



MEDICAL DEVICE MANUFACTURER PHASE 2 OPENS TIJUANA PLANT

Contract Manufacturer Expands Production Nearshore with New 30,000SF Facility

A conversation with Phase 2 Medical Manufacturing, featuring: Adam Prime, CEO and Ben Prime, Technical Manager OUS

January 2015

Case Study

WHY TIJUANA BESTS OFFSHORE MANUFACTURING

Nearshore Total Landed Cost Shows Offshore is More Expensive

"We found that buildings were readily available, and business and labor costs were better than in Costa Rica. We [also] ruled out China because it was not a good fit. Beyond the political situation and rising labor and shipping costs, it was too far away for us to manage."

Customers began telling Phase 2 that the availability of low-cost labor outside the United States would be a criteria for vendor sourcing going forward. Phase 2 ruled out China due to rising labor costs, rising shipping costs and being too far away to manage. Costa Rica was also ruled out, largely because of the 18 days time on the water to the United States. With **North America generating the most revenue for the medical device industry in 2013**, and the US representing 38% of the global sector, manufacturers have lost their infatuation with offshore manufacturing.

ADVANTAGES OF MANUFACTURING IN TIJUANA

A Cost-Effective, Well-Established, and Mature Industry

"The labor force appears to be abundant and capable. Being a finished goods contract manufacturer of medical devices, cost is a huge deal for us, as is proximity to the United States."

Just south of San Diego, California, Tijuana has an over 30-year history in [medical device manufacturing](#) and is highly regarded as a major global hub for medical device manufacturing. Boasting a **50,000 person-strong labor pool** directly serving the **70 companies** operating in the region, the medical device industry in Baja California represents the largest concentration of companies and of job creation in Mexico. **Mexico is also the fifth largest exporter of medical products in the world**, with 50% of these exports coming out of Baja California.

ACCESS TO NEW MARKETS & CUSTOMERS

How Nearshoring Creates New Supply Chain Opportunities

"Our customers are looking for more vertical integration. The new nearshore plant and our new capabilities in medical injection molding are significant milestones in Phase 2's growing abilities to meet and even exceed our client's expectations; while also attracting new customers seeking high-quality contract medical manufacturing."

With global [medical device outsourcing](#) forecasted to reach more than \$50 billion by 2020, there are no shortages of new markets and new customers to tap into. Strategic positioning and location are now just as crucial as your marketing and sales force. With an average of 15% production cost savings for OEMs who outsource to CMOs, Phase 2's expansion in Tijuana has placed them at the center of the industry. With the trending best practice of the "One Stop Shop," **medical device OEMs are now seeking contract manufacturers with a global footprint** and an increased breadth of services and capabilities.

“Being a finished goods contract manufacturer of medical devices, cost is a huge deal for us, as is proximity to the United States.”

Ben Prime
Technical Manager
Phase 2

Contact CPI

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GETTING SET-UP IN JUST A FEW MONTHS

Working with CPI is the Most Cost-Effective Way to Expand

"Phase 2 was set up in Tijuana in months, and the only way it was possible was through the efforts of CPI. CPI visited our plant in New Hampshire to get an excellent understanding of what we do, how we do it, the space we needed, and the level of expertise required by our labor force.

These details allowed them to search the available real estate, as well as calibrate themselves on what style of employee Phase 2 requires."

Working with an [administrative and shelter services](#) firm is the new best practice for expanding manufacturing operations outside of the United States. Manufacturers gain a strategic and cost effective advantage working with companies like CPI who handle the entire process of exploration, analysis and complete set-up. **Hiring in-house site or expansion teams just isn't cost effective anymore**, especially including the added cost and time spent navigating and complying with a foreign country's business regulatory requirements. CPI offers manufacturers a unique and innate advantage over an in-house team: the **local** knowledge, expertise and established network of partners.

About Phase 2

MEDICAL DEVICE CONTRACT MANUFACTURING SINCE 1995

Phase 2 Medical Manufacturing is a medical device contract manufacturer of single-use, disposable medical devices offering turnkey medical manufacturing for products that require product development, cleanroom injection molding, cleanroom manufacturing, medical assembly, testing, medical packaging, shipping, and sterilization services. FDA registered and certified to ISO 13485 with ISO Class 8 clean rooms at global facilities at both New Hampshire and Tijuana facilities.

For more information visit: www.phase2medical.com

About Co-Production International

YOUR MEXICO MANUFACTURING PARTNER

Co-Production International is strategically headquartered in San Diego, CA, and is the premiere Administrative Services Provider in Mexico. Our role is to handle the complete set-up of your operation and manage the day-to-day administrative duties in accordance with Mexican regulations allowing you to control and focus 100% on manufacturing.

For more information visit: www.co-production.net

“Our medical device customers were telling us that **the availability of off-shore, low-cost labor** would be a criteria for vendor sourcing going forward.”

Adam Prime
CEO
Phase 2

CPI INSIDER SERIES: PHASE 2 MEDICAL SHARES EXPERIENCE MANUFACTURING IN MEXICO

A FREE EDUCATION LUNCHEON at MD&M WEST 2015



Wednesday, Feb. 11
12:00 pm at Mix Restaurant
Inside the Hilton Hotel
<https://goo.gl/maps/KpVF9>

REGISTER BY FEB. 6

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