Specialty Distributors offer Advantages over Big Box and On-line Outlets

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What value does a component distributor offer other than obtaining goods from a single source? Can they offer value beyond that convenience? Large distributors offer everything from resistors to fully programmable gate arrays (FPGAs). Unfortunately, with this broad component coverage comes diffused product knowledge. Some distributors hire application engineers to support higher priced items, but their focus is so narrow that they can not support the diversity of customer inquiries submitted on a daily basis. Therefore, substantial delays are incurred when technical questions are posed and in some cases may never be answered if the perceived return on investment is limited. This leaves an opportunity for “specialized” component distributors to support customers looking for product and technical advice in their particular field of expertise.

Many of these specialized distributors have the same or better logistics capabilities as larger distributors and a much higher level of service, and competence, in their area of focus. While engineers recognize the service levels and value an expert can offer, these distributors sometimes go unnoticed by purchasing agents and supply chain managers until they run into issues with their larger distribution partners. At that point, the depth of knowledge from a specialty distributor living and breathing their product lines and developing strong OEM relationships offers a profound advantage with solving problems.

For example, RFMW, Ltd., is staffed by experienced RF and microwave sales professionals. They act as component engineers for many of their customers; presenting the latest RF technology from their suppliers or offering solutions for end of life products. A specialty distributor’s market focus also allows it to rapidly see industry trends before a broad line distributor would pick up on them. Working with a large pool of similarly focused customers on a day- to-day basis, specialty distributors often become a conduit for information between customers and suppliers, letting the suppliers know what the various markets need and informing customers about the best available and up-coming technology.

Another example is Octera Solutions. With technical sales, application support, system architects and design services, Octera resources support customers from product concept through production with focused, system level solutions utilizing FPGAs. Differentiating themselves from broad line distributors, Octera is experienced with the full suite of Altera tools providing hardware and software support to their customers.

Focusing on a market also allows distributors to offer value added services that support their core customer base. Using RFMW as an example, customer demand for small lot sizes of RF and Microwave DIE based products led to the development of an on-site clean room where specially trained technicians replate DIE (move DIE

from one container to another). The ability to replate on-site allows RFMW to support design and prototype quantities typically required for new designs. The customer advantage is avoiding minimum order quantities (MOQ) involved with devices shipped in waffle or gel packs. Sometimes these devices cost tens or hundreds of dollars each. Allowing customers to avoid large initial quantities saves them money thereby increasing their cash flow, an ever increasing concern for many smaller companies. This also supports the supplier by removing the burden of supporting multiple small customers with small order quantities. The higher overhead at an OEM supplier is better spent supporting a smaller group of customers needing large quantities of product.

Additionally, specialized component distributors' value added services can include device test and sorting, Hi-Rel screening, custom cable assembly and program management. All of these services are aimed at supporting customer time-to-market initiatives and removing this burden from the OEM suppliers.

As customers, suppliers and contract manufacturers continue to restructure and resize their organizations to maximize efficiency, the specialized distributor has become increasingly more important as a strategic partner capable of conveying market intelligence and supporting both design and logistics requirements. With a specialized distributor, customers work with people who understand their products and performance concerns. Together, they can find solutions, get samples, support prototype issues and manage production supply chain requirements.

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