



April 17, 2017

Subject: Revisions to OTC Daihen Repair RMA & Quoting Process

Over the past several months OTC Daihen Inc. has been working to improve the operational efficiency of our Repair Department in an effort to improve the service for our customers. As many of you have likely experienced, the lead times for repair turn-around could vary significantly based around availability of part stock, availability of technical resources and response from customers in regard to the repair quote submission. We have looked at these factors impacting the overall responsiveness of our turn-around and have made some necessary changes to better facilitate returning repaired equipment to our customers as quickly as possible.

OTC Daihen Inc. has made a tangible investment into increasing our stock inventory for repair parts – an effort that actually began in early 2017. In assessing our process, this one factor played the most significant role in disrupting the repair process and driving excessive lead times. Based on that fact, a review of historical repairs was performed in an effort to better identify frequent part usage and increase the safety margins of repair stock to help reduce the time for repairs.

Our second impacting factor was the limited resource commitment previously given to the Repair department's manpower staff. To address that, we have added a 2nd full-time Repair technician to our staff in January 2017. Daniel Besecker has joined Brant Dice as our dedicated repair personnel - solely tasked to the Repair department. We will still utilize our Field Service staff for support with repairs, but are modifying their involvement by assigning a designated resource to the Repair Department on a weekly basis. We have already experienced the benefits to this additional staff and structure in the turn-around volume for March and I expect that our repair team will continue to make improvements with our additional improvements to the process.

The final factor impacting the repair lead times has involved the quoting process and time spent with multiple communications, response delays and even the lack of response. In an effort to alleviate this inefficiency, OTC Daihen will be incorporating the quoting process into our RMA assignment form, thereby eliminating evaluation fees and the wait time typically associated with an evaluation/quote process. Going forward, when an RMA is requested, there will be a pre-approval "not to exceed" cost associated. These pre-approval cost values have been determined based on historical repair averages over the past three (3) years. This change eliminates the need for added hours spent evaluating the unit and potentially missing a failure component. With this new process, equipment can immediately begin to be repaired when it arrives at our repair center and not handled multiple times during the process.



It is important to emphasize that this process change does not impact the price of repair to the customer. The pre-approval amounts for each product type are a “not to exceed” value for the customer. If the actual repair costs are lower than what is stated on the RMA, the customer is billed for only those costs. In the event the actual repair cost comes in higher than the pre-approved amount, we will discuss the difference with the customer and determine if it’s economical to continue the repair or quote replacement equipment. The primary change for our customers with this process is a decision on the front end of whether the equipment has a value that is equal to or greater than the “not to exceed” value they will be authorizing. If the customer feels the equipment is worth the “not to exceed” value, the customer would issue a PO and submit it along with the RMA. It should be noted that most repairs fall well below the “not to exceed” value and that this process simply allows our Repair technicians to proceed with completing the repair without preparing a quotation and awaiting a response.

The following represent the different repair categories and the identified “not to exceed” repair pricing that would apply to each repair. An exact price value would be assigned once the part/model # was provided with the RMA request.

	“not to exceed” %	Avg. List \$
Teach Pendants	40%	\$3,400
IPM’s	30%	\$12,000
C-Series Welding Power Source	40%	\$8,000 (discontinued)
D-Series Welding Power Source	40%	\$7,000 (discontinued)
Welbee Welding Power Source	40%	\$7,000
Welding Peripheral Equipment (torches, wire feeders, PCB, etc.)	50%	Varies
Robotic Peripheral Equipment (controllers, wire feeders, PCB, etc.)	50%	Varies

OTC Daihen is committed to continuously improving our services to our partners and customers. I hope that you see these efforts as a serious commitment to improve our responsiveness to the Repair operation of OTC Daihen Inc. As with all processes, we will continue to evaluate the efforts, feedback and results of this change to ensure it is accomplishing the overall goal to improve lead times. I thank you for your continued loyalty and effort to supporting the Daihen product line and look forward to another great year in 2017.

Sincerely,

Todd Griffieth
General Manager, Technical Operations



RMA INSTRUCTIONS

- 1) Please complete the enclosed form.
- 2) Please return via email to service@daihen-usa.com
or Fax to 937-667-0885
- 3) Once received, the Operations Coordinator will provide the "Not to Exceed Quote" and return to you for PO processing. Once you have generated your PO, please send the PO and signed copy of the RMA form to the Operations Coordinator. A RMA # will then be assigned and returned to you.

Note 1 - Purchase Order Number MUST accompany RMA request for work to be authorized and scheduled by DAIHEN, Inc.

In the event of possible warranty situation, **Purchase Order Number MUST still accompany service until determination of warranty can be established by verification of equipment serial number and actual cause of failure. ***To validate warranty you will need to provide serial numbers for the original equipment it came from. (controller, manipulator, etc.)*****

Note 2 - Upon verification of equipment serial number and actual cause of failure, warranty may be given as appropriate by DAIHEN, Inc.

Note 3 - A **copy** of this form **MUST** be included with the shipment.

Note 4 - All equipment must be received within 30 days of issuing the RMA or the RMA will be cancelled.

Note 5 - In the event the actual repair cost comes in higher than the pre-approved amount, OTC will contact the customer to discuss any costs above the agreed upon "not to exceed" level in determining whether it is economical to continue the repair or quote replacement equipment. Following that discussion, if OTC DAIHEN does not receive approval for continuation of the repair to the new charge within **3 weeks** of the quote date, the equipment will be returned to the customer freight collect as it was received and an evaluation fee of \$190.00 will be charged.



OTC DAIHEN REPAIR REQUEST AUTHORIZATION FORM

Please complete ALL applicable & Email Service@Daihen-usa.com or Fax 937-667-0885 OTC DAIHEN, Inc. Attn: Service

End User:		Distributor: (If Applicable)	
Company Name:		Company Name:	
Contact Name:		Contact Name:	
Address:		Address:	
City:		City:	
State:		State:	
Zip Code:		Zip Code:	
Phone #:		Phone #:	
Fax #:		Fax #:	
PO# (see note 1):		PO# (see note 1):	
Warranty Requested	Yes <input type="checkbox"/> No <input type="checkbox"/> (See note 2)	Warranty Requested	Yes <input type="checkbox"/> No <input type="checkbox"/> (See Note 2)
E-Mail:		E-Mail:	

Description of Equipment:	
Controller Type: _____	Serial Number: _____
Manipulator Type: _____	Serial Number: _____
Weld Power Source: _____	Serial Number: _____
Teach Pendant: _____	Serial Number: _____
Weld Interface: _____	Serial Number: _____

Reason for RMA: Preventive Maintenance Repair & Return

Preventive Maintenance: Annual (1yr) PM 3yr PM

Repair: (Please complete the items below, be as specific as possible)

Operation at time of Failure : Diagnostics Servo On Teaching Auto

Type of Failure: Error No Servo On No Display Noise Vibration

Position Deviation Teach Not Possible Auto Not Possible Other

Symptoms at time of failure:	
Error Code(s):	
Additional Information:	

I, _____, hereby authorize OTC DAIHEN, Inc., or a representative of OTC DAIHEN, Inc., to provide technical labor and repair parts as deemed necessary to resolve the issue(s) indicated above. A **Purchase Order** reflecting the "**Not to Exceed Quote**" value as listed below will be issued to OTC DAIHEN, Inc. to begin the repair process. I understand that **failure to submit a purchase order will result in the equipment being returned unrepai**red .

Not to Exceed Quote:

\$ _____

(OTC Daihen Internal Use Only)

SHIP TO:
OTC DAIHEN, INC.
ATTN: SERVICE
1400 Blausner Drive
Tipp City, OH 45371

RMA #: _____

(OTC Daihen Internal Use Only)

Signed: _____	Date Material Received: _____
Dated: _____	Received by: _____
Title: _____	Date Issued to Service: _____
	Repair Order Number: _____