

# Manage the Risk of Obsolescence

## Using the Right Tools

There are many perks of working in the electronics industry.

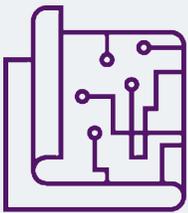
Being part of the innovation of the world and seeing progress in real time provides excitement and a thrill. However, there are some complications that are unique to the industry as well. With many shifts, global issues, and more, there are supply chain risks to consider. One of the most commonly felt issues is obsolete parts.

Obsolescence brings a real cost and risk to any electronics business. Additionally, it tends to leave many businesses feeling paralyzed or stuck. While it is unavoidable, the proper inventory management processes will assist those in the electronics industry with overcoming the issue of obsolescence. With our tips, we believe it is certainly possible to feel empowered and ready to tackle obsolescence with full confidence.

# Intentional Management

Preparing for obsolescence means having a solid plan on hand for management. The electronics industry is constantly evolving, meaning that parts are at risk for becoming obsolete fairly quickly. Some parts are replaced by more cost-effective parts. In addition, some parts are manufactured to have a short lifespan.

Whatever the reason, it seems parts will become obsolete much faster than the devices they serve. With all of this in mind, we believe taking the time to manage obsolescence can help save your business time and money, as well as keep your supply chain strong and secure.



## 1. Analyze the Bill of Materials (BOM)

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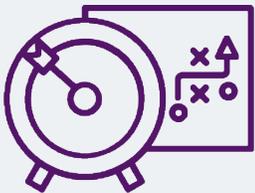
Using your Bill of Materials, take time to section out the components. This gives you the opportunity to assess each individual part. At this stage, it is also helpful to weed through any custom parts.



## 2. Filter Low Risk Components

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Do you have components that are easily found on the shelf? How about components that have 7 or more years until the end of production life? These components can be filtered out to save you time to focus on the higher priority components.



## 3. Risk Analysis of Remaining Components

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Now that you have your higher priority components sectioned out, you may utilize risk analysis tools to determine which components are the highest risk. You may consider looking specifically at probability of obsolescence and operational impact criticality.



## 4. Prioritize Components with Mitigation Strategies (Low, Medium, High, Needs Attention)

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Your components will be divided into four categories of risk. This includes low, medium, high, and needs attention (or very high). Starting with the components that are most at risk, begin taking action to reduce obsolescence issues. This may include planned system upgrades, component replacement, and more. We suggest following this process every 6 months to ensure your components are at a place to be most impactful and effective.