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## STATE OF THE INDUSTRY: Electronic Component Distribution 2026



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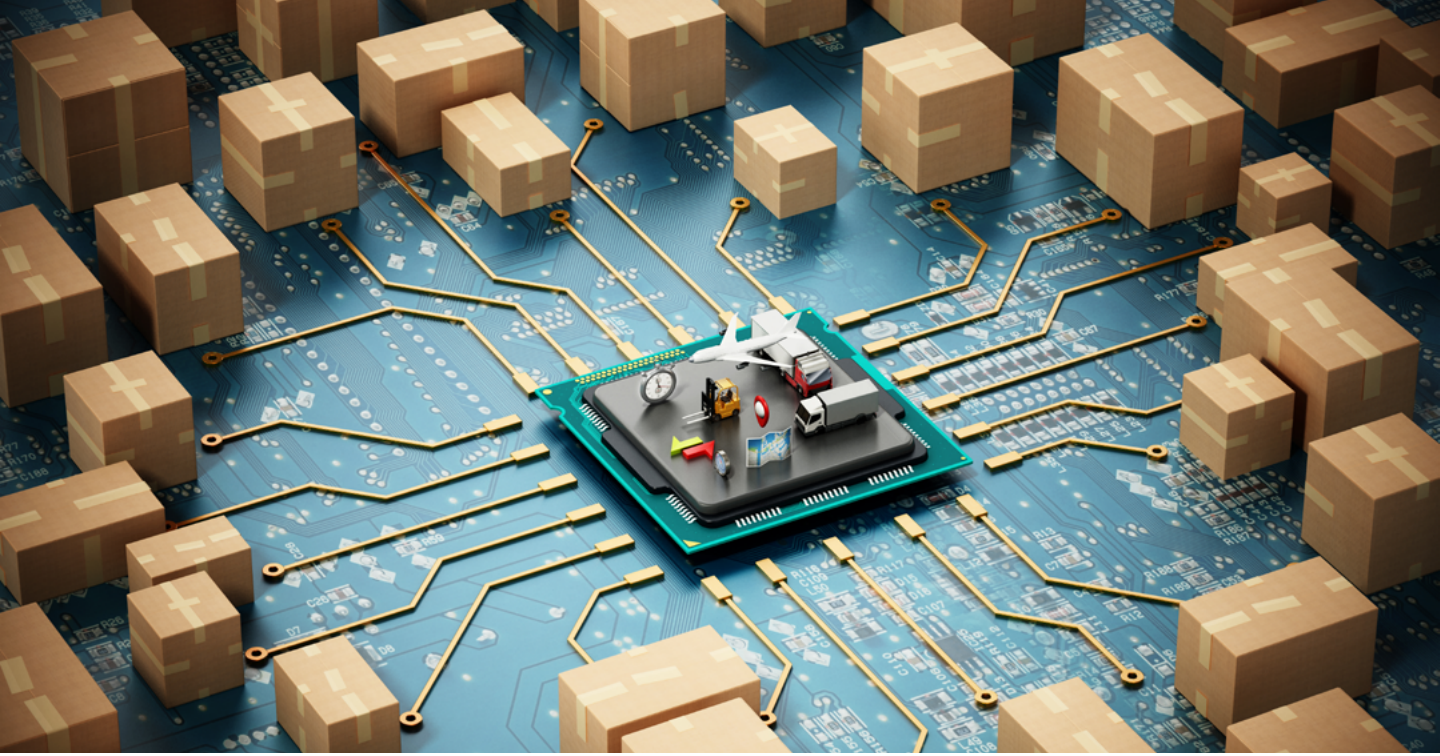


**DISTRIBUTING CONFIDENCE**



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By TYLER FUSSNER

## State of the Industry: Electronic Component Distribution 2026

How the world’s top distribution leaders are navigating volatility, disruption and global uncertainty.

Electronic component distribution is a global industry that has seen its fair share of evolution and advancement as of late. Though the industry is known for its cyclical nature, the capability of distribution leaders to navigate volatility by leveraging technological innovations and integrations has set course for the establishment of distribution as the integral link within global electronics supply chain operations, both today and well into the future.

As Supply Chain Connect compiled their annual Top 50 Global Distributors list, we spoke with pioneers in the electronic component distribution industry to better understand where the market sits today, where it is headed and what it takes to be among the best of the best.

### Market Moves in 2026

The industry is trending in the right direction this year. Arrow Electronics, in conjunction with the company’s

Q4 2025 earnings announcement, says they have entered 2026 with positive momentum and remain cautiously optimistic as the business remains in the early stages of a modest cyclical upturn. “Our leading indicators continue to improve,” the company says. “Book-to-bill and backlog are increasing, lead times are incrementally extending, visibility continues to be cloudy, but we remain disciplined in how we interpret these data points.”

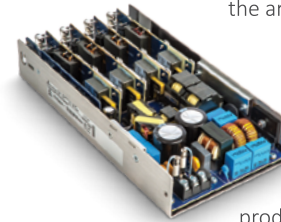
“Strong momentum in Q4 2025 has only grown stronger as the new year progresses,” seconds Michael Knight, Corporate Senior Vice President, Strategy, TTI, Inc. “The drivers are resolution, at last, of the inventory overbuild from the last up-cycle, the exponential demand being driven by advancements in AI and the related infrastructure requirements, and the strengthening demand associated with autonomous vehicle fleet build out, next generation robots, drones,

*(Continued on page 8)*

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DISTRIBUTING CONFIDENCE

# The Electronic Component Specialists

In a world where product lifecycles are shrinking, component shortages appear overnight, counterfeits threaten reliability and logistics disruptions can stall production lines, the buyer's priority is simple: secure authentic electronic components and receive them on time. The TTI global distribution model is built around that objective, combining strategically positioned premium inventory with close supplier collaboration to help ensure quality and continuity in an increasingly complex electronics marketplace.

What began in 1971 at the kitchen table of Paul Andrews – the company's founder and first CEO – has grown into more than 9,000 employees across 136 locations and 30 distribution centers. Today, TTI stocks over 850,000 component part numbers in over 3 million square feet of dedicated warehouse space and generates \$9 billion in global sales as a key part of the Berkshire Hathaway family of companies, serving customers from offices and distribution centers on every continent except Antarctica.

**Premium Parts:** The inventory is a deliberately curated mix of fully authorized electronic components focused on interconnect, passive and electromechanical technology (IP&E) along with discrete semiconductors, sensors, optoelectronics and power and protection devices. While some distributors carry thousands of product lines, TTI works with fewer than one hundred carefully selected suppliers. Each is chosen for a proven reputation in quality, innovation and dependable delivery, giving buyers confidence that every component is authentic, traceable and ready to perform.

**Streamlined Processes:** Behind that world-class inventory is a supply model built for maximum reliability. The financial strength, infrastructure and decades of distribution expertise of TTI ensure continuity in a world where supply chains are often unpredictable. With an exceptional 98% on-time delivery rate and revolutionary Total Quality Management (TQM) programs, TTI works closely with suppliers to forecast demand, position inventory strategically and maintain the breadth and depth of stock customers rely on to keep production moving as efficiently as possible.

**Exceptional People:** A key advantage TTI customers value is the expertise of TTI Specialists. With local branch offices around the world, they bring deep component knowledge and experience directly to buyers and engineers, helping source parts, solve supply challenges and evaluate product options. This personal service is strengthened by advanced information systems that connect TTI global inventory and integrate with customer manufacturing platforms through Application Programming Interfaces (APIs), creating a supply chain that is both highly responsive and seamlessly connected.

The long history of TTI innovation, service and reliability has helped advance technologies across industries ranging from aerospace and defense to space exploration, medical devices, transportation, manufacturing, industrial IoT and automation, energy and more.

The mission of TTI remains the same today as it was when it was envisioned five decades ago: to be the most preferred electronic components distributor of customers and supply partners, delivering the right part, at the right time, to the right location – every time. And the goal is simple: to be the best, not just the biggest.



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9,032,024,524

### PASSIVES

1,476,902,639

### CONNECTORS

1,066,195,775

### DISCRETES & EMECH





*State of the Industry: Electronic Component Distribution 2026, (Continued from page 4)*

increasing military and defense spending (especially in Europe), and the industrialization of space.”

Richard Diaz, Vice President of Sales & Service, Newark, agrees that the impact of artificial intelligence is a significant needle-mover. “The biggest shift we’re seeing in 2026 is the continued acceleration of AI and its impact on both demand and distribution,” Diaz says. “AI driven applications, especially in data centers where advanced power architectures and high-speed interconnects are critical, are driving growth and reshaping customer requirements. At the same time, AI is also changing how we operate as a distributor, with greater use of analytics, engineering design support and more coordinated supply chain execution.”

DigiKey furthers the impact AI is having on the industry, stating that intelligence-led operations across the entire value chain are leading distributors to embed AI into core workflows in order to improve demand forecasting, inventory optimization, pricing decisions and customer engagement. “By integrating AI as an augmentation to our team members’ expertise, we’re able to make better, faster and more informed decisions that serve both customers and suppliers more effectively, redefining what true high distribution value looks like in 2026,” the company says.

There also exists a strong sentiment toward the need for supply chain resilience across the market, and distributors are leveraging technology and their expertise to achieve it.

“Digital capabilities are becoming increasingly embedded in procurement and supply decision-making,” says Win Source Electronics. “The industry has discussed digitalization for years, but it is now directly influencing BOM sourcing, inventory strategies and supplier selection.”

“In this environment, transparency, accurate forecasting and strong supply chain partnerships are becoming essential,” notes Dayna Badhorn, Regional President, Avnet Americas. “Procurement teams that plan further ahead and clearly communicate their

requirements are better positioned to secure capacity without creating excess inventory. Those that revert to past behaviors, such as double ordering, increase risk across the ecosystem, reinforcing the importance of more disciplined, forward-looking and collaborative supply chain practices.”

Rose Delgado, VP of Global Sales, Rand Technology, agrees that one of the biggest shifts in the market is the move from reactive procurement to strategic supply chain partnerships. “After the volatility of the past few years, customers want distributors that can provide predictability, risk mitigation and global sourcing intelligence, not just spot availability,” she says.

Colin Strother, Executive Vice President, Rochester Electronics, says there has been a reset in priorities. “In 2026, supply chains are being built for resilience, not just efficiency,” he continues. “Digital tools, data and AI are improving visibility and forecasting, while regional diversification is reducing exposure to disruption. Geopolitical uncertainty has accelerated that shift. As a result, procurement looks different today. Authorized sourcing, lifecycle awareness and trusted partners matter more than ever.”

Waldom says in response to resiliency demands, the market is moving toward regionally balanced supply chains supported by stronger digital infrastructure. “Companies are positioning inventory closer to demand, diversifying sourcing and building protection against geopolitical risk,” the company says. “At the same time, growth in AI infrastructure, defense, industrial automation and advanced consumer electronics is encouraging purchasing teams to secure supply earlier and rely more heavily on trusted partners.”

#### **Geopolitical Tensions, Trade Policy Changes and Tariffs**

It is an unfortunate reality that geopolitical tensions and conflicts, trade policy changes and tariff fluctuations are becoming an increasingly volatile and frequent occurrence in global supply chain operations. The electronic component distribution space is no stran-

*(Continued on page 12)*

# NOW

## Q&A

### **1) What is the most significant market shift you’re seeing in electronic component distribution in 2026?**

We enter 2026 with positive momentum and remain cautiously optimistic as the business remains in the early stages of a modest cyclical upturn. As we announced during our fourth-quarter earnings, our leading indicators continue to improve. Book-to-bill and backlog are increasing, lead times are incrementally extending, visibility continues to be cloudy, but we remain disciplined in how we interpret these data points.

### **2) How are customer expectations changing, and how is your company differentiating through service or digital capabilities?**

A key part of our strategy is growing our higher-margin, value-added services, which deepen customer engagement and improve returns. These offerings, such as supply chain services, design engineering and integration services, extend our role from fulfillment to embedded partnership as we become an extension of customer and supplier product development, supply chain and go-to-market efforts.

### **3) What are the biggest operational challenges you’re working to overcome right now?**

As we announced during our fourth-quarter earnings, we remain focused on executing with discipline in an environment that continues to improve gradually, while recognizing that the recovery remains different by region, end market and customer type. Our priority is to accelerate profitable growth as we continue to manage mix, costs and working capital carefully and align investment levels with the pace of demand.



## Q&A



Jeff Newell,  
President of Mouser Electronics

### 1. How is AI and automation impacting forecasting, pricing and inventory management in your organization?

We continue to execute on a major, multi-million dollar expansion at our Global Distribution Center in Texas, essentially allowing us to double our distribution capabilities. We've integrated advanced warehouse automation to help our teams work smarter, allowing us to serve customers more quickly and efficiently. For example, we've installed cutting-edge automation, including EuroSorters, Vertical Lift Modules (VLMs), I-pack machines, pallet auto storage and retrieval systems (AS/RS) and other equipment.

We are leveraging AI across multiple departments to save time, money and ultimately improve the customer experience. In our receiving area, we've implemented new OCR technology, which uses automated data extraction to quickly convert text images to a machine-readable format for system entry for the manufacturer name, product name, date code, lot code, etc. Also on Mouser.com, we are improving the online experience for our customers by utilizing various AI tools to optimize part search and enhance our technical resources for our engineering customers.

### 2. What capital or investment priorities are shaping your company's growth strategy?

In addition to our newly expanded Distribution Center where we've added state-of-the-art automation, Mouser continues to invest in the newest technologies from our manufacturer partners so we, in turn, can deliver the most choices for design engineers and buyers. Having the widest selection of products from over 1,200 manufacturer brands has helped buffer us somewhat against market fluctuations and inflationary pressures and allowed Mouser to grow our customer base to more than 650,000 customers globally. To continue to grow and reach new markets, we are adding new customer service centers this year in India and Indonesia and investing in new staff / talent. We have nearly 4,000 employees globally.

### 3. How are customer expectations changing, and how is your company differentiating through services or capabilities?

Having the newest products in stock and ready to ship allows plenty of choices for our customers. We will continue to stock the widest assortment, while adapting to whatever our customers need us to be, staying nimble and listening to them so we can react quickly to their changing needs. Additionally, on our website, we provide a full menu of services, tools and technical resources to help our customers with their purchases, service needs and design projects. Today's customers want to be able to go online and get what they need, whether it's data sheets, technical specs or purchasing tools. Our goal is to provide best-in-class service globally, and we try our best every day to meet this goal.

### 4. Where do you see the most promising growth opportunities across end markets or regions?

The modern world runs on electronic components. It's a very safe bet that this trend will continue. For the next year, we expect continued growth in the industrial and aerospace / defense sectors, but also a general demand increase relative to the build-out of new data centers globally which is putting pressure on lead-times. Also, we see demand drivers from all types of technology applications including A.I. and data, robotics, IoT, IIoT (industrial IoT), electric / hybrid vehicles and smart technologies. With Industry 6.0 and the trend of onshoring and a more regionally sustainable supply-chain, a new industrial revolution is upon us. As such, we will continue to expand our portfolio of industrial automation suppliers and products. Growth in the online space in industrial automation has really just begun, and our prowess and capabilities online make us a great partner for these suppliers.

# Stay ahead of the storm

## Your source for weathering inventory disruptions



[mouser.com/customer-resource-center](https://mouser.com/customer-resource-center)





State of the Industry: Electronic Component Distribution 2026, (Continued from page 8)

ger to turbulent waters and has continued to face such challenges head-on.

“Elevated, mercurial tariff levels have become the new norm and have added complexity and costs for our supplier partners, end customers and ourselves,” explains TTI’s Knight. “The rollback of the IEEPA tariffs, and proposed new section 122 tariffs to replace them, have only amplified the challenge. Add to that conflicts in Europe and the Middle East and it frankly becomes near impossible to set and hold any kind of optimizing supply chain or footprint strategy.”

“Geopolitical tensions and tariff changes are reinforcing the need for regionalized support and tariff-aware sourcing,” Newark’s Diaz adds. “We’re building flexibility into the supply chain by optimizing inventory by region and adjusting country of origin and routing strategies. This helps manage costs, reduce concentration risk and maintain reliable access to critical components.”

Newark is not alone in regionalizing inventory, as DigiKey and Rand Technology are also emphasizing regional support to navigate an ever-changing global trade dynamic. “Geopolitics have made supply chain diversification a permanent strategy, not a temporary reaction,” Rand Technology’s Delgado reinforces.

In response to such uncertainties, Win Source states that the company is placing greater emphasis on anticipating risks and maintaining operational flexibility by leveraging data analytics and digital tools. “We continuously monitor global supply chain dynamics in real time,” the company says. “This allows us to help customers adjust their procurement strategies ahead of policy or market shifts, thereby minimizing sourcing risks.”

Win Source adds that as global trade policies become more complex, compliance has become a core competitive capability for distributors, and the company continues to invest in compliance processes to ensure transparency and legality across the supply chain, providing customers with more stable and reliable supply assurance.

### Artificial Intelligence and Automation

The applications of AI are far-reaching and seemingly limitless, and the electronic component distribution space has embraced its potential to enhance operations.

“AI and automation are significantly improving how the industry forecasts demand, manages pricing and allocates inventory,” says Waldom, explaining that forecasting models now incorporate real-time demand patterns, lifecycle signals and market volatility, which increases accuracy and expedites purchasing decisions.

“Pricing is becoming more dynamic as automated tools react faster to changes in availability and lead times,” the company continues. “A unique advantage today is the use of aggregated distributor inventory data, which reveals where stock is building up or becoming constrained. This level of visibility offers early insight into shifts that traditional models often miss and enables faster course correction. The overall effect is tighter alignment between inventory and actual demand and a more agile response to swings in the electronics market.”

“AI is helping us move faster from data to decision,” says Rand Technology’s Delgado. The company is using advanced analytics to identify market pricing signals earlier and optimize inventory positioning globally.

Rochester Electronics’ Strother shares that the company is applying AI “where it matters,” particularly in the sharpening of forecasts, improving responsiveness and managing a vast product catalog more intelligently.

“At the rate that AI is now advancing, the use cases in the supply chain are expanding exponentially,” TTI’s Knight says. “In areas like pricing, quoting, forecasting, inventory optimization and removing friction in all transactions, the potential for positive impact is very evident. Within the TTI Family of Specialists, we have been building AI-centric solutions in all of these areas, many of which are in beta testing now with deployment planned for later this year. Beyond just the expected improvement in speed, quality and experience, being able to scale in a tight labor market is also a significant benefit.”

(Continued on page 16)



### 1. What is the most significant market shift you’re seeing in electronic component distribution in 2026?

**Dayna Badhorn, Regional President, Avnet Americas:** “One of the most significant shifts in 2026 is the tightening of supply and upward pressure on pricing as inventory levels normalize and demand patterns become less predictable. Extended lead times and periodic shortages are exacerbated by just-in-time ordering practices, which are depleting supplier inventory and straining capacity. In this environment, transparency, accurate forecasting and strong supply chain partnerships are becoming essential. Procurement teams that plan further ahead and clearly communicate their requirements are better positioned to secure capacity without creating excess inventory. Those that revert to past behaviors, such as double ordering, increase risk across the ecosystem — reinforcing the importance of more disciplined, forward-looking and collaborative supply chain practices.”

### 2. How are customer expectations changing, and how is your company differentiating through service or digital capabilities?

**Dayna Badhorn, Regional President, Avnet Americas:** “Customer expectations are shifting toward greater transparency, speed and predictability in an increasingly constrained supply environment. Avnet differentiates by serving as a critical enabler of innovation and resilient supply chains, connecting technology discovery, design enablement and data intelligence into a single, scalable platform. Through our global ecosystem and deep integration with leading design tools, we engage customers early in the design cycle — facilitating engineer-to-product team workflows — to help accelerate time-to-market with development kits, reference designs, embedded expertise and supply chain insights. This early engagement enables Avnet to strengthen long-term relationships, improve design win potential and deliver differentiated lifecycle value.

Customers rely on Avnet for product lifecycle visibility, counterfeit mitigation and real-time insight into factors such as pricing and lead time trends, supply-demand imbalances, ESG considerations and global disruption impacts. By bringing customer, supplier and market data together in one place, we enable faster, more informed decisions across engineering, procurement and product management, positioning Avnet as a data-driven expert at the center of the technology supply chain.”

### 3. What are the biggest operational challenges you’re working to overcome right now?

**Dayna Badhorn, Regional President, Avnet Americas:** “A key focus is continuously improving efficiency and effectiveness across the business while ensuring we invest in the right areas at the right time. That means carefully evaluating where automation and AI-driven solutions can deliver meaningful impact, and where process discipline and simplification are the better answer. We’re committed to optimizing how work gets done, using our resources intentionally, and upholding high standards of productivity, quality and service.”

# DigiKey

## Q&A

### 1. How is AI and automation impacting forecasting, pricing and inventory management in your organization?

AI is transforming the distributor-customer relationship from a transactional to a collaborative one. Engineers use AI-powered design tools to simulate and validate components before purchase, while procurement teams leverage intelligent platforms to assess risk, compare alternatives and automate routine tasks. 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.

### 2. How are customer expectations changing, and how is your company differentiating through service or digital capabilities?

Customers today expect more than just availability; they want predictability, transparency and speed. We're seeing a shift toward localized sourcing strategies and diversified supply chains to mitigate risk. At DigiKey, we've responded by enhancing our logistics capabilities and investing in tools that provide us with better visibility into inventory and lead times to inform our stocking level decisions.

The DigiKey difference is also evident in our inventory pipeline, in-stock product availability, competitive pricing, localization, and top-notch quality service to enhance the customer experience. Our industry-leading product range gives customers unparalleled visibility and access to the latest technologies across semiconductors, power, connectivity, automation and more. As a result, designers can quickly evaluate options, compare specifications and make informed choices without being locked into a single vendor or constrained by limited local availability.

### 3. Where do you see the most promising growth opportunities across end markets or regions?

At DigiKey, we anticipate significant expansion in industrial automation, data centers, AI, robotics, humanoids, EVs, autonomous systems, the maker space, and aerospace and defense. We expect revenue growth across all business units, led by industrial automation. We believe the industry will be stronger in all regions in 2026, with DigiKey outperforming the broader market.

### 4. What is the most significant market shift you're seeing in electronic component distribution in 2026?

The most significant shift we're seeing in the industry this year is the continued rise of AI driven, intelligence led operations across the entire value chain. Customers still expect high service, speed, and accuracy, but they are no longer willing to absorb the cost of manual inefficiencies. In response, distributors are embedding AI into core workflows to improve demand forecasting, inventory optimization, pricing decisions, and customer engagement. At DigiKey, this isn't about isolated projects; it's about building a connected intelligence network that spans the organization. By integrating AI as an augmentation to our team members' expertise, we're able to make better, faster, and more informed decisions that serve both customers and suppliers more effectively, redefining what true high distribution value looks like in 2026.

### 5. How are geopolitical tensions, trade policy changes and tariffs influencing your sourcing and regional strategies?

DigiKey has invested in our regional Marketplace options to leverage a customer's location to avoid tariffs and other geopolitical issues that may cause higher costs or delays, and we continue to explore additional options to provide customers with more choices in their regions.

### 6. What capital or investment priorities are shaping your company's growth strategy?

Our continued investment in a high-value customer experience sets us apart from others in the industry. Our investments in web experience, export compliance, automation, inventory depth and breadth, new product introductions, localization and price competitiveness have driven increased revenue, customer count and website traffic. We are investing to ensure customers come to us at the start of their next design, and our NPI pipeline is a key part of that strategy.

### 7. What are the biggest operational challenges you're working to overcome right now?

We always keep in mind that challenges could arise in many ways, including economic factors such as inflation, global events, tariffs or changes in supply chain dynamics. 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.



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ECIA MEMBER  
Supporting The Authorized Channel



State of the Industry: Electronic Component Distribution 2026, (Continued from page 12)

DigiKey adds that AI is transforming the distributor-customer relationship from transactional to collaborative. “Engineers use AI-powered design tools to simulate and validate components before purchase, while procurement teams leverage intelligent platforms to assess risk, compare alternatives and automate routine tasks.”

The company is building capabilities that allow customers to interact with them 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.”

#### Investment Priorities and Strategic Direction

Riding the wave of momentum in 2026, electronic component distribution leaders continue to invest in growth, with emphasis on a few key areas—particularly inventory, near shoring, logistics and technology. “Our capital priorities are focused on strengthening regional warehousing and logistics, aligned with continued onshoring and near shoring trends,” Newark’s Diaz says. “This enables us to place inventory closer to customers and improve supply chain resilience. In parallel, we are investing in digital platforms that enhance visibility into inventory, demand and fulfillment for both customers and suppliers.”

“We’re strengthening our unified commerce platform and expanding onshore manufacturing,” Rochester Electronics’ Strother says. Strother adds that the company is also investing in product availability and long-term lifecycle coverage, as well as positioning customer-facing teams across the Americas, EMEA, APAC and Japan to ensure strong local support.

DigiKey says the company continues to invest in high-value customer experiences, specifically in web experience, export compliance, automation, inventory depth and breadth, as well as new product introductions and localization. “We are investing to ensure customers come to us at the start of their next design, and our NPI pipeline is a key part of that strategy,” the company says.

TTI’s Knight says the company’s majority of investments in growth will continue to center on modernizing their tech stack, further automating operations, and maintaining their inventory profile from new product introductions through production and end-of-life. “In addition, we are increasing our focus on acquisitions that create additional products, services and supply chain solutions that create incremental value for our customers,” he adds.

#### Meeting Customer Expectations

Speed. Transparency. Flexibility. Reliability. These are the demands of today’s customers, and it is not lost on electronic component distribution leaders.

“Customer expectations are shifting toward greater transparency, speed and predictability in an increasingly constrained supply environment,” affirms Avnet Americas’ Badhorn.

Badhorn notes that Avnet strives to differentiate themselves by serving as a critical enabler of innovation and resilient supply chains, connecting technology discovery, design enablement and data intelligence into a single, scalable platform.

“Customers rely on Avnet for product lifecycle visibility, counterfeit mitigation and real-time insight into factors such as pricing and lead time trends, supply-demand imbalances, ESG considerations and global disruption impacts,” Badhorn adds. “By bringing customer, supplier and market data together in one place, we enable faster, more informed decisions across engineering, procurement and product management.”

Waldom explains that customers want intuitive digital platforms, immediate access to reliable data and fewer manual steps in everyday transactions. “The companies standing out today are the ones removing friction and making it easier to search inventory, place orders, manage programs and get support quickly,” the company adds.

(Continued on page 20)



#### 1. What is the most significant market shift you’re seeing in electronic component distribution in 2026?

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#### 2. How are geopolitical tensions, trade policy changes and tariffs influencing your sourcing and regional strategies?

**Richard Diaz, Vice President of Sales & Service, Newark:** “Geopolitical tensions and tariff changes are reinforcing the need for regionalized support and tariff aware sourcing. We’re building flexibility into the supply chain by optimizing inventory by region and adjusting country of origin and routing strategies. This helps manage costs, reduce concentration risk and maintain reliable access to critical components.”

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#### 4. How are customer expectations changing, and how is your company differentiating through service or digital capabilities?

**Richard Diaz, Vice President of Sales & Service, Newark:** “Customers expect faster access to inventory, regional support and clear visibility across the supply chain. We differentiate through localized warehousing, centers of excellence and direct support across the U.S., Latin America and Canada, supported by digital capabilities such as eProcurement and supply chain automation that provide transparency across our regional warehouses.”

#### 5. What are the biggest operational challenges you’re working to overcome right now?

**Richard Diaz, Vice President of Sales & Service, Newark:** “The biggest challenge remains turning accurate, timely demand signals into predictable supply. We’re addressing this through improved digital tools and closer collaboration with customers to better anticipate changing needs.”

#### 6. Where do you see the most promising growth opportunities across end markets or regions?

**Richard Diaz, Vice President of Sales & Service, Newark:** “The Americas present strong growth opportunities, led by AI driven data center, power and commercial applications. Aerospace and defense also remain a key vertical with steady, long term demand.”

# NEWPOWER

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ALL-IN-ONE PLATFORM



2025's Trends, Challenges and Opportunities in Electronic Component Distribution, (Continued from page 16)

“The regular upheaval in the component supply chain has sharpened and strengthened our customers’ expectations of the channel,” TTI’s Knight suggests. “They look for us to be ahead of trends, safeguard their production lines with inventory, provide commercial terms not generally available from component manufacturers, and implement efficient, flexible and reliable supply solutions that keep their manufacturing operations running as smoothly and cost-effectively as possible. Our mission to deliver the right part, at the right price, in the right quantity, at the right time is as important as ever.”

“A key part of our strategy is growing our higher margin, value-added services, which deepen customer engagement and improve returns,” says Arrow Electronics. “These offerings, such as supply chain services, design engineering and integration services, extend our role from fulfillment to embedded partnership as we become an extension of customer and supplier product development, supply chain and go-to-market efforts.”

**Forecasting and Demand Signals Remain a Challenge**

The extended downturn created uneven demand signals and added complexity to forecasting, explains Rochester Electronics’ Strother. Accurately managing inventory and demand signals remains a challenge in 2026.

“The biggest challenge remains turning accurate, timely demand signals into predictable supply,” explains Newark’s Diaz. “We’re addressing this through improved digital tools and closer collaboration with customers to better anticipate changing needs.”

Rand Technology’s Delgado agrees. “The biggest challenges remain market volatility, as well as rapid swings in supply, demand and pricing. Our priority is maintaining the flexibility and global reach needed to respond quickly while still delivering consistent service to our customers.”

“We keep the pace of demand change at the forefront, as rapid fluctuations in demand can put significant

pressure on lead times and availability,” DigiKey says. “However, this is precisely where our business model excels, and our real-time intelligence is designed to protect our customers.”

**Growth Opportunities**

Electronic component distribution leaders have identified select applications and verticals that will continue to drive growth in 2026 and beyond. Primarily, artificial intelligence and the data centers that power it will be a market leader.

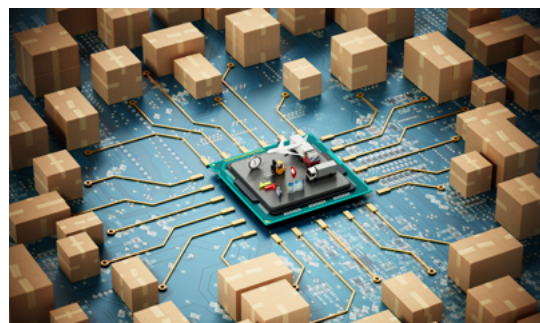
“The Americas present strong growth opportunities, led by AI-driven data centers,” Newark’s Diaz states. “We see strong growth in AI infrastructure and data centers,” seconds Rand Technology’s Delgado.

AI servers and data centers are driving increasing demand for high-performance processors, power management devices, and high-speed connectors, explains Win Source. “Demand growth for electronic components over the next few years will continue to be driven primarily by technology-intensive application markets,” the company adds.

Additional market drivers include aerospace and defense, electric vehicles and intelligent driving systems, and industrial automation.

“The pace of technology advancement and the clear trend toward polymorphic geopolitics mean that these growth drivers will be at play in all regions and in almost every country,” adds TTI’s Knight. ■

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**Strategies for Reliable Electronic Component Supply in a Volatile Market**

In today’s fast-moving electronics sector, supply chain reliability is both a strategic requirement and a competitive advantage. Procurement teams face unprecedented volatility—from demand swings and regional conflicts to logistics disruptions. This article explores data-driven strategies for continuity, including supplier diversification, adaptive inventory planning, and digital supply intelligence.

**Current Trends Shaping Electronic Component Supply**

Global electronics supply chains are increasingly interconnected, data-driven, and risk-aware, with volatility now a constant due to demand shifts, transport constraints, and material shortages. Key drivers include pandemic aftershocks, geopolitical frictions, AI/EV/5G demand surges, and logistics bottlenecks. The market reached USD 701 billion in 2025 and is projected to approach USD 1 trillion by 2030. Companies are enhancing supply chain visibility, intelligence, and flexible sourcing to stay resilient.

**Regionalisation and Its Impact on Supply Chain Resilience**

Regionalisation—the practice of relocating manufacturing and logistics closer to end markets or allied regions—is reshaping global supply strategies. Initiatives like new semiconductor fabs in the U.S. and EU, and Europe’s move toward nearshoring, are designed to reduce logistics risk and dependency on distant suppliers. A related concept, friendshoring, emphasizes sourcing from politically and economically aligned countries to strengthen long-term stability.

Model	Risk Exposure	Cost Profile	Response Speed
Global Sourcing	Higher, broad exposure	Lower unit cost	Slower, dependent on long shipping routes
Regionalisation	Reduced geopolitical/logistics risk	Higher setup cost	Faster response and quality oversight

**Supplier Diversification to Mitigate Risk and Ensure Continuity**

Supplier diversification means sourcing critical components from multiple vendors or regions to minimize single-point failures. Diversified networks protect against local disruptions and allow manufacturers to pivot quickly during shortages.

Best practices include:

- Maintaining approved alternates for critical parts
- Benchmarking suppliers based on quality, availability, and compliance
- Cross-referencing equivalent part numbers for seamless substitution

**Adaptive Inventory Strategies for Market Volatility**

Adaptive inventory strategies rely on dynamic, risk-based planning to buffer against shortages and price spikes. This approach combines demand forecasting with flexible stock management.

Steps to improve inventory resilience:

- Prioritize components by value, lead time, and criticality
- Adjust buffer levels in real time using market and demand signals
- Create strategic stockpiles for high-demand, long-lead parts

**The Role of Trusted Distributors in Quality Assurance and Counterfeit Prevention**

Trusted distributors underpin supply reliability by ensuring authenticated inventory, documented traceability, and rigorous quality assurance. Counterfeit or substandard parts remain a major risk, especially in spot buys during shortages.

Look for distributors that offer:

- Industry-recognized certifications such as ISO9001, AS9120B, and ISO13485
- Proven inspection and anti-counterfeiting procedures
- Transparent digital workflows with real-time traceability

**Aligning Sourcing with Emerging Technology Demands**

Emerging technologies—from AI servers to electric vehicles—are reshaping component demand. High-speed processors, power semiconductors, and high-frequency passives are now central to product development, intensifying pressure across the supply chain. Monitoring technology adoption cycles and maintaining qualified supplier pools can preempt shortages and improve responsiveness.

Technology Domain	Key Component Focus	Sourcing Implication
AI Servers	High-layer PCBs, thermal solutions	Longer lead times; need for premium inventory
EV Systems	Power semiconductors, MOSFETs	Critical aging management
5G Networks	High-frequency passives (MLCCs, inductors)	Tight capacity, regional constraints

**Building a Balanced and Proactive Supply Chain Strategy**

Success in volatile markets demands a balanced posture—combining regionalized production capacity, strategic inventory reserves, advanced analytics, and strong distributor relationships.

A practical proactive checklist:

- Map supplier risk across critical categories
- Use predictive analytics to trigger early mitigation actions
- Regularly review supplier qualifications and certifications
- Partner with trusted distributors to ensure authenticity and continuity



## 2026 Market Trends and Outlook

Q&A With Nick Bedford  
Chief Executive Officer at Smith

### What is the most significant market shift you're seeing in electronic-component distribution in 2026?

The commodities market has been experiencing an unprecedented shortage situation driven by the substantial increase in demand for products used in data center and AI applications. Manufacturers are shifting their production capacities to focus on enterprise and other high-end product lines to support this growth. Despite these efforts, many manufacturers have fully allocated their capacities through 2026 and into 2027, with lead times extending to a year or more in some cases.

The impacts of the situation are being felt well beyond the data center sphere as the shift away from mature-technology production has resulted in minimal available inventory of products used in consumer-electronics, automotive, and other applications. Furthermore, prices have increased dramatically across nearly every commodity type as customers scramble to secure inventory.

Smith has continued to remain agile, working collaboratively to help our customers navigate these volatile market conditions and developing new and better ways to keep their supply chains flowing smoothly.

### What role does sustainability and/or ESG play in your distribution strategy?

Sustainability is embedded in every aspect of Smith's business, from vetting our suppliers for responsible sourcing and labor procedures to advanced decommissioning services designed to support a circular economy.

Our shared vision for a more resilient and sustainable future underpins our role as a strategic partner and industry leader. We are actively championing energy-conscious logistics solutions for our customers and reducing our waste by eliminating unnecessary packaging and sourcing recycled materials, all without compromising the protection of the sensitive components we distribute.

As a pioneer in independent distribution, we take our responsibility within the industry seriously. Smith believes in developing long-lasting, ethical partnerships with our suppliers to maintain a strong commitment to supply chain transparency. We formally select and evaluate every supplier via our comprehensive application and screening process to ensure that every component we source and distribute upholds the highest standards of quality, environmental consciousness, labor-rights considerations, and ethical business practices.

We believe the path to a sustainable future begins here and now. Through innovation and a relentless pursuit of continuous improvement, Smith can make a positive impact on the world around us.

### What are the biggest operational challenges you're working to overcome right now?

We are continuously looking to improve upon Smith's operational abilities, always exploring new ways to improve our processes, services, and technologies. Our drive to innovate and elevate our operations allows us to exceed our customers' requirements and raise the bar for quality excellence across the industry.

We have recently been developing automated solutions and advanced technologies throughout our facilities to improve operational efficiencies, help lower costs, and better meet the needs of our customers. From internally developed equipment and software to expanded testing capabilities, Smith continues to design and implement new innovations that underscore our commitment to progress.

As the industry evolves and adapts to new challenges, growing our capabilities to anticipate and mitigate future needs remains the primary focus of Smith's approach to operational innovation.

### Where do you see the most promising growth opportunities across end markets or regions?

Automotive, data center, and artificial intelligence continue to be strong growth areas for Smith. From safety sensors to infotainment, the number of electronic components in each vehicle has grown year after year, and this trend is not slowing down anytime soon. Likewise, data center and AI demand is changing the landscape of the commodities market and, in turn, pushing out capacity for mature technologies used across a broad spectrum of applications.

Smith is continuing to develop new and unique service offerings to bolster our customers' success. We are expanding our innovative data center capabilities to provide fully customizable, end-to-end support for some of the world's largest tech companies and also recently relaunched our solar-distribution program with dynamic procurement and excess-inventory solutions.

Additionally, our global footprint is broadening, with new offices opening in Boston, Massachusetts, and Albany, New York, earlier this year and further expansion planned in the months ahead. We look forward to building upon our achievements and exploring the new, exciting opportunities to come.



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### Supplier-Consolidation Services

Lower overhead costs in the procurement process by reducing your number of noncritical suppliers.

### Obsolescence

Smith keeps you connected to the obsolete parts you need for production or service and repair.

### Excess Inventory Solutions

Recover value by turning your unused electronic components, peripherals, and equipment into revenue.

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By **AVERY LARKIN**

## 5 Steps to a More Resilient Supply Chain

As disruption becomes routine, companies are rethinking how their supply chains anticipate, absorb and recover from shocks.

The phrase “supply chain resilience” is getting thrown around a lot these days as companies work to fortify their domestic and global networks. They’re applying technology, people and new processes to the task, hoping that the end result will be a stronger, more agile supply chain that can withstand disruption and recover quickly when something goes wrong.

The strategies vary by company, but some of the more common moves include developing tighter relationships with key suppliers, investing in better visibility and shoring up the financial aspects of running a global network. Many organizations are also monitoring severe weather, cybersecurity threats and geopolitical risks more closely so they can respond faster amid shifting conditions.

“Building supply chain resilience has become a strategic priority for businesses worldwide,” [Global Trade Magazine](#) reports. “In this new era of uncertainty, flexibility, adaptability, and risk mitigation are more valuable than ever. Companies are rethinking their operations to create networks capable of withstanding shocks while maintaining efficiency and global competitiveness.”

### What is Supply Chain Resilience?

[IBM](#) defines supply chain resilience as the “ability to anticipate, adapt and recover from disruptions, such as natural disasters, pandemics or other unexpected events,” but it doesn’t take a global pandemic to throw these critical networks off-balance. It can be as simple as a factory fire that halts production at a sole-source

supplier, or a disgruntled employee who steals and sells sensitive files, triggering operational and reputational fallout across multiple tiers of the network.

If 2026 is the “year of resilience” for your company’s supply chain, here are five practical steps leaders can take now to reduce risk, spot vulnerabilities early and recover faster if and when disruption occurs:

**1) Shore up your working capital.** If your business sells products or services to a larger buyer, [J.P. Morgan](#) recommends asking that company about its supply chain finance program. These buyer-led, bank-funded early payment programs help suppliers accelerate payments on their buyer-approved invoices maturing in the future. “While large companies commonly offer supply chain finance, midsize businesses can also establish these programs to provide suppliers fast payment while maintaining credit reserves,” J.P. Morgan explains. Accounts receivable financing is another option. “When customers don’t offer supply chain finance, consider receivables financing, which allows suppliers to sell invoices for upfront payment.”

**2) Invest in your supplier relationships.** Know which of your suppliers are business-critical and establish a supplier relationship management strategy to build strong, collaborative ties that create joint value. Effective supplier relationship management helps companies operate more efficiently when times are good, and can also be invaluable during disruptions. “Businesses with strong supplier relationship management monitor important suppliers’ health to prevent costly delays,” J.P. Morgan points out. “They implement practices that keep suppliers financially healthy and stable, including balanced payment terms and development initiatives.”

**3) Get engineering teams thinking about alternative components.** If you’re selling products that incorporate PCBAs (i.e., circuit boards), Designworks’ Ryan Gray says you should be aware that the components on those boards can go obsolete with little or no warning. The solution? Have your

engineering or product development teams identify alternative components in alternative design files and alternative bills of material. “That way, when something does reach EOL (end of life), you’ll be able to quickly and confidently direct your production teams to source the alternative,” Gray tells Forbes.

**4) Monitor industry trends and market shifts.** Keep close tabs on what’s happening both in and out of your industry and marketplace. Though that may seem obvious, factors can change suddenly, and understanding how these shifts will impact supply or demand is not always simple to determine. “Collecting and analyzing the right data and insights is the first step to effectively monitoring industry trends and market changes,” [NetSuite](#) recommends. “Taking into account quick or unexpected changes in economic conditions, geopolitical situations, weather forecasts, or competitors’ moves that can disrupt supply chains is also important.”

**5) Implement inventory and capacity buffers.** This will help minimize supply chain disruption and ensure operational continuity even when challenges arise. “Inventory buffers, also called safety stock, are extra volumes of inventory kept on hand to deal with sudden increases in demand or supply chain issues,” NetSuite explains. “Companies can analyze demand patterns and monitor existing inventory levels to project future variability and optimize the levels of additional inventory to keep in stock.”

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## 1) What is the most significant market shift you're seeing in electronic component distribution in 2026?

What we see most clearly is that customers are operating in an environment where execution has become much harder to predict. Plans change quickly, commitments move, and what looks workable at the start of a program can look very different a few weeks later. That uncertainty shows up in day to day decisions, not just in long term strategy.

Many purchasing teams are spending less time refining forecasts and more time dealing with exceptions. Allocations shift, timelines move, and supply plans break. When that happens, customers are not looking for a broad explanation of what the market is doing. They need help working through the specific issue in front of them and understanding what options still exist.

This has changed what customers value in a distribution partner. They want someone who is close to the details of their program, understands where flexibility exists, and can help them make practical decisions when conditions change. They want a real person who knows their business and can stay involved as things evolve.

In 2026, the value of distribution is not in predicting what will happen next. It is in helping customers keep programs moving when things do not go as planned, and doing so in a way that reduces risk rather than adding to it.

## 2) What capital or investment priorities are shaping your company's growth strategy?

At Brevan, investment decisions are driven by how well they support customers through uncertainty. We prioritize flexibility, execution, and the ability to respond when supply conditions or customer requirements change unexpectedly.

That means investing in inventory programs and value added services that align with how customers actually operate. In many cases, reality does not follow a forecast, and our goal is to be able to step in when primary supply plans fall short and help customers maintain continuity.

Capital at Brevan is viewed as a risk management tool. It allows us to reduce disruption, protect production schedules, and support long term customer programs without forcing customers into reactive decisions. We focus on investments that give us room to adapt as conditions change.

Growth is measured by our ability to deliver stability and informed execution over time. It is not about scale for its own

sake. It is about being consistently reliable for customers when conditions are unpredictable.

## 3) How are customer expectations changing, and how is your company differentiating through service or digital capabilities?

Customer expectations have shifted toward accountability and hands on support. Purchasing teams are under pressure, and they want partners who stay involved as conditions change, not partners who disappear once an order is placed.

Technology plays an important role in visibility and communication, but it does not replace experience. Customers value having a dedicated account specialist they can call, someone who understands their business, knows their programs, and can talk through options when plans break. That human connection matters more when conditions are uncertain.

Brevan differentiates by pairing deep industry experience with live account management. Our account specialists are involved day to day, bringing market insight, practical judgment, and continuity to the relationship. They are not just responding to requests, they are helping customers think through tradeoffs and next steps as situations evolve.

The goal is not to automate the relationship. It is to strengthen it by giving customers access to people who can help them make informed decisions in real time.

## 4) What are the biggest operational challenges you're working to overcome right now?

The biggest challenge is managing variability without losing consistency. Supply conditions change quickly, and customer requirements can vary widely by program, timeline, and geography. Balancing that level of variation while maintaining reliability takes discipline.

To manage this, Brevan focuses on strong processes and experienced teams. Our account specialists and operations teams work closely together so that flexibility does not introduce unnecessary risk or inconsistency. Communication across teams is critical, especially when conditions shift quickly.

The objective is straightforward. We need to respond quickly when customers need support, while maintaining the level of reliability they expect. That balance is essential to helping customers operate effectively in unpredictable conditions.

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### 1. What is the most significant market shift you're seeing in electronic component distribution in 2026?

The most significant market shift in 2026 remains the extreme concentration of demand and profitability in artificial intelligence (AI). Over the last year, AI has remained a top priority for chipmakers. Its unprecedented growth has contributed to a structural shift among manufacturers, reshaping how supply is allocated. Since the boom of generative AI, global semiconductor revenue has seen record highs, but it is disproportionately driven by a hyper-narrow category of chips.

These high-performance chips, GPUs, HBM, and advanced networking ICs represent only a fraction of the total shipments in a given year. However, they represent more than 50% of the industry's profit. This focus has led to significant ripple effects across the electronics distribution channel.

Everything from raw materials to production costs has seen price adjustments; look at memory. Coupled with extreme consolidation, there is a 20% supply-demand gap, which industry experts forecast will continue until 2030.

Traditional, high-volume parts have been pushed to the way-side, reducing visibility for many non-AI categories. In March alone, dozens of suppliers, including Renesas, STMicroelectronics, and onsemi, announced price increases after absorbing demand spikes over the last few quarters.

For distributors, this shift from a typical market cycle to a structurally imbalanced environment is likely to persist beyond 2026. Access to supply is increasingly dictated by alignment with high-growth sectors such as AI, especially under allocation-only purchase agreements. Success now depends on strategic positioning by diversifying sourcing channels and managing risk across a fragmented supply base.

### 2. How are geopolitical tensions, trade policy changes, and tariffs influencing sourcing strategies?

Since the pandemic, the electronic components industry has been undergoing an evolution in sourcing strategy. Diversification has become increasingly necessary amid intensifying geopolitical tensions between the US and China.

This process takes time. The semiconductor supply chain is inherently global, with a high concentration of region-specific manufacturing processes. For example, Taiwan's TSMC dominates in advanced packaging and produces 90% of the world's advanced chips. This creates significant exposure to regional instability and policy shifts.

Upstream operations are similarly isolated, with particular regions or countries owning most of the globe's resources. Southeast Asia depends on the Middle East for energy, helium, and bromine imports for chip manufacturing; without alternative sources, supplies can dry up quickly during prolonged conflict.

Tariffs, export controls, and trade restrictions can have the same level of impact. Look at the automotive industry. Despite losing \$210 billion during the pandemic, automakers failed to diversify enough. When Nexperia split between China and the Netherlands, automakers were once again put in the crosshairs.

Additionally, tariffs and policy changes increase cost pressure, which compounds the broader trend of rising component prices. Sourcing in 2026 requires constant monitoring and proactive risk management, which can be achieved through multi-sourcing strategies that use both authorized and independent distribution channels to maintain flexibility.

### 3. How is AI and automation impacting forecasting, pricing and inventory management in organizations?

Many organizations are starting to leverage AI tools to optimize their inventory management and forecasting. Traditional models, those based on manually inputted historical data, are prone to the inevitable "human error." Scientific research shows that human error trends around 1% to 4%, the latter without verification steps in place. The likelihood that this 1% error will have a dramatic, costly impact is 14%.

Now, most businesses aren't facing a 1999 Mars Climate Orbiter-level catastrophe if historical market transaction data is entered incorrectly. However, procurement prices are already elevated during global shortages, and a single mistake might require an expensive just-in-time purchase to prevent a line down.

When used strategically, AI-enabled collection can aggregate real-time data from multiple sources with a smaller margin of error. This is particularly valuable in an environment where lead times can change quickly.

Likewise, predictive analytics can identify which components are at risk of disruption in advance, allowing procurement teams to secure inventory proactively. Automation enhances these capabilities by streamlining procurement workflows and improving decision speed.

However, AI is not a cure-all, nor is it a replacement for strategic decision-making by teams. It should be used as a tool to support buyers during volatile times, not a replacement.



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## TOP 50 GLOBAL Electronics Distributors

Company	Locations	Employees	Founded	Headquarters	2025 Global Revenue
1. WPG Americas Inc.	67	5000	2005	San Jose, CA	\$31,100,000,000
2. Arrow Electronics, Inc.**	140	22,230	1935	Centennial, CO	\$30,900,000,000
3. Avnet	250	14869	1921	Phoenix, AZ	\$22,200,800,000
4. Wesco Distribution***	50 countries		1922		\$8,956,000,000
5. TTI, Inc., Consolidated	150	9000	1971	Fort Worth, TX	\$8,400,000,000
TTI The IP&E Specialist, Mouser, Sager, RFMW, Braemac, Connected Development					
6. DigiKey			1972	Thief River Falls, MN	\$3,960,000,000
7. RS Americas	36	@ 8500	1937	Fort Worth, TX	\$3,940,000,000
8. Future Electronics *	160	5,500+	1968	Kirkland, QC Canada	Privately Held
9. Smith	19	800	1984	Houston, TX	\$3,450,000,000
10. NewPower Worldwide	14	163	2014	Nashua, NH	\$3,100,000,000
11. Newark	3000		1934	Richfield, OH	\$1,445,800,000
12. Heilind Electronics	63	2500	1974	Wilmington, MA	\$1,318,362,000
13. Weyland Electronics Group Pte. Ltd	3	128	2020	Singapore	\$1,200,000,000
14. Rutronik Electronics Worldwide	85	1500	1973	Ispringen, Germany	\$1,060,000,000
15. Win Source Electronics	16	369+	1999	Shenzhen, China	\$658,000,000
16. Master Electronics			1967	Phoenix, AZ	\$636,000,000
17. Amble Electronics Asia Limited	21	330+	2010	Hong Kong	\$538,000,000
18. FDH Electronics	14	750	1970	Oklahoma City, OK	\$518,000,000
19. Bisco Industries	53	665	1973	Anaheim, CA	\$448,000,000
Unikeyc Electronics Pte. Ltd. *			2008	Singapore	\$448,000,000
20. Transfer Multisort Elektronik Sp. z o.o.	13	1500	1989	Lodz, Poland	\$373,000,000
21. Powell Electronics	8	278	1946	Swedesboro, NJ	\$348,000,000
22. Rochester Electronics *	20	800+	1981	Newburyport, MA	Privately Held
23. Brevan Electronics	2	83	1983	Nashua, NH	\$270,000,000
24. Shenzhen Unibetter Technology Co.,ltd			2009	Shenzhen, China	\$260,000,000
25. Rand Technology	15	220	1992	Irvine, CA	\$250,000,000
26. Flyking Technology Co., Ltd.	13	270+	2010	Hong Kong	\$240,000,000
27. Richardson Electronics Ltd.	24	418	1947	LaFox, IL	\$226,000,000
28. Shenzhen Shengyu Electronics Technology Limited	4	36	2016	Shenzhen, China	\$223,864,903
29. Ample Solutions	7	243	2008	Singapore	\$215,000,000
30. Airline Hydraulics Corp.	6	400	1949	Bensalem, PA	\$207,000,000
31. Cytech Systems Limited	16	200	2013	Hong Kong	\$200,000,000
32. Galco Industrial Electronics	6	300	1975	Madison Heights, MI	\$184,000,000
33. Alantys Technology	14	280	2001	Paris, France	\$174,000,000
34. Rebound			1989	Newbury, UK	\$170,307,822
35. Classic Components Corp	14	164	1985	Torrance, CA	\$164,000,000
36. 3A Components Limited	80	100	2012	Hong Kong	\$160,000,000
37. Chip 1	21		2001	Neu-Isenburg, Germany	\$144,808,019
38. Flame Enterprises	2	58	1969	Chatsworth, CA	\$118,000,000
39. Hughes-Peters	8	145	1921	Dayton, OH	\$115,000,000
40. Velocity Electronics *	10	160+	1999	Austin, TX	Privately Held
41. Özdisan Elektronik A.Ş.	5	385	1980	Istanbul, Turkey	\$104,900,000
42. Marsh Electronics	7	166	1935	Milwaukee, WI	\$104,002,735
43. Steven Engineering	3	115	1975	South San Francisco, CA	\$95,460,326
44. Falcon Electronics	4	28	1994	Commack, NY	\$92,000,000
45. Flip Electronics	1	93	2015	Alpharetta, GA	\$88,492,677
46. Anglia Components Plc	2	110	1972	Cambridgeshire, UK	\$83,000,000
47. THJ(HK) Technology Limited	3	50	2012	Shenzhen, China	\$80,000,000
48. Area51 Electronics	5	58	1999	Irvine, CA	\$70,537,215
49. Air Electro			1952	Chatsworth, CA	\$68,000,000
50. IBS Electronics Inc.	10	125	1980	Santa Ana, CA	\$55,000,000

\* Publisher's Estimate \*\* Consolidated Global Sales \*\*\* Electrical & Electronic Solutions (2025 annual report)

## Extreme Transit Environments Are Destroying Your Inventory Traceability Data

Inaccurate supply chain traceability data introduces inventory visibility blind spots. Learn how extreme transit environments can exacerbate this reality.

The increased availability of supply chain traceability data has significantly improved safety, efficiency and overall operations for supply chain professionals responsible for getting goods to their destinations on time. Many interfaces tell users exactly when employees scan parcels upon arrival or immediately notify them of unexpected delays. These are undoubtedly positive developments, but they do not solve all inventory visibility blind spots.

Tracking systems remain subject to physical vulnerabilities that can wreak havoc despite professionals' best efforts to mitigate them.

### Thermal Stresses Can Ruin Goods or Disrupt Travel

Supply chain professionals handling temperature-sensitive goods must rely on options such as specialized packaging and sensors that provide real-time alerts of products exposed to suboptimal conditions. Related research also indicates that heat stress affecting supply chains [causes direct and indirect losses](#), especially in manufacturing-heavy countries.

The potential effects on tracking system data vary depending on the severity and nature of the consequences. If a product melts inside its packaging, the moisture on the parcel and its label may smear the barcode, making it unreadable. Similarly, if a company lacks a reliable way to estimate the number of goods ruined by thermal stress, that oversight may lead to inventory-related inaccuracies.

Supply chain professionals should also gather data indicating whether undesirable thermal events occurred within the supply chain or after products reached



their destinations. Those granular details help them determine what went wrong and why. If extreme transit environments prevent them from dependably gathering or accessing that information, it will be difficult or impossible for them to take corrective action.

Sometimes, extreme weather events temporarily close transit hubs. At London's Luton Airport in 2002, unusually hot temperatures caused the asphalt on a patched section of the runway to lift when the bond failed. The issue affected [only 0.2% of the whole surface area](#). Even so, the required repair closed the runway for nearly two hours.

That was a rare event, but repeat occurrences could become more likely due to climate change. Leaders who hope to minimize inventory visibility blind spots should develop reliable ways to track events beyond their control and take action when necessary and possible.

### Reducing Label Destruction and Tampering

Modern conveniences such as same-day shipping and online shopping have led to higher overall parcel volumes that were unheard of only a couple of decades ago. This change stresses already stretched supply chains and forces managers to implement reliable ways for workers to process higher volumes while retaining high accuracy rates. This multifaceted situation has caused many companies to transition to automated systems that process goods in transit.

An increased reliance on automation has raised the risk that labels and parcels get caught in equipment and that humans fail to notice the problem until signi-

ficant damage occurs. Extreme parcel volumes often make it impossible to continue tracking if machinery-related destruction makes labels unreadable.

Similarly, rising volumes require companies to hire handlers more often. Rapid onboarding and lenient background checks create conditions for package tampering, especially affecting high-value or in-demand goods.

Tamper-proof labels increase customer confidence, support traceability and may even assist a company in complying with regulatory mandates. For example, the United States Food and Drug Administration requires tamper-proof labels for medications. Other cases occur in which mishandled parcels appear tampered with, even if no one acted maliciously. Those cases can still pose consumer safety risks because [exposure to air can change some medicines](#).

Working with a well-respected label provider is a practical way to improve supply chain traceability data. That is especially true if decision-makers determine their most frequent challenges—whether rough handling, moisture or extreme temperatures made the labeled products untraceable. Confirming the cause enables company representatives to suggest different types of adhesives, inks, materials and other factors to increase label resiliency when exposed to known extreme transit environments.

### Ocean Corrosion Causes Persistent Tracking Challenges

Although some transit extremes have manifested relatively recently due to evolving factors, it is also true that certain shipment methods invariably require taking precautions to protect goods as much as possible.

Products sent by cargo ships are good examples. Seawater contains high concentrations of dissolved salts, which can lead to significant corrosion. Depending on how this phenomenon affects the associated surfaces, it can cause thinning, holes and crevices on shipping containers.

Business leaders prioritizing speed may choose cargo flights over ships. Sending products by air eliminates

the ocean corrosion risk, but it is generally the costlier of the two methods. Even supply chain professionals willing to pay the difference may find that cargo plane space fills up too quickly, especially during peak periods. Many also find it infeasible to rely solely on cargo planes, especially as they expand into new markets or distribute additional products.

The best way forward is to understand the effects of ocean-related corrosion on cargo in transit and how those challenges may make tracking less reliable. Professionals can then identify controllable trends or factors and favorably influence them to enhance supply chain traceability data. Supply chain [disruptions lasting approximately one to two months](#) occur every 3.7 years, underscoring the importance of preparedness through awareness and risk reduction.

Some companies have responded by [applying corrosion-resistant coatings](#) to vulnerable parts of container ships. This approach addresses some challenges but still requires professionals to prepare for the possibility that environmental factors may interfere with tracking efforts.

### Reinforcing Supply Chain Traceability Data with Strategic Precautions

Supply chain professionals cannot always anticipate when extreme transit environments will prevent the collection of traceability data or introduce inaccuracies. However, they can do the next best thing by assuming that these adverse conditions will inevitably arise and taking appropriate preventive measures to prepare for them. They should also stay abreast of emerging difficulties and continually assess how those obstacles might disrupt future operations.

Understanding the possibilities in advance is an excellent way to find the best ways of handling them before it is too late. Leaders can also use internal data to determine the most persistent challenges. Whether they prioritize reducing label destruction or minimizing inventory visibility blind spots, identifying these particulars is the first step to solving costly and inconvenient issues.



## Q&A



*Colin Strother, Rochester Electronics,  
Executive Vice President*

### **1. What is the most significant market shift you're seeing in electronic component distribution in 2026?**

The biggest shift is a reset in priorities. In 2026, supply chains are being built for resilience, not just efficiency.

Digital tools, data, and AI are improving visibility and forecasting, while regional diversification is reducing exposure to disruption. Geopolitical uncertainty has accelerated that shift. As a result, procurement looks different today. Authorized sourcing, lifecycle awareness, and trusted partners matter more than ever. At Rochester, we focus on fully traceable components and long-term inventory strategies that help customers operate with confidence.

### **2. How are geopolitical tensions, trade policy changes, and tariffs influencing your sourcing and regional strategies?**

Supply chain security drives everything we do. We operate exclusively as an authorized distributor under global supplier agreements with companies headquartered in the U.S., Europe, and Japan. We don't source outside those agreements. Combined with U.S.-based inventory, onshore manufacturing, and a well-established Free Trade Zone flow, that structure helps limit tariff exposure and maintain service stability. In an unpredictable environment, predictability is the value we deliver.

### **3. How are AI and automation impacting forecasting, pricing, and inventory management in your organization?**

Our approach to AI is deliberate and practical. Over the last four years, we've built a unified data foundation across the business. That allows us to apply AI where it matters, by sharpening forecasts, improving responsiveness, and managing our vast product catalog more intelligently.

Our AI agent on rocelec.com and our upcoming lifecycle support program, **TLS360**, are designed to enhance human expertise, not replace it. The goal is to make better decisions faster.

### **4. What capital or investment priorities are shaping your company's growth strategy?**

We invest where customers feel it. That starts with product availability and long-term lifecycle coverage. We're also continuing to invest in customer-facing teams across the Americas, EMEA, APAC, and Japan to ensure strong local support.

At the same time, we're strengthening our unified commerce platform and expanding onshore manufacturing. Those investments carried us through the industry downturn and positioned us well for 2026.

### **5. How are customer expectations changing, and how is your company differentiating through service or digital capabilities?**

Customers expect both flexibility and consistency. They want to engage online, by phone, in person, and often all at once. We meet expectations with unified commerce, international storefronts, and AI tools that deliver fast, relevant information.

Just as important, our teams stay closely connected to customers and their markets. Digital speed matters, but trust still drives long-term relationships.

### **6. What role do sustainability and ESG play in your distribution strategy?**

ESG is built into how we operate. We're ISO 14001:2015 certified, run strong recycling programs, and maintain Zero Waste to Land-fill practices for hazardous materials. On the social side, we invest in parity and leadership development. Strong governance keeps those efforts aligned with our values and our growth strategy.

### **7. What are the biggest operational challenges you're working to overcome right now?**

The extended downturn created uneven demand signals and added complexity to forecasting.

Our response has been to expand authorized, in-stock inventory and strengthen long lifecycle planning. With more than 200,000 part numbers and deep legacy coverage, our focus is on reducing supply uncertainty. When customers don't have to worry about availability or authenticity, they can focus on execution.

### **8. Where do you see the most promising growth opportunities across end markets or regions?**

Our strongest opportunities remain in regulated, long lifecycle markets, including automotive, industrial, aerospace and defense, and medical.

Regionally, we're building momentum in EMEA, expanding in APAC, and maintaining a strong U.S. foundation. That U.S. base anchors our licensed manufacturing and authorized fulfillment model and remains a key differentiator. Be on the lookout for Rochester's new office openings and first hires in new countries during 2026!



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## WHEN IT COMES TO COMPONENTS, THERE'S NO ROOM FOR GUESSWORK.

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.

**Avoid the Risk. Trust Rochester—We're Not a Broker.**



Authorized Distribution | Licensed Manufacturing | Manufacturing Services



# Q&A

### 1. How are geopolitical tensions, trade policy changes and tariffs influencing your sourcing and regional strategies?

Geopolitical uncertainty has made supply chain diversification more important than ever. At Jameco, we focus on maintaining strong relationships with multiple manufacturers and keeping reliable inventory available so customers can continue building without disruption. We work with many of our customers to stay ahead of supply chain issues by scheduling and bonding inventory to reduce the risk of manufacturing, allocation, or shipping delays.

Distributors play an important role in helping engineers and procurement teams navigate tariffs and sourcing challenges by offering alternative components, dependable stock, and logistics expertise that keep projects moving forward.

### 2. How are customer expectations changing, and how is your company differentiating through service or digital capabilities?

Customers today want the same quick and easy online experience they get from consumer shopping, but with the in-depth technical support that engineers need. We want to make it easy for customers to rapidly identify the proper parts by giving them the search tools, thorough product information, and useful engineering resources.

Along with dependable stock and quick shipment, we want to help our customers get from idea to working product as quickly as possible.

### 3. What are the biggest operational challenges you're working to overcome right now?

Since the pandemic, managing inventory has been challenging. Having too much stock ties up funds but having too little means missing out on sales when demand is high. Old-school forecasting methods just don't cut it with today's unpredictable markets. Automated systems, AI-powered forecasting, and better ways to acquire products are where we need to focus our attention.

Tariffs aren't going anywhere - they're now a regular part of doing business. This affects how we price products and where we get them from. Markets have become more fragmented, and there's more paperwork to deal with. Looking ahead to 2026, we need to rethink our cost models, diversify suppliers across multiple regions, and keep our shipping strategies flexible while closely monitoring price fluctuations.

### 4. Where do you see the most promising growth opportunities across end markets or regions?

There is a lot of progress being made in areas like AI-driven computing systems, IoT, EV infrastructure, renewable energy, and industrial automation. As these technologies grow, there is a higher demand for a wide range of electronic parts, from power solutions to sensors and connectivity products. These markets are exciting for distributors because of the opportunity to help engineers and innovators make the next generation of smart systems.

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# TOP 50 NORTH AMERICAN Electronics Distributors

Company	Locations	Employees	Founded	Headquarters	2025 N. American Revenue
1. Arrow Electronics, Inc. **	140	22,230	1935	Centennial, CO	\$6,944,480,000
2. Avnet	250	14869	1921	Phoenix, AZ	\$5,300,000,000
3. TTI, Inc., Consolidated	150	9000	1971	Fort Worth, TX	\$4,800,000,000
TTI The IP&E Specialist, Mouser, Sager, RFMW, Braemac, Connected Development					
4. NewPower Worldwide	14	163	2014	Nashua, NH	\$2,450,000,000
5. DigiKey			1972	Thief River Falls, MN	\$2,300,000,000
6. RS Americas	36	@ 8500	1937	Fort Worth, TX	\$1,230,000,000
7. Heilind Electronics	63	2500	1974	Wilmington, MA	\$1,013,202,000
8. Weyland Electronics Group Pte. Ltd	3	128	2020	Singapore	\$900,000,000
9. WPG Americas Inc.	67	5000	2005	San Jose, CA	\$620,000,000
10. Master Electronics			1967	Phoenix, AZ	\$577,000,000
11. Newark	3000		1934	Richfield, OH	\$543,700,000
12. FDH Electronics	14	750	1970	Oklahoma City, OK	\$430,000,000
13. Bisco Industries	53	665	1973	Anaheim, CA	\$428,000,000
14. Rochester Electronics *	20	800+	1981	Newburyport, MA	Privately Held
15. Powell Electronics	8	278	1946	Swedesboro, NJ	\$310,000,000
16. Win Source Electronics	16	369+	1999	Shenzhen, China	\$301,364,000
17. Airline Hydraulics Corp.	6	400	1949	Bensalem, PA	\$207,000,000
18. Brevan Electronics	2	83	1983	Nashua, NH	\$189,000,000
19. Rand Technology	15	220	1992	Irvine, CA	\$185,000,000
20. Galco Industrial Electronics	6	300	1975	Madison Heights, MI	\$184,000,000
21. Hughes-Peters	8	145	1921	Dayton, OH	\$115,000,000
22. Amble Electronics Asia Limited	21	330+	2010	Hong Kong	\$108,000,000
23. Marsh Electronics	7	166	1935	Milwaukee, WI	\$102,000,000
24. Classic Components Corp	14	164	1985	Torrance, CA	\$98,500,000
25. Richardson Electronics Ltd.	24	418	1947	LaFox, IL	\$94,200,000
26. Falcon Electronics	4	28	1994	Commack, NY	\$86,500,000
27. Nasco Aerospace & Electronics	1	37	2001	St. Petersburg, FL	\$85,545,320
28. Steven Engineering	3	115	1975	South San Francisco, CA	\$84,405,000
29. Shenzhen Shengyu Electronics Technology Limited	4	36	2016	CA	\$81,803,847
30. 3A Components Limited	80	100	2012	Shenzhen, China	\$80,000,000
31. Area51 Electronics	5	58	1999	Hong Kong	\$70,299,902
32. Air Electro			1952	Irvine, CA	\$58,000,000
33. Ample Solutions	7	243	2008	Chatsworth, CA	\$53,750,000
34. Rutronik Electronics Worldwide	85	1500	1973	Singapore	\$52,000,000
Shenzhen Unibetter Technology Co.,Ltd			2009	Ispringen, Germany	\$52,000,000
35. THJ(HK) Technology Limited	3	50	2012	Shenzhen, China	\$50,000,000
36. Chip 1	21		2001	Shenzhen, China	\$45,394,397
37. Velocity Electronics *	10	160+	1999	Austin, TX	Privately Held
38. Diverse Electronics	3	52	1993	St-Laurent, QC Canada	\$36,720,000
39. Freedom Global	4	50	1999	Tampa, FL	\$35,700,000
40. Benchmark Connector Corp.	1	50	1996	Sunrise, FL	\$30,000,000
Cytech Systems Limited	16	200	2013	Shenzhen, China	\$30,000,000
41. Flip Electronics	1	93	2015	Alpharetta, GA	\$26,000,000
42. Kensington Electronics	1	24	1989	Austin, TX	\$20,500,000
43. Jameco Electronics	1	50	1974	Belmont, CA	\$20,000,000
LIXINC Electronics Co., Limited	3	10-50	2018	Shenzhen, China	\$20,000,000
44. Sonicare Solutions Inc.	1	50	2000	Boyton Beach, FL	\$17,500,000
45. JAK Electronics Limited			2018	Hong Kong	\$14,820,000
46. Projections Unlimited, Inc	3	27	1980	Irvine, CA	\$14,700,594
47. Flyking Technology Co., Ltd.	13	270+	2010	Shenzhen, China	\$12,000,000
Transfer Multisort Elektronik Sp. z o.o.	13	1500	1989	Lodz, Poland	\$12,000,000
48. Chipstock	1	18	2024	Charlotte, NC	\$11,000,000
49. Microchip USA	4	40	2021	Tampa, FL	Privately Held
50. C Plus Electronics Inc	1	28	2003	Tustin, CA	\$8,658,005

\* Publisher's Estimate \*\* Consolidated Global Sales

# NEWPOWER

# Q&A

## 1) What is the most significant market shift you're seeing in electronic component distribution in 2026?

The biggest shift is purchasing departments adapting to persistent market constraints that never eased as expected. Availability has not improved, pricing has not normalized, and in critical categories, demand still outstrips supply. This forces buyers to prioritize access over long-term planning.

Forecasts consistently fail to convert to fulfillment. Customers order expecting full delivery, only to receive partial shipments after delays rooted in outdated assumptions of market recovery. This has transformed procurement from optimization to rapid execution.

NewPower Worldwide thrives in this reality. We expanded our committed credit facility from \$300M to \$500M to secure inventory and deploy capital decisively when supply tightens. Coupled with EMPOWER™, our proprietary platform delivering real-time global supply intelligence, we enable fast, informed decisions that turn constraints into competitive advantage.

In 2026, leading distributors will be those blending financial muscle with actionable insights to deliver reliable access when traditional supply chains falter.

## 2) How is AI and automation impacting forecasting, pricing, and inventory management in your organization?

At NewPower, automation helps us see changes in the market faster. It does not change the underlying dynamics purchasing teams are dealing with, but it helps us respond more quickly when pricing moves, inventory shifts, or availability tightens. That early visibility allows us to engage before issues escalate.

Forecasting challenges are coming from increasingly volatile demand signals across purchasing teams. Assumptions change quickly, requirements shift, and forecasts often do not convert cleanly into fulfillment. What has improved is our ability to identify when those assumptions are starting to break. Our proprietary technology, EMPOWER™, gives our teams visibility into how supply, pricing, and availability are moving across regions so adjustments can be made earlier, while there is still time to act.

On pricing and inventory, EMPOWER™ helps us understand where inventory exists, how it is moving, and where action is

required as purchasing needs evolve. That visibility matters in a market where timing often matters more than precision, and access often matters more than theoretical optimization.

What has not changed is how decisions are made. People make the calls. Experience matters. EMPOWER™ supports that work by providing information and speed, but execution still depends on judgment, financial strength, and the ability to commit when others cannot.

## 3) How are geopolitical tensions, trade policy changes, and tariffs influencing your sourcing and regional strategies?

At NewPower, geopolitical tensions and trade policy changes have made flexibility more important than ever. Shifts in tariffs, export controls, and regional trade rules can quickly change where supply is viable and how programs need to be supported. That reality has pushed customers to prioritize flexibility over single-sourcing paths.

Our approach has been to stay regionally balanced and operationally prepared. With a global footprint and visibility across markets, we are able to adjust sourcing strategies as conditions change, whether that means shifting regions, securing alternative supply, or adjusting timing to minimize disruption. The goal is not to react after policies change, but to be positioned so customers are not caught off guard when they do.

Trade policy and tariffs have also reinforced the importance of speed and execution. When costs move or access changes, customers need partners that can respond quickly and commit when decisions need to be made. NewPower's financial strength and global reach allow us to support those transitions without forcing customers into delays or compromises that impact production.

Ultimately, these factors have made sourcing more dynamic and less static. Regional strategies can no longer be set once and left alone. At NewPower, we focus on maintaining the flexibility, visibility, and execution capability needed to help customers navigate an environment where geopolitical and trade considerations are now a constant part of sourcing decisions.

# INTELLIGENCE REPORT

## Know exactly where you stand, and why.

The Brand Scorecard gives supply chain companies a complete view of their visibility across the conversations buyers are having and the AI answers shaping their decisions.

If online visibility matters, scorecards are relevant.

### One report. Two views.

Social Intelligence	AEO Visibility
<p><b>What the market is saying about you</b></p> <ul style="list-style-type: none"> <li>• Mention frequency and conversation volume</li> <li>• Reach amplification across channels</li> <li>• Positive and negative sentiment scoring</li> <li>• Overall reputation score</li> <li>• Themes, influencers, and pain points shaping perception</li> </ul>	<p><b>What AI says when buyers ask questions</b></p> <ul style="list-style-type: none"> <li>• Whether you appear in AI-generated answers</li> <li>• How often you are cited vs. competitors</li> <li>• Where AI is pulling information from</li> <li>• Tone and accuracy of what's being said</li> <li>• Topics where you're visible, and where you're not</li> </ul>

Human + Machine = Your True Visibility

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- See exactly how you compare to competitors
- Identify where you're being overlooked
- Fix gaps in content, messaging, and positioning
- Give your team real data to act on
- Track improvement over time

#### What's included:

- Competitors analyzed: 4
- Report length: 18–20 pages (PDF)
- Turnaround time: 14 business days
- What we need from you: Your URL + 4 competitor URLs
- Consultation included: Yes, analyst review call

# OUR CAPABILITIES

FROM TRACKING COMPETITOR POSITIONING TO UNDERSTANDING PROCUREMENT DECISION-MAKER NEEDS, WE DELIVER THE INSIGHTS YOU NEED TO MAKE CONFIDENT, DATA-DRIVEN DECISIONS.

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Stay ahead of shifts shaping the supply chain and logistics landscape.

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Understand how logistics leaders, procurement officers, and operations teams evaluate, select, and buy.

**CAPABILITIES:** In-depth interviews, focus groups, journey mapping, sentiment tracking.



## PERFORMANCE MEASUREMENT

Measure the metrics that move deals, build partnerships, and grow market share.

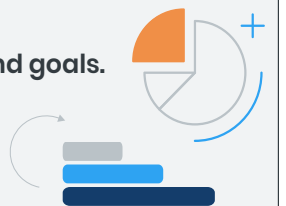
**CAPABILITIES:** Brand perception and health tracking, technology effectiveness surveys, benchmarking surveys.



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**1) What is the most significant market shift you're seeing in electronic component distribution in 2026?**

The most significant shift we see in 2026 is that supply conditions have not stabilized the way many expected. While some lead times have improved, availability remains inconsistent, particularly for components tied to long lifecycle and production critical programs. That inconsistency creates ongoing challenges for customers that need predictable supply over extended timelines.

This has exposed the limits of traditional planning models. Purchasing teams are dealing with higher prices, partial allocations, and reduced forecast fulfillment, often with little notice. Even well planned programs are being disrupted by changes outside of their control. As a result, predictability has become a primary concern.

Customers are less focused on short term optimization and more focused on maintaining continuity across long production runs. In this environment, disciplined sourcing matters more than speed. The ability to work through authorized channels, maintain supplier alignment, and ensure form, fit, and function consistency is critical to managing risk.

The market has reinforced that stability is not achieved by reacting faster, but by operating with structure, compliance, and long term planning. For customers running regulated or high reliability programs, those fundamentals matter more than ever.

**2) How are customer expectations changing, and how is your company differentiating through service or digital capabilities?**

Customer expectations have shifted toward accountability and transparency. In a volatile market, purchasing teams want partners that can provide clear answers, dependable timelines, and confidence in sourcing decisions. As forecasts become less reliable, customers increasingly value structure over speed and predictability over short term opportunity.

Digital tools play a role in visibility and communication, but they are not the primary differentiator. Customers want disciplined processes, consistent documentation, and assurance that components meet quality and compliance requirements throughout the lifecycle of a program.

Falcon differentiates through authorized sourcing, operational rigor, and consistent execution. Our service model emphasizes clarity, supplier alignment, and long term support. Customers rely on Falcon to reduce complexity, minimize risk, and maintain stability in environments where uncertainty has become the norm.

**3) What are the biggest operational challenges you're working to overcome right now?**

The primary operational challenge is maintaining predictability in an unpredictable market. Supply conditions continue to shift, but customer programs require consistency, compliance, and repeatability. Balancing external volatility with internal discipline requires strong processes and experienced teams.

Falcon focuses on reinforcing operational rigor across all sourcing activities. This includes maintaining strict quality controls, managing supplier relationships closely, and ensuring that execution remains consistent across regions and product categories.

Our goal is to provide customers with a dependable sourcing environment even when broader market conditions are unstable. Operational discipline is not a constraint; it is a requirement for sustaining long term programs.

**4) Where do you see the most promising growth opportunities across end markets or regions?**

The most promising growth opportunities exist where lifecycle stability and risk management are critical. Customers operating long term production programs value partners that can support extended timelines with consistency, compliance, and clear documentation.

As supply uncertainty persists, demand continues to grow for distributors that prioritize authorized sourcing, quality assurance, and structured execution. Growth is being driven by customers seeking to reduce risk and maintain continuity rather than pursue aggressive cost optimization.

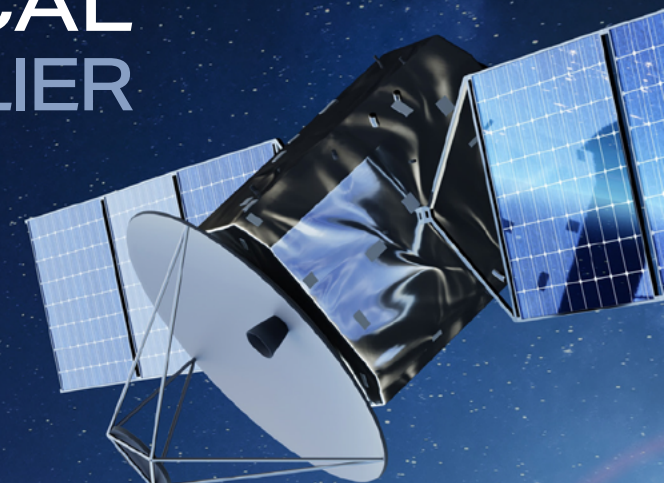
Falcon Electronics is positioned to support these requirements through disciplined sourcing models aligned with long term program needs. In a market defined by volatility, growth favors distributors that deliver stability, predictability, and trust.

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# WHEN YOUR TASK IS MISSION CRITICAL SO IS YOUR SUPPLIER

For over 30 years, Falcon has supported leaders in defense and space markets. Our expertise in procurement, testing, and compliance ensures quality, reliability, and traceability when failure is not an option.



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- Counterfeit Risk Mitigation – AS5553B Compliant
- Women-Owned Small Business
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At WIN SOURCE, precision procurement is our core strength. By combining big data analytics with a global supply chain network, clients benefit from full-spectrum optimization across the entire supply chain, from order recognition to material procurement and logistics scheduling. Our forecasting tools, grounded in historical data and real-time information, enable clients to track market trends, identify potential risks in advance, and optimize procurement decisions, ensuring higher efficiency and flexibility in global sourcing.

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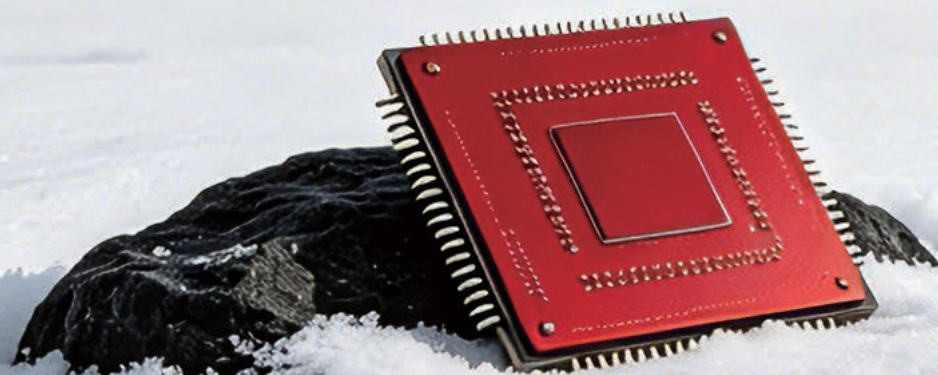
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Sync inventory and automate delivery across global warehouses

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Ensure authenticity with testing and full regulatory compliance

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- Isolators ■ Filters ■ Cables ■ Switches





By **AVERY LARKIN**

## Potential Supply Chain Implications of the Iran Conflict

Exploring the immediate and long-term implications of the Middle East conflict on the world's supply chains.

Major geopolitical events almost always ripple through global supply networks, and the escalating conflict involving Iran is already raising concerns across multiple fronts. From potential disruptions to shipping routes in the Strait of Hormuz to tighter airspace restrictions and rising energy prices, the U.S. and Israel's attack on Iran could affect transportation, manufacturing and procurement channels worldwide.

The situation remains fluid and the long-term implications are still unclear. In the meantime, supply chain teams are already looking for pressure points that

could emerge if the conflict expands or drags on. Here are several areas companies should be paying attention to.

### Shipping Disruptions Ripple Outward

According to [AP](#), the conflict is slowing and/or halting vessel movement in the Strait of Hormuz, an important artery for global trade. Some cargo ships are stuck inside the Persian Gulf and others are diverting around the southern tip of Africa, adding time and cost to the total travel route.

Clarksons Research estimates that about 3,200 ships, or roughly 4% of global ship tonnage, are currently idle inside the Gulf, while another 500 vessels are waiting outside regional ports, [AP](#) reports. The disruption could potentially affect global logistics systems.

“The supply chain is kind of like a long train with many cars and each car represents, let's say, a port in the world,” Michael Goldman, general manager North America at CARU Containers, told [AP](#). “If one car gets derailed, it can very often have a domino effect.”

### Longer Routes Could Lead to Higher Shipping Costs

[AP](#) also says some carriers are already rerouting vessels away from the region as tensions rise. Maersk said it is diverting certain ships around the Cape of Good Hope instead of sending them through the Red Sea and Suez Canal, a move other shipping companies are making to avoid the region.

That detour can add 10 to 14 days to a voyage and roughly \$1 million in additional fuel costs per ship, according to Syracuse University supply chain professor Patrick Penfield. Higher fuel costs, longer routes and increased risk in the region are also prompting some carriers to introduce fuel and war-risk surcharges.

“As this conflict keeps progressing, you'll start to see some shortages, you'll see some major price increases,” Penfield told [AP](#).

### Auto Supply Chains May Feel It First

The automotive supply chain may be among the first to feel the impacts if the conflict expands. The Middle East sits at the crossroads of major Asia-Europe trade routes and hosts several key logistics hubs that handle the movement of vehicles, components and raw materials.

[Automotive Logistics](#) reports that vessel traffic through the Strait of Hormuz fell by roughly 70% within hours of the initial military strikes. The waterway typically facilitates about 11% of global maritime trade and sits

near more than 30 million TEUs of containerized port activity.

It says several major shipping lines have already issued operational updates tied to the situation. Carriers including MSC, Maersk, CMA CGM, COSCO Shipping and Hapag-Lloyd have instructed vessels to move to safer waters, paused certain bookings and introduced temporary surcharges while they assess conditions in the region.

“The Strait of Hormuz coming to a standstill has caused a tidal wave of disruption for global logistics operations, forcing shippers to re-route vessels and suspend bookings,” the publication says, “with limited access to the strait also causing spikes in oil and gas prices.”

### Air Cargo Networks Under Pressure

Freight forwarders are warning customers to expect delays, irregular schedules and rising rates as airlines suspend or reroute Middle East operations, according to [Air Cargo News](#). It says aircraft redeployments and route changes are already tightening available capacity on several international trade lanes.

For example, global freight forwarder DSV told shippers to prepare for extended transit times and possible schedule changes as airlines adjust their flight networks in response to the strikes and resulting airspace restrictions. The forwarder also warned that space constraints and short-notice rate adjustments could emerge as capacity tightens.

Airlines and logistics providers are also preparing for higher operating costs. [Air Cargo News](#) says carriers may introduce war-risk surcharges and higher fuel charges for shipments routed through or near affected regions, which could push airfreight rates higher if disruptions persist.

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### 1. What is the most significant market shift you're seeing in electronic component distribution in 2026?

One of the most notable shifts is the surge in demand from the defense sector, largely driven by ongoing geopolitical tensions and increased global military activity. We're also seeing tariff-related pressures become more manageable as companies gain experience navigating them. At FDH Electronics, we work closely with our customers and suppliers to better understand cost impacts and apply effective mitigation strategies. Established trade frameworks such as USMCA are being utilized more consistently, helping streamline cross-border transactions and improve supply chain efficiency. These factors are contributing to a more stable and predictable market environment.

### 2. How are customer expectations changing, and how is your company differentiating through service or digital capabilities?

Customers are continuing to consolidate their supplier base, placing greater emphasis on reliability, transparency, and efficiency. There is a growing expectation for real-time visibility into the supply chain, including shipment tracking, delivery timelines, and access to technical data. As a result, our digital capabilities, particularly EDI integration and advanced tracking systems have become critical.

Additionally, customers are demanding stronger global support, including access to international service centers and responsive order management. As supply chains grow more complex, companies that can provide seamless coordination, clear visibility, and dependable global service are best positioned to stand out. At FDH Electronics, we are focused on delivering that level of consistency, reliability and support.

### 3. Where do you see the most promising growth opportunities across end markets or regions?

Military aerospace is currently experiencing significant growth, fueled by geopolitical dynamics and increased defense spending aligned with NATO commitments. This sector remains an important driver of demand for high-reliability electronic components.

We are also seeing strong opportunities in cooling and power systems supporting data centers, where rapid expansion is increasing demand for highly specialized components and solutions. In addition, the space industry continues to develop, with growing commercial activity driving innovation and creating new supply chain opportunities. Together, these markets represent some of the most promising avenues for growth in the near term.



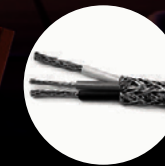
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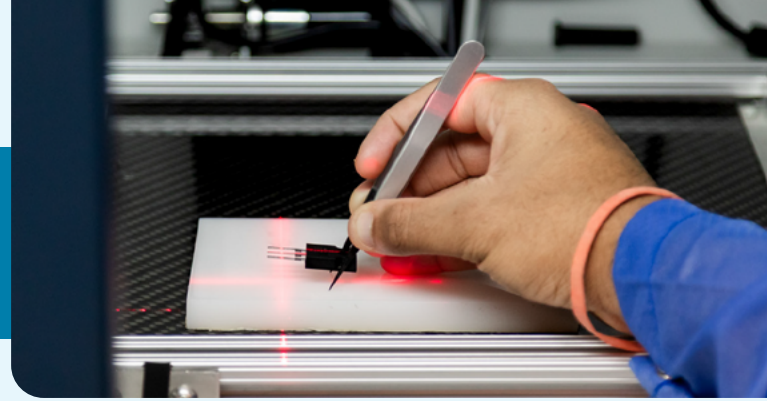
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## Market shifts impacting chip supply in 2026



### What is the most significant market shift you're seeing in electronic component distribution in 2026?

The most significant market shift in 2026 remains the extreme concentration of demand and profitability in artificial intelligence (AI). Over the last year, AI has remained a top priority for chipmakers. Its unprecedented growth has contributed to a structural shift among manufacturers, reshaping how supply is allocated. Since the boom of generative AI, global semiconductor revenue has seen record highs, but it is disproportionately driven by a hyper-narrow category of chips.

These high-performance chips, GPUs, HBM, and advanced networking ICs represent only a fraction of the total shipments in a given year. However, they represent more than 50% of the industry's profit. This focus has led to significant ripple effects across the electronics distribution channel.

Everything from raw materials to production costs has seen price adjustments; look at memory. Coupled with extreme consolidation, there is a 20% supply-demand gap, which industry experts forecast will continue until 2030.

Traditional, high-volume parts have been pushed to the wayside, reducing visibility for many non-AI categories. In March alone, dozens of suppliers, including Renesas, STMicroelectronics, and onsemi, announced price increases after absorbing demand spikes over the last few quarters.

For distributors, this shift from a typical market cycle to a structurally imbalanced environment is likely to persist beyond 2026. Access to supply is increasingly dictated by alignment with high-growth sectors such as AI, especially under allocation-only purchase agreements. Success now depends on strategic positioning by diversifying sourcing channels and managing risk across a fragmented supply base.

### How are geopolitical tensions, trade policy changes, and tariffs influencing sourcing strategies?

Since the pandemic, the electronic components industry has been undergoing an evolution in sourcing strategy. Diversification has become increasingly necessary amid intensifying geopolitical tensions between the US and China.

This process takes time. The semiconductor supply chain is inherently global, with a high concentration of region-specific manufacturing processes. For example, Taiwan's TSMC dominates in advanced packaging and produces 90% of the world's advanced chips. This creates significant exposure to regional instability and policy shifts.

Upstream operations are similarly isolated, with particular regions or countries owning most of the globe's resources. Southeast Asia depends on the Middle East for energy, helium, and bromine imports for chip manufacturing; without alternative sources, supplies can dry up quickly during prolonged conflict.

Tariffs, export controls, and trade restrictions can have the same level of impact. Look at the automotive industry. Despite losing \$210 billion during the pandemic, automakers failed to diversify enough. When Nexperia split between China and the Netherlands, automakers were once again put in the crosshairs.

Additionally, tariffs and policy changes increase cost pressure, which compounds the broader trend of rising component prices. Sourcing in 2026 requires constant monitoring and proactive risk management, which can be achieved through multi-sourcing strategies that use both authorized and independent distribution channels to maintain flexibility.



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By **AVERY LARKIN**

## 9 Ways to Build More AI-Ready Supply Chains

Companies are all-in on supply chain AI right now, but legacy systems and outdated workflows may keep them from realizing the technology’s full potential.

Adding artificial intelligence (AI) tools to existing networks, systems and infrastructures may seem like a smart move, but a new EY white paper says that at least three things have to happen for those investments to pay off. In other words, simply “adding more AI” doesn’t always produce the desired results—especially when the underlying legacy infrastructure can’t support it.

“As organizations approach AI transformation, too many attempt to simply add new technologies to their existing but quickly aging workflows and technology environments,” EY points out in [“Why business readiness is critical for supply chain AI.”](#)

“This kind of bolt-on approach means two things,” it continues. “The promise of AI in reshaping supply chain efficiencies and outputs will never be truly realized, and those organizations that take a more holistic, business-ready approach will be the ones that win in the emerging age of AI-driven supply chain operations.”

### All-in on AI

Right now, EY says nearly three-quarters of organizations plan to deploy generative AI (GenAI) technologies in their supply chains and 80% think that will help reinvent their operations. Nearly as many companies (70%), say failing to integrate GenAI will leave them

at a competitive disadvantage. As companies weave more AI into their supply chains, legacy systems have become a common roadblock that caps the technology’s full potential. In its new white paper, [“The importance of business and process readiness for supply chain technology and AI implementations,”](#) EY discusses the problems that arise when companies try to layer new technologies on top of outdated workflows. It also offers solutions to the problem across three business areas.

“Digital technologies thrive in environments where data flows freely between functions; decisions are made in real time or near real time; and automation is trusted within clearly defined boundaries,” it says. “If these conditions do not exist, technology remains a bolt-on enhancement rather than a transformative capability.”

For example, if planning processes still rely on weekly batch cycles and manual approvals, even the most advanced AI-driven forecasting tool will be underutilized. To avoid this problem, EY recommends taking these steps across three areas:

### Processes and Governance

1. Review end-to-end processes, including those directly and indirectly impacted by new technology. New solutions will affect upstream and downstream activities, so processes must be connected across the supply chain.
2. Simplify decision-making by removing unnecessary handoffs or approval steps that slow response times. Establishing exception-based governance, where only high-risk or low-confidence outputs require human escalation, can help maintain speed and control.
3. Update policies and controls that restrict automation and data-driven decision-making. Many policies were written for manual processes and can unintentionally limit what digital tools can do (e.g., an outdated procurement policy that requires a three-bid comparison).

### Roles and Upskilling

4. Conduct a role and task impact assessment to understand how new technologies will affect supply chain jobs at a detailed level.
5. Redesign roles and organizational structures to reflect the integration of digital technology, and help everyone understand their new responsibilities and decision-making responsibilities.
6. Develop targeted training programs that go beyond tool usage to emphasize digital collaboration, data literacy and informed decision-making.

### Key Performance Indicators

7. Realign KPIs with the new systems. “Business and functional teams must work in collaboration with technology, data and analytics groups,” EY recommends, “to redefine KPIs aligned with the capabilities of new systems and the strategic goals of the transformation.”
8. Communicate the new expectations. As KPIs evolve to reflect digital tools and automated workflows, new areas of accountability (i.e., exception response time, data quality adherence or automation utilization rates) may emerge and need to be addressed.
9. Bring external partners onboard. “Modern supply chains operate within connected ecosystems of suppliers, logistics partners and customers,” says EY. “Key partners (e.g., suppliers, 3PLs, customers) must also understand and align to new metrics, especially where AI and automation are [being] introduced.”

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**1. What is the most significant market shift you're seeing in electronic component distribution in 2026?**

The most significant shift is structural, not cyclical — and it's been building for years. The industry has largely moved through the inventory correction we anticipated, but what's emerging on the other side isn't a clean return to balance. What we're seeing is a bifurcated market: advanced nodes are supply-constrained by design, as fabs chase AI and hyperscaling demand and deprioritize everything else, while legacy and longtail components — particularly in the ≥65nm range — face a permanent supply problem, not a temporary one.

The 25-to-60-nanometer range is the zone of greatest concern. Fabs aren't building new capacity for those nodes. They're not profitable enough relative to sub-11nm, so they get starved of investment. That means the industrial, aerospace, defense, and infrastructure companies that depend on those components for products with 15- and 20-year field lives are going to find themselves without a direct-from-factory option. That's not a 2026 problem — that's a decade-long structural reality, and distributors with vertically integrated sourcing and authentication capabilities are the only viable solution for that segment of the market.

**2. How are geopolitical tensions, trade policy changes, and tariffs influencing your sourcing and regional strategies?**

Geopolitics has moved from being a background risk factor to a front-line operational reality. We've always built geographic diversification into our sourcing model — that's table stakes in independent distribution — but the pace and unpredictability of policy change since 2025 has forced every serious distributor to build more redundancy and more regional flexibility than they otherwise would have chosen to carry.

The tariff environment has had two distinct effects. First, it's compressed decision windows. Customers who used to plan on 6- to 12-month procurement horizons are being asked to make decisions in weeks as pricing signals shift. Second, it's accelerated the regionalization of supply — customers want to understand not just where a part was manufactured, but where it was sourced from, where it transited, and what its exposure is to any given trade action. That's a more complex intelligence problem than pure price and availability, and it's one where our global footprint and multi-region sourcing relationships give us a material advantage.

**3. What capital or investment priorities are shaping your company's growth strategy?**

Our highest-conviction investment has been in vertically integrated services — specifically, building out a full quality assurance, testing, and component re-balling capability in-house. The reasoning is straightforward: if those components aren't going to be available direct from factories, and if the industrial and defense customers who need them require full authentication and re-balling support to put them into their applications, then a distributor that can offer a complete solution — source, authenticate, test, re-ball, and deliver — is in a fundamentally different competitive position than one that is just moving parts.

**4. How are customer expectations changing, and how is your company differentiating through service or digital capabilities?**

Customer expectations have evolved significantly since the pandemic-era constraint period. The experience of being caught without supply — of having production lines go down or program milestones slip because a component was unavailable — fundamentally changed how procurement and engineering leadership think about distribution partners. The conversation is no longer just about price and availability. It's about predictability, transparency, and depth of capability.

The customers we're most valuable to are no longer looking for a transaction. They want a partner that can give them honest market intelligence, that can help them build a proactive obsolescence management program before EOL notices catch them flat-footed, and that can be genuinely useful in a shortage rather than just confirming they can't help. That requires a different kind of relationship and a different kind of organization — one with real market data, real testing capability, and real accountability on quality.

**5. What are the biggest operational challenges you're working to overcome right now?**

Three things dominate. First, visibility — into emerging supply disruptions before they become crises, and into customers' hidden longtail dependencies before an EOL notice surfaces them. Second, talent — the combination of deep component engineering knowledge and data fluency this market demands is genuinely scarce. Third, policy velocity — the bandwidth consumed by continuously tracking tariff and export control changes, translating them for customers, and recalibrating sourcing positions accordingly is a real and underappreciated operational cost.

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# Q&A

### How is AI and automation impacting forecasting, pricing and inventory management in your organization?

AI and automation are gradually changing how the industry approaches forecasting, pricing, and inventory management. With better access to data, companies are able to respond more quickly to demand shifts and pricing changes while keeping inventory more balanced. At Ample Solutions, we are gradually strengthening our use of digital tools to support supply monitoring and pricing decisions. While this remains an evolving area, these tools allow us to respond more consistently to demand fluctuations and improve overall inventory discipline. As market conditions become more dynamic, we see continued investment in these areas as essential to maintaining supply reliability and operational stability.

### Where do you see the most promising growth opportunities across end markets or regions?

We see the most promising growth opportunities coming from a combination of high-performance computing, automotive electronics, and the ongoing regional diversification of semiconductor supply chains, particularly across Asia and North America. In recent years, demand growth in the semiconductor industry has become increasingly driven by structural trends rather than short-term consumer cycles. Applications such as AI infrastructure, vehicle electrification, renewable energy, and industrial automation require higher performance, longer product lifecycles, and more complex supply chain coordination. At the same time, geopolitical factors and supply chain resilience strategies are accelerating manufacturing investments in Southeast Asia, India, and North America, creating new opportunities for distributors to provide localized sourcing, inventory management, and technical support. In our view, the most attractive growth areas are not only those with high volume potential, but those where supply chain complexity is increasing and customers rely more on distribution partners for flexibility, risk control, and market intelligence.

### What is the most significant market shift you're seeing in electronic component distribution in 2026?

The market continues to evolve, with ongoing component shortages and extended lead times, alongside growing demand in areas such as EV, AI, industrial automation, and telecommunications. In response, we leverage a broad supplier network and adopt flexible sourcing strategies to support our customers in navigating these challenges. Flexibility and transparency have become increasingly important. Customers value reliable service, and we remain committed to meeting these expectations consistently.

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- Detailed Inspection Report Within 2 Hours
- Strong Financial Backing and Banking Credit Lines

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**Obsolescence Management**

End of Life Components Solutions



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By **AVERY LARKIN**

## War Takes a Toll on Global Supply Chains

The war in Iran is straining global supply chains, raising costs, and disrupting transportation and trade routes.

In an era where even a slight blip can throw a supply chain off balance, the war in Iran and the cascading events associated with it are taking a toll on these critical networks. Oil price hikes and shortages; shipping and air travel interruptions; and disruptions to crucial trade routes are some of the key pressures rippling through global logistics systems.

In response, organizations are adjusting plans, rethinking their sourcing strategies and bracing for new interruptions. It's par for the course in this "new normal" operating environment—where tariffs, trade wars, rising business costs and labor struggles were already in play—but the war is creating new pressure points.

Here are some of the most visible ways the conflict is impacting global supply chains right now.

**Auto supply chains feel the shock.** The automotive sector is already seeing immediate fallout from the conflict, particularly as disruptions ripple through energy and transportation networks that support vehicle production. When a key artery like the Strait of Hormuz slows or shuts down, the impact hits everything from fuel costs to the movement of parts and finished vehicles.

"Just about 33 kilometers wide at its narrowest point, the Strait of Hormuz handles almost 11% of global maritime trade and a significant part of the world's automotive supply chain," Sarwant Singh writes in "Iran War Derails The Automotive Industry," "from the oil that powers logistics networks and the liquefied natural gas that fuels plants, to the components moving between Asia and Europe through the Gulf's major hubs."

Major shipping hubs like Jebel Ali Port and Hamad International Airport, both of which facilitate the transportation of materials, parts and finished vehicles, are also expected to be affected. "For many, the Iran conflict is a significant geopolitical event. However, for the automotive sector, it is worse," Singh says. "Analysts have long cautioned against depending too heavily on a single supply route and highlighted the subtle vulnerabilities of just-in-time production."

On the sale side of the equation, inflation, higher fuel costs, and weaker consumer confidence are contributing to lower new-vehicle sales, especially in price-sensitive markets. "Financing demand also softens as households shift focus to essentials and as interest-rate expectations remain elevated," Singh adds.

**Helium supplies tighten overnight.** Most of us don't even think about helium until it's time to blow up balloons for a party, but the gas is used for cooling during semiconductor production. This makes helium an essential input both for chipmakers and the broader tech supply chain.

According to [CNBC](#), the conflict has disrupted a major source of global helium supply, with Qatar accounting for more than 30% of the market before the war. The sudden loss of that capacity has tightened supply and pushed prices higher, forcing buyers to look for alternatives.

"The shutdown of Qatar helium production due to the U.S.-Iran military conflict has removed roughly a third of global helium supply and shifted the market from oversupplied to undersupplied," Deutsche Bank analysts told the news outlet.

Helium prices have surged since the war started, [CNBC](#) adds. "Many market watchers are optimistic about chipmakers retaining access to the material," it says, "a drawn-out conflict will mean helium buyers are forced to scramble to maintain supply chains."

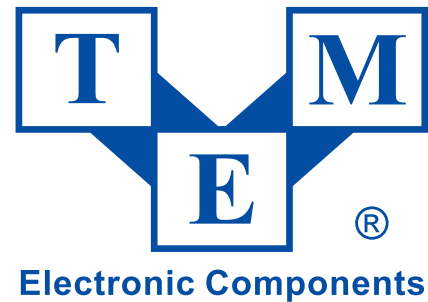
**Higher oil prices set off a chain of events.** Rising fuel costs have been one of the most immediate and far-reaching effects of the conflict, and they're already working their way through global supply chains. In early March, U.S. gasoline prices jumped from \$3.01 to \$3.96 per gallon, while diesel climbed from \$3.89 to \$5.37, pushing up the cost of everything from transportation to production. Last week, prices hit [\\$4 a gallon](#) in some states.

Because diesel powers trucks, farm equipment and much of the freight network, those increases don't stay contained, [Fast Company](#) reports. They spread quickly into food, construction materials and consumer goods, raising prices across the board. "When items become more expensive to harvest, build and ship, diesel costs spread quickly into grocery, household and building material prices."

Some mitigation is possible: 32 nations will be releasing more than 400 million barrels of oil to the global market over the next few months. "There are pipelines and alternative ports in Saudi Arabia and the United Arab Emirates that, if they remain undamaged and uninterrupted," [Fast Company](#) explains, "can handle potentially 40% of the 20 billion barrels per day that were passing through the Strait of Hormuz."

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# Q&A

### 1. What new market trend are you seeing so far in 2025?

In 2025, we are witnessing a strong push towards further miniaturization and energy efficiency in electronic components, driven by advancements in AI, IoT, and edge computing. Additionally, the demand for sustainable and environmentally friendly components continues to rise, with customers seeking products that align with strict energy efficiency and recyclability standards. Supply chain digitalization and automation are also becoming key trends, helping to enhance logistics and streamline distribution.

### 2. How are geopolitical events, the rising costs of business, and the labor shortage impacting your organization?

Geopolitical instability and rising costs are major challenges for the entire electronics industry. Supply chain disruptions, increased raw material costs, and currency fluctuations require us to maintain a flexible sourcing strategy and diversify our supplier base. We are also investing in automation and digital solutions to optimize operations and reduce dependency on labor-intensive processes, helping us navigate workforce shortages.

### 3. What new ESG (environmental, social, and governance) initiatives or plans have you put in place?

Sustainability is a key focus for TME. We are continuously working on reducing our carbon footprint by optimizing our logistics network, increasing energy efficiency in our warehouses, and investing in renewable energy sources. Additionally, we are expanding our range of eco-friendly electronic components, promoting sustainable solutions for our customers. On the social front, we actively support educational initiatives to nurture future engineers and technicians, ensuring long-term development in the industry.

### 4. What other challenges are you working through and how are you overcoming them?

One of the biggest challenges remains changes in our customers demand, margin erosion and supply chain stability. To address this, we are improving our demand forecasting models, increasing

inventory levels for critical components, and working closely with both manufacturers and customers to ensure timely deliveries. Cybersecurity is another growing concern, and we continue to enhance our IT infrastructure to safeguard our operations and customer data.

### 5. Where do the opportunities lie right now and how is your company leveraging them?

The growing demand for industrial automation, electric vehicles (EVs), renewable energy solutions, and presents significant opportunities. We are expanding our product portfolio to support these markets, offering a wider range of power electronics, sensors, and control components. Additionally, we see great potential in strengthening our e-commerce platform, making component sourcing easier and more efficient for engineers and purchasing teams worldwide.

### 6. What do you see ahead for the rest of the year (any new trends, challenges, opportunities, etc.)?

We anticipate continued growth in industrial automation and smart manufacturing, as well as increased interest in high-performance computing and AI-driven applications. However, supply chain volatility and regulatory changes will remain challenges. To stay ahead, we will continue investing in innovation, strengthening supplier relationships, and expanding our global logistics capabilities.

### 7. Do you have specific challenges you are facing due to the new tariffs from the US?

The new tariffs create additional cost pressures and complexity in trade regulations. Additionally, ongoing regulatory changes introduce an element of uncertainty in the trade environment. To mitigate these effects, we are actively exploring alternative supply chain routes and optimizing our sourcing strategies. We also work closely with our U.S.-based customers and partners to ensure minimal disruption and maintain competitive pricing despite these evolving conditions.



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**1. What is the most significant market shift you're seeing in electronic component distribution in 2026?**

The biggest shift is the move from reactive procurement to strategic supply chain partnerships. After the volatility of the past few years, customers want distributors that can provide predictability, risk mitigation, and global sourcing intelligence, not just spot availability.

**2. How are geopolitical tensions, trade policy changes and tariffs influencing your sourcing and regional strategies?**

Geopolitics has made supply chain diversification a permanent strategy, not a temporary reaction. We're helping customers balance sourcing across regions while leveraging our global network to navigate tariffs, compliance requirements, and regional constraints without disrupting production.

**3. How is AI and automation impacting forecasting, pricing and inventory management in your organization?**

AI is helping us move faster from data to decision. We're using advanced analytics to identify market pricing signals earlier, and optimize inventory positioning globally. It's ultimately about making smarter decisions faster in a highly dynamic market.

**4. What capital or investment priorities are shaping your company's growth strategy?**

Our focus is investing in inventory positioning, supply chain intelligence, and global logistics capabilities. These investments allow us to scale efficiently while providing customers greater transparency and speed across sourcing, inventory, and fulfillment.

**5. How are customer expectations changing, and how is your company differentiating through service or digital capabilities?**

Customers expect speed, transparency, and reliability. They want real-time visibility into availability and pricing while still having access to experienced supply chain partners. Our differentiation comes from combining digital tools with deep market expertise.

**6. What are the biggest operational challenges you're working to overcome right now?**

The biggest challenge remains market volatility, rapid swings in supply, demand, and pricing. Our priority is maintaining the flexibility and global reach needed to respond quickly while still delivering consistent service to our customers.

**7. Where do you see the most promising growth opportunities across end markets or regions?**

We see strong growth in AI infrastructure, data centers, and industrial automation. Regionally, demand is expanding across North America, Southeast Asia, and Europe, as companies continue diversifying their manufacturing footprints.

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# TOP 25 INDEPENDENT Electronics Distributors



Company	Locations	Employees	Founded	Headquarters
1. Smith	19	800	1984	Huston, TX
2. NewPower Worldwide	14	163	2014	Nashua, NH
3. Rand Technology	15	220	1992	Irvine, CA
4. Velocity Electronics	10	160+	1999	Austin, TX
5. Sourceability	20	300+	2015	Austin, TX
6. Classic Components Corp	14	164	2001	Torrance, CA
7. Chip 1	21	-	1999	Neu-Isenburg, Germany
8. A2 Global Electronics + Solutions	14	-	1989	St. Petersburg, FL
9. ASAP Semiconductor	-	-	2015	Anaheim, CA
10. Freedom Global	4	50	2000	Odessa, FL
11. Sonicare Solutions Inc.	1	50	2021	Boynton Beach, FL
12. Chipstock	1	18	2003	Charlotte, NC
13. Microchip USA	1	40	2021	Tampa, FL
14. C Plus Electronics Inc	1	28	2015	Tustin, CA
15. Megastar Electroniques Inc	1	10	2009	Montreal, QC - Canada
16. Direct Components	1	80+	1998	Tampa, FL
17. Component Electronics Inc	-	-	2001	Mississauga, ON - Canada
18. Abacus Technologies	6	-	1981	Naples, FL
19. 4 Star Electronics	1	-	2001	San Clemente, CA
20. Eagle Technology Solutions	1	-	1996	Lake Forest, CA
21. Serendipity Electronics	1	-	1991	Huntington, NY
22. Electronic Expeditors	1	-	1953	Camarillo, CA
23. VRG Components, Inc.	1	-	2014	Matthews, NC
24. NetSource Technology	1	-	1997	San Clemente, CA
25. Inland Empire Components, Inc	1	-	1989	Lake Elsinore, CA



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### CERTIFICATIONS

- ISO 14001:2015
- AS9120
- AS6171
- ISO 27001:2022
- AS6081
- ITAR
- ISO 9001:2015
- AS9100
- GIDEP



**1. How are geopolitical tensions, trade policy changes and tariffs influencing your sourcing and regional strategies?**

US-China decoupling and evolving export controls (e.g., advanced semiconductors) have forced us to build a true "dual-track" sourcing strategy. We maintain compliant, localized inventory hubs in Southeast Asia (Vietnam, Malaysia) and Mexico for Western-facing customers, while deepening authorized partnerships with domestic Chinese fabs for local clients. Tariff volatility is now a real-time pricing input in our quoting engine.

**2. How is AI and automation impacting forecasting, pricing and inventory management in your organization?**

AI has transformed our forecasting from reactive to predictive. We use machine learning models that ingest customer BOMs, end-product lifecycles, and macro indicators to anticipate shortages before they happen. Dynamic pricing algorithms adjust in seconds to spot-market shifts, while automated warehouse robots have cut our pick-pack error rate by 60%. Human buyers now focus on exceptions and strategic relationships.

**3. What capital or investment priorities are shaping your company's growth strategy?**

Our top priority is our digital twin platform – a real-time mirror of global inventory, logistics, and compliance data. Second, we're investing in counterfeiting defense: spectroscopy labs and blockchain traceability. Third, regional expansion in India and Brazil. We are not allocating capital to physical warehouse expansion without automation – legacy real estate is a liability.

**4. How are customer expectations changing, and how is your company differentiating through service or digital capabilities?**

Customers demand API-level integration, not portals. They want our inventory data embedded directly into their ERP, with automated replenishment triggers. Our differentiator is "technical depth + digital speed." We embed FAEs (field application engineers) inside customer design teams, while our digital platform provides instant lifecycle alerts, cross-reference alternatives, and carbon footprint data per component.

**5. What role does sustainability and/or ESG play in your distribution strategy?**

ESG is now a license to operate with multinational OEMs. We've implemented a three-pillar strategy: (1) Conflict-free minerals tracing for all high-risk components, (2) Carbon-aware logistics – routing shipments via lowest-emission path-

ways, (3) End-of-life take-back programs for obsolete parts, feeding into certified recycling partners. We publish quarterly ESG dashboards for customers.

**6. What are the biggest operational challenges you're working to overcome right now?**

Inventory bifurcation is our #1 headache. We must simultaneously hold safety stock for long-tail automotive/industrial parts (180+ days) while operating just-in-time for consumer electronics (14 days). Balancing these two cycles without massive write-offs requires constant recalibration. Second, talent – finding AI engineers who understand component specifications is harder than finding rare earth magnets.

**7. Where do you see the most promising growth opportunities across end markets or regions?**

**1. Automotive (Specifically xEV and ADAS) – The Undisputed King**

This is no longer just a growth market; it's a transformation market. The shift from internal combustion engines (ICE) to electric vehicles (xEV) and the march toward higher levels of autonomy (ADAS L2+ to L4) completely changes the semiconductor content per vehicle.

**2. Industrial & Automation (The Smart Factory) – The Silent Giant**

Less flashy than AI or EVs, but incredibly broad and resilient. The driver here is labor replacement, efficiency, and energy savings.

**3. Data Center & AI Infrastructure – The Explosive, High-Value Niche**

This is the fastest-growing but most concentrated market. The explosion of generative AI is rewriting the rules for compute and networking.

**4. Medical Technology – The Steady, High-Reliability Market**

A classic "recession-resistant" growth market, accelerated by aging populations and decentralized care (wearables, home diagnostics).

Cytech Systems remains agile. Our ability to provide long-term supply continuity and find obsolescent components with rigorous supply chain management ensuring **zero-defect quality and traceability as well as stability and security to our customers.**

# 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.**

## SERVICES & SOLUTIONS:

IPO PROCUREMENT

PPV SERVICES

REDUNDANT INVENTORY MANAGEMENT

DEMAND CREATION VIA FRANCHISE PRODUCT LINES

SHORTAGE MATERIAL SUPPORT

INNOVATIVE DESIGN-IN SOLUTIONS



www.unikeyic.com



### What is the most significant market shift you're seeing in electronic component distribution in 2026?

As a Singapore-headquartered distributor serving global small and mid-sized OEM, EMS, and trading customers through our online platform, our view of the 2026 market is shaped by the real needs of a segment long overlooked by mainstream distributors, the world's small and mid-sized electronic manufacturers. We see three structural shifts:

First, demand is becoming increasingly long-tailed. While AI servers, EVs, and industrial automation drive volume orders from large accounts, tens of thousands of SMEs globally maintain BOMs with dozens or hundreds of part numbers, often only tens or hundreds of pieces per SKU. Mainstream distributors' MOQ thresholds and cost structures make it hard to serve these customers efficiently, and this is precisely the niche Unikeyic has cultivated.

Second, "trust cost" has become the biggest pain point in cross-border SME procurement. SMEs rarely have dedicated supplier-audit teams and cannot easily absorb the capital lock-up or project delays from a single bad sourcing decision. SMEs consistently place guaranteed authenticity at the top of their criteria. Unikeyic's 100% authenticity guarantee is backed by an in-house QC system spanning supplier qualification, incoming inspection, IQC testing, and pre-shipment verification, ensuring counterfeit and refurbished parts never reach our customers' production lines. This hard-earned capability has won us lasting trust among SME customers worldwide.

Third, online procurement is becoming standard for SMEs. They expect to search, compare, order, and track as they would on a consumer e-commerce platform, not through traditional sales workflows. Unikeyic's digital platform offers 24/7 real-time quotes, inventory lookup, and order tracking, enabling us to serve customers across dozens of countries, at vastly different scales, at a controlled marginal cost.

### How is AI and automation impacting forecasting, pricing and inventory management in your organization?

AI and automation are no longer "nice-to-haves". They are survival infrastructure for distributors. A defining trend for 2026 is that distributors are increasingly adopting AI-driven inventory management and customer service systems to improve supply chain responsiveness.

At Unikeyic, we deploy AI and automation across three layers:

Smart warehousing. Our Asia-based smart warehouse (~30,000 m<sup>2</sup>) runs on automation and wireless positioning, supporting

same-day dispatch across 300,000+ SKUs. AI dynamically optimizes picking paths, compressing cycle time significantly.

AI-powered sourcing and BOM analysis. When a customer submits a Bill of Materials, our BOM can match part numbers, recommend cross-references, check inventory, benchmark pricing, and forecast lead times in seconds, critical for long-tail buyers whose complex BOMs used to take analysts hours to process. Demand forecasting and risk alerting. Our AI models fuse historical order data, manufacturer lead times, geopolitical developments, and end-market conditions to identify shortage risks ahead of time and inform our inventory strategy. This will be particularly critical as we move through the second half of the 2026 cycle.

Our principle is straightforward: AI handles repetitive work, but human FAE and PM teams still own the judgment calls on technical solutions, customer strategy, and supply chain risk.

### How are customer expectations changing, and how is your company differentiating through service or digital capabilities?

Customer expectations have undergone a step-change in the past two years. Buyers are no longer just "sourcing parts", they are looking for supply chain partners that integrate seamlessly into their own digital systems.

Digital procurement is now the default. Engineers and buyers now expect a consumer-grade experience as standard: fast search, transparent pricing, one-click ordering, real-time shipment tracking.

The ask has also shifted from "product" to "solution." Customers do not just want components, they want a partner who can help handle excess and obsolete stock, and support quality testing. Unikeyic has expanded accordingly, moving from authorized distribution and long-tail stocking into FAE technical consultation, cross-reference recommendations, and customized logistics.

Three transparency demands are rising across our customer base: authenticity, pricing, and lead times.

Going forward, we will continue serving global EMS, OEM, and trading customers through the integrated combination of a digital platform, smart warehousing, and a professional technical team, with a particular focus on the "high-mix, low volume" segment that mainstream distributors continue to overlook. This is where Unikeyic began, and it remains our priority.

# More Stock. More Brands. Trusted by More.

Unikeyic Electronics is a Singapore-based authorized and independent electronic components distributor, serving customers worldwide.

Backed by a publicly listed parent company with over 20 years of industry expertise, we deliver reliability you can count on.



200K+  
IN-STOCK SKUS



IN-STOCK ITEMS  
SAME-DAY DISPATCH





# TOP 20 WOMAN Owned Distributors



Company	Locations	Employees	Founded	Headquarters	2025 Global Revenue
1. WPG Americas Inc.	67	5000	2005	San Jose, CA	\$31,100,000,000
2. Arrow Electronics, Inc. **	140	22,230	1935	Centennial, CO	\$30,900,000,000
3. Avnet	250	14869	1921	Phoenix, AZ	\$22,200,800,000
4. Wesco ***	50 countries	Approx. 6700	1922	Pittsburgh, PA	\$8,956,000,000
5. TTI Inc., Consolidated	150	9000	1971	Fort Worth, TX	\$8,400,000,000
TTI The IP&E Specialist, Mouser, Sager, RFMW, Braemac, Connected Development					
6. DigiKey			1972	Thief River Falls, MN	\$3,960,000,000
7. RS Americas	36	@ 8500	1937	Fort Worth, TX	\$3,940,000,000
8. Future Electronics *	160	5,500+	1968	Kirkland, QC Canada	N/A
9. Newark	3000		1934	Richfield, OH	\$1,445,800,000
10. Heilind Electronics	63	2500	1974	Wilmington, MA	\$1,318,362,000
11. Rutronik Electronics Worldwide	85	1500	1973	Ispringen, Germany	\$1,060,000,000
12. Master Electronics			1967	Phoenix, AZ	\$636,000,000
13. FDH Electronics	14	750	1970	Oklahoma City	\$518,000,000
14. Bisco Industries	53	665	1973	Anaheim, CA	\$448,000,000
15. Transfer Multisort Elektronik Sp. z o.o.	13	1500	1989	Lodz, Poland	\$373,000,000
16. Powell Electronics	8	278	1946	Swedesboro, NJ	\$348,000,000
17. Rochester Electronics *	20	800+	1981	Newburyport, MA	Privately Held
18. Brevan Electronics	2	83	1983	Nashua, NH	\$270,000,000
19. PEI-Genesis *	22	800+	1946	Philadelphia, PA	N/A
20. Richardson Electronics, Ltd.	24	418	1947	Lafox, IL	\$226,000,000
21. Airline Hydraulics Corp.	6	400	1949	Bensalem, PA	\$207,000,000
22. Galco Industrial Electronics	6	300	1975	Madison Heights, MI	\$184,000,000
23. Flame Enterprises	2	58	1969	Chatsworth, CA	\$118,000,000
24. Hughes-Peters	8	145	1921	Dayton, OH	\$115,000,000
25. Marsh Electronics	7	166	1935	Milwaukee, WI	\$104,002,735
26. Steven Engineering	3	115	1975	South San Francisco, CA	\$95,460,326
27. Falcon Electronics	4	28	1994	Commack, NY	\$92,000,000
28. Flip Electronics	1	93	2015	Alpharetta, GA	\$88,493,000
29. Area51 Electronics	5	58	1999	Irvine, CA	\$70,537,215
30. Air Electro			1952	Chatsworth, CA	\$68,000,000
31. IBS Electronics Inc.	10	125	1980	Santa Ana, CA	\$55,000,000
32. Edge Electronics *	4	-	1990	Bohemia, NY	N/A
33. Nasco Aerospace & Electronics	1	37	2001	St Petersburg, FL	\$50,000,000
34. Diverse Electronics	3	52	1993	St-Laurent, QC Canada	\$42,620,000
35. March Electronics *	2	40	1972	Bohemia, NY	N/A
36. Sonicare Solutions Inc.	1	50	2000	Boynton Beach, FL	\$30,000,000
37. Marine Air *	1	15	1965	Frederick, MD	N/A
38. Agility EMS *	2	57	1992	St Paul, MN	N/A
39. Jameco Electronics	1	50	1974	Belmont, CA	\$25,000,000
40. Kensington Electronics	1	24	1989	Austin, TX	\$21,800,000
41. Advantage Electric Supply *	1	15	1993	Hayward, CA	N/A
42. Projections Unlimited, Inc	3	27	1980	Irvine, CA	\$16,020,804
43. Elna Magnetics *	2	-	1955	Saugerties, NY	N/A
44. Beyond Components *	12	-	1987	Westfor, MA	N/A
45. Powertech Controls *	1	50+	1991	Ronkonnoma, NY	N/A
46. Suntsu Electronics, Inc.	1	25	2002	Irvine, CA	\$12,075,000
47. Microwave Components, LLC *	15	34	1980	Stuart, FL	N/A
48. Nexgen Micro Electronics *	1	-	2019	Irvine, CA	N/A
49. Cumberland Electronics *	2	-	1962	Harrisburg, PA	N/A
50. Benchmark Connector Corp.	1	50	1996	Sunrise, FL	\$3,553,455

\* Publisher's Estimate \*\* Consolidated Global Sales \*\*\* Electrical & Electronic Solutions (2025 annual report)

Supply Chain Connect has compiled a list of the Top 20 Women-Owned Distributors in North America. These businesses represent a blend of regional, national, and international distribution leaders across a range of industries and verticals, providing electronic components, semiconductors, wire, industrial fasteners, supply chain solutions and more.

Supporting the growth and success of these women-owned companies signifies the strengthening of diversity and equity in the supply chain. Take the opportunity to learn more about these women-owned distribution companies and how to engage with them through the information provided below.

Company	Locations	Employees	Founded	Headquarters
1. Brevan Electronics	2	83	1983	Nashua, NH
2. Rand Technology	15	220	1992	Irvine, CA
3. Falcon Electronics	4	28	1994	Commack, NY
4. EDGE Electronics	4	-	1990	Bohemia, NY
5. March Electronics	2	40	1972	Bohemia, NY
6. Marine Air	1	15	1965	Frederick, MD
7. Powertech Controls	1	50+	1991	Ronkonkoma, NY
8. Inland Empire Components	1	-	1989	Lake Elsinore, CA
9. M3 Technology	1	-	1998	Bellport, NY
10. Nexgen Micro Electronics	1	-	2019	Irvine, CA
11. Silver State Wire	1	-	1991	Sparks, NV
12. Serendipity Electronics	1	-	1991	Huntington, NY
13. Spirit Electronics	1	-	1979	Phoenix, AZ
14. Taw Electronics	1	-	1963	Burbank, CA
15. Dayton Nut & Bolt	4	-	1961	Dayton, OH
16. Defense Suppliers	1	-	1999	Cocoa Beach, FL
17. ES Components	1	-	1981	Sterling, MA
18. Amidon, Inc.	1	20	1963	Costa Mesa, CA
19. Component Solutions, Inc.	1	-	1994	Webster, NY
20. Solvix Solutions, Inc	1	-	2013	Marlton, NJ

**1. What is the most significant market shift you're seeing in electronic component distribution in 2026?**

The most profound shift in 2026 is that the electronics supply chain has moved from "component availability" to "strategic allocation." AI servers are no longer just one of many applications—they are now the dominant force consuming global semiconductor capacity. Gartner projects global semiconductor revenue will exceed \$1.3 trillion in 2026, with AI semiconductors accounting for approximately 30% of total revenue. Memory has transformed from a commodity into a strategic bottleneck: DRAM prices have surged 80-90% in a single quarter, with contract prices surging to multiple times their previous levels as hyperscalers lock in long-term supply. Lead times for power management ICs have stretched from 21-26 weeks to 35-40 weeks, and some automotive memory now exceeds 58 weeks.

This means customers are no longer just asking "Do you have stock?" They are asking "How do I de-risk my entire BOM across multiple categories—electronic, electrical, and mechanical."

**2. What capital or investment priorities are shaping your company's growth strategy?**

Our investment priorities are straight forward: Talent, Technology, and Quality.

**Talent** — We are investing in sourcing specialists with deep expertise in non-standard mechanical components, and digital product managers to build our integrated online platform and SRM tools. Hybrid capabilities are hard to build, which makes them valuable.

**Technology** — We are connecting our global supplier network to a unified digital platform, enabling faster, more transparent procurement workflows for our clients.

**Quality** — We continue to invest in our testing laboratory and AS6081-accredited processes. Trust is earned through consistency, and consistency requires infrastructure.

These investments share a common goal: building a more capable, integrated partner for our clients' long-term supply chain needs.

**2) How are customer expectations changing, and how is your company differentiating through service or digital capabilities?**

Customer expectations have fundamentally shifted. Clients are no longer satisfied with transactional responses like "We can find that part." They are seeking long-term strategic partners who can comprehensively solve their supply chain challenges. In today's exceptionally challenging market environment—where memory prices are surging, lead times are stretching, and geopolitical uncertainty is constant—customers want a partner who can reduce supply risk and deliver

multiple cost-optimization strategies to help them navigate persistent price pressures.

This is precisely where Flytronics Group differentiates itself. Our competitive advantage lies in the integration of four core business units under one roof, positioning us as a comprehensive supply chain solutions provider rather than a transactional distributor. Our four-pillar integration delivers differentiated value:

Our four-pillar integration delivers differentiated value:

- **Independent Distribution** — We address urgent shortages and hard-to-find legacy or obsolete components with speed, global reach, and rigorous quality assurance.
- **Authorized Franchise** — We represent emerging electronics and electrical brands, offering second-source alternatives that reduce single-source dependency on traditional market-dominant suppliers. This gives clients leverage and flexibility in their BOM design.
- **Non-Standard Mechanical Global Sourcing** — We have built global search and qualification capabilities for custom and non-standard mechanical components. During periods of rising raw material costs, we help clients identify alternative sourcing geographies and better cost solutions.
- **Supply Chain Consulting + SRM Software** — We transform procurement data into actionable cost-reduction strategies and providing digital tools that embed supply chain resilience into daily operations.

**4. What are the biggest operational challenges you're working to overcome right now?**

Our biggest operational challenge is managing business complexity while maintaining speed and responsiveness.

Flytronics Group operates four distinct business models under one roof—Independent distribution, authorized franchise, non-standard mechanical sourcing, and digital software. Each operates with a different rhythm. Independent trading demands real-time responsiveness. Authorized lines involve longer design engagement cycles. Non-standard sourcing requires extended engineering dialogue and deep technical exchange.

Our approach is a federated operating model. Each business unit maintains the autonomy and specialized speed needed to serve its specific customers effectively. At the same time, the Group provides shared infrastructure—compliance frameworks, quality systems, and a unified digital platform—ensuring visibility and consistency across every client touchpoint.

**CONNECTION TO YOUR ELECTRONICS SUPPLY CHAIN**



**Services:**

**Electronics Supply Chain Solutions**

**Design-In & Technical Solutions**

**Mechanical Global sourcing Solutions**

**Supply Chain Digitalization Solutions**

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# POWERING THE WORLD'S COMPONENT SUPPLY

Securing your inventory, every step of the way



**AS9120**  
CERTIFIED

Aerospace quality management system for the highest level of supply reliability and traceability



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Quality management system focused on consistency, efficiency, and continuous improvement



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