Solving Electronic Component Shortage Issues

PartAnalytics

We don't need to tell you that the electronics component shortage is straining the entire supply chain. The much-publicized semiconductor shortage (Wikipedia status achieved) has shut down factories, created havoc for entertainment companies, spiked PC prices, and put a significant financial strain on cloud computing giants. But, behind the chip fanaticism, there's an ocean of electronic components dealing with similar shortages.

Trying to find a supplier for transistors and resistors when you need them most is like trying to find water in the desert, and virtually every layer of the electronics supply chain is undermined by disruptions, hyper-competitive sourcing, and shifting distributor lead times.

Unfortunately, trying to overcome these issues is proving challenging. When you're in the middle of this dense, revenue-impacting headache, it can be difficult to stop and look around. We get it. Shortages are getting overwhelming to the point of exhaustion and finding time and space to really consider alternative strategies and execution layers often feels impossible.

You have deadlines to meet, and your near-untenable mountain of escalations continues to grow. Despite the exponential increase in shortages, your back is against the wall. You can't find the time to look for a solution.

But, now really is a good time to take a long, objective look at whether the way you're sourcing direct materials is really working. How much is sourcing costing your company right now, not just in terms of revenue, but employee satisfaction and opportunity cost? And is there a better way to go about part searches, managing supply risk, annual negotiations, supplier collaboration, and all the other aspects of the sourcing process?

HOW MUCH IS SOURCING (THE WRONG WAY) COSTING YOU?

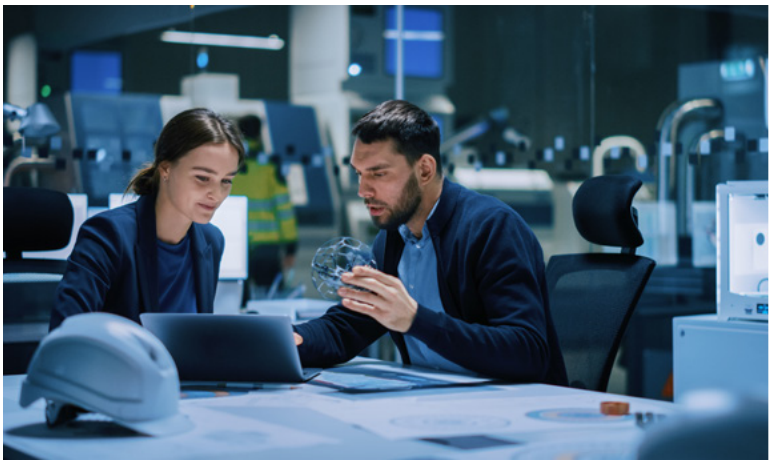
Once upon a time, the sourcing process really didn't need to be scalable. If you had trouble finding something, you could just call the distributor. If the problems persisted, you'd call another distributor, send a few emails, and get your components (typically, in a reasonable timeframe). If you increased your sourcing workload, you'd hire more folks for the sourcing team.

But, in today's EMS landscape, a few calls can quickly turn into a never-ending game of catch-up. Worse yet, the number of "needs-to-be-sourced" components in a BOM is growing at the speed of light. What used to be 10 calls a month is now 10 calls a day. And there are now multiple people involved in finding a single part.

The source-and-find mission often starts with the buyer. And, in the past, it would end with the buyer. Not today. Here's a (fake) example of what we're talking about:

Original Parts is an OEM that makes a variety of products, including medical devices, and it also happens to be where Brad works. Brad knows that these medical devices have several different circuit boards (PCBAs) that are manufactured by Electronic Manufacturing Services (EMS) suppliers. Due to the increase in demand for their devices Brad is expecting his EMS suppliers to secure enough parts to support their growth.

Buyers at the EMS suppliers are not able to find inventory support current demand let alone finding inventory for additional demand. So, they are escalating the electronic component shortage to their sourcing team who in turn reaches out to



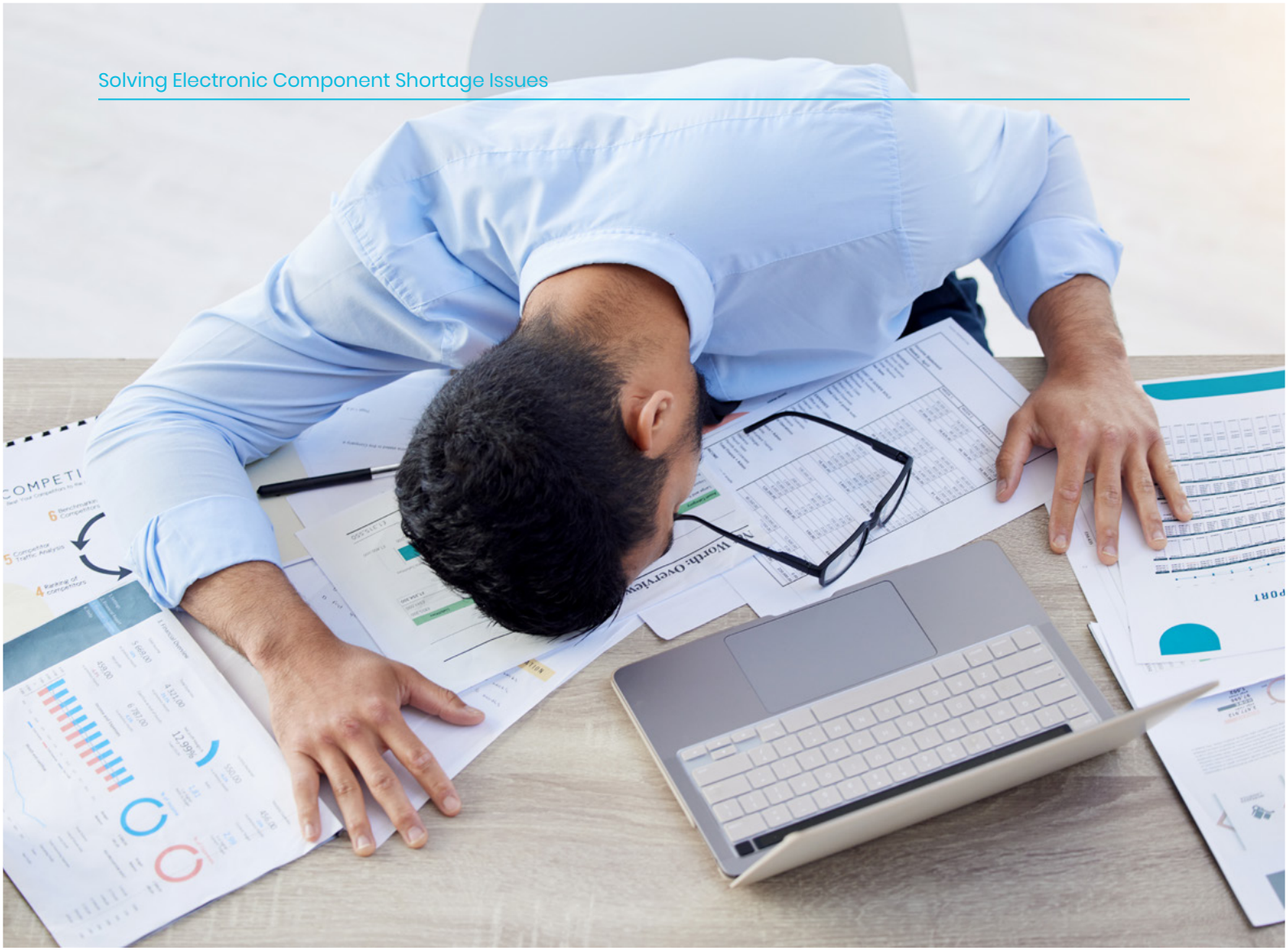
Brad. After learning that his EMS suppliers are not able to find parts, Brad tries to resolve the issue by calling on his network/suppliers.

Brad (after countless failed calls to other CEM/EMS companies) pushes the issue to his supervisor. Brad's supervisor escalates the sourcing issue to the VP of Sourcing at the EMS suppliers. Within a week, VPs at both the OEM and EMS are involved and trying to find the part. And, before you know it, a herd of people is now involved in the hide-and-seek mission.

That's a lot of man hours, right? Worse yet, that chain often happens across multiple components. And for some OEMs, it's happening across hundreds or thousands of components.

Just imagine the opportunity cost of having 10 people (2 of which are VPs) spending hours each week dealing with sourcing escalations, not to mention the burnout and turnover. Then, we have the real financial costs of not having the part, of dealing with backorders, handling upset customers, etc. Even still, those are only the tangibles. The intangibles (e.g., employee happiness, time, relationship damages, etc.) are also significant.

It's a problem that needs to be solved.



YOUR EMPLOYEES + ONGOING SOURCING & PROCUREMENT ISSUES = SADNESS, BURNOUT & TURNOVER

Did you know that companies with happy employees outperform their competition by 20 percent? Yet, 49 percent of employees fail to get any sense of identity from their jobs, and 73 percent are considering quitting right now. It's scary, especially when you couple it with the current retention and hiring woes.

Now, how much time are your employees spending trying to chase down parts? And how is it impacting their happiness, productivity, and job satisfaction? Every minute wasted chasing parts could go somewhere else. If you're dealing with overtime issues or long work hours, those minutes could (and probably should) be spent with their friends, families, pets and personal activities.

Many OEM and EMS companies feel stuck between a rock and a hard place. You need the parts to satisfy customers and meet revenue goals. You desperately want to keep your brand name from being tarnished by delays and logistics issues. And you are clawing to get more employees through the doorway while simultaneously being forced to push existing employees into long hours and lengthy processes. It's not fun. And it's weighing on everyone.

SOLVING YOUR ELECTRONIC COMPONENT SHORTAGE/SOURCING ISSUE IN THE NEAR-TERM

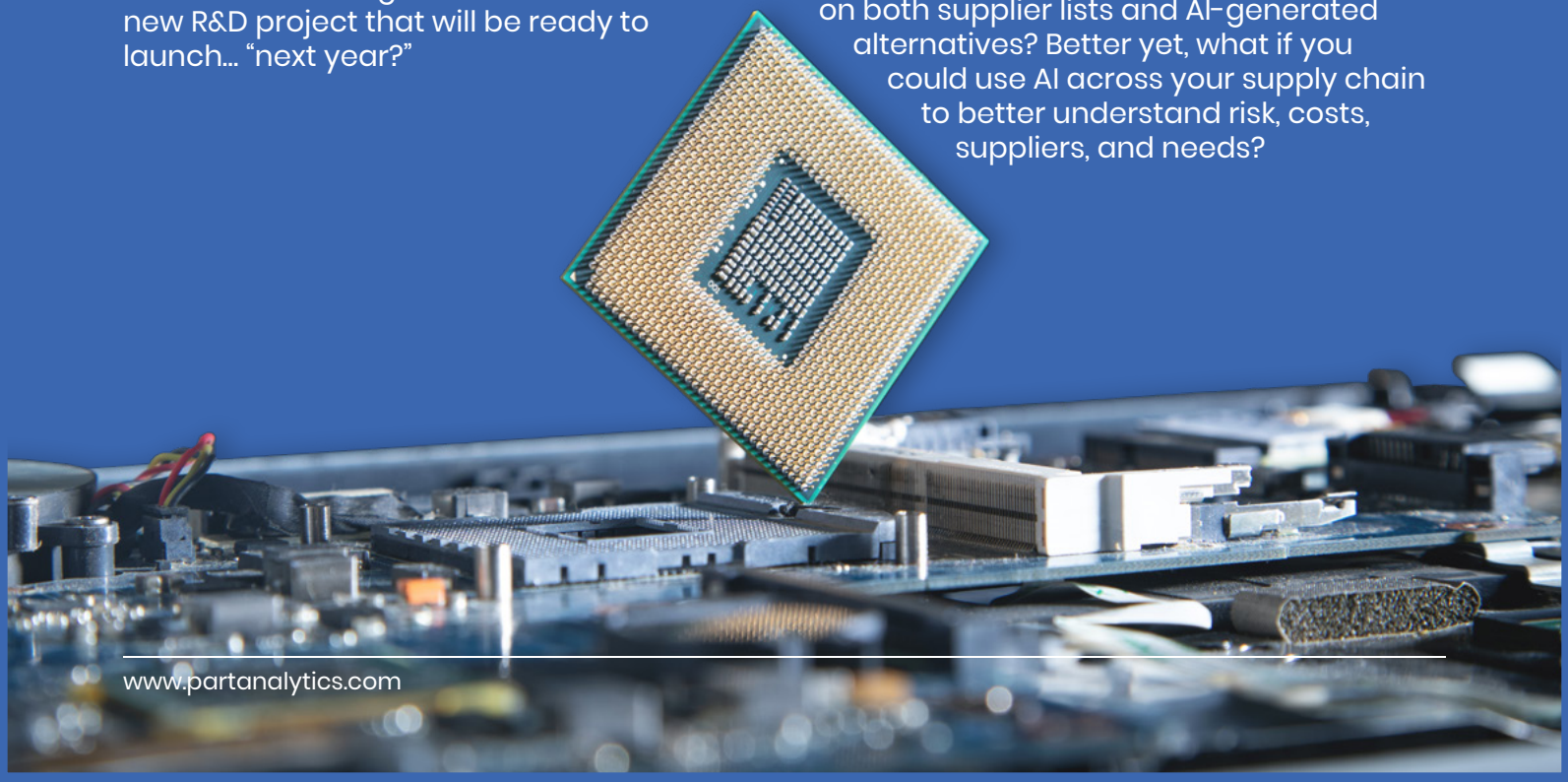
In the supply management space, answers always come with asterisks. Namely, today's problems always seem to require tomorrow's solutions, and the solutions available on the market were built for yesterday. During this chip shortage, McKinsey and Deloitte have mostly offered long-term strategies aimed at improving things like supplier relationships or toying with just-on-time parts strategies. And while these certainly deserve to be part of the larger conversation, many are struggling to figure out how to solve the "now" issue: addressing critical electronic component shortages.

What can you do today to immediately reduce your sourcing burden, get your employees home on time, and help everyone in the company save time, headaches, and stress while still meeting demands? Better yet, how can you solve these issues without pouring the equivalent of a metric ton of gold bullion into a new R&D project that will be ready to launch... "next year?"

Simple. You change your process. McKinsey suggests that the pandemic will accelerate the adoption of Industry 4.0 tech across the electronics supply chain. So, it can be tempting to invest money in grandiose futuristic tech that requires a complete retooling of core processes. But there are tangible opportunities to put purpose-driven, easy-to-onboard, AI-based software into the heart of your strategy.

You don't need to reinvent the wheel. You just need to get some new spokes. For example, does it really make sense to have an employee burning the midnight oil checking for alternative components from authorized suppliers? Probably not. But letting intelligent AI constantly monitor each authorized supplier for component stock and alerting you to suddenly available inventory is not only more cost-effective; it's more efficient.

And that's the tip of the iceberg. What if AI could help you find alternative parts based on Form, Fit, Function (FFF), or Functional (F) equivalents? What if it could even find you more cost-effective parts based on both supplier lists and AI-generated alternatives? Better yet, what if you could use AI across your supply chain to better understand risk, costs, suppliers, and needs?



FIXING TODAY'S ISSUES TODAY: HOW PART ANALYTICS CAN HELP ADDRESS YOUR SHORTAGE LISTS

We get it. You have a lot on your plate. The past two years have been anything but simple and easy. Pandemic-fueled problems have forced you to rethink your R&D, reimagine your supply chain, brainstorm M&A opportunities, and inch towards shiny new technologies. But what about today?

Part Analytics is an end-to-end sourcing, procurement & supply management solution aimed at solving today's electronic component shortage problems. With best-in-class automation, hyper-intelligent AI, and an easy-to-use interface, you can implement Part Analytics in hours, not months. Not only does Part Analytics automate the procurement process and eliminate pesky procurement escalations, but it accelerates new product initiatives, helps you spend smarter, and automates time-consuming RFQ and supplier negotiation processes.

Tired of trying to push the boulder up the mountain? We can't solve all of your electronics supply chain woes, summon semiconductors, or build that cutting-edge smart factory. But we can fix your sourcing headaches. And, more importantly we can do it TODAY.

Schedule a demo to start a free 2-week trial with your own BOM/parts/shortage list. Our team can have Part Analytics up and running for you in a matter of hours.

PartAnalytics

ABOUT US

We're here to make supply management for direct materials less painful for electronics suppliers & manufacturers.

We are paving the way toward a future with simple, effective, and straightforward collaboration between electronic equipment manufacturers and suppliers. In that pursuit, we're creating a comprehensive & standardized source of information for supply management.

We draw on deep expertise in sourcing and product design to help electronics equipment and component manufacturers find available parts, manage costs, and limit overall risk to their supply chain with intuitive, easy-to-use software tools.

Automate direct materials sourcing, procurement & PLM processes with AI-powered software that will find available parts, monitor market changes, and provide product cost, risk, spend & supply insights for everyone on your team.

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