

A Year On...

Why Trusted Independent Distribution is Key to the Solution

Geoff Hill – President/Managing Director, Astute Electronics
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Industry Market Trends

- Reducing Component Life Cycle = Rapid Obsolescence
- Market driven supply
- Limited choice / Route to Market
- Increasing Counterfeit threat
- New Standards
- Defence cuts
- COTS
- Vendor Reduction Programs

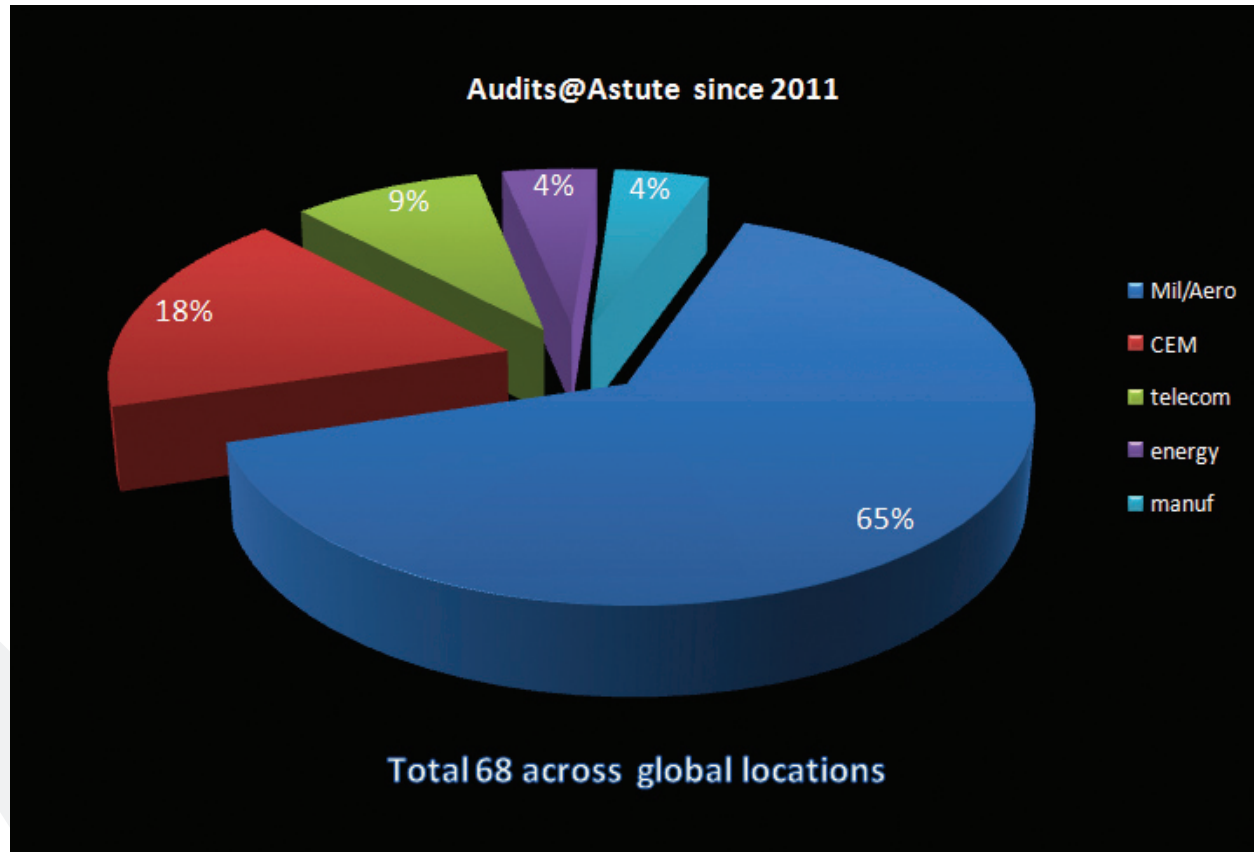
- **AUTHORIZED DISTRIBUTION:** Transactions conducted by an OCM-Authorized Distributor distributing product within the terms of an OCM contractual agreement. Contractual Agreement terms include, but are not limited to, distribution region, distribution products or lines, and warranty flow down from the OCM. Under this distribution the distributor would be known as an Authorized Distributor. For the purposes in the Standard, Franchised Distribution is considered synonymous with Authorized Distribution.
- **AUTHORIZED SUPPLIER:** Aftermarket Manufacturers as defined above and OCM authorized sources of supply for a part (i.e. Franchised Distributors, Authorized Distributors).
- **BUSINESS PROCESS OUTSOURCING ORGANIZATION (BPO):** An organization contracted by a customer to provide the operations and responsibilities of the customers specific business functions (or processes). For example, including, but not limited to, Procurement, Logistics etc.
- **BROKER DISTRIBUTOR:** A type of independent distributor that works in a “Just In Time” (JIT) environment. Customers contact the broker distributor with requirements identifying the part number, quantity, target price, and date required. The broker distributor searches the industry and locates parts that meet the target price and other customer requirements. Broker distributors do not have contractual agreements or obligations with OCMs.
- **INDEPENDENT DISTRIBUTOR:** A distributor that purchases parts with the intention to sell and redistribution them back into the market. Purchased parts may be obtained from OEMs or Contract Manufacturers (typically from excess inventories), or from other Distributors (Franchised, Authorized, or Independent). Resale of the purchased parts (redistribution) may be to OEMs, Contract Manufacturers, or other Distributors. Independent Distributors do not normally have contractual agreements or obligations with OCMs. See definition of “Authorized (Franchised) Distributor”.

- AS6081 standard Traceability statement:
- AS5553A, B.1.1.1: Electronic parts should be purchased, whenever possible, directly from OCMs or from authorized suppliers. Independent distributors should be used only after consideration of alternate parts, redesign, schedule adjustments and a reasonable search for material from authorized (franchised) sources has been conducted and approval has been obtained from a designated authority.

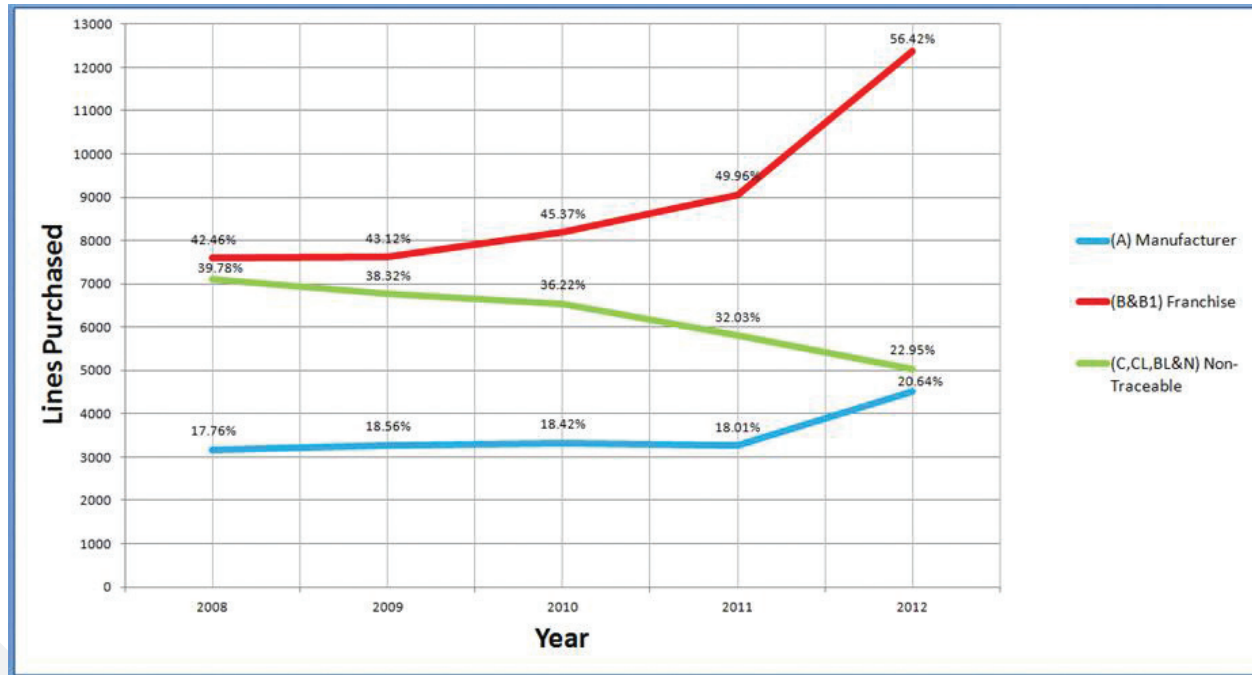
Problem vs Solution

- The goal is to eradicate counterfeit components.
- The best practice to do this would be to increase accessibility to traceable product.
- Current practice is decreasing visibility of traceable product.

Global Audits



Astute Global Supply Chain



Chosen Vendor

- Capabilities
- Supply Chain control
- Geography/Location
- Financial strength
- Product liability/insurance
- Counterfeit mitigation
- Value add services

Application specific

[just some of the attributes required by Industry
for chosen Distribution partners]

Chosen Vendor

Choose your supplier based on TRUST:

trust

/trʌst/ 

Noun

Firm belief in the reliability, truth, ability, or strength of someone or something.

Verb

Believe in the reliability, truth, ability, or strength of.

Synonyms

noun. confidence - faith - credit - reliance - belief

verb. believe - confide - rely - credit - hope - entrust

The assessment of risk
is / should be with the **PRODUCT**
and not the **SUPPLIER**

Independent Distribution is part of the solution, not the problem

- If you don't TRUST your supplier, don't use them.
- Allow Independents to provide their core competencies to overcome the challenges.
- Whilst processes have evolved/progressed, attitudes have lagged behind
- Everybody should be looking forward, not backwards