



Federal Industries, Inc.

# CASE STUDIES

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Federal Industries, Inc.

## CASE STUDY ONE

### **GIVING LARGE BUSINESS OEMs AN OUTLET FOR QUALIFIED PRODUCTS/SERVICES SET ASIDE FOR SMALL BUSINESSES**

#### **PREDICAMENT**

An OEM categorized as a large business and accredited as a qualified source for overhauling aircraft components experienced a considerable loss of revenue when US Government overhaul requirements were restricted to small business sources. Further, the Government practice increased the supplier base, sending the selling price into a tailspin which the OEM was incapable of matching even if there were no restrictions.

#### **REMEDIAL ACTION**

Following the entrustment of the OEM's product technology to Federal Industries through the execution of a licensing agreement, all subsequent US Government small business restricted solicitations for overhauling were quoted by Federal Industries. Federal Industries' low overhead and highly motivated technicians proved strategically superior.

#### **OUTCOME**

In the arena where U.S. Government OEM product solicitations set aside for small businesses are fiercely contested, Federal Industries' small business rating and aggressive pricing prevailed, saving the OEM from complete loss of revenue. The OEM realized licensing royalties and income from the sale of OEM produced components to Federal Industries, compared to no revenue at all.



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## CASE STUDY TWO

### HELPING OEMs RECAPTURE AFTER MARKET SHARE THAT THEY ONCE DOMINATED

#### PREDICAMENT

An F-18 Fuel Control Valve manufacturer found his after market share being eroded by a low-cost second source that replicated the device.

#### REMEDIAL ACTION

Federal Industries, Inc. met the threat of further erosion head-on: hardware was produced at costs unattainable by the manufacturer. Federal Industries' skillful technicians applied their expertise, minimizing assembly & test costs.

#### OUTCOME

Further erosion of the manufacturer's after market share was arrested. After market share was regained, matching its former level; a triumphant undertaking sealed with generous licensing royalties that augmented the manufacturer's bottom line.





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## CASE STUDY THREE

### REVERSING OEM'S MARKET & REVENUE LOSSES CAUSED BY SECOND SOURCE

#### PREDICAMENT

An OEM of fuel & hydraulic components lost F-16 business when the prime contractor awarded the business to a second source.

#### REMEDIAL ACTION

The prime contractor tapped into Federal Industries' licensing relationship with the OEM thereby capitalizing on Federal Industries' strengths – low overhead and efficient production operations.

#### OUTCOME

Federal Industries' aggressive pricing, on time deliveries and quality products enabled the prime contractor to keep its costs down while surpassing quality and on-time delivery targets. This venture culminated in a multi year order and substantial licensing royalties to the OEM.





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## CASE STUDY FOUR

### RETURNING UNDER PERFORMING PROPRIETARY PRODUCTS TO PROFITABILITY

#### PREDICAMENT

Due to diminishing volume and increased costs, an OEM was faced with curtailing further effort to support U.S. Government procurement of helicopter hydraulic components. Moreover, the resources and assets assigned to produce the components could have been reassigned to manufacture products that yielded higher profitability.

#### REMEDIAL ACTION

Federal Industries solved this dilemma by producing the OEM's helicopter hydraulic components under a licensing agreement. Federal Industries also acquired the OEM's parts inventory, which would have been valueless if the product was discontinued.

#### OUTCOME

It was multi-faceted: cash from the sale of the inventory went directly to the OEM's bottom line, the transition was accomplished without sacrificing user goodwill and brand loyalty, and a competitively priced, quality product was delivered on time. Finally, the OEM's financial statements benefited from the expense free revenue derived from the royalty payments.

When it's all said and done, we call that a win-win-win.

