

Case Study

Flexible Agreement Secures a Company's Supplies—and Its Future—at a Fixed Price



Client | A Top 5 medical device manufacturer.

Challenges

To create security of supply and manage future qualification, the company needed to extend its product lifecycles, keep up with its just-in-time order flow, and maintain price stability. Complicating the issue: The BOM included 23 parts from 12 different OEMs, some commercial, some off-the-shelf, some custom—all with different lead times and countries of origin.

Solution

By committing to a fixed, all-inclusive material price, Dynamic guaranteed the availability and secured the supply of all necessary components and shipped according to the company's schedule, without requiring an upfront buy. In return, the company agreed to a "commitment to buy" over a three-year period, with options for additional demand and extensions. Dynamic agreed to assume the risk of future product and service price increases.

Benefit

The flexibility in this agreement allowed for adjustments to scheduled shipping volume and timing, adjustments to hardware specifications, and a proactive transition plan that would extend lifecycles and minimize validation cycles.