

# SEMICONDUCTOR MATERIALS INDUSTRY: Division Startup - Product Commercialization

Product Cost and Leadtime Reduction

**Client:** A start-up division of a multi-billion dollar global manufacturer of specialty chemicals and metals.

**Project:** During a prior project Alexander & Company identified a dramatic cost saving opportunity based on the commercialization of a new source material processes and a new final product production method. The source material process had been obliquely discussed for years within the company, however no one had ever provided a rigorous analysis of the opportunity to show its value to the company.

**Approach:** Alexander & Company identified the nature of the opportunity to the Client's senior managers providing financial justification and a product commercialization roadmap. By back-calculating production costs from the Client's own data, Alexander & Company was able to demonstrate the value of the project in terms that management could support. Goals were established for source material yield improvements, leadtime reductions, and final product production cost reductions. Technical, Marketing and Operations team members were organized by Alexander & Company to approach these three critical areas simultaneously.

**Results:**

- Feasibility samples were provided within 6 months of project initiation allowing this cost reduction to be accurately included in the company's long range plan.
- Cost reductions achieved were 100:1 for the development cost.
- Capital tooling investments were paid back on the first 5 parts.
- Material yields were doubled for a mature process.
- Yield improvements allowed the Client's source material factory to avoid significant capital investments.
- Process leadtime was reduced from 28 weeks to 5 weeks.