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NEWS

FEDERATION IDEA

February/March 2018

Associations

AREI - South Africa
Association of Representatives for Electronics Industry

ASPEC - Russia
Association of Suppliers of Electronic Components

ASSODEL - Italy
Associazione Nazionale Fornitori Elettronica

CEDA - China
China Electronics Distributor Alliance

ECAANZ - Australia
Electronic Components Association Australia and New Zealand

ECIA - United States
Electronic Components Industry Association

ECSN - United Kingdom
Electronic Components Supply Network

ELCINA - India
Electronic Industries Association of India

ELKOMIT - Finland
Suppliers of Electronic Instruments and Components Association

FBDI - Germany
Fachverband der Bauelemente Distribution

FEDELEC - Tunisia
Tunisian Federation of Electric and Electronic Industries

SE - Sweden
Svensk Elektronik Trade Associations

SPDEI - France
Syndicat Professionnel de la Distribution en Electronique Industrielle

Sales keep growing, margins are going (down)

What use is there for growing sales and impressive market dynamics in all sectors when there is little appreciation for the services that distribution delivers? Electronic component distribution is in a state of massive change, without a doubt. Something new? Or just history revisited? According to Georg Steinberger, Chairman of the FBDi (Professional Association of Component Distribution) this is just the beginning of a new era – full digitalization.

by Georg Steinberger
Chairman of the Board of Directors FBDi

Mr Steinberger, reflecting on the year 2017 and market development in the distribution sector, what was your greatest misjudgement?
I think I may have been a little too pessimistic when it came to sales performance. However, the blame must be shared with my fellow forecasters too – we all thought that political and macroeconomic events, like Trump, Brexit, China and the diesel scandal, would have more of an impact on market performance in the components sector. We thought wrong, or, expressed more positively, we've learned a lesson. I'll certainly look more closely at the market forecasts for the cement industry in the future.

Why is that?
Well when I was a young journalist writing about the electronics industry, an old hand from the distribution industry said to me that whenever he looked at the statistics for the cement sector when preparing his budget for the next year, he would always end up more accurate.

Georg Steinberger, Avnet

Did that work?
I never checked, but the company was purchased at some point. Maybe there were other factors at work there...

> *"We all thought that political and macroeconomic events would have more of an impact on the market"*

Has 2017 been a good year?
According to DMASS, the growth for semiconductor distribution in Europe for 2017 was ~15% and for IPE (interconnect, passive and emech) a little shy of 14%.

The situation in Germany was a bit different over the nine-month period, with semiconductors in distribution rising by approximately 12 per cent and IPE, on the other hand, by 14 per cent.

Why the difference?
The industry make-up is different, with manufacturers having more direct business. On top of that, many German customers are increasingly producing in Eastern Europe, where growth rates have been noticeably above average for years.
If you add that in, you would find that growth for German companies is also above average. In no way is there any visible weakness faced by the German electronics industry.

Has currency played a role?
Quite a significant one actually. The swing seen from the start of 2017 to now is noticeable and left a strong mark on each quarter – from US$1.06 per euro up to US$1.18 per euro, though that almost balanced out over the year. The growth in US$ was slightly higher than in euro.

Let's talk about trends. Supply is currently difficult. What are the reasons for this?
Based on everything we learned from various sources, demand so far has been very high in all market segments, compounded by the process of concentration taking place amongst manufacturers.
This led to consolidation of large product ranges (given the 50 million different electronic components there's definitely potential here), and of course the increasingly complex production process also plays a part. If you yourself can still produce, you'll easily be better prepared, however foundries take care of a lot of production these days.

> *"Demand has been very high, compounded by the process of concentration taking place amongst manufacturers"*

When everyone buys capacity at TSMC and the like because of high market expectations, there's going to be little room for manoeuvre at some time or other. Furthermore, investments in semiconductor production have been kept relatively low in recent years. Just ask Bill McLean at IC Insights. But the situation is changing, now everything looks like a beginning slowdown.

What are your expectations for 2018?
Born optimists are predicting continued two-digit growth rates for 2018 while pessimists believe that the backlog is overinflated.
Put in numbers, and assuming that politics doesn't yet get in the way with disagreements at global level, that means anything between minus 5% and plus 10%, with improving supply. However: this is pure speculation.

European politics at the moment is hardly leaving a good impression.

Do you think that this will restrict growth?
I don't think so. Think about it: no matter where you look, the political class is making a pathetic impression right now. The UK is being governed by amateurs while Germany had no government at all for a couple of months. And what's happening with the economy? It's growing. And what that means is: don't be afraid, the sky won't fall on us if there's no one busy representing the state at this very moment. That could definitely be different at global level, though.

What's happening in distribution?
Obviously I don't want to repeat the same old story every year – IoT, demand creation, the distribution model... All the same things are still relevant, that is, everything we spoke for years. Distributors are under pressure either to make things better, more quickly and more cheaply, or to scale down and be known purely as logistics companies. It's not enough to employ a large number of highly paid, busy experts who know a lot of things better than the customers or manufacturers; the most important thing is to haggle down to the last tenth of a cent when negotiating prices, while at the same time ignoring all other services that we usually perform for free.

This sounds a bit angry?
I admit that it's a tad exaggerated, but what would you say if you had worked hard for over 30 years and then were all of a sudden forced to offer bargain basement prices through an auction portal. Or what if you spent the same amount of time building up the market for a manufacturer with highly successful design projects only to then fall victim to channel consolidation? Every distributor is familiar with the situation. As I said last year, we can't let others denigrate the value of our work. Most of all, we have to decide on this value ourselves and bear the risks based on our own judgements and not those of others.

> *"There won't be a job that will be the same in ten years' time"*

So how about something positive to finish off?
With pleasure! I find what is happening right now extremely exciting, and not just what's happening with us, but also in industry and society in general. This complete flood of data will utterly revolutionise every aspect of our life and work. There won't be a job that will be the same in ten years' time. The things that analytics can do today are already astounding, both positively and negatively. How the right analysis of data and drawing the right conclusions from it can wipe out entire industries and create others is something almost magical. Interestingly, a countermovement is taking place too. I believe that the EU has a good tool against the omnipotence of Google, Amazon and others with the GDPR (General Data Protection Regulation).

How will that influence distribution?
While complying with all legislation and regulations, industry must naturally also try to develop new business opportunities from data and information, or rather the systematic analysis of it; to use other pricing models and to offer additional services on top of products. That's happening as we speak. There will be no company or distributor that doesn't rely on IoT developments, AI tools, predictive analytics and much more. I'm excited for new reveals that we'll see, for example, at Embedded World or Electronica.

(Based on an interview in Markt&Technik, January 2018)

Q4 2017: A Strong quarter to end a strong year with a strong outlook

by **Aubrey Dunford**
www.ideaelectronics.com

Just to remind readers. If you would like to have the original graphics used in this article just email to the IDEA secretary at *segreteria@ideaelectronics.com*

The IDEA statistics are taken from actual bookings and billings returns made by a substantial percentage of the electronic component distributors in Europe, including all the major distribution groups. Their sales represent over 66% of the total European electronic component distribution market so the trends shown are truly representative. These published statistics now include, from Q3 2015 onwards including historical adjustments, Switzerland and Austria.

The effect of economic growth in all the major economies in the world can be seen in the Q4 2017 European Electronic Components Statistics. Following the normal seasonal pattern, billings in the last quarter were down 6.6% compared to the previous quarter. However, Total Billings as reported by the trade associations shows that sales by the member companies were 12% higher in Q4 2017 than in Q4 2016 meaning that sales were 12.2% higher in calendar year 2017 than in 2016.

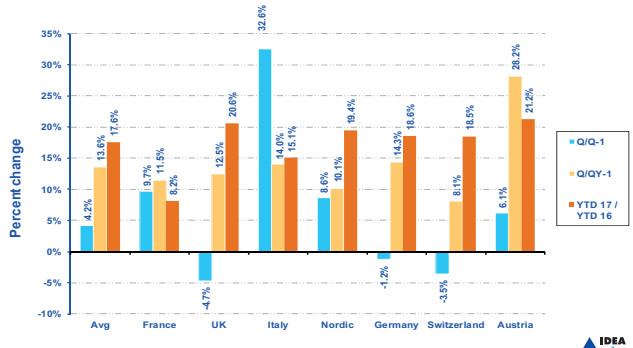
> *"Sales were 12.2% higher in 2017 than in 2016"*

Even more encouraging is that the book:bill ratio was 1.15 which as can be seen from *Graphic T1* means that the ratio has been positive for 5 successive quarters and that after several years of flat market conditions 2017 clearly was the year when real growth has returned to the European Electronics Component Market and with the Q4 figure being the highest, that growth appears to be set to continue into 2018.

THE ECONOMIC OUTLOOK

According to the International Monetary Fund's World Economic Outlook published in January 2018 –

4TH QTR. 2017 TOTAL COMPONENTS BOOKING TREND *Graphic T2*
Distribution orders for Electronic components by country comparing current qtr with prior quarter (Q/Q1)and same quarter prior year (Q/QY-1) and YTD 17/16



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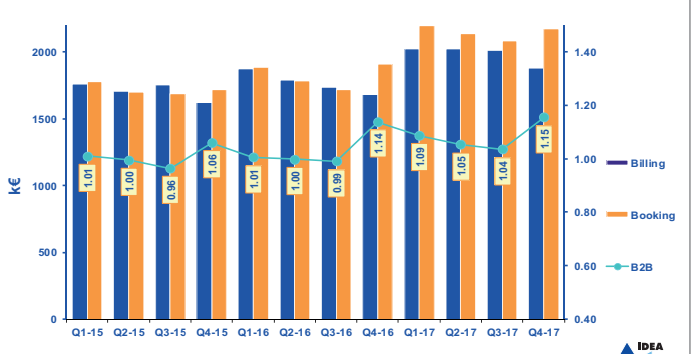
4TH QTR. 2017 TOTAL COMPONENTS BOOKING, BILLING & BOOK : BILL RATIO *Graphic T1*
Total distribution electronic components booking, billing and Book:bill ratio for Germany, France, Italy, UK, Sweden, Norway, Denmark, Finland, Switzerland and Austria



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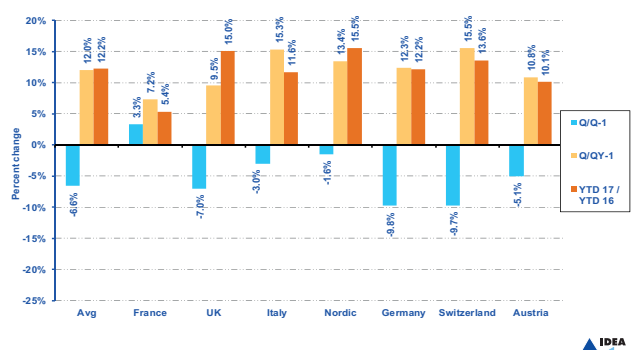
4TH QTR. 2017 TOTAL COMPONENTS BILLING TREND *Graphic T3*
Distribution sales for Electronic components by country comparing current qtr with prior quarter (Q/Q1)and same quarter prior year (Q/QY-1) and YTD 17/16



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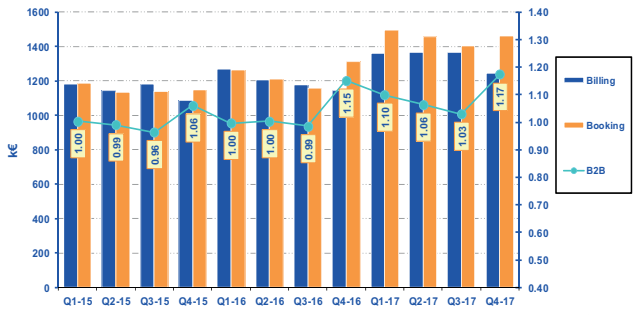
4TH QTR. 2017 SEMICONDUCTOR BOOKINGS, BILLINGS & BOOK:BILL RATIO *Graphic S1*

Semiconductor components bookings, billings & book:bill ratio for Germany, France, Italy, UK, Sweden, Norway, Denmark, Finland, Switzerland and Austria



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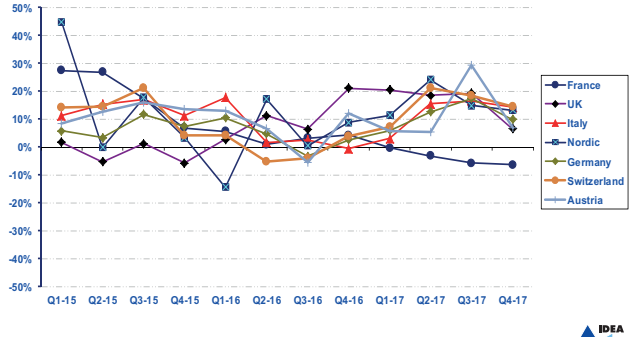
4TH QTR. 2017 SEMICONDUCTOR TENDENTIAL INDEX (Q/QY-1) *Graphic S6*

Trend showing growth/decline % in quarterly sales of semiconductors through distribution by country compared with the same quarter prior year.



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"The cyclical upswing underway since mid-2016 has continued to strengthen.

Some 120 economies, accounting for three quarters of world GDP, have seen a pickup in growth in year-on-year terms in 2017, the broadest synchronized global growth upsurge since 2010.

"The broadest synchronized global growth upsurge since 2010"

Among advanced economies, growth in the third quarter of 2017 was higher than projected, notably in Germany, Japan, Korea, and the United States.

Key emerging market and developing economies, including Brazil, China, and South Africa, also posted third-quarter growth stronger than the forecasts. Global growth for 2017 is now estimated at 3.7 percent.

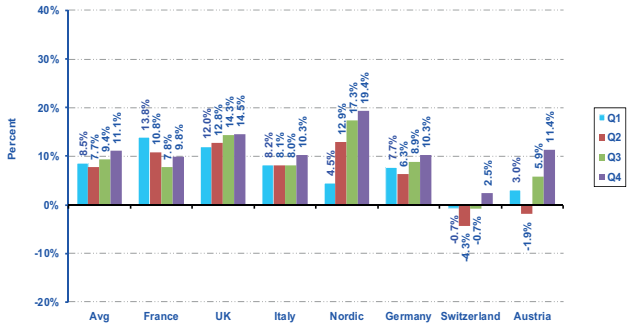
The stronger momentum experienced in 2017 is expected to carry into 2018 and 2019, with global growth revised up to 3.9 percent for both years."

STRONG GROWTH IN ALL AREAS

As can be seen in *Graphic T3* the calendar year growth in Europe of 12.2% has been evenly spread across all countries with France being

4TH QTR. 2017 PASSIVES YTD BILLINGS TREND *Graphic P4*

Cumulative sales of Passive components through distribution by country for the current year showing the growth/decline % compared with the same period prior year



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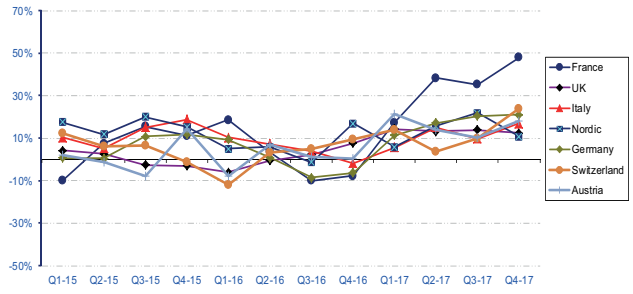
4TH QTR. 2017 EMECH TENDENTIAL INDEX BY COUNTRY(Q/QY-1) *Graphic E6*

Trend showing growth/decline % in quarterly sales of semiconductors through distribution by country compared with the same quarter prior year.



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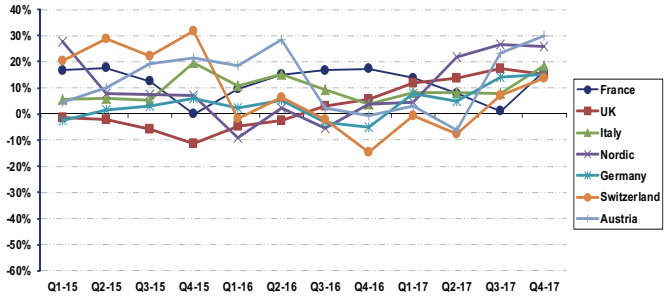
4TH QTR. 2017 PASSIVES TENDENTIAL INDEX BY COUNTRY(Q/QY-1) *Graphic P6*

Trend showing growth/decline % in quarterly sales of passives through distribution by country compared with the same quarter prior year.



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the lowest at 5.4% and 'Northern Europe' (UK and Nordic) at around 15%.

The seasonal pattern is for the last quarter of the year to show a decline on the third quarter and the only exception to this was France where there was a Q4 on Q3 growth of 3.3%.

The Bookings figures shown in *Graphic T2* show a similar pattern with the Total Bookings in the year showing the lowest growth in France and the highest in UK, Nordic and Austria.

QUARTERLY SALES BY PRODUCT FAMILY

As we do each quarter, we look at the booking and billing trends by product and regional market.

SEMICONDUCTORS

As billings of Semiconductors accounts for 67% of the total billings, the book:bill ratio for semiconductors as shown in *Graphic S1* shows the same pattern as for the total components with 5 quarters with the ratio being above one and with the highest value so far in Q4 2017.

However as can be seen in *Graphic S6* throughout 2017 the growth in Bookings has been highest in the UK whilst Bookings in France have been declining throughout the year (See comments below about re-classification).

PASSIVES

Although Passives only account for 13% of the value of the total billings the book:bill ratio trend has been the same as for semiconductors.

> *"The growth in Bookings has been highest in the UK"*

However as can be seen from *Graphic P4* there has been strong growth in every quarter when compared to the same quarter in 2016 although this growth has not been shown in the first half of 2017 in Switzerland and Austria, but as *Graphic P6* shows by Q4 the growth compared to Q4 2016 was between 15% and 30% in all countries

E-MECH AND OTHER COMPONENTS

Our Emech and Other Components Category contains many of the newer and growing product categories such as displays and Modules (including Wireless) and accounts for the remaining 20% of the total.

Once again the trend for the book:bill ratio is the same except that Q4 2017 was the sixth quarter with the ratio being above one.

Graphic E6 shows that as with the other categories there has been growth in all countries in all quarters of 2017 with growth in Q4 2017 being between 10% and 25% with the exception of France where we understand that this large growth has been caused by members adjusting the categories used for some products and this has led to temporarily inflating the growth of billings in this category whilst reducing the growth in semiconductors.

Russian Market shows Good Growth

by Ivan Pokrovsky
Executive Director ASPEC

The Russian electronic components market is showing very good growth as it has grown by 25% in 2017 compared with 2016. The last quarter of 2017 was the best in history. Telecom operators, the electric power industry, the gas and oil industry, the transport operators and other large customers of electronic equipment are continuing to replace imported products by Russian hardware and software.

> "Q4 '17 was the best in history"

Although this process goes slowly it is enough to lead the growth of equipment manufacturing.
So, although the import of electronic equipment reduces, import of electronic components is growing in Russia.
In addition, some projects that were frozen have been re-launched.

This is because some Russian investors can see that the previous situation will never come back, that sanctions are forever, and that they must live and act in new conditions.

Another significant factor for the growth both last and this year is the implantation of on-line commercial equipment in the retail sector.

In January we performed brief interviews with the largest Russian OEMs to ask about their plans and forecasts for 2018.

> "Investors see that they must live and act in new conditions"

Most of them state that they are going to continue to grow. The average expectation for 2018 was a further growth of +10%.

News

France: an alliance to support the market shortage

Acsiel Alliance Electronique, a trade association for manufacturers of components, production equipment and test and measurement equipment, **Snese**, the outsourcing electronics trade association, and **SPDEI**, the French association of distributors of electronic components, announced the creation of a joint committee dedicated to the shortage of components. This committee will meet once a quarter to evaluate the situation and propose, if necessary, corrective actions. Its tasks include exchanging information on the real needs of the end-users of the sector, anticipating shortage and giving information to the members.

Among the cyclical causes, there is "a sudden and unpredictable growth of the global component market of 20%" due in particular to "emerging applications with strong growth". Hence saturation of production lines including power components, memories, sensors and ceramic capacitors. In addition, in the event of a shortage, buyers tend to react by overestimating their needs.

Topical Issues in the Global Electronic Components Market...

by Adam Fletcher
ECSN

IDEA Chairman Adam Fletcher is frequently invited to speak at industry events or join round-table industry discussions. He sees these events as a great way to gain and - hopefully – share the insights and experiences of experts across a wide range of industries who interestingly, often have many problems in common.
In this article Fletcher identifies some of our industry's "old chestnuts" and addresses some of the key issues currently facing the global electronic components markets in 2018…

All organisations have to contend with a range of external factors that are likely to impact their financial performance in the short, medium and long term, many of which - regulation, legislation, natural disasters, Brexit etc. - are almost entirely beyond their control. All industries have a range of specific 'challenges' within their internal markets that change over time, however many supply network issues around availability, choice, competition and trends are common and need to be addressed.

Those organisations able to either; drive, ride or anticipate market changes and adapt to them quickly are more likely to benefit from them financially. Unfortunately in dynamic markets like electronic components and systems, it's not possible to stand still and survive, organisation have to keep running fast to succeed…

EXTENDING MANUFACTURER LEAD-TIMES

After over a decade of "ex-stock availability" the pendulum has now swung from a 'Buyers' market to a 'Suppliers' market as increased un-forecast demand has driven electronic component manufacturers to significantly extend the lead-times for their products across the board. Inevitably the pendulum will at some point begin to move back toward the centre and supply will again match demand but when…?

Generally speaking, extended manufacturer lead-times don't pose too much of an issue, as most manufacturing organisations have ERP systems able to determine the appropriate levels of order cover, in-house inventory and re-order points to maintain production. In the second half of 2016 Manufacturer Authorised Distributors anticipated extended lead-times and based on their customer demand modelling started to increase their order cover with the manufacturers they represent in a largely successful bid to ensure they had sufficient inventory to serve their customers' requirements.

In the electronic components market today there are well over 1,000,000 SKUs (stock keeping units). Thanks to the insight provided by Pareto Analysis we're pretty sure that 200,000 of these SKUs are A' class inventory items ('high runners')' in terms of value multiplied by volume shipped. Most 'high runners' used in industrial markets (i.e. not commodity memory used in PCs and mobile phones) are currently on a lead-time of >12 weeks but generally <20 weeks, with a very small number, probably less than 100 SKUs on lead times of 26 weeks+, which potentially poses a much more serious problem.

Unfortunately, contained within the remaining 800,000 'B' and 'C' class inventory items are those commodity electronic components that are often overlooked due to their low unit price. Many manufacturers of these parts are quoting lead-times between **6-to-20 weeks** and probably around 500 SKUs are today on delivery lead times of 26 weeks+.

Manufacturers of 'A' class inventory items are likely to resolve their lead-times issues reasonably quickly, but I remain concerned about availability of some of 'B' and 'C' class inventory items, without which circuit boards and systems simply cannot be assembled.

COMPONENT PRICE INCREASES

Increases in price for electronic components in 2017 were primarily driven by the rapid exchange rate fluctuations impacting both the US$ and €EU. Although largely outside their control, many organisations try to mitigate currency fluctuations in the short term using financial instruments such as 'currency hedging' but in the longer-term change inevitably feeds through to the bottom line. In the short term we must expect further price volatility on all products due to the strength of the US$ and

for some specific products caused by extended manufacturing lead-times: It's simply a function of the market operating in a competitive landscape and often reflects increased costs of manufacture as new capacity is added or contracted to meet demand or additional inventory investment costs.

For the past 50 years the electronics industry has been a huge beneficiary of reduced cost, increased integration and performance of semiconductor products, often referred to as **"Moore's Law"**.
The ability to further scale semiconductors cost effectively has slowed dramatically and as a result prices have stabilised and now seem likely to increase slightly in the medium term. Although hardly to be welcomed moderate price increases will however enable the investment necessary to drive new semiconductor manufacturing technologies to scale and will again reduce costs in the longer term.

END OF LIFE NOTIFICATIONS

The mergers and acquisitions in the electronic components industry over the last few years are now starting to be felt within the market and will continue for the next few years. The newly merged organisations continue to reduce costs by rationalising their product offerings, removing both duplicate products and products which fail to achieve their revenue or margin goals.

> *"Price increases will enable the investment to drive new semiconductor manufacturing technologies"*

All organisations need to be vigilant in tracking **End of Life (EOL) notifications** sent to them by manufacturers and their authorised distributors and ensure they act promptly when they are received.
EOL decisions are not taken lightly and are often heavily influenced by the customer feedback received, which may be a withdrawal of the EOL or another solution that meets the wider market needs. The terms of EOL notices vary significantly between manufacturers but all provide a reasonable time window for customers to react and take the appropriate action.

COUNTERFEIT COMPONENTS OPPORTUNITY INCREASES

If an electronic component your organisation normally purchases becomes unavailable from the manufacturer or their authorised distributor and cannot be sourced from within their wider global distribution network or possibly from another of their customers, it's time to escalate the problem internally with your organisations' management and consider very carefully how to proceed.
Remember that there is always a steep rise in the activities of electronic components counterfeiters and their sales channels when manufacturers start to significantly extend lead times and/or issue EOL notices.
If an organisation you have never heard of offers to supply an otherwise unavailable electronic component, please just say "No" …! Evidence shows that this will prove to be the lowest cost solution and will avoid exposing your organisation to even greater risks and financial loss.

2018 has all the hallmarks of another interesting year for everyone involved in electronic component markets. May I take this opportunity to encourage you and your organisation to communicate with your component manufacturers and their authorised distributors honestly and effectively whatever the year brings in terms of challenges and work with all your supply network partners to help maintain market stability.

News

Top 10 semiconductor R&D spenders in 2017

The ten largest semiconductor R&D spenders increased their collective expenditures to $35.9 billion in 2017, an increase of 6% compared to $34 billion in 2016. Intel continued to far exceed all other semiconductor companies with R&D spending that reached $13.1 billion
In addition to representing 21.2% of its semiconductor sales last year, Intel's R&D spending accounted for 36% of the top 10 R&D spending, according to IC Insights.
Intel's R&D spending exceeded the combined R&D spending of the next four companies - Qualcomm, Broadcom, Samsung and Toshiba - listed in the ranking.

Annual silicon volume shipments remain at record highs

Worldwide silicon wafer area shipments in 2017 increased by 10% against 2016 shipments, while worldwide silicon revenues rose by 21%, according to SEMI.
Silicon wafer area shipments in 2017 totaled 11,810 million square inches (MSI). Revenues totaled $8.71 billion.
Annual semiconductor silicon volume shipments reached record levels for the fourth year in a row.

Source:
www.europelectronics.biz

The Future of the (digital) personal contact

"As important as Digital might be: Analog decides"
(Peer-Arne Böttcher, founder and entrepreneur, Hamburg)

If you had to describe the big advantages of digitization in a few words, these two terms would come out on top: **Time** and **Process Safety**. We need less time for the same work in higher quality! This is true for almost all activities in development, production, distribution, administration and logistics within any organization as well as in communicating with the outside world. Networking with clients, suppliers and service providers offers mega quick communications and total transparency of everything going on in the process.

These time savings, combined with all relevant information always at hand, leads to an increase in client's demands. Competition takes off to a completely new dimension: are our processes, our algorithms and the web, fit for competition?

Are we quick enough in our markets? Are our costs on a relevant level?… And the crunch question: are our staff prepared for all that and willing to tackle the change?

THE CHALLENGE OF DIGITIZATION

The workforce often are afraid that they will lose their jobs because of digitization. The time won is not always filled with qualified tasks, but simply with an increased volume being handled by a reduced staff.

by **Wolfram Ziehfuss**
Managing Director FBDi

Thus, the individual has less time to take personal care of a client. On websites and brochures, statements like this can be frequently found: *"The use of digital distribution channels does not mean that we reorganize our client contacts. We want to offer more communication alternatives for our clients. But this does not mean a replacement of traditional, personal service by digital platforms"*.

Digital platforms have found their way into our world of distribution: Design data bases and module solutions in development, *"Realtime Bidding"* in sales, consignment stocks (incl. automatic re-orders and payment on withdrawal) in distribution. And we have just seen the beginning.
New business models will pop up. Suppliers are integrated in production and business processes.

Digitization allows for an easy realization of new, network-based business models. Offer your clients (and yourself!) a new platform, not only for communications and sales. But for joint development of new products and services, thus creating new additional values.

On first sight it looks as if digitization wants to abolish personal contact through fully automated and cross-linked processes.
The increase in productivity is meant to amortize the investments on the technical side.
The paradox of digitization is that "It's not about technology only". The human factor counts. Individualization, personalization, interaction, cooperation, all these things are based on technology, but they need human correlation. Companies with a complete comprehension of these facts can use those anonymous algorithms for customer acquisition and customer retention and can actually build a brand with it.

THE HUMAN NEED

Personal contact is a human need. It is based on trust and confidence. Trust is one of the basic features of our society. On different levels, it determines our interactions and relationships with our families, companies and society in general. In the meantime we have learned not only to trust algorithms, but to rely on them.
We practice that on a daily basis with online shopping, internet banking and social networks. To replace trust with technology is a future project called "Block Chain". Here, trust isn't needed anymore. Each transaction is coded, saved and offered to the parties of the transaction to be filed away individually. They don't need solicitors or banks as agents or trustees.
But: for the elaboration and the understanding of **"smart contracts"** they need a personal contact and the trust that everything will turn out fine.

In the future, personal contact will still be there, on all levels of the business world. But it will look different and will be used differently.
Time is getting more precious, and the need for personal contact shifts to help, support, guidance and counseling. Hardly anyone will order per phone or personally. Computers will do that.

What is important is the contact if a problem occurs, or when questions with a technical background come up. We will look to see if that can be handled by the salesperson or call centers, design - or support groups.

> ***"Personal contact is a human need. It is based on trust and confidence"***

Most of the answers are already in the computer or somewhere in a cloud. The task is: to find them. Call Centers can do this jointly for a number of organizations. The same goes for technical support. It will be questions of cost and process quality. If a system is faultless, it doesn't need support. So why provide it at all? Yet support will still play a role. The consultant can base his solutions on computer models, but he has to listen to the customer and try to understand his problem empathically. That is something algorithms can't do (yet).

ANALOG DECIDES

So customer contact becomes less frequent: pricing schemes and supply contracts are negotiated on a yearly basis, with reviews in between.
This will change the profile of the sales engineers: customer care and customer retention will become even more important.
A final point: Communication within a company will suffer from digitization. We are glued to the screen from dusk till dawn and have less time to exchange information with our colleagues. So here is a distinctive need to talk to all staff, on all levels. Otherwise there is a loss of knowledge, or knowledge is ignored, and the quality of communication simply declines.
Working parents know very well about time getting scarce and the importance of *"quality time"* with their kids.
This is exactly the feeling we have to convey to our clients. Because: *"As important as Digital might be: Analog decides".*

The 15th edition of the Power Fortronic 2018

FORTRONIC POWER

by Silvio Baronchelli
Assodel

The unique Italian event dedicated to the power electronics sector returns on June 27th and 28th in **Modena** (close to Bologna). Once again, Emilia Romagna, a region of great excellences and with one of the most innovative manufacturing industry, confirms to be a privileged place to bring together all the latest technologies, products and systems in the power sector (and not only) with focus on some cutting-edge fields, including automotive, mechatronics, industry and biomedical.
Promoted by **Assodel** – *Italian Federation of Electronics Clusters* – and by the Elint Consortium, the event promises to be even wider and richer in content. Designers, EMS, buyers, managers and technicians will have the opportunity to get in touch with the sector's top players. In addition, visitors will have access to conferences, workshops and demo areas by companies, to offer a 360° view of the entire supply chain.

The Power Fortronic will open on June 27 afternoon with the second edition of the Strategic Innovation Summit, a meeting point dedicated to top management with analysis, market visions and successful case histories.

At the end of the Summit the annual Assodel Gala dinner will be held.
The networking event gathers more than 300 international managers every year.
Among the novelties of the 2018 edition the Assodel Awards will be assigned not only to the Best Manufacturers of the electronics industry but also to the most innovative Italian customers.

> *"Save the date: 27th and 28th of June 2018"*

The second day will be completely dedicated to products, solutions, latest technologies and training. Next to the exhibition area, the usual technological conference session, which represents the heart of Power Fortronic, will offer interventions with a high technological content held by the most innovative companies in the field of power electronics and not only. Among the outstanding topics, particular emphasis will be given to three thematic routes: Power Management, Inverter and Energy Storage, not to mention important topics such as IGBT, SJ-Mosfet and power modules, wireless charging, medical and diagnostic, thermal management, EV / HEV and so on.

Aldo Bonzi, Arrow Electronics Specialist FAE Manage Italy argues that *"Power Fortronic is the most important event in Italy dedicated to power electronics. It is an opportunity to learn about applications, contents, solutions on various technologies and suppliers that present the state of the art of their products. Customers will have a great overview of all this and the opportunity to discuss common interests and objectives"*.

NOT JUST POWER...

The event, which is experiencing a continuous growth trend and an ever-increasing interest from the top players in the market, will give space, alongside power electronics solutions, to more general products, systems and components, such as microcontrollers, instrumentation, IP&E, display... creating a networking event for the entire Italian industrial electronics supply chain.

For more information:
https://powerfortronic.it/

A growing market with many opportunities

In 2017, the power electronics market in Italy grew by 14%. With a value of 120 million euros for the semiconductor power components segment (Assodel data).
The "power" therefore shows a better performance of the market in its entirety and 2018 will surely be another positive year.
Among the most interesting areas, we find the e-mobility sector and electric vehicles, an area in which **Power Fortronic** will dedicate exclusive contents. In 2017, the number of electric cars registered in Italy was 2000, with a growth of 38%, while hybrid vehicles grew by 71%. And according to the *"eMobility Revolution report"*, 3 million electrified vehicles will circulate in Italy by 2025.

The South African Electronics Industry 2018

by Warren Muir
AREI
adec@icon.co.za

A new dawn is arising in South Africa, as the new African National Congress leadership start to flex their muscles and ooze out the old regime, uncovering more and more corruption as days pass by.

Many have pegged their hopes on Cyril Ramaphosa to lead South Africa from the trenches that our honourable President Zuma graciously dug for us.
The fact that **Mr. Ramaphosa** is a prominent business man is positive for the economy, and a positive economy will most certainly have a positive effect on the Electronics Sector.

Although the election only happened in December 2017, the Statistics seem to echo the positive sentiments specifically in the **Business Confidence Index**.

The Distributors Total Available Market (DTAM) numbers in the second half of 2017 were down slightly on the 2nd half of 2016 and down just over 12% on H1-2017.

THE SACCI BUSINESS CONFIDENCE INDEX 2015=100 *Table 1*

Month	2010	2011	2012	2013	2014	2015	2016	2017
January	110,8	119,4	112,4	108,8	104,5	103,4	92,6	97,7
February	113,2	118,0	115,2	107,7	106,4	107,4	92,7	95,5
March	113,5	129,6	110,8	104,7	107,3	103,2	94,0	93,8
April	114,8	118,7	119,2	106,9	107,2	104,1	95,5	94,9
May	111,8	117,2	107,4	104,7	102,9	100,6	91,8	93,2
June	115,7	118,5	109,9	104,4	103,8	97,9	95,1	94,9
July	115,0	114,6	105,2	105,0	101,8	101,8	96,0	95,3
August	119,5	114,2	110,0	104,8	103,0	97,6	92,9	89,6
September	119,8	113,9	106,2	105,8	103,3	94,5	90,3	93,0
October	117,2	112,9	106,5	105,5	102,8	102,3	93,0	92,9
November	118,7	112,8	106,2	105,1	105,1	95,1	93,9	95,1
December	119,5	114,7	107,7	106,4	102,2	92,2	93,8	96,4
Average	**115,8**	**116,3**	**108,9**	**105,8**	**104,2**	**100,0**	**93,5**	**94,4**

Source: Sacci

NORMALISED DTAM ($M) (HALF YEAR) *Figure 1*

Source: Arei

> *"With general positive sentiment in business, further growth is expected for 2018"*

The Total Sales for the year were, however, up by more than 7% and with a dismal year in terms of Business Confidence, this was positive for the Electronics Sector.
Figure 1 shows the DTAM normalised to the US Dollar. Prominent growth was seen in the sales of Logic, Analogue and Power Devices in 2017.

The **South African Chamber of Commerce (SACCI)** Business Confidence Index (BCI), having manufacturing as a component of the statistics, grew significantly in the last two months of 2017 (*Table 1*), after an all-time low in the winter. Since Mr. Ramaphosa was only elected in December, early 2018 numbers are expected to be significantly higher.

Although Political Instability remains an issue in South Africa, the statistics indicate growth in the market.
The ZAR strengthening almost 14% in the last 3 months and with general positive sentiment in business, further growth is expected for 2018.

CEDA AI&IOT Executive Conference and 2017 Top 100 China Franchised Distributors

by Amy Wang
CEDA

The China Electronics Distributor Association (CEDA) recently conducted its **annual executive conference** on December 7-8 2017 at the Inter-Continental Hotel in WUXI, Jiangsu province with support of the MIIT, WuXi government, the Renewable energy association and the IOT association in Wuxi.
The main themes of the CEDA executive conference were Artificial Intelligence, Industrial IOT Technology and Supply Chain Innovation. Meanwhile, CEDA released the Top 100 China Franchised Distributors' Catalogue (the Catalogue) to serve China's smart manufacturing and industry upgrade.

The mission of CEDA is to establish a database of authorized distributors in the China market, to find suppliers for authorized distributors and to help electronics component suppliers to find authorized channels for their products.

> *"The main themes were Artificial Intelligence, Industrial IOT and Supply Chain Innovation"*

CEDA welcome authorized distributors, suppliers and IDH to join CEDA and to promote efficiency of supply and design chains.

More than 500 industrial executives and government officials attended the event. **Amy Wang**, CEDA executive board member chaired the executive conference. Distinguished industry leaders from Taiji Industry, Suntech Power, Horizon Robots, Alibaba, GTI, TI, ON Semiconductor, China Science Academy, Baosteel, WSN IOT Group,TTI, Mouser, CEC Port, BOB Holdings, Smart Core

Holdings, Cogobuy, Powertek, Sunray,Burnon, Xiamen Holder, Nanjing Sunlord, Morsun Electronics and other attended the event.

"CEDA welcome authorized distributors, suppliers and IDH to promote the efficiency of supply and design chains"

The first day event consisted of the CEDA executive conference, the release of the **Top 100 authorized distributors**, panel discussions; and frontier technology forum on AI and IOT, Renewable energy and new energy vehicle. The second day event included Suppliers and Distributors meeting, and visiting local semiconductor and innovation companies.

Zhijian LU, Vice mayor of Wuxi government gave opening speech.
LU said, *"We welcome leading authorized distributors to come to Wuxi to meet our IC (Integrated Circuit) companies and to accelerate the fast growth of the local Chinese IC industry"*.

Yuchen Nie, President of CIITA, said that CEDA executive conference will help the Yangzi river Delta area's economy.
Since Wuxi is one of the oldest national base for IC industry and IOT industry, it's very meaningful to have the event conducted in Wuxi with focus on AI and IOT markets.

Zhengyuan Zhao, Chairman of Wuxi Tiji Group, EDRi and Renewable energy association said that Top 100 leading distributors came to Wuxi and interact with local industrial leaders will accelerate the semiconductor industry innovation in China.

"It's very meaningful to have the event in Wuxi with focus on AI and IOT"

Companies listed in the *Top 100 China Franchised Distributor Catalogue* are major and active players in China Market.

"CEDA releases the Catalogue to promote franchised electronics component service system, to regulate the supply channel and to help OEM/EMS companies get reliable partners into their purchase system," said **Dr. Michael Liu**, Secretary General of CEDA.
"The Catalogue is published at www.cedachina.org to service electronics supply chain and to make it simple to find reliable supply channels for semiconductor companies". CEDA has released the Catalogue every year since 2015.

About CEDA

CEDA is a non-profit organization to serve franchised electronics component distributors with operations in greater China. At present, CEDA is under the leadership of China's Information Commerce to serve China's innovation activities by one-stop reliable supply chain solutions.

www.cedachina.org

News

ECIA Announces Changing of the Guard

ECIA announces **Bill Bradford** will assume the President and CEO position, transitioning in Q1 2018 as **John Denslinger** steps down. Bill Bradford has over 30 years of experience in the electronic components industry, having led the global sales organizations for Freescale, ON Semiconductor and Entropic Communications.

"I will be spending these first few months meeting with as many members as possible, and carefully listening to the issues and challenges that keep them up at night," Bradford explained. *"I look forward to working with our membership to improve efficiencies and solve industry challenges across the components supply chain."*

IDEA NEWSLETTER
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The business environment is strong, Connector prices are excellent

by Ron Bishop
Bishop & Associates

If you want to know what the outlook is like for the connector industry, just ask.

That's one way in which **Bishop & Associates** measures the expectations of an industry that continues to expand as the world increasingly relies on electronics.

> **"You said things are just fine"**

When Bishop & Associates asked you how things are going, you said things are just fine.

Our latest outlook for the industry is accordingly bright.

PRICE ANALYSIS

Industry personnel were asked, *"In your opinion, what happened to connector prices in the past six months, and what will happen during the next six months?"*

In its November price analysis, Bishop measured the Price Index at 3.333 and estimates that it will be 3.564 six months from now.

The results of the November survey are shown in the following table:
A price index above 3.000 means industry personnel

CHANGE IN CONNECTOR LEAD-TIMES

Table 1

Lead Time	Now	In 6 Months
Increase	47.4%	36.8%
Stay the same	47.4%	55.3%
Decrease	5.2%	7.9%
Total	**100%**	**100%**
1 Week	7.7%	7.7%
2 Weeks	0.0%	0.0%
3 Weeks	10.3%	10.3%
4 Weeks	17.9%	12.8%
5 Weeks	2.6%	5.1%
6 Weeks	35.9%	25.6%
7 Weeks	0.0%	7.7%
8 Weeks	12.8%	17.9%
9 Weeks	5.1%	2.6%
10 - 12 Weeks	2.6%	7.7%
13 - 16 Weeks	5.1%	0.0%
>16 Weeks	0.0%	2.6%
Total	**100%**	**100%**
Average in Weeks - Nov	5.9	6.1
Average in Weeks - Oct	6.2	6.5
Average in Weeks - Sep	7.0	7.4
Average in Weeks - Aug	6.0	6.5
Average in Weeks - Jul	5.7	6.3

Source: Bishop & Ass.

CHANGE IN CONNECTOR LEAD TIMES

Table 2

Prices	Last 6 Months	Next 6 Months
Decrease 1-2%	10.2%	7.70%
Decrease 3-4%	15.4%	17.90%
Decrease 5-6%	0.0%	5.1%
Decrease 7-8%	5.1%	0.0%
Decrease 9-10%	0.0%	2.6%
Decrease >10%	0.0%	0.0%
Stay the Same	35.9%	28.2%
Increase 1-2%	20.5%	23.1%
Increase 3-4%	7.7%	10.2%
Increase 5-6%	2.6%	2.6%
Increase 7-8%	0.0%	0.0%
Increase 9-10%	2.6%	0.0%
Increase >10%	0.0%	2.6%
Total	**100%**	**100%**

Source: Bishop & Ass.

believe prices either have or will increase.

Methodology:
5 = Increase a Lot;
4 = Increase a Little;
3 = Stay the Same;
2 = Decline a Little;
1 = Decline a Lot

> ***"Lead times are forecast to be 6.1 weeks in six months from now"***

Table 2 displays the distribution of responses on the question of prices.

LEAD TIMES

Industry personnel were asked, "In your opinion, is lead time increasing, staying the same, or decreasing now and six months from now?"

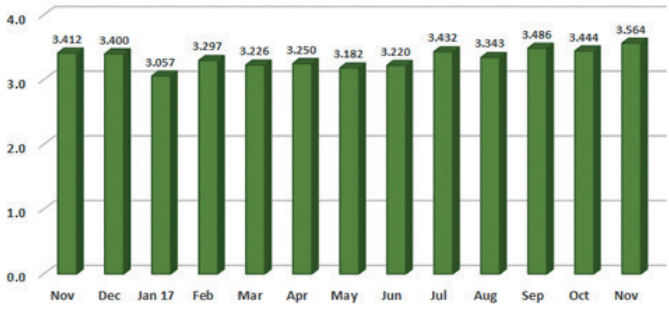
Table 3 provides the survey results, including distribution of responses.

Lead times are averaging 5.9 weeks now, and are forecast to be up to 6.1 weeks six months from now. Twice a year, Bishop & Associates publishes a new connector industry forecast by region and market sector.

For more information: *http://store.bishopinc.com/product/connector-industy-forecast/*

CONNECTOR PRICE INDEX PRICES 6 MONTHS FROM NOW

Figure 1



Source: Bishop & Ass.

ORDER LEAD TIMES ON CONNECTORS

Table 3

Prices Change	Last 6 Months	Next 6 Months
Increase a lot	0.0%	2.50%
Increase a little	48.7%	59.00%
Stay the Same	38.5%	30.80%
Decrease a little	10.2%	7.70%
Decrease a lot	2.6%	0.0%
Total	**100%**	**100%**
Nov	3.333	3.564
Oct	3.148	3.444
Sep	3.4	3.486
Aug	3.222	3.343
Jul	3.178	3.432

Source: Bishop & Ass.

LUMEN

CONSORZIO ELINT

CONSORZIO ELETTRIMPEX LUMEN INTERNATIONAL

The Elint Consortium acts in the SSL (Solid State Lighting) and Electronics area to promote “made in Italy” products and applications internationally. Elint is a member of Federexport-Confindustria and actively cooperates with several public Institutions for matters regarding export

2018 PROGRAM

>Showroom

temporary showroom of lighting/LED solutions and design products

>International fairs

participation to the most important fairs and events in Italy and abroad

>Workshops & Events

conferences, events and forums devoted to new technologies

>Communication

Web, directories, newsletters, magazines

in partnership with

assodel

>Roadshows

itinerary events to promote smart technologies for lighting and home automation

>B2B meetings

One-to-one meetings with International operators in the SSL field

>International promotion

activities to promote SSL/Made in Italy applications and products

MEMBERS

A.G.S.

AEMI

ASSIST ITALIA

ASSODEL INIZIATIVE

COVEL

EFORE/ROAL ELECTRONICS

EUROTEK

GIAMPER

LED ITALY

LED PROFILE

LUX LIGHTING

MICROIDEA

PROMNI

RISMA

SEI LASER

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