



ASSOCIATION OF CONTRACT ELECTRONIC MANUFACTURERS (ACeM)

Quarterly Group Meeting Minutes

Intellect Offices, Russell Square, London 28th November 2007

Present

Name	Company
Steve Wilks	Axiom Manufacturing
Phil Inness	Axis Electronics
Tony Abri	Briton EMS
Peter Towler	Briton EMS
Paul Hill	C-Mac Microtechnology
Chris Heal	Custom Interconnect
Eric Luckwell	Datalink Electronics
Ian Wilson	Datalink Electronics
David Dickin	Prism Electronics
Henry Parker	Intellect
Laurence Harrison	Intellect

Apologies

Name	Company
Owen Reeves	ACW
David Taylor	ACW
Chris Woods	ACW
Paul Deehan	AWS
Shaun Ashmead	Axiom Manufacturing
Jeff Clifford	Axiom Manufacturing
Alan Jarrett	Jabil Circuit
Roger Duerden	Plexus Technology
Kirsty Brown	Plexus Technology
Tony Hall	Prima Electronics
Mike Rogers	Prima Electronics
Richard Dear	Ultra Electronics
Jason Arnold	TT EMS

Welcome and Introduction

A round table introduction was made and guests of the group were introduced. It was noted that it was stressed that the purpose of the meeting was to introduce a new work programme for 2008.

Review of Previous Minutes

Pending actions from previous meeting minutes (12th July 2007) were reviewed. A number of actions were carried forward from the previous minutes:

Action 1: HP to send Intellect private groups' details of meetings dates/topics for potential joint activities in 2008

Action 2: HP to send details of Intellect Chairs and Vice-Chairs Meeting to Chairs and Vice-chairs of the group

3) Public Relations Update

Deborah Nazareth (Intellect PR Manager) briefed the meeting on the current public relations drive. Trade press has reacted well to the renewed activity of ACeM following press releases in September and October. ACeM has been invited to contribute to a special CEM supplement in *Electronics Weekly*. Members were invited to provide contributions. The new *Components in Electronics* editor has expressed interest in a media roundtable at upcoming meetings. It was noted that Editors and journalists are interested in major policy goals for ACeM, such as R&D tax credits. More extensive national coverage will be gained with successes in these areas. The meeting agreed that PR had seen notable improvement recently, and that widening its scope is of mutual benefit to members and Intellect.

Action 3: Members to send details of all other journals and publications that they would like to see coverage of ACeM/Intellect included in. PR team to determine strategy for securing coverage for ACeM members (as a collective) in these publications.

4) New Programme Manager Introduction

Henry Parker, (Intellect Technology Markets Programme Manager) was introduced to the group as the main contact point for members and responsible for driving the group's 2008 work program forward. Henry comes from a public affairs background, representing technology clients in regulatory and political fora all over the world. Members were informed that Henry is here as their resource, and will be acting as the group's secretariat and representative in meetings with public and private stakeholders.

5) Plans for ACeM Recruitment Reception and Possible Speakers

HP outlined that if the group were to be successful in representing the industry, its membership would need to reach critical mass. A recruitment event is planned for the New Year. Members were invited to discuss who might be the best speaker to have at an event in order to attract new members. NHS procurement hubs were suggested as a potential source of speakers. There followed a discussion what Intellect needed to show any new member if they were to join. Any event should focus on hardware manufacturers. There is a perception that events are dominated by software and IT and this should be remedied if the event were to be successful. Intellect should also demonstrate its capacity to represent the industry and focus more on policy issues. Subscription fees are also an issue that needs to be resolved. While taking these points on board, it was agreed that a reception is the best vehicle to attract new members, and appropriate speakers should be suggested.

Action 4: Members to send suggestions to HP of any speakers at a reception they feel might attract the more prospective members of ACeM within 7 days

6) PCB Delamination

Peter Towler (Briton EMS) noted a problem relating to PCB delamination on reflow. Briton's PCB supplier has advised that is due to laminate and pre-preg related quality issues. There has apparently been an increasing incidence of deep delamination in complex multilayer PCBs. Members were asked to comment on whether they had experienced similar problems. The general consensus was that similar problems had not in fact been experienced by most members. However, Chris Heal (Custom Interconnect) had experienced an increase in overall quality issues relating to PCB's, but not those of the same type as Briton.

7) ACeM Group Charter

Laurence Harrison (Intellect Director of Consumer Electronics) introduced the draft Group Charter (Document 001) and explained that it was intended to define the purpose and objectives of the group for both prospective members and other interested parties. The document also details the work programme for 2008. There followed a general discussion of the draft text. Various editorial changes were suggested. It was also noted that the development of best practice guidelines on 'off shoring' and defining a position on the increasing globalisation of the supply chain should be added to work programme. There was also discussion of what the name of the group should be. There was a general consensus that the Electronics Manufacturing Services Association (EMSA) might be the most appropriate and 'punchy' name for the group to take on. A brief discussion of R&D tax credits and their applicability to CEM's also took place. Discussions are already taking place with Deloitte, an Intellect member, on its application to the sector. Members were invited to provide further case studies of their R&D work to support these discussions.

Action 5: Members are asked convey their views on the proposed name change of the group to the Electronics Manufacturing Services Association (EMSA) to HP within seven days.

Action 6: HP to redraft Group Charter to reflect amendments suggested by the group. Redrafted charter to be circulated amongst members prior to Christmas for approval. Upon finalisation, Charter will be passed to Intellect Marketing team to produce in published form.

Action 7: HP to circulate details of criteria for HMRC R&D tax credits to Members. Members to review and provide examples of appropriate R&D work to take to future meeting with HMRC.

8) Key Issues for Meetings with Government Stakeholders

HP introduced Document 002 and detailed the upcoming meetings to take place between Intellect, the Dept for Business, Enterprise & Regulatory Reform (BERR), the Electronics Knowledge Transfer Network (EKTN) and the UK Electronics Alliance (UKEA). Members agreed that the Draft Group Charter (001) encapsulates the general policy goals of the group, and that Intellect should aim to prioritise these issues when engaging with Government. The group agreed that major Government stakeholders were covered in Document (002).

9) Discussions with HMRC on applicability of R&D tax credits to the CEM sector

This agenda item was covered under Item 7.

10) Supply Chain Management

Adam Fletcher, (Chairman, Association of Franchised Distributors of Electronic Components) joined the meeting and provided an overview of AFDEC activities. He also outlined general trends in the global components market. There was general agreement that the market had suffered a downturn in 2007, but some disagreement over lead times for sourcing of components. The relative accuracy and margins for error

were also discussed, as well as overall global economics trends. AFDEC fear that the number of UK EMS companies will contract over the course of the year, weakening the market for components. There followed a lengthy discussion over the problem of counterfeit components and the how they found their way into the market. All around the table had experienced the problem. It was noted that the Government had done little to address the issue. It was agreed that the presentation will be made available to group members on the Intellect Website as is standard practice.

Action 8: HP to determine actions already taken by Intellect on the issue of counterfeit components and report back to the group. Possible joint action with AFDEC to be considered and engagement with those responsible in Government to be initiated.

Action 9: HP to arrange for AFDEC to address the group on a regular basis.

11) Business Development

Joel Grundy, Intellect's Defence Programme Manager, addressed the meeting on general trends in defence spending. A question and answer session followed.

12) Added value from Intellect Membership

Bredan Daly, Intellect Membership Director, addressed the group on more general benefits of membership and the activities of Intellect in terms of influencing Government policy. The group were concerned by the resignation period required as a member. BD confirmed that ACeM member subscriptions are based on value added turnover, rather than total turnover. BD also undertook to address the board on the issue of the resignation period, as it is a board level decision to alter it in any way.

Action 10: BD to address board on issue of resignation period

13) Confirmation of next meetings

Meeting Dates were confirmed for 2008:

28th February 2008
10th June 2008

Two further dates are also suggested:

25th September 2008
27th November 2008

14) Any Other Business

There were no points of discussion under this item and the meeting closed.
