The Evolution of Wireless Distribution

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Historically, the role of a distributor was a company who took orders and stocked parts. In the wireless world, the OEM customer had the ability for marketing, sales, engineering as well as manufacturing residing under their own roof. The wireless distributor played in niche markets such as defense, where RF and Microwave were born and design cycles were lengthy. Wireless distributors were not expected to provide the engineering interface that is so critical today. It was about inventory turns, price and delivery.

Those days are gone. It is the consumer, not Uncle Sam, whose insatiable demand for ubiquitous wireless communications is driving new technologies and applications. The supply chain has become global and complex, since most of the products are "designed here, made there". The specialized distributor who supports these new wireless technologies and products must provide a highly technical global sales team.

The sales engineer builds the bridge between the line card and the customer’s component requirements. In effect, they have become the de facto "program managers" who connect the supply chain dots from ODM to OEM to CEM. The wireless distributor has expanded into a communications conduit and is responsible for synchronizing customer demands with a supplier’s product roadmap. To service the customer more effectively, the wireless distributor has built a comprehensive marketing organization as well as sales, which enhances the value proposition for the component manufacturer.

Creative collaboration by the wireless distributor, with all its supply chain partners for a given customer, has to bring new ideas. Engineering summits between the wireless distributor’s technical sales force and the vendor partner are common. Together, they coordinate new product introductions, advertising, evaluation boards and applications tools to benefit the customer. This is particularly true when new unproven technologies are involved and there is significant risk for the customer. In some cases, the wireless distributor develops their own market focused sales tools which compliment the supplier’s efforts but positioned specifically for the distributor’s customer base.

What Does the Future Hold for Wireless distribution?

A growing trend that I see for wireless distribution is an increase in exclusive channels, where the component manufacturers are looking at the levels of investment required of the distributor in applications training and support, maintaining inventory, and demand creation activities, together with the issues of global channels of communications: choosing a tight relationship with one partner over having multiple distributors erode pricing while adding less value.

Looking at the future from the wireless customer's perspective, we will continue to see engineering staff downsized and outsourced. Distribution will fill this void by continuing to invest in the necessary resources that will augment the demand creation sell. RF testing, customization, subassemblies and component integration are a few areas where the customer will outsource to a valuable wireless distributor. The cooperative partnership between the OEM and wireless distributor for ODM-like capabilities may lead to potential conflict with larger CEMs who also offer wireless design services.

Finally, it is clear that all distributors will have to navigate the growing market for wireless solutions from customers who have a digital rather than an RF background. These two technologies increasingly span common applications. The wireless distributor needs to bridge the product chasm and take a look at easier to use products and add those to the line card. Non RF customers are often looking to module vendors who can provide working product quickly, minimizing engineering and market entry cost while accelerating time to market. That way they do not have to figure out <quot>the old black magic<quot> associated with RF technology. As demand increases, these newcomers may evolve to build RF capabilities. Higher levels of integration for many circuit functions are also being demanded by many traditional customers. Can the larger traditional RF device manufacturers make the transition and grow with this market shift, or are they destined to become stodgy behemoths holding on to the past rather than what they need to be successful in the future?

The wireless distributor has a wide choice of vendor partners to fit the new technology product needs of the customer. Some of these potential vendor partners are NOT the brand names but the ones who provide the BRAND new technology!

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