
OMMiE Total Monthly Costs	1200	1200	360	50	600	255	0	3665	915	10980
Alfa Total Monthly Costs	1500	1500	600	0	480	500	0	4580		

Calculation basis:

- Pallets received monthly volume 60 pallets
- Pallets pulled monthly volume 60 pallets
- Average buffer level of pallets 40 pallets
- Unit price 5.12 USD
- **Costs are calculated on a monthly basis**

All prices are in USD based on a 2-round negotiation with Alfa and OMMiE

Conclusion and Recommendations

1. Contact OMMiE again and sign contract agreement.
2. If continuously pushed by HP to minimize the lead-time, try to re-negotiate charges with Alfa.
3. If no significant improvement in Merix charges > accept and sign agreement with OMMiE.

Thank you,

AITEG