Component Obsolescence Still Driving the Counterfeit Market

By Ben Farrer, Business Development Manager, Vigilant Components

As change is inevitable, therefore so is obsolescence. In the electronics sector, stocks of components used in subassemblies will eventually run out, no surprise there! However on many occasions, particularly in the often long product life cycles associated with the traditional UK OEM's in the industrial, military and medical sectors, to name but three, component supply gets 'difficult' long before the customers products themselves reach their 'end of life'. Component manufacturers work to a commercial agenda; when the popularity of a specific device wanes, or indeed when new features are demanded by the market, they will cease production and redeploy their manufacturing capacity to devices that are being demanded by their high volume customers; the global players.

So where does that leave your UK OEM, somewhat exposed? I'd say so, particularly in today's environment! When they require another batch of boards that feature a device that's now obsolete, it presents a significant challenge. And as we know, every challenge is an opportunity for someone!

Sourcing alternative parts can be a tricky process fraught with problems. Experience shows that the rarer the component, the more difficult it is to guarantee the provenance. Add to this the burden of pressure to meet the customer's delivery requirements, and it's easy to see why proven and documented quality procedures sometimes get bypassed.

Here's where the Internet is both a help and a hindrance. Searching the world for rare parts is fast and simple... in principle. It can reveal availability in far-flung corners of the globe, meaning in theory that you're only a 24-hour courier trip away from solving the shortage issue. But it's also easy for the unscrupulous to hide behind a façade that looks credible. And when the chips are down, so to speak, people take risks. We've seen it!

In our role as gatekeepers of quality on behalf of our customers, one of the biggest issues we encounter is counterfeit components. And it's on the increase. Much has been published, blogged and tweeted about the prevalence of counterfeit devices from certain regions of the Far East. But it's not confined to just one geographic area. A high profile case last year saw personnel at a Florida based company jailed for manufacturing and distributing counterfeit components [http://bit.ly/UDKHXY]. It's usually driven by the clamour for obsolete parts and that creates the opportunity for the fraudsters and the challenge for companies like ours that are seeking to source genuine parts for clients. This has driven us to establish an armoury of tools and a dedicated component test laboratory that any business can use to test their components (regardless of whether they bought them from us) and identify counterfeit devices before they get into production, with all the downstream consequences that can present.

One recent example of this was when a company, desperate for an obsolete IC to fulfil an assembly contract, bought some stock from China. To cut a long story short, they didn't work. In fact, they started smoking during functional test! They were aware of Vigilant's component test laboratory and contacted us. They sent us a single sample of the device and we tested it in the lab, which revealed it to be a completely different part, from a different manufacturer and nowhere near the purchase spec. I don't think they got the money back!

Obsolescence is a fact of life; the counterfeit 'industry' is burgeoning aided and abetted by modern global trading, the internet and a need by OEM's to produce sophisticated machinery long after the component manufacturer has 'tired' of producing the original component; counterfeits will probably never go away. But it needn't be a problem if the risks are contained by market experience and vigilance. That's all it takes. We can't prevent obsolescence but our Risk Management strategy allows clients to handover their problems with confidence. For us, it's about having the experience and the tools – and knowing how to use them.

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