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DAYTON BUSINESS JOURNAL

New Course

Local firm branching into project management with new division

Dayton Business Journal - August 5, 2005 by [John Wilfong](#) DBJ Staff Reporter

[Buycastings.com](#) Inc. officials know that outsourcing isn't necessarily a bad word.

It doesn't automatically mean overseas, and, at [Buycastings.com](#), it means huge potential for revenue growth.

The five-year-old online service that links companies, foundries and suppliers, has been working on an increasing number of projects for its clients that they normally would have handled in-house. The company already has doubled its revenue from 2002 to 2004 with its traditional services, and now, with a new division dedicated to outsourcing work, it hopes to double revenue again from 2004 to 2006.

Bob Dzigan, [Buycastings.com](#) president, said he expects the new division, called [BC Engineering Services](#), to provide [Buycastings.com](#) with a new brand name that will avoid any confusion for potential customers, while allowing the company to focus on landing more project management work.

"More and more buyers are outsourcing to cut their costs," said Neil Chaudhry, chief operating officer. "They can slash their overhead costs by contracting with us to do the work and deliver the same product. It's tempting in a way."

Lately, [Buycastings.com](#) has seen an increase in requests to basically act as a project manager for larger companies, such as [General Electric Co.](#), which [Buycastings.com](#) is currently working with. Chaudhry said [BC Engineering Services](#) can work with a customer at just about any stage of a project, such as early on turning conceptual drawings into 3-D images or building a prototype. The goal is to work with a customer from the original concept, through early designs, prototype developments and then into production, whether that product is a single high-tech casting, or a specialized plastic mold.

"It allows us to get in on the early stages with the buyer, with modeling or engineering," he said. "Hopefully the projects wind up in production and then [Buycastings.com](#) can get that work, too."

Outsourcing has been going on for many years, but companies have had to be creative in finding ways to capture a piece of that work, said David Swenson, vice president of business initiatives for [Edison Materials Technology Center](#). And [Buycastings.com](#), which spun off from EMTEC in 2000, has successfully managed to do just that, he said.

"Businesses are going to look for the best value for each dollar they are investing," Swenson said. "And it's those areas which have high labor content compared to the overall cost of the product where they're going to look to outsource."

Chaudhry said the company has plans to add several employees dedicated to the new division. [Buycastings.com](#) has 20 employees, including five at its Miami Valley Research Park location. Right now, the work generated through [BC Engineering Services](#) is shared among all employees, he said.

Dzigan said plans include pursuing more government work with [BC Engineering](#), as opposed to [Buycastings.com](#)'s 90 percent commercial workload.

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Buycastings.com's work also has been increasing, with more than 80 companies joining its network in 2004, which helped it offer its shareholders a dividend for the first time.

The company has 2,300 businesses in its network. The number of foundries operating in the United States plummeted by about 500 in the past five years to about 2,600. This has caused a back-up of work, forcing most foundries to turn work away. So many new buyers turned to Buycastings.com for help in finding a foundry that could fit them in, Chaudhry said.

"We know who has openings when and who could best suit a buyer's need," he said. "You now have people shopping more out of need than in search of a deal."

Buycastings.com also has seen an increase in projects where instead of simply connecting a customer with a foundry, it will handle the transaction for the customer, such as buying 10,000 specifically designed castings, and sale it back to the company, Dzugan said.

Coupled with those projects where the company is acting as project manager or prime contractor, he said Buycastings.com aims to remain flexible enough to respond to most requests, as well as shifts in the economy. The company also has enhanced its efforts to sell specialized foundry or casting equipment.

"We've just scratched the surface here," Dzugan said. "We're looking for a lot more applications and an expansion of what we're already doing."

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