HOLGER KRUMME

MANAGING DIRECTOR

HTV

Please tell us about your professional background?

For the past 16 years I have been the technical director at HTV, a leading provider for services for electronic components. My responsibilities include the development and optimization of the HTV TAB®-procedure.

What trends in obsolescence management have you been observing in your industry?

In recent years, the number of company mergers between large semiconductor manufacturers has increased. As a result, more product lines are brought together due to financial reasons and many components are discontinued at short notice. This trend is also one of the main reasons that components become obsolete. Especially in industries where the product lifecycle is long, like aerospace and defense, medical, automotive, etc., manufacturers are faced with finding replacement components. This can create a rising issue on the market which is particularly well known by purchasers and developers. Often, some components from a larger electronic assembly are already discontinued in the product development phase or shortly after market launch which leads to an expensive redesign process.

Are there any industry practices around obsolescence that you would like to see improved? Please explain.

Companies should have a department which proactively deals with obsolescence and regularly evaluates relevant components´ availability. Holistic concepts and strategies must be developed in order to enable the availability of replacement components, whether obsolete or not, over a longer period.

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The way spare components are stored plays a key role for their functionality and processability for the long term. Some service providers offer unique storage procedures. For example, HTV's Long-Term Storage drastically reduces the decisive physicochemical aging processes and allows components to be safely stored for up to 50 years, in comparison to the average 6-12 months..

Moreover, expenses for a proactive or strategic obsolescence management should directly be budgeted within the product calculation.

What changes would you like to see chip manufacturers make to address future obsolescence challenges?

Product discontinuations cannot be prevented; however, they should not occur at short notice or unexpectedly. Severe product modifications, equivalent to discontinuations, are often not communicated as such. Ideally the PTN (Product Termination Notification)/ PCN (Product Change Notification) should be announced by the manufactures at a much earlier stage. This will allow enough lead time to take reasonable measures without influencing the delivery capability.

Specifically, what effect will the wave of chip manufacturer consolidations have on obsolescence?

As I already described, the growing number of company mergers leads to a drastic increase of obsolete components. The companies that do not dispose over a functioning obsolescence management will have difficulty retaining the availability of replacement components, particularly for products and capital goods with a long operating life.

From your viewpoint, what should the future of obsolescence look like?

As a part of a forward-looking corporate policy, a strategic and proactive obsolescence management should be firmly established within each company. The best scenario is a separate department reporting directly to the executive board.

Cooperation with the development department, the quality management, and the purchasing department is mandatory for the prevention and processing of obsolescence cases. The estimated availability is calculable with the help of appropriate tools. Major replacement components should be conserved long-term to avoid any danger due to the availability of insufficient parts.

Is there any advice or suggestions you would like to share based on your experience with obsolescence?

With the help of a proactive obsolescence strategy, damages resulting from product discontinuations can often be reduced. However, purchasers should keep in mind that advanced forecast tools can still be misleading at times. Therefore, long-term component storage is a more reliable method to cope with obsolescence.


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