



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

07795



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Distr.
~~RESTRICTED~~
UNIDO/ICIS. 41
30 August 1977
English

NATIONAL CONSULTATIONS
ON
TRANSFER OF TECHNOLOGY
Algiers, Algeria
22-30 October 1977

CASE HISTORY

by

Secretariat of UNIDO

Prepared on the basis of case study presented at LES International Meeting, Basel 1975.

This document has been reproduced without formal editing.

INTRODUCTION

THE FOLLOWING CASE HISTORY HAS BEEN PREPARED TO SERVE AS A BASIS FOR THE DISCUSSIONS TO BE HELD IN THE VARIOUS WORKSHOPS. EACH WORKSHOP WILL HAVE A QUESTIONNAIRE TO BE TREATED IN ORDER TO SOLVE THE PARTICULAR PROBLEMS UNDER THE RESPECTIVE HEADINGS.

NEXT DAY THE RESULTS OF EACH WORKSHOP WILL BE PRESENTED IN A SYNTHESIS TO SHOW HOW THE OVERALL CASE COULD BE TREATED UNDER DIFFERENT ASPECTS.

THE CASE HISTORY HAS BEEN DEVELOPED OUT OF A PRACTICAL CASE, THE FACTS AND FIGURES HAVING, HOWEVER, BEEN MODIFIED TO FIT THE AIM OF THE CASE STUDY.

THE PARTICIPANTS ARE INVITED TO READ THIS CASE HISTORY BEFORE PARTICIPATING IN THE WORKSHOPS SO THAT WORK WILL BE MORE PROFITABLE TO ALL.

FACTS AND ASSUMPTIONS

1. THE LICENSOR

THE LICENSOR IS A SWISS COMPANY PRODUCING RUBBER ROLLERS FOR VARIOUS INDUSTRIES, MAINLY FOR THE PRINTING INDUSTRY AND THE PAPER MAKING INDUSTRY. IT HAS MANY YEARS OF EXPERIENCE IN THE FIELD. IN VIEW OF THE LACK OF PERSONNEL AND LABOUR WHICH SWITZERLAND USED TO EXPERIENCE UNTIL 1974 THE LICENSOR HAS DEVELOPPED A NEW EXTRUSION SYSTEM TO MAKE RUBBER ROLLERS WHICH PROCESS IS CURRENTLY USED IN THE LICENSOR'S PLANT. THE NEW SYSTEM HAS THE FOLLOWING ADVANTAGES:

- SAVING OF PERSONNEL
- SHORTER PROCESSING TIME
- SAVING OF RAW MATERIAL BY ACCURATE MOULDING (15%)
- SAVING OF RAW MATERIAL BY NO SCRAPS (20%)
- SAVING ON INVESTMENTS ON THE MACHINERY SIDE
ALLOWING ALSO THE START OF NEW-COMERS

AND THUS EITHER A HIGHER PROFIT ON THE FINISHED PRODUCT OR LOWER PRICES AND THEREFORE BETTER MARKETING PROSPECTS.

IT HAS TO BE ADDED THAT UP TO NOW NEW-COMERS WERE PRACTICALLY IMPOSSIBLE IN VIEW OF THE VERY HIGH INVESTMENT REQUIRED BY THE CONVENTIONAL METHODS.

AT THE SAME TIME THE LICENSOR HAS DEVELOPPED A NEW RUBBER MIX WHICH MAKES THE ROLLER MORE RESISTANT AGAINST WEAR AND TEAR AND AGEING THUS ALLOWING EITHER A HIGHER PRICE OR BETTER SALES OR BOTH.

THE TOOLS TO BE USED FOR EXTRUSION HAVE BEEN DEVELOPPED BY THE LICENSOR IN ITS OWN SHOPS BUT THE MANUFACTURE THEREOF IS SUBCONTRACTED TO A MECHANICAL WORK ON A FIXED ORDER BASIS (NO LICENCE). NO SUPPLY TO THIRD PARTIES IS ALLOWED.

THE RUBBER MIX IS MADE WITHIN THE WORKS OF THE LICENSOR BATCHWISE AND UNDER STRICT SECRECY MEASURES (SPLIT FORMULA).

THE METAL CORES ON WHICH THE RUBBER IS EXTRUDED ARE SUPPLIED BY THE MACHINE MAKERS. THE LICENSOR'S PROFIT IS THEREFORE IN THE VALUE ADDED BY THE RUBBER LAYER ON THE CORE.

IT IS CONSIDERED IN THE TRADE THAT THE MAXIMUM DISTANCE TO BE SERVED ECONOMICALLY BY THE ROLLER MAKER'S LORRIES IS 250 - 300 KM (THE WEIGHT OF ROLLERS VARIES BETWEEN 5 AND 100 KG).

2. THE PATENTS

THE LICENSOR HAS FILED PATENTS IN

CH, A, D, F, B, NL (REFUSED), GB, USA, JAP, ZA, BR

EXCEPT IN HOLLAND THE PATENTS HAVE BEEN GRANTED.

THE PATENTS COVER:

- | | | |
|-----------------------|---|--------------------------|
| - THE PROCESS | } | IN ALL COUNTRIES COVERED |
| - THE TOOLS | | |
| - THE FINISHED ROLLER | | |
| - THE RUBBER MIX | | IN CH, F, A, GB ONLY |

3. THE TRADEMARK

THE TRADEMARK "RUBAKOLA" IS REGISTERED IN ALL EUROPEAN COUNTRIES, USA, JAPAN, BRAZIL AND SOUTH AFRICA.

4. THE KNOW-HOW

THE LICENSOR CAN PROVIDE FULL KNOW-HOW OVER THE WHOLE FIELD OF MAKING RUBBER ROLLERS STARTING FROM SUPPLIED CORES. THIS COVERS AS WELL THE KNOW-HOW TO MAKE THE TOOLS, CORRESPONDING DRAWINGS, SPECIFICATIONS ETC.

5. THE ECONOMICS

A) EXPENSES OF LICENSOR FOR R+D ETC.:

R+D FOR THE EXTRUDING SYSTEM	US\$ 50.000.-
R+D FOR THE RUBBER MIX	US\$ 25.000.-
PATENTS AND TRADEMARKS	US\$ 30.000.-

B) INVESTMENTS FOR A LICENSEE:

DOWN PAYMENT	US\$ (TO BE DETERMINED)
COST OF TOOLS (ONE SET)	US\$ 10.000.-
BASIC EQUIPMENT FOR NEW-COMERS	US\$ 100.000.-**

** NOT NECESSARY FOR ROLLER MAKERS USING CONVENTIONAL PROCESS

C) COST OF PRODUCT (BASED ON SMALL PRINTING ROLLER):

	<u>CONVENTIONAL</u>	<u>NEW</u>
COST	US\$ 30.-	24.-
SALES PRICE	" 40.-	40.-
GROSS PROFIT	US\$ 10.-	16.-

FOR CALCULATION PURPOSES IN THE CASE STUDY THE GROSS PROFIT CONSIDERED IS 25% OF THE SALES PRICE FOR CONVENTIONAL MAKE AND 40% FOR THE NEW METHOD, A PART OF THE PROFIT BEING AVAILABLE TO LOWER THE SALES PRICE AS A MARKETING MEASURE AT THE START.

6. MARKETING ARGUMENTS

A) FOR FINAL USER:

- QUALITY (LONGER LIFE, BETTER RESILIENT PROPERTIES)
- PRICE/QUALITY RATIO

B) FOR THE LICENSEE:

- BETTER PROFIT
- LESS INVESTMENT
- LESS PERSONNEL
- BETTER MARKETING APPROACH

7. THE MARKET

FOR THE PURPOSE OF THIS CASE STUDY ONLY THE MARKET HAS BEEN ESTIMATED AS FOLLOWS: (IN 1000 US\$)

COUNTRY	ROLLER USERS (PRINTERS)	PRINTING MACHINE MAKERS	PAPER MAKING INDUSTRY
Switzerland	250	20	50
Germany (West)	500	50	150
France	300	30	100
Benelux	250	15	100
Great Britain	350	30	100
Italy	250	30	50
Austria	100	10	50
Scandinavia	250	20	100
USA	3000	350	750
Japan	500	150	100
South Africa	250	5	30
Brazil	250	5	30
Total	8575 *****	6250	2610

THE FOLLOWING MARKET SHARES ARE EXPECTED:

FIRST YEAR	1%
SECOND YEAR	2%
THIRD YEAR	5%
FOURTH YEAR	7%
FIFTH YEAR	10%

8. LICENSING APPROACH

A) PROCESS AND FINAL PRODUCT

THE LICENSE GRANTED TO THE LICENSEE WILL MAINLY COVER THE PROCESS TO MAKE ROLLERS AND THE RIGHT TO SELL ROLLERS, PREFERABLY IN A LIMITED TERRITORIAL AREA.

B) TOOLS

THE LICENSOR CAN EITHER SELL THE TOOLS TO THE LICENSEE OR PUT THEM AT THE LICENSEE'S DISPOSAL ON A LEASING BASIS OR GIVE THE LICENSEE A LICENSE TO MAKE THEM.

C) RUBBER MIX

THE LICENSOR WOULD LIKE TO SELL HIS OWN RUBBER MIX. HE MAY ALSO SELL THE KNOW-HOW OR COLLECT A ROYALTY WHERE PATENTED. HE MAY FINALLY INCLUDE A REWARD IN THE ROLLER ROYALTY WHICH MAY THEN BECOME HIGH.

HE TRIES TO MAKE IT CONDITION FOR THE LICENSEE TO BUY THE RUBBER MIX FROM THE LICENSOR, FOR TECHNICAL REASONS OF THE PROCESS.

D) FRANCHISING APPROACH

THE LICENSOR MAY TRY TO SET UP A FRANCHISING SYSTEM PUTTING AT THE DISPOSAL OF THE FRANCHISEE THE TOOLS, THE KNOW-HOW, THE RUBBER-MIX, THE PUBLICITY MEANS ETC.

E) JOINT VENTURE APPROACH

THE LICENSOR MAY BE INTERESTED IN KEEPING CONTROL OVER THE LICENSEES BY WAY OF A JOINT VENTURE COMPANY WHO WOULD BE THE LICENSEE.

F) THE AFFILIATE APPROACH

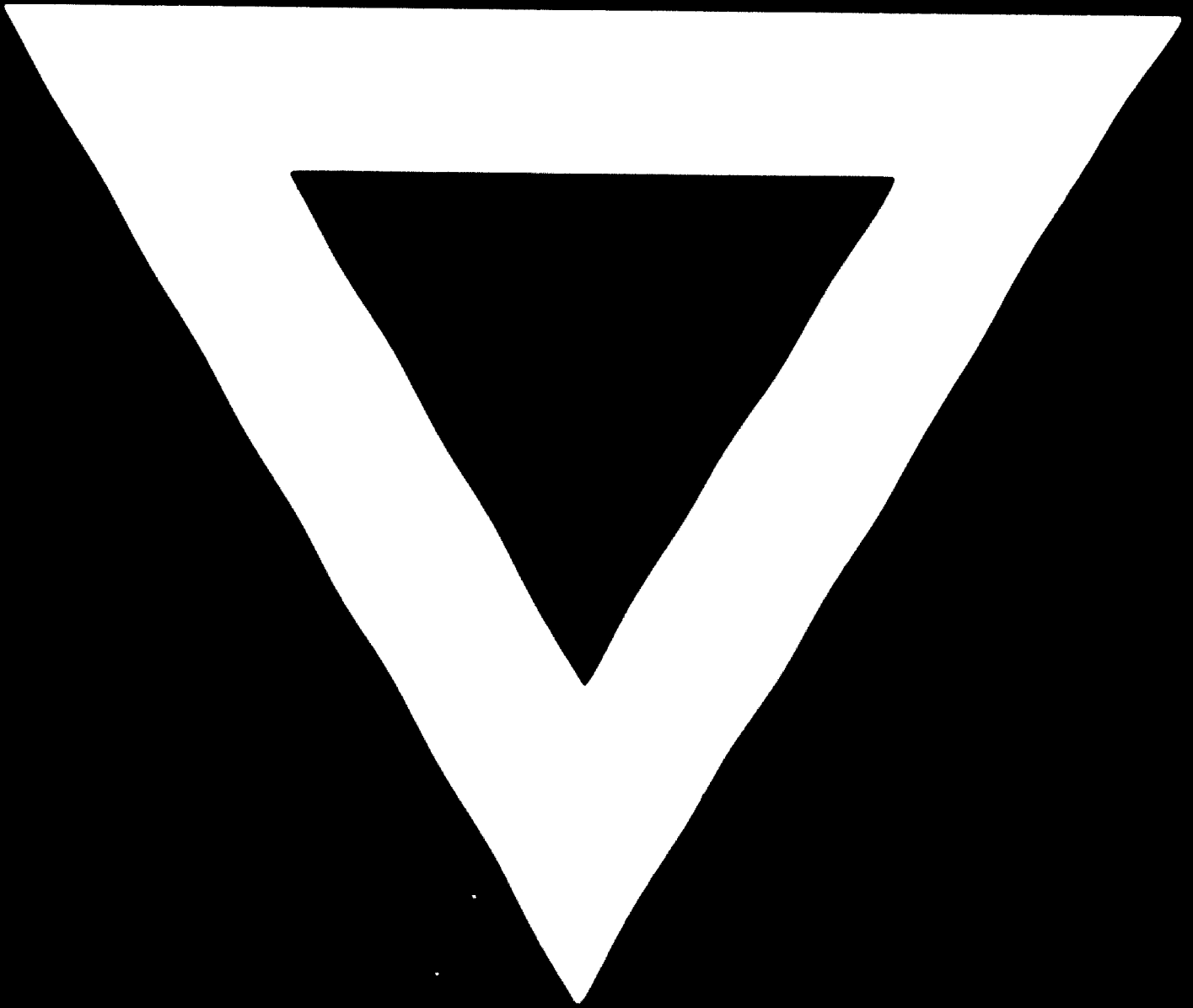
THE LICENSOR MAY CHOOSE TO SET UP FULLY OWNED COMPANIES TO BE ABLE TO ALLOCATE MARKETS AND CUSTOMERS AT ITS OWN DISCRETION. LICENSES WOULD BE GRANTED TO THE AFFILIATES ET NORMAL RATES. THIS WOULD ALSO ALLOW THE SALE OF RUBBER MIX AND POSSIBLY EVEN METAL CORES AND MAKING PROFIT THEREWITH.

9. OBJECTIVES OF THE EXERCISE

- A) PREPARATION OF A COMPLETE LICENSING AGREEMENT OR JOINT-VENTURE AGREEMENT ACCORDING TO POSSIBILITIES STATED UNDER POINT 8 ABOVE.
- B) ON THE BASIS OF DATA AVAILABLE CALCULATION OF THE PRICE FOR THE LICENCE (DOWN PAYMENT, ROYALTY, TOTAL PAYMENTS)



C-135



80.03.19