

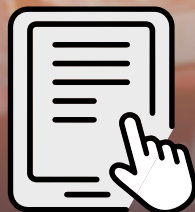
2026

DISTRIBUTION OUTLOOK

This Annual Report will provide forecasts, perspectives and analysis through interviews from a wide variety of distributors.

Outlooks will be provided from each of the following regions –

- **North America**
- **EMEA**
- **APAC**



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NEXUS™ is WIN SOURCE's comprehensive supply chain enablement solution, designed to optimize the procurement operations of global electronic component buyers by enhancing flexibility, responsiveness, and operational efficiency.

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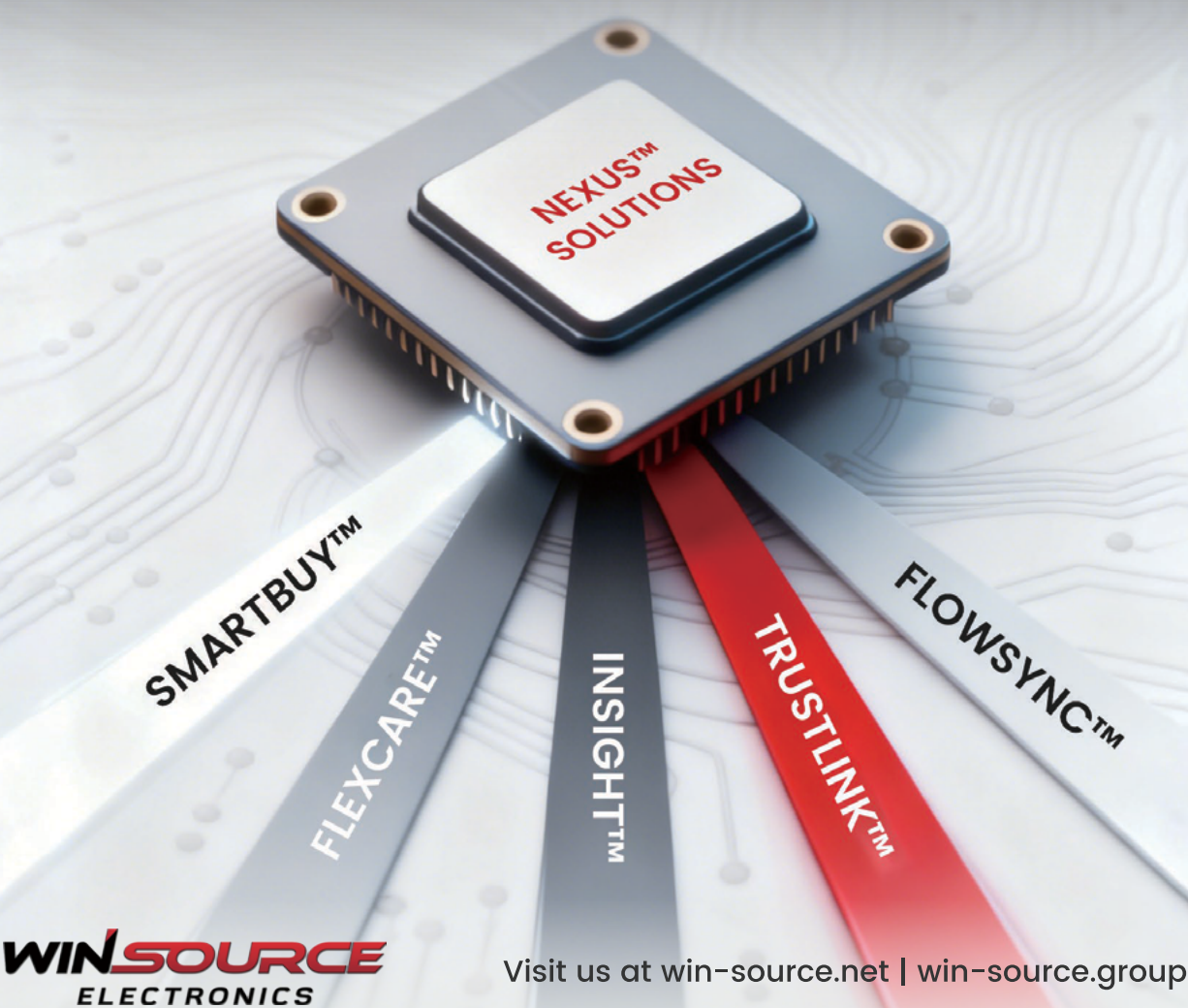


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Distribution Outlook 2026: Trends, Strategies and Priorities for the Year Ahead

Industry leaders share their expectations, strategies and concerns as distributors enter a year defined by renewed growth, rising complexity and accelerated technological transformation.

Supply Chain Connect has compiled sentiment and insight from a range of distribution leaders across the electronic component and semiconductor industries to deliver an informative outlook for 2026. From investment strategies to regional trends, tariff navigation and more, Distribution Outlook 2026 covers everything industry leaders are currently facing—as well as what they expect to see in the year ahead and beyond.

MARKET SENTIMENT AND OUTLOOK

Cautious optimism is the general consensus for distributors going into 2026.

“The electronics industry is recovering from its adjustment cycle, with growth becoming more balanced and demand patterns more rational,” says Win Source. “Customers are shifting their focus from short-term price competition to long-term supply stability, inventory health and total cost visibility.”

This market normalization benefits distributors who can balance agility with discipline, Win Source adds.

“DigiKey is approaching 2026 with a bullish outlook, driven by consistent and sustained growth, and fueled by the momentum we established over the past year,” says Mike Slater, Vice President of Global Business Development at DigiKey. “Our industry is naturally cyclical, and we have seen steady improvement in the market this year. Most technology

inventories have returned to normal levels, and we expect demand to remain stable in 2026. We are at the beginning of the next industry upcycle, and we anticipate that momentum will continue with order volumes and customer counts pointing to sustained growth in 2026.”

“The semiconductor supply chain is simultaneously showing momentum and fragility,” says Frank Cavallaro, CEO of A2 Global Electronics + Solutions. “We’re seeing improvement in lead times and inventory normalization, yet volatility remains a constant risk—whether from renewed trade frictions, inflationary pressures in materials and logistics, or geopolitical disruptions to critical raw materials.”

“I believe customers may be broadly under-inventoried, and that will level out,” says Colin Strother, Executive Vice President of Rochester Electronics. “I think we’re beginning to see tangible, albeit early, signs of positivity.”

“Our outlook for 2026 is bullish with measured optimism,” says Matthew Fonstein, Chief Trade Officer at NewPower. “The surge in AI and AI-driven applications, especially high-performance computing, continues to fuel strong global demand for electronic components, supported by robust growth in cloud infrastructure, automotive electrification and industrial automation.

“At the same time, we remain mindful of macroeconomic volatility, geopolitical tensions and emerging trade restric-

(Continued on page 7)



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Sager Electronics began in 1887 as a single storefront in downtown Boston that serviced the growing interest in radio technology. Under the vision and leadership of Joe Sager, the company rapidly established a statewide distribution system for home radios and related components. Despite the onset of the Great Depression, Sager continued to grow by bringing new electrical products to Massachusetts' consumers.

From Retailer to Distributor

At the onset of WWII, Sager reacted to the critical demand for electronic components. The company refocused its operations to supply electromechanical components to the U.S. military. This transition positioned Sager to emerge as the leading regional electronic component distributor at the beginning of the consumer electronics market in the 1950s and 60s.

From Regional to National Prominence

Anticipating the explosive growth in electronics, in 1977, we relocated our headquarters to more spacious facilities in Hingham, MA and began building a national network and infrastructure. This included the prudent acquisition of smaller regional distributors and the creation of regional support facilities to service our expanding network of customers and suppliers.

In 2012, Sager Electronics was acquired by TTI Inc.

As a wholly owned subsidiary of TTI Inc., Sager operates independently and has made a number of acquisitions to support its business. In June 2014, Sager acquired PowerGate LLC, a premier North American power specialist distributor. This acquisition preceded Sager's 2015 purchase of Norvell Electronics, a North American power products distributor with extensive design and value-add capabilities. Sager acquired Power Sources Unlimited Inc. in 2017, and in 2019 completed the acquisition of Technical Power Systems, a battery custom solutions provider.

Headquartered in Middleborough, MA, Sager operates a network of field sales representatives and power systems sales engineers, strategically located service centers across North America, two distribution centers totaling over 268,000 sq. ft., and a 47,000 sq. ft. value-add Custom Solutions Center located in TX.

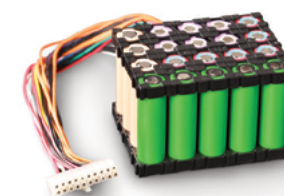


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For over 135 years, the key to our success has been our constant commitment to exceeding the expectations of our customers. Our Distributing Confidence business model puts our customers' needs at the center of all our activities. From our customized services like bonded inventory programs, VMI, BOM quoting, credit, inventory management and value-added capabilities to our branded line card of authorized manufacturers, Sager Electronics is a full partner with our customers.



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Distribution Outlook 2026: Trends, Strategies and Priorities for the Year Ahead (Continued from page 3)

tions that could add to supply-chain complexity,” Fonstein continues. “The key is balance—maintaining confidence in long-term AI and broader technology growth while staying adaptable to disruption.”

Heilind Electronics states that demand signals across core industrial and transportation markets remain steady, while supply chains continue to normalize. The company’s optimistic outlook for 2026 is driven by improving lead times, strengthening design activity and expanding customer focus on supply chain resilience and design support.

“We’re encouraged to see bookings beginning to recover as customers work through the excess inventory accumulated during the supply constraints of the COVID-19 period,” says Dayna Badhorn, Regional President of Avnet Americas. “This steady return of demand signals a healthy normalization across the industry, which gives us confidence moving forward.”

Cytech Systems Limited anchors their bullish sentiment on two key factors: the sustained, multi-year expansion of AI and computing infrastructure, which they say has been creating unprecedented demand for components, along with the global push for supply chain resilience and industrial automation. These secular trends provide a robust foundation for growth across key markets.

Flip Electronics focuses on a specific aspect of the semiconductor market: components no longer in production by their original component manufacturer, or those nearing end of life.

“Many were able to rely on buffer inventory stockpiled during the pandemic, but we’re beginning to see more outreach from customers who’ve received EOL notices as that inventory has worked its way out of the supply chain,” says Bill Bradford, President of Flip Electronics. “We’re also fielding increased outreach from OCMs planning to sunset components. Across the semiconductor industry, book-to-bill ratios are rising. With all of this in mind, our business outlook for 2026 is cautiously optimistic.”

REGIONAL TRENDS

With the industry optimistic toward growth, it is important to break down the major markets to identify differences, opportunities and challenges unique to specific regions.

NORTH AMERICA

The North American market remains resilient, says Win Source, driven by industrial reshoring and heightened emphasis on compliance, sustainability and secure sourcing.

Additional growth supporters in the North American market include infrastructure investment and disciplined inventory strategies across OEM and EMS partners, adds Heilind Electronics.

Strong corporate investment in AI, nearshoring and defense spending underpin durable demand, particularly for high-performance computing, automation and aerospace components says Cytech Systems Limited.

“The North American market will continue to be driven by the ‘haves’ and ‘have-nots’ through the first half of 2026,” explains A2 Global Electronics + Solutions’ Cavallaro. “Companies with exposure to the hyper-scaler ecosystem (the ‘haves’) will continue to experience rapid, unpredictable growth, while more traditional industrial supply chains (the ‘have-nots’) will continue to experience flat to medium demand during this period.

“In the second half of 2026, we anticipate that industrial supply chains will gain momentum, driven by a fully digested tariff environment and a more stable macroeconomic backdrop,” Cavallaro continues. “For hyper-scaler-related companies, however, the second half of 2026 presents a larger question mark, as capacity ramp-up plans will further be examined for bubble-like tendencies, which could introduce some hesitation in the market.”

“The North American market outlook for 2026 is promising across Single Board Computer (SBC) and Test & Measurement (T&M) segments,” claims Richard Diaz, VP Sales & Service at Newark.

Diaz anticipates momentum in SBC to be fueled by new product introductions, as well as demand drivers from key applications such as Edge AI, Industrial IoT and autonomous systems. Similarly, Diaz believes T&M is poised for growth due to support from advancements in AI high-performance computing, communications and energy infrastructure, as well as a continually expanding semiconductor manufacturing ecosystem.

EUROPE

After a period of stagnation, there are signs of renewed momentum, says DigiKey’s Slater. “However, Europe’s structural dependencies and supply chain vulnerabilities remain critical concerns, especially amid growing geopolitical fragmentation. While the recovery trend is promising, it rests on fragile foundations.”

In Europe, energy transition and industrial automation continue to fuel demand, though longer procurement cycles and regulatory complexity require greater transparency and traceability, Win Source reinforces.

The region remains steady but constrained by regulatory pressures and energy-related costs, seconds Heilind Electronics.

“Europe demands a selective, value-focused approach due to economic stagnation and complex regulation,” says Cytech Systems Limited. “Our focus [in the region] is on green tech, energy efficiency and premium automation.”

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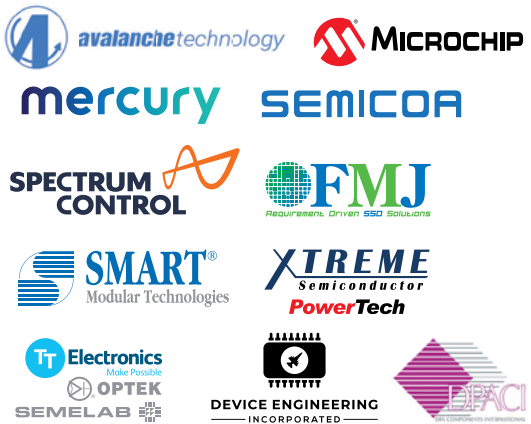
BEYOND CAPABLE

For over 30 years, Falcon has specialized in supporting the leaders that drive the aerospace, defense and space markets. Our extensive knowledge and proficiency with procurement processes, technical requirements, quality flow downs, and T&Cs – as well as all government procurement guidelines (FARs, DFARs, ECCNs, etc.) – is only surpassed by our focus on schedule commitment (OTD), quality (DPPM), and the highest levels of customer service.

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- AECA Compliant
- GIDEP Member
- DLA QSLD Certified

AUTHORIZED PRODUCT LINES





Market Predictions for 2026 and Beyond

How would you describe your business outlook for 2026—bullish, cautious, or uncertain—and what key factors are driving that sentiment?

As we head into 2026, we're optimistically bullish, especially for the secondary market. The semiconductor market is forecasted to grow 7-9% next year, with DDR4 shortages likely continuing into the second quarter. Geopolitical economic divides will continue to inject uncertainty into the market in 2026, creating variables that will require constant monitoring. Secondary-market suppliers will be key partners for electronics manufacturers of all types to identify and alleviate the supply chain problems that arise from these variables. Tariffs, the US bans on Chinese manufacturers, and continued manufacturing expansions outside of China by subcontractors and semiconductor manufacturers are all likely to contribute to and play off of the geopolitical divides, creating additional turmoil, especially early in 2026. And in the Netherlands, a final resolution for Nexperia's internal strife has yet to surface. The effects of it will be felt well into the first quarter, extending beyond if the problems persist. Meanwhile, data center expansion has created an environment for widespread delivery problems of server modules, hard drives, large-capacity SSDs for nearline storage, and SSDs for long-term storage. As manufacturers continue to navigate these global issues, secondary-market suppliers will be well-positioned to help them procure hard-to-find components on the open market.

Where are you focusing capital investments this year—inventory expansion, digital tools, AI automation, new facilities, or other priorities?

Given the everchanging dynamics of the electronic-component industry, the continued development of infrastructure, programs, and personnel will be focal points for 2026. AI initiatives will also be important tools in fine-tuning all of Smith's many customer-driven inventory solutions.

What do you see as the greatest opportunity for distributors this year—and the biggest risk to growth?

Data center expansions and high-performance computing are the main drivers of demand growth.

The number of new companies entering the market presents opportunities for distributors to support the new arrivals when chip manufacturers cannot. Conversely, outside influences such as global inflation and the uncertainty surrounding US tariff policies will continue to hinder demand growth in consumer segments.

Which end markets (automotive, industrial, computing, defense, etc.) do you expect to lead demand in 2026?

Each end market will drive demand in specific areas based on their needs. Computing—specifically high-performance computing and data center infrastructure—will drive major demand for commodities and overall revenue growth. The networking segment will likely be the most significant driver of standard IC demand. The automotive market will continue to be the main source of demand for passive materials like ceramic capacitors, connectors, and cabling. And the aerospace and defense market is ready to spark given the continuous need for upgrades and innovation in national defense and cybersecurity technologies.

In your view, what will separate successful distributors from the rest by 2030?

Continued investments in infrastructure and personnel are necessary to keep pace with the volatile market. These are fundamental in enabling distributors to adapt to inherent industry volatility and create solutions for customers seeking to overcome it. The distributors that best balance this long-term vision against their short-term needs will continue to rise above the rest over the next half-decade.



Nick Bedford
Chief Executive Officer at Smith

Powering Innovation and Connecting Supply Chains

Smith has decades of experience navigating every segment of the global electronics market. With this foundation, we keep your supply chain moving by connecting you to the electronic components, services, and insights you need.

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Smith's Intelligent Distribution model adapts to everchanging demands to provide seamless global sourcing and logistics. Our industry-leading solutions help us meet your supply chain requirements from beginning to end.

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Smith has been privately held since 1984, which gives us unlimited flexibility and room to grow, rooted in our ability and willingness to support customers' unique needs. Every challenge has a different solution, and our global resources allow us to continuously adapt, so the solutions we deliver can be scaled up or down to grow with you.

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The global electronics market is always changing. Get ahead of the curve with Smith's news and analysis on current commodity trends and market shifts. Let our insights help you make better strategic supply chain decisions.

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1. What do you see as the greatest opportunity for distributors this year — and the biggest risk to growth?

Carleton Dufoe | Chief Executive Officer

The greatest opportunity for distributors in 2026 lies in delivering value well beyond traditional pick and ship distribution. As customers look for supply chain assurance, inventory optimization, and cost efficiency, the distributors that pair creative, data driven solutions with broad market coverage — rather than chasing a single hot sector — will lead. NewPower is leaning into this by combining global reach, advanced analytics, and value added services to help customers navigate complexity and unlock working capital and continuity benefits across many different end markets.

The biggest risk is twofold. First, there is the danger of overreliance on any one trend, particularly the rapidly expanding AI segment, where market corrections or consolidation could create temporary headwinds. Second, the more unpredictable threats — geopolitical shocks, wars, trade disputes, or OEM specific disruptions like those seen recently with Nexperia — can reshape supply chains overnight and are largely outside any distributor's direct control. NewPower mitigates these risks through a diversified customer and end market portfolio and a suite of value added services, from kitting and inventory management to surplus reduction, allowing rapid adjustment to shifting conditions while continuing to deliver stability and measurable results for customers.

2. In your view, what will separate successful distributors from the rest by 2030?

By 2030, the line between franchised and independent distribution, which began to blur a decade ago, has effectively disappeared. Customers now control their own destinies and are taking, or about to take, significant measures to manage their supply chains as effectively as possible. The distributors who will succeed are those who evolve alongside their customers — providing measurable value through adaptability, transparency, and strategic partnership.

At NewPower, we are already embracing this new model by building long-term relationships founded on trust, leveraging EMPOWER™ for deep data intelligence, and offering global inventory programs that help our customers navigate uncertainty with confidence. Distributors that evolve with their customers to become true collaborators — anticipating needs, delivering customized solutions, and enhancing supply chain control — will define success and lead the distribution industry in the coming decade.



How would you describe your business outlook for 2026 — bullish, cautious, or uncertain — and what key factors are driving that sentiment?

Matthew Fonstein | Chief Trade Officer

Our outlook for 2026 is bullish with measured optimism. The surge in AI and Artificial Intelligence-driven applications, especially high-performance computing, continues to fuel strong global demand for electronic components, supported by robust growth in cloud infrastructure, automotive electrification, and industrial automation.

At the same time, we remain mindful of macroeconomic volatility, geopolitical tensions, and emerging trade restrictions that could add to supply chain complexity. The key is balance — maintaining confidence in long-term AI and broader technology growth while staying adaptable to disruption. NewPower's global network, real-time market intelligence, and customer-first execution give us the strength and agility to perform in both favorable and uncertain conditions, positioning us to capture the upside of AI and Artificial Intelligence-driven demand while actively managing risk.



How are current or potential tariffs and trade shifts shaping your sourcing, pricing, or customer strategy heading into 2026?

Mark Goh | Vice President, Trade

At NewPower, agility and diversification continue to define our sourcing and customer strategy as we head into 2026. Global trade conditions remain fluid, with evolving tariffs and regional policy changes influencing pricing and supply dynamics, so we have focused on strengthening supplier relationships, diversifying our sourcing base, and maintaining a flexible structure that can adapt quickly to shifting trade landscapes.

Our proprietary EMPOWER™ technology enhances this adaptability by providing real-time market intelligence, pricing visibility, and predictive analytics that help us anticipate changes before they impact our customers. EMPOWER™ plugs directly into our customers' operating systems, our suppliers' platforms, and the sophisticated systems used by our transportation and logistics providers, enabling fast, accurate data exchange and reducing errors. This deep integration, combined with real-time visibility into global routing options, allows us to navigate around tariffs, congestion, and other logistical challenges — often avoiding or significantly reducing their impact — while ensuring continuity of supply, pricing stability, and a consistently higher level of customer support across all markets.

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MEMORY

GPU

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ALL-IN-ONE PLATFORM

Distribution Outlook 2026: Trends, Strategies and Priorities for the Year Ahead (Continued from page 7)**ASIA**

Asia can be viewed as the manufacturing and logistics backbone of the global supply chain, says Win Source.

“Asia has been a dominant force in the industry...and we anticipate the APAC market will continue to grow as a key hub for global electronics manufacturing and supply chain diversification,” says DigiKey’s Slater. “For all the geopolitical issues affecting China, one silver lining is that many of the surrounding countries—like Vietnam, South Korea and Malaysia—are benefiting.”

“Asia is likely to remain aligned with the ‘China +1’ strategy as long as tariff exposures are fully absorbed and remain stable,” says A2 Global Electronics + Solutions’ Cavallaro. “Trade relationships and regional tensions in Asia continue to shape manufacturing strategy and material sourcing. Multi-region visibility and diversification remain essential as production hubs evolve across China, Taiwan and Southeast Asia.”

The region is more dynamic than the European market, says Heilind Electronics, with strong manufacturing momentum and accelerated adoption of automation and electrification technologies.

Asia is a primary growth engine, claims Cytech Systems Limited, fueled by massive investments in electronics manufacturing, EVs and infrastructure, with Southeast Asia becoming a critical hub for diversified sourcing.

“Asia, especially APAC, has undergone significant change,” emphasizes Rochester Electronics’ Strother. “Meanwhile, mainland China remains by far the largest single market.”

TARIFFS, TRADE AND POLICY

Global trade dynamics remain fluid as tariff adjustments and regional policies continually reshape sourcing strategies.

Win Source’s strategy to mitigate tariff-related risks includes multi-region procurement and distributed inventory deployment. “We view pricing not merely as a unit-cost decision but as a total landed cost equation—factoring in logistics, tariffs, exchange rates and lead-time volatility,” the company says. “This approach ensures both competitive pricing and predictable delivery, allowing customers to plan with confidence even amid policy fluctuations.”

DigiKey has been actively engaging with both suppliers and industry tariff experts to mitigate the impact of tariffs on their customers.

“Regional tensions and shifting trade policies have underscored the importance of multi-region sourcing intelligence and strategic supplier diversification,” says A2 Global Electronics + Solutions’ Cavallaro. “These dynamics make agility in procurement and logistics a necessity rather than a competitive advantage. We’re focused on maintaining agility by diversifying suppliers and strengthening

partnerships across multiple regions to reduce exposure to policy shifts and tariffs.”

“Global trade conditions remain fluid, with evolving tariffs and regional policy changes influencing pricing and supply dynamics, so we have focused on strengthening supplier relationships, diversifying our sourcing base, and maintaining a flexible structure that can adapt quickly to shifting trade landscapes,” says Mark Goh, Vice President of Trade at NewPower.

Shifting tariffs and trade policies are prompting Heilind Electronics to diversify sourcing, reinforce multi-region supplier strategies and maintain transparent pricing communication with customers, the company says.

“We are executing a ‘China + N + 1’ sourcing strategy, expanding our supplier network across Southeast Asia and the Americas,” explains Cytech Systems Limited. “For customers, this means a focus on value-added services, like kitting and design support, to offset pricing pressures and secure partnerships beyond transactional relationships.”

Foreign Trade Zones (FTZ) have been another successful strategy for distributors.

“DigiKey’s most significant response to tariff pressure was when we established the largest FTZ (based on the number of shipments that pass through it) in the United States to ensure our supply chain was dynamic for any challenges that may come up,” says Slater. “We will continue to leverage our FTZ program to mitigate the immediate upfront impact of these tariffs and work with our suppliers to ensure that products remain competitively priced.”

Rochester Electronics also leverages the benefits of an FTZ in their operations.

“Our North Star is ensuring supply chain security. With compliance integrated into our systems and all our inventory housed in the U.S., we feel well-positioned to address any concerns while remaining ever vigilant,” says Strother. “From a product perspective, we are fortunate to have an FTZ in place, which allows us to take every possible step to mitigate unnecessary tariff-related issues.”

However, the future of FTZ utilization is in question, warns DigiKey’s Slater. He says, “the imposition of new, tariff-related restrictions on this program is impacting companies’ ability to locate value-added warehousing and distribution operations in the U.S. If this restriction is not modified, warehousing will be pushed out of the U.S. rather than being attracted to it, resulting in American jobs being taken overseas. The removal of Privileged Foreign status for goods admitted to U.S. FTZs is a policy change we have taken a stand to support.”

Regardless of the future of FTZs in electronic component distribution, a stabilized tariff policy environment will allow for longer-term planning and thus spur growth in all market sectors, furthers A2 Global Electronics + Solutions’ Cavallaro.

(Continued on page 19)

WE’RE BREAKING THE MOLD.



For too long, the manufacturer/distributor relationship has been treated as a series of transactions — buy the part, move on, repeat. But today’s supply chains are more complex, more volatile and more consequential than ever. Shortages, excess inventory, lifecycle challenges and quality risks can’t be solved with one-off purchases or price-driven decisions.

At Sensible Micro, we believe the strongest supply chains are built on partnership. That means taking the time to understand your business. Helping resolve excess inventory instead of ignoring it. Supporting product lifecycle decisions long after the initial sale. And ensuring parts quality and authenticity — every time.

Because when the relationship works, everything else works better.

Choose a supply chain partner you can count on.

Contact us today!





Q&A with
Frank Cavallaro,
CEO of A2 Global
Electronics + Solutions



OUTLOOK

HOW WOULD YOU DESCRIBE YOUR BUSINESS OUTLOOK FOR 2026 — BULLISH, CAUTIOUS, OR UNCERTAIN — AND WHAT KEY FACTORS ARE DRIVING THAT SENTIMENT?

As 2026 approaches, we’re cautiously optimistic. The semiconductor supply chain is simultaneously showing momentum and fragility. Volatility may come from continued trade frictions, resurging inflation in materials and logistics, or regional conflicts that threaten access to critical minerals. Our focus is less on predicting disruptions and more on building resilience through visibility, diversification, and velocity.

REGIONAL TRENDS

WHAT’S YOUR OUTLOOK FOR THE NORTH AMERICAN MARKET IN 2026? HOW DO EUROPEAN AND ASIAN TRENDS COMPARE, GIVEN DIFFERING ECONOMIC AND REGULATORY PRESSURES?

The North American market will continue to be driven by the “haves” and “have-nots” through the first half of 2026. Companies with exposure to the hyperscaler ecosystem—the “haves”—will continue to experience rapid, unpredictable growth, while more traditional industrial supply chains—the “have-nots”—will continue to experience flat to medium demand during this period.

In the second half of 2026, we anticipate that industrial supply chains will gain momentum, driven by a fully digested tariff environment and a more stable macroeconomic backdrop. For hyperscaler-related companies, however, the second half of 2026 presents a larger question mark, as capacity ramp-up plans will further be examined for “bubble-like” tendencies, which could introduce some hesitation in the market.

HOW DO EUROPEAN AND ASIAN TRENDS COMPARE, GIVEN DIFFERING ECONOMIC AND REGULATORY PRESSURES?

We expect the European market to behave similarly to the North American industrial sector, while Asia is likely to remain aligned with the 2025 “China +” strategy as long as tariff exposures are fully absorbed and remain stable.

TARIFFS & TRADE

HOW ARE CURRENT OR POTENTIAL TARIFFS AND TRADE SHIFTS SHAPING YOUR SOURCING, PRICING, OR CUSTOMER STRATEGY HEADING INTO 2026?

Trade frictions and tariffs continue to shape sourcing and pricing strategies. Regional tensions and shifting trade policies have underscored the importance of multi-region sourcing intelligence and strategic supplier diversification. These dynamics make agility in procurement and logistics a necessity rather than a competitive advantage.

INVESTMENT FOCUS

WHERE ARE YOU FOCUSING CAPITAL INVESTMENTS THIS YEAR — INVENTORY EXPANSION, DIGITAL TOOLS, AI AUTOMATION, NEW FACILITIES, OR OTHER PRIORITIES?

Our investments are focused on data analytics and multi-region sourcing tools that enhance supply chain visibility. We’re also reinforcing supplier partnerships and redundancy to anticipate chokepoints before they escalate. The shift from “just-in-time” to “just-in-case” drives our capital strategy across inventory management and agile logistics frameworks.

(Continued on page 20)

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Distribution Outlook 2026: Trends, Strategies and Priorities for the Year Ahead (Continued from page 15)

INVESTMENT PRIORITIES AND STRATEGIC DIRECTION

Entering 2026, capital investments cover a wide range of priorities for electronic component and semiconductor distributors. The most common investment is in digital infrastructure to help enhance both inventory management and data analytics.

“Our 2026 capital investments concentrate on inventory structure optimization and digital infrastructure enhancement rather than pure expansion,” says Win Source. “Inventory decisions are guided by customer project mapping and real-time market analytics, ensuring both depth and agility of supply.”

“DigiKey has been making investments in AI, global logistics, ESG transparency, web experience, export compliance, automation, inventory depth and breadth, new product introductions, localization and price competitiveness,” says DigiKey’s Slater.

“The shift from ‘just-in-time’ to ‘just-in-case’ drives our capital strategy across inventory management and agile logistics frameworks,” A2 Global Electronics + Solutions’ Cavallaro says.

“Our primary investments will stay focused on our product offerings, go-to-market strategy and customer service, with customer success deeply integrated into all our efforts,” Rochester Electronics’ Strother says.

In 2026, Heilind Electronics continues prioritizing inventory expansion in critical categories, enhancing AI-driven analytics and advancing internal systems that improve visibility, forecasting and customer responsiveness, the company states.

Cytech Systems Limited states that the company’s capital allocation primarily prioritizes AI and digital tools for predictive inventory management, dynamic pricing and enhanced customer portals. The company is also allocating investment into strategic inventory expansion by building buffer stock for long-lead, high-demand components in automation and computing to ensure reliability for customers.

Flip Electronics’ Bradford relays that the company is focusing investment in 2026 on three targets: authorized relationships with key suppliers, extended-life manufacturing, and expansions across EMEA and APAC.

DIGITAL TRANSFORMATION: AI AND AUTOMATION

With such an emphasis on technological integration and development, distributors will continue to enhance operations in 2026 through AI and automation.

“AI and automation are redefining our operations,” Win Source says. “By analyzing years of transaction and market

data, our systems can now identify potential supply gaps, recommend equivalent parts and proactively alert customers of lifecycle or allocation risks... The transformation has shifted from ‘digitizing processes’ to ‘intelligent orchestration’ where systems learn and adapt to dynamic supply conditions.”

“We’re creating a connected intelligence network that powers our business with an integrated approach to innovation,” DigiKey’s Slater says. “We’re leveraging AI to make better, faster and more accurate decisions. AI assists in streamlining quoting, optimizing inventory and speeding up customer response times. We’re also using predictive analytics to enhance demand forecasting and reduce excess inventory.”

A2 Global Electronics + Solutions focuses on “non-mission-critical” internal applications when it comes to AI. “Our use in customer experience areas will be driven by our customers and not by novelty,” Cavallaro says.

“AI is elevating the customer experience from reactive to proactive,” says Avnet Americas Badhorn. In technical support—the first touchpoint—AI-powered design assistants using Retrieval Augmented Generation deliver precise answers in seconds, reducing back and forth and helping engineers solve issues faster... Compared to previous years, the experience is measurably faster, more transparent and more personalized—turning interactions into outcomes.”

Rochester Electronics also emphasizes the customer-centric application approach. “We launched our first generative AI initiative in the summer of 2023, and our first Agentic AI in the fall of 2024, with “CaptAI in Rochester” serving as an AI agent answering customer questions in natural language,” Strother says.

Heilind Electronics is leveraging AI and automation for demand forecasting, pricing intelligence, digital design engagement and proactive customer support.

“AI is increasingly shaping the industry and our operations in 2026,” Newark’s Diaz adds. “We’re seeing meaningful improvements in supply chain visibility and automation, which are helping us respond faster and operate more efficiently. While its broader impact on engineering and procurement is still evolving, the early gains in transparency and process automation are promising.”

“AI’s influence evolved from experimental to core operational,” says Cytech Systems Limited. “Compared to previous years, AI is now fundamentally embedded in our warehouse and logistics management, optimizing processes in real-time. For customer experience, our platforms have moved from being transactional to becoming proactive partners, offering predictive recommendations and AI-powered technical support.”

RISKS AND OPPORTUNITIES

What do distribution leaders see as the biggest opportunity in 2026?

The greatest opportunity for distributors in 2026 lies in becoming trusted flexibility partners, claims Win Source. “After years of supply disruptions, customers now prioritize distributors who can provide immediate availability, qualified alternates and transparent communication.”

“AI is transforming the distributor-customer relationship from transactional to collaborative,” says DigiKey’s Slater. “At DigiKey, we’re building capabilities that allow customers to interact with us more intuitively, whether through chatbots, smart search or embedded design support. We are still in the early stages, with hype exceeding reality, but given the pace of innovation in this space, the ROI crossover is within sight.”

A2 Global Electronics + Solutions’ Cavallaro says that the greatest opportunity lies in transforming volatility into a competitive advantage. “Those who can detect and adapt to disruptions faster through real-time data and diversified sourcing will capture market share,” he adds.

“The greatest opportunity for distributors in 2026 lies in delivering value well beyond traditional pick and ship distribution,” says Carleton Dufoe, Chief Executive Officer at NewPower. “As customers look for supply chain assurance, inventory optimization and cost efficiency, the distributors that pair creative data-driven solutions with broad market coverage rather than chasing a single hot sector will lead.”

The greatest opportunity lies in supporting design engineers earlier in the development cycle with deeper technical resources, paired with broad, readily available inventory, relays Heilind Electronics.

“I’d point to the normalization of inventory levels,” says Avnet Americas’ Badhorn when speaking to the greatest opportunity for distributors this year. “We’re beginning to see growth again, particularly in the industrial sector. This is an encouraging sign and a strong opportunity to capitalize on recovering demand.”

“The greatest opportunity for distributors in 2026 lies in helping customers and suppliers navigate ongoing uncertainty,” Newark’s Diaz states.

Evolving from a distributor to a critical supply chain partner is a great opportunity, says Cytech Systems Limited. “Providing embedded vendor-managed inventory, full traceability and simplified compliance [is an opportunity for] becoming an indispensable, integrated part of our customers’ operations.”

Of course, 2026 will also face risks and challenges in distribution.

The primary risk lies in demand misalignment and inventory imbalance, says Win Source. Rapid demand shifts or inaccurate forecasting can erode efficiency, but the company states that they mitigate this through continuous data calibration,

Q&A with Frank Cavallaro, CEO of A2 Global (Continued from page 17)

TECHNOLOGY & TRANSFORMATION

HOW ARE AI AND AUTOMATION INFLUENCING YOUR OPERATIONS OR CUSTOMER EXPERIENCE IN 2026 COMPARED TO PREVIOUS YEARS?

Our exposure to AI and related productivity tools has thus far primarily focused on non-mission-critical internal applications. We have seen the best use cases in these areas. Our use in customer experience areas will be driven by our customers and not by novelty.

OPPORTUNITIES & RISKS

WHAT DO YOU SEE AS THE GREATEST OPPORTUNITY FOR DISTRIBUTORS THIS YEAR — AND THE BIGGEST RISK TO GROWTH?

The greatest opportunity lies in transforming volatility into a competitive advantage. Those who can detect and adapt to disruptions faster—through real-time data and diversified sourcing—will capture market share. The biggest risk remains overreliance on single regions or suppliers in a landscape still exposed to geopolitical and economic shocks.

END-MARKET DEMAND

WHICH END MARKETS (AUTOMOTIVE, INDUSTRIAL, COMPUTING, DEFENSE, ETC.) DO YOU EXPECT TO LEAD DEMAND IN 2026?

We expect steady growth in the industrial-related industries throughout 2026. In the compute areas, the first half of 2026 is expected to see continued robust growth, with the second half remaining uncertain due to the cost/capacity/profitability questions that are beginning to be raised.

FUTURE VISION

IN YOUR VIEW, WHAT WILL SEPARATE SUCCESSFUL DISTRIBUTORS FROM THE REST BY 2030?

By 2030, success will hinge on how well distributors design supply chains to absorb shocks and reallocate quickly. Those that build agility and intelligence into their operations will turn uncertainty into opportunity and set the pace for the next decade of growth.



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Q&A with TME Electronic Components

OUTLOOK

HOW WOULD YOU DESCRIBE YOUR BUSINESS OUTLOOK FOR 2026 — BULLISH, CAUTIOUS, OR UNCERTAIN — AND WHAT KEY FACTORS ARE DRIVING THAT SENTIMENT?

Our outlook for 2026 is genuinely optimistic. After a period marked by inventory corrections, uncertain semiconductor availability and price volatility, we anticipate a return to healthier and more predictable demand – particularly in industrial automation, energy transition, IoT, embedded systems, EV and data-center infrastructure. These segments are gaining momentum globally, driven by ongoing digitalization and electrification initiatives.

At the same time, selective shortages continue to affect certain categories, most notably legacy memory such as DDR4 and LPDDR4, as well as some embedded components. In memory specifically, price volatility remains elevated, reflecting both constrained supply and shifts in production toward next-generation technologies. This is an area where maintaining strong inventory levels becomes a clear competitive advantage. Our ability to offer on-stock availability helps customers mitigate both cost and supply uncertainty, especially where continuity and planning reliability are critical. Despite these constraints, the broader market is stabilizing as excess inventories from the shortage period are gradually absorbed. In this environment, transparency, resilience and trusted relationships matter more than ever.

REGIONAL TRENDS

WHAT'S YOUR OUTLOOK FOR THE NORTH AMERICAN MARKET IN 2026? HOW DO EUROPEAN AND ASIAN TRENDS COMPARE, GIVEN DIFFERING ECONOMIC AND REGULATORY PRESSURES?

North America is one of our most important regions for strategic expansion, supported by a growing customer base and strong demand across automation, transportation, EV, embedded computing and power electronics. Reshoring initiatives and government-backed investments in critical technologies continue to drive long-term projects in which availability, traceability and compliance play central roles. In 2026, we aim to build on this momentum by strengthening technical support, broadening key product categories and advancing digital integration through API, EDI, punchout and data-feed solutions.

In Europe – our core market – we expect gradual improvement after a challenging 2024–2025 cycle. Customers are

focusing on cost optimization, supply-chain risk management and selective investment in automation, renewables and industrial IoT. Regulatory expectations around compliance, sustainability, documentation and authorized sourcing continue to rise, reinforcing the value of distributors who can provide full transparency, traceability and accurate, up-to-date product data.

Asia remains highly dynamic, with strong opportunities in embedded computing, communications, power electronics and components supporting AI and data-center growth. While the competitive environment is demanding, underlying fundamentals remain solid. Across all regions, customers increasingly expect distributors not only to deliver components, but also to provide clear visibility into availability, logistics choices, tariffs, lead times and compliance information.

TARIFFS & TRADE

HOW ARE CURRENT OR POTENTIAL TARIFFS AND TRADE SHIFTS SHAPING YOUR SOURCING, PRICING, OR CUSTOMER STRATEGY HEADING INTO 2026?

Tariffs and evolving trade regulations are shaping customer expectations and sourcing strategies heading into 2026. Additional duties on raw materials and components intensify cost pressure throughout the supply chain, prompting customers to seek greater clarity on the cost structure behind each quotation. Our approach centers on diversified sourcing, transparent pricing and proactive communication.

We provide visibility into tariff-related costs, enabling customers to make informed decisions on sourcing routes and customs optimization. As supply chains become more risk-aware, transparency and traceability – combined with reliable authorized sourcing – are increasingly valued. We closely monitor regulatory developments, advise customers on alternatives when needed and ensure compliance across complex, multi-country supply flows.

OPPORTUNITIES & RISKS

WHAT DO YOU SEE AS THE GREATEST OPPORTUNITY FOR DISTRIBUTORS THIS YEAR — AND THE BIGGEST RISK TO GROWTH?

The greatest opportunity for distributors in 2026 lies in strengthening their role as trusted partners rather than transactional suppliers. Customers expect more than component availability: they look for transparency on tariffs and lead times, strong compliance, digital integration,

(Continued on page 24)



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Distribution Outlook 2026: Trends, Strategies and Priorities for the Year Ahead *(Continued from page 20)*

real-time monitoring of part velocity and dynamic sourcing models that keep supply chains lean yet responsive.

“Challenges could arise in many ways, including economic factors such as inflation, global events, tariffs or changes in supply chain dynamics,” DigiKey’s Slater says. “We keep the pace of demand change at the forefront, as rapid fluctuations in demand can put significant pressure on lead times and availability. However, this is precisely where our business model excels, and our real-time intelligence is designed to protect our customers.”

A2 Global Electronics + Solutions’ Cavallaro cautions that the biggest risk remains overreliance on single regions or suppliers in a landscape still exposed to geopolitical and economic shocks.

“The biggest risk is twofold,” NewPower’s Dufoe says. “First, there is the danger of overreliance on any one trend, particularly the rapidly expanding AI segment, where market corrections or consolidation could create temporary headwinds. Second, the more unpredictable threats (geopolitical shocks, wars, trade disputes or OEM-specific disruptions) can reshape supply chains overnight and are largely outside any distributor’s direct control.” NewPower mitigates these risks through a diversified customer and end market portfolio, along with a suite of value-added services.

Heilind Electronics cautions macro-economic volatility as a risk that could impact project timing as well as shift customer demand unexpectedly.

“The biggest threat to growth, in my view, is if OEMs fail to properly plan their supply chains,” Avnet Americas’ Badhorn says. “If supply tightens across various technologies, we could face significant challenges. As applications like AI gain momentum, suppliers may shift capacity to meet that demand, potentially leaving other applications short and triggering allocation issues once again.”

Continued volatility in trade policies and supply chain disruptions, which require agility and proactive planning to counteract, are other risks Newark’s Diaz says distributors must prepare for.

A sharp, synchronous global demand downturn, which could trigger rapid destocking and margin collapse, is the biggest risk in 2026, Cytech Systems Limited warns. The company adds that intensified geopolitical friction disrupting logistics and component shortages in legacy semiconductors are secondary risks to monitor.

END-MARKETS DRIVING COMPONENT DEMAND

In the new year, distributors will focus attention on a range of end markets that have potential to drive demand and growth.

Win Source says automotive, industrial control and renewable energy applications will be key growth engines. Computing and communication infrastructure will also maintain healthy activity, the company adds.

DigiKey’s Slater says that industrial automation is the company’s fastest growing market segment and it will continue to lead the way in 2026. The company also expects growth in robotics, electric vehicles, autonomous systems, and aerospace and defense.

A2 Global Electronics + Solutions’ Cavallaro seconds industrial-related industries as growth drivers throughout the year. “In the compute areas, the first half of 2026 is expected to see continued robust growth, with the second half remaining uncertain due to the cost/capacity/profitability questions that are beginning to be raised,” he adds.

Heilind Electronics expects the strongest demand in 2026 to come from industrial, defense, AI-driven datacenter infrastructure and transportation markets. “Industrial automation and factory modernization will continue to accelerate electronic content,” the company says. “Defense programs remain robust, supported by increased platform production, hardened communications systems and expanded sensing and power requirements. AI growth is driving sustained investment in datacenter hardware, including high-speed interconnects, power distribution and thermal solutions. Transportation and EV platforms will also contribute meaningfully as electrification and vehicle intelligence continue to expand.”

“We expect the industrial and defense sectors to be the primary drivers of demand in the Americas in 2026,” Avnet Americas’ Badhorn reinforces. “These markets are showing strong growth and present significant opportunities for distributors to leverage. In addition, we’re seeing promising activity in the networking space, which could further contribute to our growth trajectory.”

Cytech Systems Limited anticipates computing and AI infrastructure, industrial automation and automotive electrification as three end-markets driving the most demand.

“When it comes to EOL and obsolete components, the question is not which industry leads demand, but which equipment manufactured for that industry will need factory-authorized core technologies despite their ‘no longer on the line card’ status,” adds Flip Electronics’ Bradford. “We expect strong demand from the aerospace and defense sectors but see automotive and industrial still lagging the overall market. Interest rate reductions could improve the industrial outlook.”

THE FUTURE OF DISTRIBUTION

Looking ahead, Supply Chain Connect asks distribution leaders what will define success by the year 2030.

“By 2030, the true differentiator among distributors will be trust built on transparency, reliability and intelligence,” Win Source says. “Success will no longer depend solely on stock volume but on the ability to orchestrate global supply networks with precision and integrity.”

DigiKey’s Slater emphasizes three trends that stand out which will define a successful electronics distributor in the near future. “First, we need to embrace the continued rise of AI and automation across the value chain. Second, we need to closely monitor the geographic rebalancing of manufacturing, with Asia remaining dominant, while North America and Europe invest heavily in reshoring and nearshoring. Third, we have to address the continued importance of sustainability and compliance as customers demand traceability and ethical sourcing.”

“By 2030, success will hinge on how well distributors design supply chains to absorb shocks and reallocate quickly,” A2 Global Electronics + Solutions’ Cavallaro says. “Those that build agility and intelligence into their operations will turn uncertainty into opportunity and set the pace for the next decade of growth.”

“Our core business is delivering products; our core strength is our people. I don’t see that changing,” Rochester Electronics’ Strother says. “What I do see is the convergence of technology for good. Whatever we may think AI is today, it’s not only here to stay, but also hasn’t truly begun. I believe we’re going to see the next industrial revolution, and as it’s one built on electronic components, we’re all going to enjoy a front-row seat.”

By 2030, the line between franchised and independent distribution will have effectively disappeared, says NewPower’s Dufoe. “Customers now control their own destinies and are taking—or about to take—significant measures to manage their supply chains as effectively as possible. The distributors who will succeed are those who evolve alongside their customers by providing measurable value through adaptability, transparency and strategic partnership.”

By 2030, successful distributors will be those who combine technical expertise, agile global supply chains, frictionless digital engagement and scalable inventory models, says Heilind Electronics. “The differentiators will be speed, reliability and the ability to support engineers and procurement teams from concept through production with unmatched consistency.”

“Successful distributors will be those that collaborate closely with customers to gain longer-term visibility into their product requirements,” Avnet Americas’ Badhorn says. “Distributors that can turn forecasting into a strategic advantage will stand out in an increasingly dynamic market.”

Successful distributors of the near future will be separated by their agility and value-added intelligence, says Cytech Systems Limited. “The winners will have fully transformed from logistics intermediaries into technology-enabled partners,” the company adds. “This will be characterized by deep technological integration, solution-centric modeling and resilient global networks.” ■

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Q&A with TME Electronic Components

(Continued from page 21)

technical guidance and value-added services such as kitting, bundling and support in identifying alternatives or cross-compatible parts. Distributors who deliver reliability, expertise and continuity can significantly enhance customers’ production planning and reduce operational risk.

The biggest risks relate to selective component shortages – especially in memory – ongoing geopolitical uncertainty and sustained cost pressure across the value chain. Semiconductor supply remains uneven, with rapid pricing swings in certain categories. Distributors that underinvest in digital tools, compliance or resilient sourcing models may find it challenging to maintain competitiveness, while those who do invest will be better positioned to navigate volatility and support customer growth.

FUTURE VISION

IN YOUR VIEW, WHAT WILL SEPARATE SUCCESSFUL DISTRIBUTORS FROM THE REST BY 2030?

By 2030, successful distributors will be defined by their ability to combine operational resilience and transparency with advanced digital capabilities and human-centered service. Customers will expect real-time visibility into availability, pricing, lead times and regulatory status – integrated directly into their procurement and engineering systems. Distributors capable of delivering seamless digital connectivity through APIs, EDI, punchout and enriched data feeds will be best positioned to meet these expectations.

Equally important will be the ability to provide guidance: proactive communication on supply risks, support during end-of-life transitions, recommendations on alternatives and deep transparency on tariffs, sourcing origin and compliance. Despite increasing automation, the human element will remain essential. Engineers and buyers will continue to rely on distributors for expertise, problem-solving and clear communication. By 2030, leaders will be those who combine broad, reliable product availability with advisory capabilities, trusted compliance frameworks and genuine customer partnership.





Q&A with Bill Bradford, President of Flip Electronics

OUTLOOK HOW WOULD YOU DESCRIBE YOUR BUSINESS OUTLOOK FOR 2026 — BULLISH, CAUTIOUS, OR UNCERTAIN — AND WHAT KEY FACTORS ARE DRIVING THAT SENTIMENT?

At Flip, we focus on a specific aspect of the semiconductor market— components that are no longer in production by their original component manufacturer (OCM) or those nearing end of life (EOL). These workhorses are responsible for the functionality and performance of complex equipment engineered to be in operation significantly longer than the components that comprise it. That can leave original equipment manufacturers (OEMs) scrambling for production-critical or replacement parts when they receive EOL notices or when repair or refurbishment is needed down the road. Many were able to rely on buffer inventory stockpiled during the pandemic, but we’re beginning to see more outreach from customers who’ve received EOL notices as that inventory has worked its way out of the supply chain. We’re also fielding increased outreach from OCMs planning to sunset components. And across the semiconductor industry, book-to-bill ratios are rising. With all of this in mind, our business outlook for 2026 is cautiously optimistic.

INVESTMENT FOCUS WHERE ARE YOU FOCUSING CAPITAL INVESTMENTS THIS YEAR—INVENTORY EXPANSION, DIGITAL TOOLS, AI AUTOMATION, NEW FACILITIES OR OTHER PRIORITIES?

In 2026, we will focus investment on three key areas:

- Authorized relationships with key suppliers – We partner with OCMs to ensure original equipment manufacturers (OEMs) have reliable access to hard-to-find semiconductors and electronic components,



strengthening and expanding supplier relationships to address critical needs and support legacy OEM programs swiftly. We will continue to make strategic investments in critical EOL inventory from our partners.

- Extended-life manufacturing – Through Flip Electronics Manufacturing Services (FMS), we deliver electronic components that are fully compatible in form, fit, and function with the original designs, securing wafers, storing die, and intellectual property to ensure long-term product availability.
- Expansion across EMEA and APAC – Our dedicated EMEA team addresses the steadily increasing demand for EOL and obsolete components in key regional industries with long product lifecycles, such as aerospace, automotive, industrial, medical, and transportation. Our team in APAC will grow into additional countries to our current foothold in Singapore, China, and Taiwan.

TECHNOLOGY AND TRANSFORMATION HOW ARE AI AND AUTOMATION INFLUENCING YOUR OPERATIONS OR CUSTOMER EXPERIENCE IN 2026 COMPARED TO PREVIOUS YEARS?

AI will drive significant growth in next-generation semiconductors, spawning new applications and accelerating the innovation cycle. For OCMs, that is likely to shorten component lifecycles as they allocate resources to emerging opportunities and increasingly rely on partners to support customers requiring components no longer in production — components that may still be needed for another 10, 15, or even 20 years. Whether addressing obsolete parts on a bill of materials or managing component shortages in critical sectors, companies must plan for reduced component lifecycles and earlier obsolescence challenges. On the flip side, AI will also serve as a powerful anecdote to accelerated

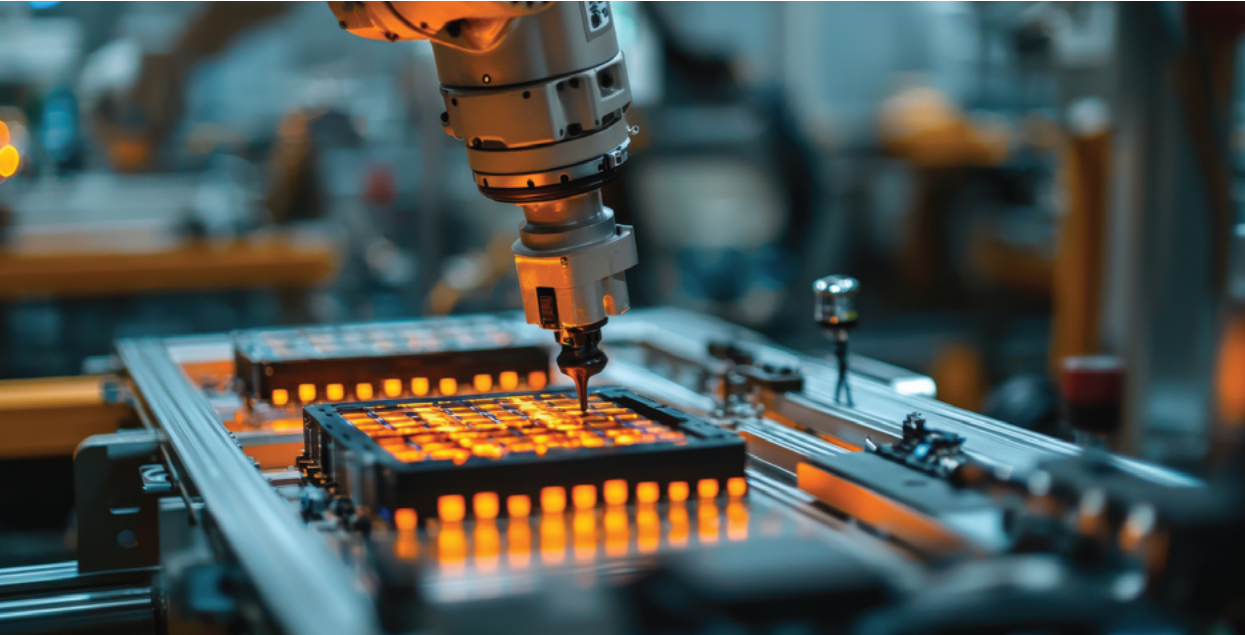
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AUTHORIZED INVENTORY BUILT FOR LEGACY SUPPLY, TRUSTED BY CRITICAL SYSTEMS WORLDWIDE.

Flip Electronics is purpose-built to support legacy semiconductor demand. With authorized inventory, licensed manufacturing, long-term supply strategies, and deep expertise in EOL and obsolete components, Flip helps customers maintain and scale critical systems where redesign is not an option - and failure is not acceptable.





5 Manufacturing Trends to Watch in 2026

A new Deloitte report gives U.S. manufacturers a look ahead to 2026, with an eye on helping them advance capabilities and sharpen competitiveness.

The U.S. manufacturing sector had a tumultuous 2025. Tariff uncertainty, labor shortages, geopolitical issues and supply chain volatility were just some of the key challenges that producers dealt with for most of the year. There were pockets of opportunity, of course, but for most of the year the typical manufacturer navigated a labyrinth of roadblocks and hurdles that would make even the best marathon racer question their pacing plan.

“In 2025, the US manufacturing industry faced a challenging economic environment,” Deloitte points out in its new [2026 Manufacturing Industry Outlook](#). “Costs rose, employment fell, and manufacturing construction spending—an indicator of investment in new or expanded facilities—steadily declined. These challenges were due in large part to trade policy uncertainty and tariffs.”

5 MANUFACTURING TRENDS TO WATCH

As we move into 2026, the situation doesn’t show much sign of easing. Input costs remain elevated, key trade relationships are still in flux and workforce constraints continue to shape daily production decisions. Manufacturers are now planning for another 12 months of uneven demand and tight margins, with a renewed focus on efficiency and better control over their supply networks. The coming year may bring new opportunities, but most producers are preparing for another stretch

that requires steadiness, careful planning and a close eye on the forces outside of their control. Here are five different ways Deloitte says manufacturers can ride out the conditions that 2026 may bring and also prepare their operations for the future.

- 1. Use tech to boost competitiveness and agility.** Deloitte says investment in smart manufacturing is likely to continue in 2026 as manufacturers seek to improve competitiveness, agility and resilience in the face of uncertainty and complexity. Citing one of its recent surveys, the firm says 80% of companies plan to invest 20% or more of their improvement budgets in smart manufacturing initiatives, with a focus on foundational tools and technologies.
- 2. Leverage more digital supply chain management tools.** The future could bring greater trade certainty. The United States has brokered tariff agreements with the United Kingdom, Vietnam, Japan, Indonesia, the Philippines, South Korea and the European Union, and additional deals could follow. To mitigate these potential challenges, Deloitte says manufacturers can continue to invest in digital technologies like agentic AI, which can provide enhanced visibility and agility by “autonomously sensing and mitigating supply chain risk while optimizing costs.”

3. Look to growing sectors like semiconductors for new opportunities. Looking ahead to 2026, Deloitte says semiconductor manufacturing investment will likely continue to grow. As of July 2025, companies had announced more than \$500 billion in private sector commitments to revitalize the U.S. chipmaking ecosystem, setting the stage for a projected tripling of domestic capacity by 2032. “These projects are expected to create more than 500,000 jobs in the United States,” says Deloitte, adding that manufacturing companies that can harness these growth opportunities in 2026 may wind up better positioned for the future, and especially if economic uncertainty continues.

4. Use an adaptive workforce planning framework to address uncertainty. The competition for skilled labor remains intense, especially as manufacturers invest in advanced digital tools and smart manufacturing facilities. For instance, the top concern for more than a third of the 600 manufacturing executives in a 2025 Deloitte survey was “equipping workers with the skills and knowledge they need to maximize the potential of smart manufacturing and operations.” Companies that can remain focused on the long-term goal of creating a world-class workforce, while also managing potential uncertainty and volatility in 2026, may gain a substantial advantage over their competitors. “For instance, agentic AI could be used to capture workers’ tacit knowledge,” Deloitte says, “and generate standard operating procedures, thereby accelerating onboarding and training.”

5. Make targeted tech investments focused on problem solving. Deloitte says manufacturers should also prioritize a “renewed strategic focus” and targeted technology investments in the year ahead. This will help them maintain a competitive edge, continue to drive innovation and achieve sustainable growth amid uncertain economic conditions. “As operations and global supply chains grow increasingly complex,” it adds, “manufacturers can leverage advanced technologies to optimize costs, enhance decision-making, improve customer experience, and create new solutions to longstanding challenges.”

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Q&A with Bill Bradford, President of Flip Electronics [\(Continued from page 25\)](#)

obsolescence by helping OEMs analyze data on product availability, usage, and forecasted demand to build accurate predictions of potential shortages and provide solutions in advance.

END MARKET DEMAND WHICH MARKETS (AUTOMOTIVE, INDUSTRIAL, COMPUTING, DEFENSE, ETC.) DO YOU EXPECT TO LEAD DEMAND IN 2026?

All industries that manufacture products engineered to perform for years in the field must reckon with the availability of components intrinsic to their functionality, whether they are cornerstone designs still in production or legacy systems in need of replacement parts or technology upgrades. When it comes to EOL and obsolete components, the question is not which industry leads demand, but which equipment manufactured for that industry will need factory-authorized core technologies despite their “no longer on the line card” status. We expect strong demand from the aerospace and defense sectors, but see automotive and industrial still lagging the overall market. Interest rate reductions could improve the industrial outlook.

FUTURE VISION IN YOUR VIEW, WHAT WILL SEPARATE SUCCESSFUL DISTRIBUTORS FROM THE REST BY 2030?

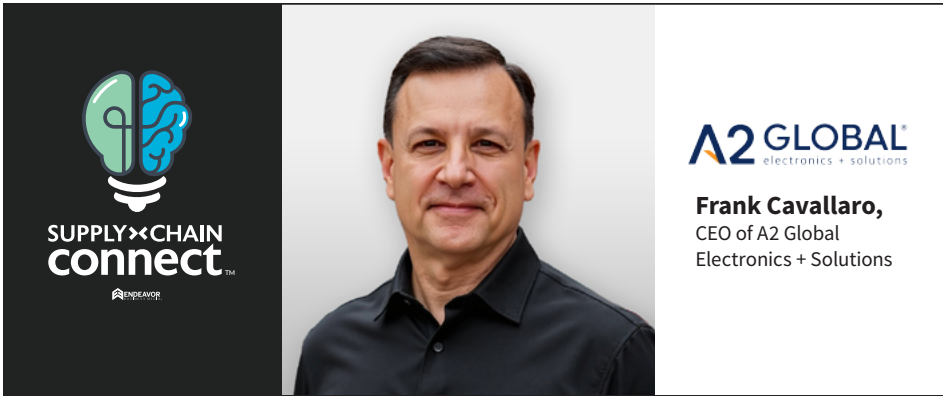
As OCMs adjust their legacy product portfolios to capitalize on growth opportunities, they increasingly rely on partners to support customers requiring components no longer in production. Our success as an authorized distributor of obsolete and EOL components hinges on our ability to work proactively with OCMs and OEMs to ensure the availability of critical semiconductors and electronic components as line cards evolve. Proactive partnerships, component expertise, supply chain savvy, and state-of-the-art inventory and forecasting tools will continue to define our success and set us apart through 2030 and beyond.





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Tariffs and the Semiconductor Supply Chain

The semiconductor supply chain is facing unprecedented disruption from shifting global trade policies and tariffs. Hear from industry leader Frank Cavallaro, CEO of A2 Global Electronics + Solutions, on the challenges companies are navigating and the strategies they must employ to stay ahead.

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Washington’s AI Gamble: A New “Space Race” for Supply Chains

The race toward AI dominance and self-sufficiency is on—and it is reshaping U.S. manufacturing, distribution and supply chains.

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Manifest 2026: What You Need to Know & Why You Need to Go

Preview what attendees can expect at Manifest 2026 in Las Vegas and hear why the event is a premier supply chain technology showcase.

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Q&A with Colin Strother, Rochester Electronics’ Executive VP

OUTLOOK

HOW WOULD YOU DESCRIBE YOUR BUSINESS OUTLOOK FOR 2026 — BULLISH, CAUTIOUS, OR UNCERTAIN — AND WHAT KEY FACTORS ARE DRIVING THAT SENTIMENT?

I’m genuinely optimistic. The longer the downcycle lasts, the greater the likelihood of return to a growth phase. I believe customers may be broadly under-inventoried, and that will level out. I think we’re beginning to see tangible, albeit early, signs of positivity.

REGIONAL TRENDS

WHAT’S YOUR OUTLOOK FOR THE NORTH AMERICAN MARKET IN 2026? HOW DO EUROPEAN AND ASIAN TRENDS COMPARE, GIVEN DIFFERING ECONOMIC AND REGULATORY PRESSURES?

With all our supply chain, logistics, and in-house, onshore manufacturing, we have made the necessary investments in labor and infrastructure, putting us in a strong position to continue investing carefully and thoughtfully to best serve the evolving needs of our customers.

Although there has been some regional disparity, EMEA achieved exceptional growth in 2025. We have continued to invest in our customer-facing teams, with significant office and team expansion in Eastern and Southern Europe, and we expect our growth to continue accelerating.

Asia, especially APAC, has undergone significant change. Meanwhile, mainland China remains by far the largest single market, and we are appropriately sized with four locations—Shanghai, Chengdu, Shenzhen, and Beijing—a tenured team, and our CN commerce platform. We continue to expand our resources in Vietnam, Taiwan, India, and other markets, all managed by our APAC HQ in Singapore, as we aim to meet customers where they are.

TARIFFS & TRADE

HOW ARE CURRENT OR POTENTIAL TARIFFS AND TRADE SHIFTS SHAPING YOUR SOURCING, PRICING, OR CUSTOMER STRATEGY HEADING INTO 2026?



Our NorthStar is ensuring supply chain security. With compliance integrated into our systems and all our inventory housed in the US, we feel well-positioned to address any concerns while remaining ever vigilant.

From a product perspective, we are fortunate to have an FTZ in place, which allows us to take every possible step to mitigate unnecessary tariff-related issues.

INVESTMENT FOCUS

WHERE ARE YOU FOCUSING CAPITAL INVESTMENTS THIS YEAR — INVENTORY EXPANSION, DIGITAL TOOLS, AI AUTOMATION, NEW FACILITIES, OR OTHER PRIORITIES?

Our primary investments will stay focused on our product offerings, go-to-market strategy, and customer service, with customer success deeply integrated into all our efforts.

2026 will mark four years since we began our digital experience journey, bringing all our data, systems, and tools together into one place and a single source of truth.

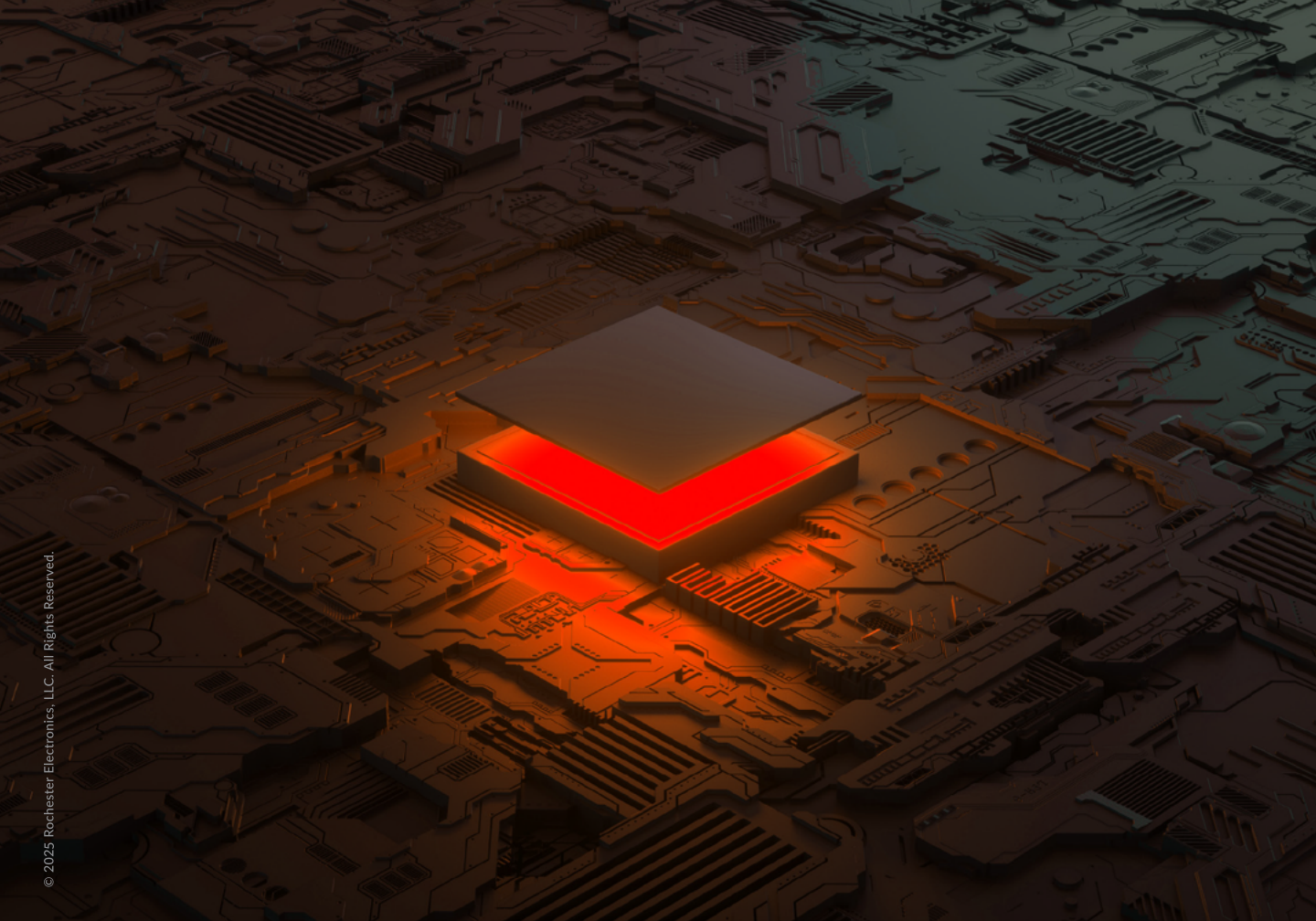
TECHNOLOGY & TRANSFORMATION

HOW ARE AI AND AUTOMATION INFLUENCING YOUR OPERATIONS OR CUSTOMER EXPERIENCE IN 2026 COMPARED TO PREVIOUS YEARS?

We launched our first generative AI initiative in the summer of 2023, and our first Agentic AI in the fall of 2024, with “CaptAI in Rochester” becoming the industry’s first AI Agent, answering customer questions in natural language on www.rocelec.com

What’s critical is finding space for AI to ensure it’s a thoughtful part of your strategy, with humans at the center, working in tandem to drive business outcomes. Rochester will continue our journey with employee care and business outcomes at the forefront of our minds.

(Continued on page 34)



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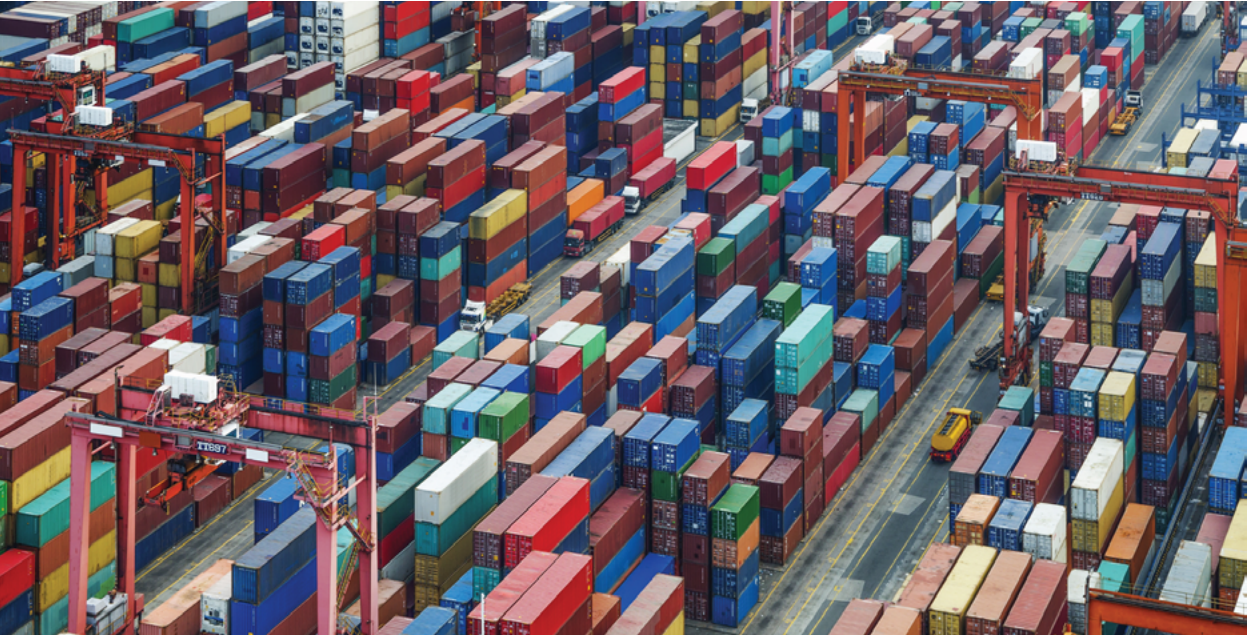
WHEN EVERY PART MATTERS, SO DOES THE SOURCE.

Don’t risk purchasing on the gray market. Rochester provides a continuous source of supply for applications where the product lifecycle extends beyond the active availability of a device. Our factory-direct offering negates the need for expensive testing. We keep businesses moving with 100% authorized, traceable, certified, and guaranteed devices.

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7 Supply Chain Predictions for 2026

New report from Prologis singles out the top trends that supply chain operators should be watching as the new year comes into view.

December has arrived, which means it's time to reflect on the past year's market movement and start looking ahead to 2026 for the trends that may shape planning. Companies are closing out a year of shifting demand and uneven transportation costs. Many are taking stock of what worked, what didn't and where they need to adjust.

Operating at the intersection of logistics and real estate, Prologis tracks how warehouse demand, transportation activity and on-site operations shift across different markets. The company develops and manages logistics facilities around the world and also monitors how energy use, equipment needs and workforce issues show up inside those buildings. That mix gives Prologis a unique viewpoint on conditions heading into 2026.

In its new [Bold Predictions for 2026: Supply Chain Trends to Watch](#) report, Prologis pinpoints these seven trends that all supply chain operators should be watching and responding to during the coming year:

1. Rising freight costs. Trucking capacity continues to shrink, which means higher transportation costs for operators planning 2026 budgets, Prologis predicts. Active carrier authorities are down 12% from the 2022 peak as small fleets exit and new regulations take hold. Tender

rejections and spot rates are climbing, signaling tighter conditions ahead. Freight costs rose 3.5% in 2025 and are expected to keep rising. Well-located facilities that shorten delivery distances may help offset part of the increase.

2. Utilization reaches capacity. Warehouse utilization rose through 2025 and is expected to reach expansion levels in 2026. Essential goods, e-commerce and manufacturing users led the increase, with retailers following ahead of holiday cycles. Prologis says that if current trends continue, companies may run out of functional capacity next year, pushing them toward new leases, layout adjustments or rightsizing efforts. Planning earlier in the year will matter as utilization tightens across key markets.

3. Power becomes even more pivotal. Power availability will be a top factor in 2026 location planning as grid capacity tightens. Europe faces connection delays and caps, Mexico's manufacturing hubs report limited supply and some U.S. regions show minimal remaining firm capacity. Automation, HVAC loads and equipment needs continue to raise energy use. Fully automated sites require several times more power than recent-year buildings, according to Prologis, which means some companies will need to confirm energy access early in the site-selection process.

4. Expansion of defense activity. Defense spending increases in the U.S. and Europe will influence industrial space availability and competition. Prologis says European nations raising budgets toward 5% of GDP will drive activity in strategic corridors across key markets. In the U.S., more small and midsize suppliers are leasing secure space to support localized production. These operations often require high-power or specialized manufacturing specs, which may tighten options for companies seeking similar capabilities in the same regions.

5. Tighter global markets. International conditions will play a larger role in 2026 planning. Europe's vacancy rate is expected to fall below 5% as limited development restricts new supply. Brazil is on track for another year of double-digit rent growth due to decade-low vacancy in major markets, Prologis reports, and India is entering a development and leasing expansion as logistics modernization accelerates. Operators with global footprints should prepare for uneven costs and potentially tighter availability.

6. Coastal hubs rebound. Gateway U.S. markets may see stronger demand as rents normalize and Class A space becomes more available in 2026, Prologis predicts. Access to large population centers and transportation networks is pulling users back to coastal hubs. Rent premiums have returned to pre-pandemic levels, improving the price-to-value ratio for 2026 planning. These markets may also see more activity as companies position inventory closer to consumption.

7. E-commerce demand grows. E-commerce operators are expected to account for nearly 25% of new leasing in 2026 as global online sales approach 20%, according to Prologis. It says Asian platforms are expanding into Europe and Latin America, while Amazon and Mercado Libre continue growing regionally. In the U.S., companies are adjusting to de minimis changes and shifting toward blended onshore storage and cross-dock models.

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Q&A with Colin Strother, Rochester Electronics' Executive VP [\(Continued from page 31\)](#)

OPPORTUNITIES & RISKS

WHAT DO YOU SEE AS THE GREATEST OPPORTUNITY FOR DISTRIBUTORS THIS YEAR — AND THE BIGGEST RISK TO GROWTH?

During the .com crash, I remember the media calling it the end for distributors. Distributors are here because we provide value and service. The most significant opportunity is that we have endured the longest industry downturn in history. Now we have a chance to soar, having become more efficient and advanced as we faced the challenges head-on.

The greatest risk is the unknown; we live in very turbulent geopolitical and trade times, and supply chain disruption can happen at any moment due to a single decision. As I believe many customers are carrying low inventory levels, Rochester is uniquely positioned with over 15 billion units in stock across 210K SKUs to meet their needs and mitigate risk.

END-MARKET DEMAND

WHICH END MARKETS (AUTOMOTIVE, INDUSTRIAL, COMPUTING, DEFENSE, ETC.) DO YOU EXPECT TO LEAD DEMAND IN 2026?

Outside of market growth, which can result from demand or disruption, I see our growth centered on our product strategy and the end markets it best serves. For us, that typically remains regulated industries across a range of verticals where we are deeply embedded, having formed years, if not decades, of partnerships.

FUTURE VISION

IN YOUR VIEW, WHAT WILL SEPARATE SUCCESSFUL DISTRIBUTORS FROM THE REST BY 2030?

Our core business is delivering products; our core strength is our people. I don't see that changing. What I do see is the convergence of technology for good. Whatever we may think AI is today, it's not only here to stay, but also hasn't truly begun. I believe we're going to see the next industrial revolution, and as it's one built on electronic components, we're all going to enjoy a front-row seat.



Q&A with Cytech Systems



OUTLOOK

HOW WOULD YOU DESCRIBE YOUR BUSINESS OUTLOOK FOR 2026 — BULLISH, CAUTIOUS, OR UNCERTAIN — AND WHAT KEY FACTORS ARE DRIVING THAT SENTIMENT?

Our bullish sentiment is anchored in two key factors: the sustained, multi-year expansion of AI and compute infrastructure, creating unprecedented demand for components, and the global push for supply chain resilience and industrial automation. These secular trends provide a robust foundation for growth across our key markets.

REGIONAL TRENDS

WHAT'S YOUR OUTLOOK FOR THE NORTH AMERICAN MARKET IN 2026? HOW DO EUROPEAN AND ASIAN TRENDS COMPARE, GIVEN DIFFERING ECONOMIC AND REGULATORY PRESSURES?

North America: We are highly optimistic. Strong corporate investment in AI, a focus on nearshoring, and defense spending underpin durable demand, particularly for high-performance computing, automation, and aerospace components.

Europe vs. Asia: We see a strategic divergence. Europe demands a selective, value-focused approach due to economic stagnation and complex regulation; our focus is on green tech, energy efficiency, and premium automation. In contrast, Asia is a primary growth engine, fueled by massive investments in electronics manufacturing, EVs, and infrastructure, with Southeast Asia becoming a critical hub for diversified sourcing.

TARIFFS & TRADE

HOW ARE CURRENT OR POTENTIAL TARIFFS AND TRADE SHIFTS SHAPING YOUR SOURCING, PRICING, OR CUSTOMER STRATEGY HEADING INTO 2026?

Potential trade shifts make supply chain agility our core defense. We are executing a "China + N + 1" sourcing strategy, expanding our supplier network across Southeast Asia and the Americas. For customers, this means a focus on value-added services—like kitting and design support—to offset pricing pressures and secure partnerships beyond transactional relationships.

INVESTMENT FOCUS

WHERE ARE YOU FOCUSING CAPITAL INVESTMENTS THIS YEAR — INVENTORY EXPANSION, DIGITAL TOOLS, AI AUTOMATION, NEW FACILITIES, OR OTHER PRIORITIES?

Our 2026 capital allocation prioritizes:

AI & Digital Tools (Primary): Implementing AI for predictive inventory management, dynamic pricing, and enhanced customer portals.

Strategic Inventory Expansion (Secondary): Building buffer stock for long-lead, high-demand components in automation and computing to ensure reliability for our customers.

TECHNOLOGY & TRANSFORMATION

HOW ARE AI AND AUTOMATION INFLUENCING YOUR OPERATIONS OR CUSTOMER EXPERIENCE IN 2026 COMPARED TO PREVIOUS YEARS?

In 2026, AI's influence has evolved from experimental to core operational. Compared to previous years, AI is now fundamentally embedded in our warehouse and logistics management, optimizing processes in real-time. For customer experience, our platforms have moved from being transactional to becoming proactive partners, offering predictive recommendations and AI-powered technical support.

OPPORTUNITIES & RISKS

WHAT DO YOU SEE AS THE GREATEST OPPORTUNITY FOR DISTRIBUTORS THIS YEAR — AND THE BIGGEST RISK TO GROWTH?

Greatest Opportunity: Evolving from a distributor to a Critical Supply Chain Partner. This means providing embedded vendor-managed inventory (VMI), full traceability, and simplified compliance, becoming an indispensable, integrated part of our customers' operations.

Biggest Risk: A sharp, synchronous global demand downturn, which could trigger rapid destocking and margin collapse. Secondary risks include intensified geopolitical friction disrupting logistics and component shortages in legacy semiconductors.

(Continued on page 38)

Excellent Distribution Connecting More

Cytech Systems is a leading electronic components distributor, with a commitment to creating sustainable value for customers and driving innovation and development within the supply chain industry.

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6 Technologies Shaping the Modern Supply Chain

With endless tools available on the market, these six systems remain central to running warehouses, transportation and decision-making.

Supply chain solutions come in all different shapes and sizes. In fact, they’re as diverse and dynamic as the supply chains they support. There are legacy solutions that continue to do their jobs after 20+ years, modern systems that integrate well with others to make up more all-encompassing systems, and “lighter” applications that are focused on solving one very specific problem very well. The choices are literally endless thanks to the proliferation of solution developers that want to help organizations better manage their end-to-end networks.

Sorting through all of the options isn’t easy, but there are some core platforms that every company should either be using or at least considering. Here are six core technologies to focus on as you shape your supply chain strategy.

1. Warehouse management systems (WMS). Because most supply chain operations need a distribution point, the systems that run warehouse and distribution centers (DCs) play a crucial role in the overall operation. In most cases, the core platform is a WMS, which manages inventory, directs workflow and coordinates day-to-day activities inside the four walls. A WES adds real-time task orchestration to keep labor, equipment and orders flowing at the right

pace. A WCS manages the automation layer by directing conveyors, sorters and other material handling equipment. Together, these systems form the basic technology layer that keeps warehouse operations organized and running on schedule.

2. Transportation management systems (TMS). Once products leave the warehouse, a TMS becomes the core tool for planning, routing and executing shipments. It helps teams select carriers, build loads, manage rates and track freight as it moves through the network, giving operators clearer insight into schedules and costs. Newer TMS platforms include functionalities like real-time tracking, automated tendering, analytics and even some artificial intelligence (AI), depending on the specific vendor.

3. Enterprise resource planning platforms (ERP). These multifaceted systems tie finance, procurement, inventory, sales, logistics and other departments together under one system that shares the same data. Most of them are based in the cloud, although nearly all early iterations of ERP were monolithic, on-premises versions of their leaner, modern selves. ERPs centralize core operations,

standardize processes and give teams a consistent view of what’s happening across the operation.

4. Secondary but essential tools. Once the core systems above are covered, the list of “must-haves” becomes more fragmented. Yard management systems (YMS) coordinate the movement of trailers between the gate and the dock. Labor management systems (LMS) serve as the modern successor to engineered labor standards, helping teams measure productivity and plan staffing. Global trade management systems (GTM) handle classification, documentation and compliance for cross-border shipments. Inside the warehouse, distributed order management (DOM) determines where to source and fulfill orders across multiple sites, and order tracking and management tools (OTM) provide status updates, exception alerts and basic visibility into outbound activity.

5. Predictive analytics platforms. Data is the new oil for supply chain operators that need reliable information to make quick decisions and respond to shifting conditions. Predictive analytics draws on historical patterns, demand signals and AI models to forecast what’s likely to happen next. According to [Turvo](#), these tools help companies forecast demand more accurately, optimize transportation routes and identify inefficiencies earlier in the process. They also strengthen decisions around procurement and replenishment, which helps reduce stockouts and excess inventory. “By analyzing buying trends, seasonality and market shifts, predictive analytics ensures that companies can adjust procurement and distribution strategies accordingly,” Turvo adds. “This results in better resource planning, reduced excess inventory and optimized warehouse storage.”

6 Automation, robotics and AI. As the ongoing warehouse labor shortage, the need to do more with less and the overall push to digitalize continue to take hold, automation and robotics are playing a larger role in the typical fulfillment facility. According to [Global Market Insights](#), the total market size is expected to exceed \$115 billion by 2034—up from \$26.5 billion in 2024. Companies are evaluating and investing in systems like autonomous mobile robots (AMRs), automated storage and retrieval systems (AS/RS) and other robotics designed to handle repetitive or time-sensitive tasks. The research firm says organizations are also putting more capital into automation and artificial intelligence (AI) to improve efficiency, control costs and speed up order fulfillment.

Q&A with Cytech Systems (Continued from page 35)

END-MARKET DEMAND WHICH END MARKETS (AUTOMOTIVE, INDUSTRIAL, COMPUTING, DEFENSE, ETC.) DO YOU EXPECT TO LEAD DEMAND IN 2026?

We anticipate three end-markets will lead demand in 2026:

Computing & AI Infrastructure: This remains the top driver, with sustained demand for servers, data center components, and networking gear.

Industrial Automation: The expansion of Industrial 4.0 and smart manufacturing is fueling demand for automation equipment, robots, and the control cables essential for their operation.

Automotive & EV Sector: The automotive transformation, particularly towards electric vehicles and advanced wire-controlled chassis systems essential for autonomous driving, continues to drive demand for electronics and sensors.

FUTURE VISION IN YOUR VIEW, WHAT WILL SEPARATE SUCCESSFUL DISTRIBUTORS FROM THE REST BY 2030?

By 2030, successful distributors will be separated by their agility and value-added intelligence. The winners will have fully transformed from logistics intermediaries into technology-enabled partners. This will be characterized by:

- **Deep-Tech Integration:** Mastery of AI and data analytics for unparalleled supply chain visibility and efficiency.
- **Solution-Centric Model:** Dominance in providing certified, pre-validated system modules and embedded software services.
- **Resilient & Global Networks:** A robust supply chain combined with localized technical support to withstand disruptions and serve global customers effectively.

We at Cytech Systems are confidently investing in this future, and we look forward to navigating the promising landscape of 2026 in partnership with you.



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Q&A with Win Source Electronics



OUTLOOK HOW WOULD YOU DESCRIBE YOUR BUSINESS OUTLOOK FOR 2026 — BULLISH, CAUTIOUS, OR UNCERTAIN — AND WHAT KEY FACTORS ARE DRIVING THAT SENTIMENT?

We maintain a cautiously optimistic outlook for 2026. The electronics industry is recovering from its adjustment cycle, with growth becoming more balanced and demand patterns more rational. Customers are shifting their focus from short-term price competition to long-term supply stability, inventory health, and total cost visibility. This market normalization benefits distributors like WIN SOURCE who can balance agility with discipline—leveraging data-driven forecasting, diversified sourcing, and dependable delivery assurance.

REGIONAL TRENDS WHAT’S YOUR OUTLOOK FOR THE NORTH AMERICAN MARKET IN 2026? HOW DO EUROPEAN AND ASIAN TRENDS COMPARE, GIVEN DIFFERING ECONOMIC AND REGULATORY PRESSURES?

The North American market remains resilient, driven by industrial re-shoring and heightened emphasis on compliance, sustainability, and secure sourcing. Customers are seeking partners with both global reach and local reliability.

In Europe, energy transition and industrial automation continue to fuel demand, though longer procurement cycles and regulatory complexity require greater transparency and traceability.

Asia, as the manufacturing and logistics backbone of the global supply chain, shows unmatched responsiveness and cost efficiency. Our multi-hub operations in Asia enable WIN SOURCE to integrate speed, flexibility, and scalability—supporting both Western and domestic OEM needs. Across all regions, supply visibility and traceable quality have become universal expectations.

TARIFFS & TRADE HOW ARE CURRENT OR POTENTIAL TARIFFS AND TRADE SHIFTS SHAPING YOUR SOURCING, PRICING, OR CUSTOMER STRATEGY HEADING INTO 2026?

Global trade dynamics remain fluid, with tariff adjustments and regional policies reshaping sourcing strategies. WIN SOURCE mitigates these risks through multi-region procure-

ment and distributed inventory deployment. We view pricing not merely as a unit-cost decision but as a total landed cost equation—factoring in logistics, tariffs, exchange rates, and lead-time volatility. This approach ensures both competitive pricing and predictable delivery, allowing customers to plan with confidence even amid policy fluctuations.

INVESTMENT FOCUS WHERE ARE YOU FOCUSING CAPITAL INVESTMENTS THIS YEAR — INVENTORY EXPANSION, DIGITAL TOOLS, AI AUTOMATION, NEW FACILITIES, OR OTHER PRIORITIES?

Our 2026 capital investments concentrate on inventory structure optimization and digital infrastructure enhancement rather than pure expansion. Inventory decisions are guided by customer project mapping and real-time market analytics, ensuring both depth and agility of supply.

Meanwhile, our NEXUS™ platform—the core of WIN SOURCE’s digital transformation—continues to evolve. It integrates AI-driven demand forecasting, early-warning analytics, and supplier performance scoring, empowering smarter inventory allocation and faster decision-making. The goal is to convert data intelligence into tangible customer value.

TECHNOLOGY & TRANSFORMATION HOW ARE AI AND AUTOMATION INFLUENCING YOUR OPERATIONS OR CUSTOMER EXPERIENCE IN 2026 COMPARED TO PREVIOUS YEARS?

AI and automation are redefining our operations. By analyzing years of transaction and market data, our systems can now identify potential supply gaps, recommend equivalent parts, and proactively alert customers of lifecycle or allocation risks. Internal workflows—from data validation to stock updates—are increasingly automated, reducing human error and accelerating response time. Compared to previous years, the transformation has shifted from “digitizing processes” to “intelligent orchestration,” where systems learn and adapt to dynamic supply conditions.

OPPORTUNITIES & RISKS WHAT DO YOU SEE AS THE GREATEST OPPORTUNITY FOR DISTRIBUTORS THIS YEAR — AND THE BIGGEST RISK TO GROWTH?

The greatest opportunity for distributors in 2026 lies in becoming trusted flexibility partners. After years of supply disruptions, customers now prioritize distributors who can provide immediate availability, qualified alternates, and transparent communication.

The primary risk, however, lies in demand misalignment and inventory imbalance. Rapid demand shifts or inaccurate forecasting can erode efficiency. WIN SOURCE mitigates this through continuous data calibration, real-time monitoring of part velocity, and dynamic sourcing models that keep supply chains lean yet responsive.

END-MARKET DEMAND WHICH END MARKETS (AUTOMOTIVE, INDUSTRIAL, COMPUTING, DEFENSE, ETC.) DO YOU EXPECT TO LEAD DEMAND IN 2026?

Key growth engines will be automotive electronics, industrial control, and renewable energy applications. Electric vehicles and energy storage systems continue to drive stable demand for power devices, MCUs, and sensing components.

Computing and communication infrastructure will maintain healthy activity, though with more disciplined pace and budget optimization. WIN SOURCE supports these segments through robust on-hand inventory, lifecycle management, and cross-reference solutions that enhance design flexibility and production resilience.

FUTURE VISION IN YOUR VIEW, WHAT WILL SEPARATE SUCCESSFUL DISTRIBUTORS FROM THE REST BY 2030?

By 2030, the true differentiator among distributors will be trust built on transparency, reliability, and intelligence. Success will no longer depend solely on stock volume but on the ability to orchestrate global supply networks with precision and integrity.

Distributors who transform from transactional providers into strategic enablers—offering visibility, predictive insights, and sustainable sourcing—will define the next decade. WIN SOURCE believes that reliability, backed by data-driven foresight and ethical operations, will remain the most valuable currency in distribution.

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TOP 50 GLOBAL Electronics Distributors



Company	Locations	Employees	Founded	Headquarters	2024 Global Revenue
1. Arrow Electronics, Inc.	140	21,520	1935	Centennial, CO	\$27,923,324,000
2. WPG Americas Inc.	63	5000	2005	Scottsdale, AZ	\$27,400,000,000
3. Avnet	250	15,462	1921	Phoenix, AZ	\$23,757,000,000
4. Wesco **	50 countries	Approx. 6700	1922		\$8,500,000,000
5. TTI, Inc., Consolidated	150	9300	1971	Fort Worth, TX	\$7,860,000,000
6. Future Electronics *	160	5,500+	1968	Pointe-Claire, QC Canada	N/A
7. DigiKey	14	4,715	1972	Thief River Falls, MN	\$3,500,000,000
8. Smith	25	900	1984	Houston, TX	\$2,600,000,000
9. NewPower Worldwide	14	155	2014	Nashua, NH	\$2,255,000,000
10. Newark Farnell	-	3300	1934	Richfield, OH	\$1,476,000,000
11. Heilind Electronics	-	-	1974	Wilmington, MA	\$1,146,379,000
12. Master Electronics	17	652	1967	Phoenix, AZ	\$593,000,000
13. WIN SOURCE ELECTRONICS	13	318+	1999	Shenzhen, China	\$568,000,000
14. FDH Electronics	9	700	1970	Oklahoma City, OK	\$382,000,000
15. bisco Industries	52	630	1973	Anaheim, CA	\$375,800,000
16. RS Americas	-	9000+	1937	Fort Worth, TX	\$369,000,000
17. Rochester Electronics, LLC *	19	800+	1981	Newburyport, MA	Privately Held
18. Transfer Multisort Elektronik (TME)	12	1500	1989	Łódź, Poland	\$303,031,506
19. Powell Electronics	8	240	1946	Swedesboro, NJ	\$300,000,000
20. PEI-Genesis *	22	800+	1946	Philidelphia, PA	Privately Held
21. Shenzhen Unibetter Technology Co.,Ltd.	7	244	2009	Shenzhen, China	\$240,000,000
22. Shenzhen Shengyu Electronics Technology Limited	4	-	2016	ShengZhen, China	\$235,211,831
23. Richardson Electronics, Ltd.	24	427	1947	LaFox, IL	\$226,000,000
24. Rand Technology	9	300	1990	Irvine, CA	\$200,000,000
ARS Electronics Company Ltd.	10	220	1998	JiNing, China	\$200,000,000
25. Chip 1 Exchange	18	550	2001	Neu-Isenburg, Germany	N/A
26. Galco Industrial Electronics	-	243	1975	Madison Heights, MI	\$168,286,000
27. Astute Electronics Ltd.	22	395	1989	Stevenage, United Kingdom	\$165,000,000
28. Flying Technology Co., Ltd.	10	270	2010	Hong Kong, China	\$150,000,000
Alantys Technology	14	230	2001	Argenteuil, France	\$150,000,000
29. ICSOLE TECHNOLOGY LIMITED	3	95	2016	Shenzhen, China	\$135,000,000
30. Cytech Systems Limited	6	120	2013	Hong Kong, China	\$125,000,000
31. Flame Enterprises	2	62	1969	Chatsworth, CA	\$120,000,000
32. ÖZDİSAN ELEKTRONİK A.S.	6	315	1980	Istanbul, Turkey	\$118,000,000
33. Hughes-Peters	8	160	1921	Dayton, OH	\$113,000,000
34. Marsh Electronics	8	138	1935	Milwaukee, WI	\$98,466,444
35. Flip Electronics	4	100	2015	Alpharetta, GA	\$95,600,000
36. Ample Solutions	8	286	2008	Singapore	\$90,000,000
37. Steven Engineering	3	119	1975	South San Francisco, CA	\$88,595,000
38. Rebound Group	40	405	2003	Newbury, United Kingdom	\$88,538,651
39. Anglia Components Plc	1	140	1972	Cambs, United Kingdom	\$87,000,000
40. All Tech Electronics, Inc.	2	36	1993	Hawthorne, NY	\$85,300,000
41. Classic Components Corporation	20	140	1985	Torrance, CA	\$80,000,000
42. Brevan Electronics	2	63	1983	Nashua, NH	\$78,300,000
43. Falcon Electronics	3	19	1994	Commack, NY	\$62,700,000
44. Air Electro Inc.	1	85	1952	Chatsworth, CA	\$57,000,000
45. Area51 Electronics	4	61	1999	Irvine, CA	\$56,243,180
46. IBS Electronics	10	150	1980	Santa Ana, CA	\$54,000,000
47. NASCO AEROSPACE & ELECTRONICS	1	30	2021	St Petersburg, FL	\$53,074,179
48. THJ(HK) TECHNOLOGY LIMITED	3	-	2012	Shenzhen, China	\$52,000,000
49. Freedom USA	4	52	1999	Odess, FL	\$48,000,000
50. Supreme Components International Pte Ltd	14	75	2001	Singapore	\$44,995,406

* Publisher's Estimate ** Wesco's 2024 Annual Report

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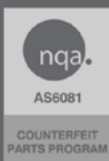
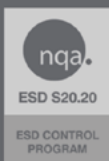
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