

In this issue of Premium Procurement Bulletin...

- [Case Study] “Made In” Voyage: Becoming the Next China
- Tech Team Up: Why Samsung and Oculus VR are Sharing Resources
- [Case Study] Current Currency: A Look at Why Companies Accept Bitcoins
- Against the Hands of Time: Has Apple Cornered the Market on Smart Watches?

[Case Study] “Made In” Voyage: Becoming the Next China

What does it take to become the next international manufacturing hub? Many countries look to China for the answer to that question. Countries across the world will embark on this "Made In" voyage, but few will discover uncharted market opportunities.

In this case study, we'll take a look at the next up-and-coming manufacturing centers and what makes them more or less like China. Whether a country's setting its sights on having its location named on labels around the world or it simply aims to offer cheap labor, we'll map out the mystery.

The Situation



Image via [Flickr](#) by memn

According to [The Wall Street Journal](#), "China's was once known as cheapest factory floor on the planet, but in the last two decades its economy has transitioned to become one of the world's most advanced industrial powers. That means someone else needs to start making all those shoes and sweatshirts, hence all those apparel companies in recent years moving their factories to Vietnam and other cheap spots throughout Asia."

To fill the gap, countries are trying their factory's hands at becoming a competitive alternative to China. Among the many Asian contenders, other countries such as Ethiopia and even the United States (U.S.) have emerged almost overnight. In some cases, the growth has been a matter of foreign trade policy; in others, domestic politics has made waves for change.

The Approach



Image via [Flickr](#) by darkday.

China itself is investing in the "Made In" voyage. In the near future, China's Huajian Group will invest around \$2 billion in Ethiopian manufacturing ventures. As factory wages rise in China, they remain at steadily low rates in Africa. Low labor costs have often been attractive for suppliers seeking factory space, and Ethiopia delivers.

With cheap supply on the mind of many manufacturers, Asian countries such as Indonesia, India, and Thailand continue to meet demands. However, the United States also offers surprisingly low rates – just about [four cents more](#) than China's.

With such a small difference in wage labor between countries like China and the United States, the approach to becoming the next China regards more than just factory costs.

The [Washington Post](#) notes, "Besides the shrinking wage gap between China and the United States, the productivity of the American worker keeps rising. Shipping costs are rising, making outsourcing more costly. And the surge in shale gas drilling gives the United States a wealth of cheap domestic energy to bolster industries such as petrochemicals."

Impact and Advantage



Image via [Flickr](#) by Easterbilby

For U.S. companies, there's a clear advantage: cheaper domestic product and the elimination of shipping and export charges. Ultimately, the next China will impact its own growth. For the United States, month over month, factory purchase orders continue to rise. Analysts expect up to 85 million factory jobs to leave China in the coming years in favor of more skilled Asian and African factory labor.

It's unclear what country will become the next China; instead, it's the route that seems to matter on this voyage. Many countries are circumnavigating global domination while China remains stranded on its previously private island.

What country is slated to become the next China? Share your opinion with us.

Tech Team Up: Why Samsung and Oculus VR are Sharing Resources

What could a virtual reality device and a smartphone possibly have in common? A lot, actually – including assets. Two tech giants are teaming up and the result could actually change the way we perceive the world. Read on for the latest on why Samsung and Oculus VR are sharing resources.

What is Oculus?



Image via [Flickr](#) by Sergey Galyonkin

The Oculus VR (virtual reality) device—known as the Oculus Rift—is a headset that's now owned by Facebook. The tool, which is still in beta, currently connects to users' computers allowing them to experience immersive gameplay without lag.

To create the virtual view, the device projects two images through glass viewfinders. The user's brain actually merges the images into a realistic scene that's almost indistinguishable from real-world involvement. This is where Samsung's resources come in. The company manufactures high-definition [OLED screens](#) for the Galaxy 4, which Oculus plans to fit in its forthcoming headsets.

Samsung and Oculus VR



Image via [Flickr](#) by payalnic

In the age of portability, the idea behind Samsung and Oculus' team up is simple: it's VR to go. Samsung wants to provide transportable gameplay that quickly connects to the Rift. Like all good partnerships, the relationship between the companies' devices is mutually beneficial. Samsung will receive exclusive access to Oculus' software development kit (SDK) and, in turn, Oculus can use Samsung's next generation screens.

However, the implications of the deal are more than just resource sharing. The partnership promises exciting new ways to explore into VR. Imagine a virtual Google street view or a simulated face-to-face phone call. Although the Oculus Rift is still too bulky to be considered portable, the device's creators likely see the benefit to a more manageable headset – one that can be completely integrated in the user's life.

The Future of Virtual Reality



Image via [Flickr](#) by BagoGames

Since Facebook purchased Oculus VR in early 2014, many enthusiasts have [questioned the Rift's next developments](#). Hardcore gamers don't want to see the device go the way of social media news feeds; however, for the Rift to be successful, creators have to acknowledge its full potential. Its uses go far beyond gaming.

The device opens up entirely new markets for experiential software, and companies like Samsung are plugged into portability's role in the space. Although virtual vacations or cybernetic dating sites may seem decades away, the Rift at least provides the platform – and a snappy one at that. Ultimately, it's the impression of portability that has developers hooked.

The truth is, smartphones are not unlike virtual reality; they're already immersive. According to research by [Pew Internet](#), "67 percent of cell owners find themselves checking their phone for messages, alerts, or calls — even when they don't notice their phone ringing or vibrating."

When it comes to smartphones, innovators know that the quicker the access to the Internet, the more consumers will surf it; the same goes for virtual reality except, instead, the more the users will be "in it."

How do you think this tech team up will change the game for consumers? What more would you like to see from Oculus VR? Share your thoughts with us.

[Case Study] Current Currency: A Look at Why Companies Accept Bitcoins

The start of the most recent U.S. recession (2008), marked the beginning of an almost unfathomable payment method: a software-based currency known as the Bitcoin. Since then, the virtual coinage has incited a spectrum of protestors and followers whose reactions range from chagrin to downright satisfaction. Currently, some companies deny its worth altogether, while others accept nothing more.

There is something to be said about the benefits of Bitcoins, and it's possible that companies who shun the trend could regret it in the future. Curious about this currency? Here's a detailed look at why businesses receive Bitcoins.

The Situation



Image via [Flickr](#) by btckeychain

Bitcoin is a non-government currency created by the people (via software), for the people. Since it's based on an algorithm, the exchange type is often referred to as "cryptocurrency."

In the case of Bitcoin, as with foreign tender, consumers can exchange their bank funds for the purchase of this currency. [Bitcoin wallets](#) act as virtual checking accounts, with which shoppers facilitate payments. Just like currency, bitcoins are used to purchase services and goods.

However, there are some downsides to this new currency. [Bitcoin.org notes](#), "The price of a Bitcoin can unpredictably increase or decrease over a short period of time due to its young economy, novel nature, and sometimes illiquid markets. Consequently, keeping your savings with Bitcoin is not recommended at this point. Bitcoin should be seen like a high risk asset, and you should never store money that you cannot afford to lose with Bitcoin."

The Approach



Image via [Flickr](#) by zcopley

Currently, several major companies accept Bitcoins. Many of them, as you may have guessed, are online stores and services. [NASDAQ reports](#), "Overstock.com [is] probably the biggest retailer that accepts Bitcoin, Overstock began accepting Bitcoin in January 2013."

Other major companies included TV provider DISH Network, eBay, and even Tesla. That's right – you can now buy a car with Bitcoins.

It works like this: Bitcoin-based purchases are processed by specific merchants just like funds from banks and credit cards. Service and goods providers must sign up with a Bitcoin merchant to start accepting this payment method. A company must also connect with a [shopping cart interface](#) specifically designed to receive Bitcoins.

Impact and Advantage



Image via [Flickr](#) by btckeychain

According to [Forbes](#), "The obvious and short-term benefit to using Bitcoin as compared with other clearinghouses like credit card companies, PayPal, and Western Union, are the lowered transaction costs, averaging in at 1 percent, as compared with the aforementioned at 2-4 percent."

Bitcoins are also versatile; therefore, they offer a wider range of exchange possibilities, including peer-to-peer and international transactions.

For many consumers, Bitcoins symbolize progressiveness and range. It's no surprise then that many companies implement this currency with the hope of attracting the next generation of clients.

Ultimately, Bitcoins are a trendy topic in the tech world, so naturally people are buying in. Most businesses that initially enable it out of curiosity end up sticking with it for convenience.

Does your business accept Bitcoins through its commerce system? Do you plan to exchange it in the future? Share your thoughts with us.

Against the Hands of Time: Has Apple Cornered the Market on Smart Watches?



Image via [Flickr](#) by Global Panorama

The Apple Watch hasn't made its debut yet, but many believe it has already cornered the market on smart watches. Why? Because everyone anticipates that the Apple Watch will be more functional and fashionable than any other smart watch already on the market. Everyone is eagerly awaiting for the Apple Watch to be available in stores.

Apple's Approach to the Smart Watch

Smart watches are already being sold by Samsung, Motorola, and LG. However, Apple is taking a different approach by putting lots of time and money into research and development before releasing a product to the public. They hope this will [put the Apple Watch in a position to wow the market](#) when it finally comes out in 2015. Apple plans to have more features and better functionality than any other device. There's definitely something to be said about creating something right the first time, but that's not the way Apple's competitors see it.

How Other Smart Watches Have Entered the Market

Most technology companies fight to be the first to release a product to the public. They think that they sooner they get something out there, the better opportunity they have to sell. Google wants their smartphone watch to grab the market before Apple has even had a chance to compete. The same thing happened with the PC, the tablet, and the smartphone — Apple didn't enter the market until they had perfected their products. Apple is still known for quality and plans to take the same approach with their smart watch.

[Erik Hyrkas](#) of Tech Void thinks Apple's approach is not smart because they are going to miss out on all of the holiday sells for 2014. They might be introducing some pretty cool features, such as a wireless recharging mechanism, but people might be too broke to buy it since they spent all of their money a few months earlier for Christmas. However, if Apple's plan works, they will definitely corner the market on smart watches.

Things to Expect from the Apple Watch

Apple hasn't released a statement detailing the features on their smart watch, but we can expect some pretty great things. It's expected to be a rectangle with rounded corners to accommodate a large screen. The design will be seamless and as small as possible without compromising functionality. [Apple experts from Computer World](#) also say the strap clasp system will be very good. Apple wants their smart watch to become an extension of the user's body.

People don't expect the Apple Watch to have GPS and some fear the interface will be too difficult to maneuver because icons will most likely be small. Additionally, the Apple Watch will probably sell for in the ballpark of \$350 per unit. Of course, there are obstacles with every new product, but Apple seems to do a better job of eliminating them before the competition.

If Apple's smart watch is as remarkable as expected, it should do very well in the market. Apple did it with their iPad and computer, so don't count them out. Plus, there is a growing number of Apple supporters who will never go back to the competition.

Related Procurement Events

Certified International Procurement Professional (CIPP)

8-10 December 2014 – Hong Kong

9-11 March 2015 – Kuala Lumpur, Malaysia

Download the full details:

<http://www.ethanhathaway.com/training/certified-international-procurement-professional-cipp>

How to Implement a Certified Supplier Program

31 August - 4 September 2015 – Hong Kong

26 - 30 October 2015 – Singapore

Download the full details:

<http://www.ethanhathaway.com/training/certified-supplier-program>

Need Procurement help? Book a one-hour consultation session with our Procurement Specialists.

Email Us to Book Your Session Today: support@procurementbulletin.com.