

“ America II has more than 3 billion components in stock ”

COUNTERFEITS, LEAD TIMES TOP BUYERS' MINDS

Managers at a leading independent distributor answer the questions most often posed by customers

Can you explain the dangers of counterfeit products in the market and what your company has done protect against it?

Counterfeit components are a major problem within the channel. A report* produced by the U.S. Department of Commerce in January clearly states that this problem affects the entire supply chain. According to the report, OCMs cite that “brokers are frequently a source of counterfeit components followed by independent distributors and internet suppliers”. However the report also states that “21% of the OCMs identified authorized (franchise) distributors as having sold counterfeit parts.” It continues that “unauthorized distributors are more diverse in their purchasing and screening activities” and have implemented stringent procurement, testing and auditing requirements into their processes. This is exactly the case at America II. We feel that we’re the leader in quality assurance and testing. We secure the supply chain through our strict vendor selection process and purchasing controls. Our quality processes also include import/export compliance and, of course, our quality inspection. In addition to visual inspections and x-rays, quality testing includes: de-capsulation, electrical testing, CCAP counterfeit testing, I.C. programming, solderability and more.

What makes America II different from other independent distributors?

Unlike other independent distributors, America II is a stable 21-year-old company with strong finances and senior leadership that came from the franchise distribution and IC manufacturing space. The leadership team has been with the company for more than 15 years and has built our inventory to current levels that exceed \$1 billion in value. Also unlike other independents is our robust quality system. Our culture is built around quality, with a focus on continuous improvement. We’ve secured our supply chain with a tight program for new supplier qualification and an aggressive program for supplier

suspensions—the current suspended supplier list stands at 4,938. The linchpin of our customer confidence program is the third-party independent test facility that resides within America II’s distribution center, which has never been done before in all of distribution. This allows us to test every component that may be suspect

or process customer-directed test procedures onsite. Lastly, while the industry-standard warranty of parts is a single year, America II has a 10-year guarantee on all components sold. All of this makes us different from other independent distributors and brokers.

How should customers go about qualifying or certifying your company as a supplier?

While some customers send in questionnaires to conduct a virtual audit, most large customers prefer to complete a trip to our Florida facility. In fact, we prefer having an onsite audit so we can truly highlight our infrastructure, quality processes and in-house test facility. With the internet and graphic design tools available to every marketer, it’s easy to make a small company without infrastructure look like a large company with a robust quality system. So we believe no customer should approve an independent distributor or broker without a physical audit.

How can you have inventory when most of the supply chain, including direct manufacturers and franchised distributors, is quoting 24 to 30 weeks on many components?

America II has an inventory-centric model, built during the past 15 years on the management of excess components and asset recovery for OEMs and EMS providers. America II manages more than 230 programs and carries product from more than 1,400 manufacturers. Another important component of our business model is our strategy in buying inventory. Many times, we make conscious decisions to purchase inventory above current market price when we see a sudden shift in lead times. America II has the financial strength to invest millions of dollars in inventory. So during market shortages, we have product while others are dealing with extended lead times. Currently, America II has more than 3 billion parts in stock and available for sale.

What’s your outlook on the market for the rest of 2010?

Looking ahead, America II remains very bullish with our outlook for the remainder of 2010. We expect to see product continuing to be in short supply, with lead times exceeding 24 weeks. As a company, America II is buying aggressively so we can support the marketplace for the next two quarters.

*http://www.bis.doc.gov/defenseindustrialbaseprograms/osies/defmarketresearchrpts/final_counterfeit_electronics_report.pdf

America II is an independent distributor based in St. Petersburg, Fla.

 www.americaii.com

“ America II has stringent quality requirements ”