Coping with Supply Chain Chaos

Many tech companies are struggling to fill orders because of difficulty securing quality components. It doesn't have to be that way.

By **Richard Slawsky** | Contributing writer, Digital Signage Today

COPING WITH SUPPLY CHAIN CHAOS

Nearly everyone today has seen news reports of dozens of container ships waiting for berths at the ports of Los Angeles and Long Beach, and most of us have gone to our local store to find the products we were looking for to be out of stock. The supply chain disruptions of the past few years have affected the availability of everything from Girl Scout cookies to computer chips for automobile manufacturing.

A recent survey of senior supply chain and procurement executives conducted by The Economist found those disruptions have cost companies an average of 6-10% of annual revenues, with some reporting as much as a 20% revenue reduction. They've also faced significant reputational costs in terms of customer complaints and damage to brand reputation.

The major factor affecting the supply chain, of course, is the COVID-19 pandemic, but the issues are much greater, the Economist survey found. There are ongoing labor issues, commodity price fluctuations, increased tariffs and ongoing trade wars.

And nowhere was the impact of these disruptions felt more strongly than in the technology sector. Even as demand for self-service devices such as interactive kiosks rose as companies sought to fill labor gaps and improve customer service, manufacturers of those devices were reporting issues including longer lead times for delivery and shorter expiration times on price quotes.

"It's just been miserable," said Mike Westerman, account manager with San Diego-based Impact Components. The company has more than 37 years of expertise in sourcing hard-to-find technology by leveraging superior logistics, engineering support and technology expertise. Impact is comprised of divisions catering to semiconductor supply, display integration and industrial motherboard solutions.

"The bigger companies are scooping up, whatever they can, and then they're just buying more on top of it because they have the leverage to do

> **"… disruptions have cost companies an average of 6-10% of annual revenues, with some reporting as much as a 20% revenue reduction."**

that," Westerman said. "That leaves smaller- and middle-sized companies begging for parts."

Fortunately, there are ways to minimize the impact of the ongoing supply chain chaos. If you are a technology provider experiencing extended delays in supplying end users with the products they need, now might be the time to rethink your sourcing strategy.

Expanding the supplier base

Many of the components used in media players and gaming controllers that manufacturers of gaming, kiosks, digital signage networks and other electronic devices use to create their products are sourced from Asia. Unfortunately, as COVID swept through those countries many factories shut down for extended periods, and stockpiles of those components were quickly depleted.

Complicating those issues were logistical challenges in the United States because of labor shortages. If a company needed touchscreen displays to create a wayfinding solution for a large medical complex, for example, if those displays were even available they might spend weeks or months on a container ship waiting to be unloaded.

> "... there are ways to minimize the impact of the ongoing supply chain chaos."

Some companies have turned to brokers to meet their component needs, but that process is fraught with risk and scams! The history of the components some brokers offer may be questionable, fraudulent and products may not perform as advertised.
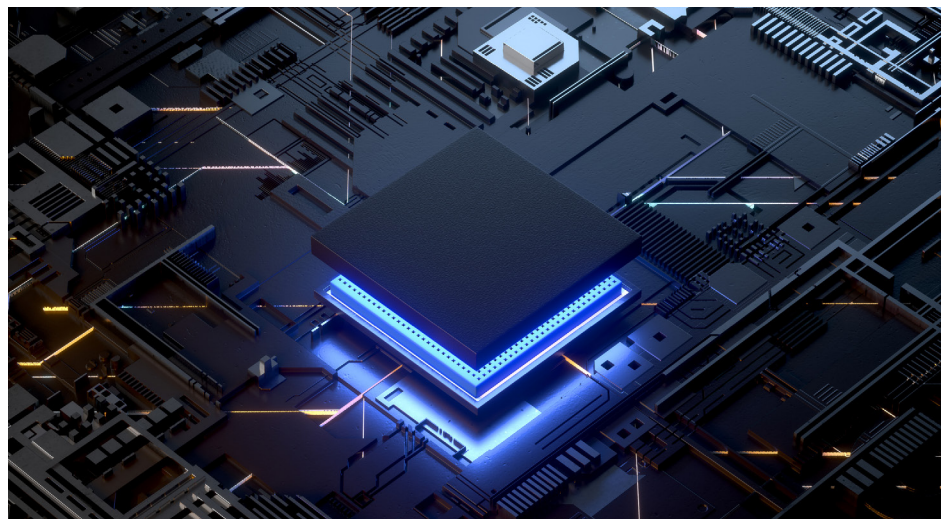
The result is that a company's procurement team becomes tired of sourcing things with little to no sales or technical support, as well as having to screen multiple suppliers. Products incorporating new safety features, such as antimicrobial screens, may not always be available. At the same time, they see their competitors bringing new designs and solutions to market faster.

A sourcing partner such as Impact Components can help avoid those issues.

"We go in, take our time to figure out exactly what they need, and see it all the way through from the beginning stage until their order has shipped," said Paula Rocha, senior account manager with Impact Components. "And once the order has been delivered, we follow up to make sure everything was fine and if there was anything we could do to improve the process."

How to adapt

Engineering and procurement teams turn to Impact Components when they need a proven sourcing partner with expertise across geographies and technology sectors; one that is focused on leveraging a wide ecosystem of solutions as a trusted extension of their internal teams.

"Engineering and procurement teams turn to Impact Components when they need a proven sourcing partner with expertise across geographies and technology sectors..."

Among the advantages Impact offers compared with many traditional brokers include:

- A strict incoming inspection and screening process
- Warehouse staff has passed the IDEA-ICE-3000 professional inspectors certification exam
- Policy compliance
- ISO9001 = TUV
- Small Business (SBA)
    » Due diligence on restricted materials
    » Components compliance with REACH

While many component providers don't even begin producing a product such as a touchscreen display or computer motherboard, Impact has many in-demand products in its existing inventory.

"While many component providers don't even begin producing a product such as a touchscreen display or computer motherboard, Impact has many in-demand products in its existing inventory."

"For many suppliers, nothing will be shipped to you tomorrow if you were to place an order today, but Impact is capable of doing that," said Dmitriy Demidov, sales engineer with Impact Components.

"We are that buffer for clients who demand just-in-time programs," he said. "That's very important when it comes to setting yourself apart from your competitors."

When it comes to commercial displays, for example, those displays often include integrated circuits that may suddenly be unavailable. Impact has been modifying products to use drop-in replacement ICs that are regularly available. In addition, the company tends to avoid designing products that use components also used by large monitor manufacturers, enabling them to sidestep scenarios where those companies scoop up the entire supply of a particular IC.

And when it comes to computer products, Impact builds systems based on computer motherboards developed and produced by Kontron. Kontron emphasizes the highest product quality, long-term availability and worldwide technical support through distribution partners such as Impact.

One advantage of its partnership with Kontron is an extremely short lead time. Another is that Impact is able to offer very competitive pricing despite using higher quality components.

"The reason why is very simple," Demidov said. "About 97% of Kontron's manufacturing is done by robotic assembly, and human hands barely touch those motherboards. That translates to great quality, great pricing and a short lead time."

All of these factors combine to allow Impact to meet its clients' needs when other suppliers are unable to do so.

In today's global marketplace components come from diverse supply channels, but not all components are created equal. Impact has the sources, tools and knowledge to validate new and original component supply.

What Impact Components can offer

- Years of component sourcing expertise across continents support to validate and detect fraudulent parts.
- Design and integration support for a wide range of shapes and sizes of LCD display and monitor solutions.
- A complete line of motherboards driven by AMD and Intel.
- Off-the-shelf and customized embedded Integrated Computers.
- Optimize customer supply chain needs, rapid response and turnaround time for deliverable products.

ABOUT THE SPONSOR:

Impact Components leverages 37 years of global sourcing expertise, sourcing components with a proven system to detect fraudulent parts. Our expertise in designing and integrating a wide range of shapes and sizes of LCD display and touch monitor solutions is complemented by a complete line of motherboard solutions. Driven by industry leaders AMD and Intel, we offer small form factor 3.5" embedded solutions all the way to full ATX sizes. These motherboard options, enable us to offer off-the-shelf and customized embedded Integrated computers to meet the needs of your specific application.

For more information, contact Sales@impactcomponents.com.