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Enterprise Network Models for Counterfeit Part Supply Chains Workshop

11:00 – 12:30 (Eastern Time)

Counterfeit Electronics Supply Chain

**Moderator: Robert Bodemuller (Lockheed Martin, Missiles &
Fire Control)**

**Panelists: Faiza Khan (IDEA), Richard Smith (ERAI), Don
Elario (ECIA), and Jim Creiman (Northrop Grumman)**

Questions and Topics Addressed

- What unlikely but possible scenarios need to be covered by the model. (black swan events)
- How do authorized distributors choose whom to sell when there are multiple demands and limited inventory (e.g., independent distributors vs. Prime contractors)?
- How do distributors or customers approach the purchase of components slated for obsolescence?
- How do you determine the risk of counterfeit to decide whether testing is needed? If testing is needed, how is the level of testing decided?
- What would be the ideal inputs and outputs of the model? Where in the model do you want to probe for information?
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Panel Notes – Supply Chain

- Black swan event examples – broad events Suez, Taiwan in a conflict, broadly, any trends that reduce part availability
- Beyond direct costs and calculations, decisions to do business in shortage time depends on relationships. In addition, one does consider the revenue impact, global use for entire company, and the customer's ability to pay
- Purchase of obsolete parts by independent distributors can be speculative since one can always sell off excess inventory but unfortunately that can be bought by suspect actors from around the globe

Panel Notes – Supply Chain

- Money trail may not lead to counterfeit activity – as they finally buy from some legit source for material, for example
- Need for testing should be risk based – supplier, application, part type (people came to the AS 6171 factors independently)
- Be careful who you buy from – why would a random company has a part when other big guys do not
- Check everything – who are they, where, how long in business, certification, google map
- Because of their caution, good independent distributors may have good practices that are worth learning from