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making the value of technology clear

Tech-Clarity Insight:

A Risk-Based Approach to Component and Supplier Management

Mitigating Product Risks with Component and Compliance Intelligence

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Executive Summary

To achieve a sustainable profit, manufacturers must not only develop winning products but also ensure they can be delivered to the market reliably and cost-effectively. Developing and maintaining effective supply chains requires identifying, analyzing, and mitigating risks from many sources. A structured risk management approach helps companies achieve higher product ROI and prevent unexpected costs in today's complex supply chains despite threats from shrinking component lifecycles, increasingly complex regulations, counterfeiting, and an economic downturn that threatens the health of many suppliers. These issues can drive product shortages, excess expense, risky supply moves, diverting resources from innovation to redesign around supply issues and risk to product quality. No industry, manufacturer, or supplier is immune from these risks.

> *You have to be as proactive as you can in a lot of different risk areas, as any one of them can be detrimental to your business.*
> *Erick Prause, Director of Supplier Development, Jabil*

Manufacturers need to take a strategic look at supply chain risk. "*You have to be as proactive as you can in a lot of different risk areas,*" explains Erick Prause, Director of Supplier Development for Jabil, a provider of electronic design, manufacturing and product management services, "*as any one of them can be detrimental to your business.*" An effective risk management process must:

- Identify potential risks
- Analyze risks and their potential impacts
- Mitigate risk proactively

To support this, companies need to put in place a framework and infrastructure that provides product and component intelligence, including content and communication processes. Without the right information it is nearly impossible to identify, analyze, or mitigate supply chain risk. "*We see component lifecycle management and the management of product data and information as critical to our business,*" explains Jabil's Prause, "*So we invest in continually improving and sharing product information.*"

> *Without the right information, it is nearly impossible to identify, analyze, or mitigate supply chain risk.*

Today's complex, dynamic supply chains require current, accurate information coupled with bidirectional communication and collaboration. This combination allows companies to mitigate risk and improve supply continuity across their product lifecycles – protecting revenue, avoiding excess expense, and ultimately increasing product profitability.

About the Author

Jim Brown is the President and founder of Tech-Clarity, an independent research and consulting firm that specializes in exposing the true business value of software technology and services. Jim has over 20 years of experience in application software for the manufacturing industries, with a broad background including roles in industry, management consulting, the software industry and research spanning enterprise applications such as PLM, ERP, SCM and others.

Jim is an experienced researcher, author and public speaker and enjoys the opportunity to speak at conferences or anywhere that he can engage with people that are passionate about improving business performance through software technology.

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