One-on-One with Robin Gray of ECIA

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The Electronic Components Industry Association (ECIA) has long been at the forefront of educating buyers and helping them get the genuine components they need. ConnectorSupplier.com's managing editor Chris Warner recently had the opportunity to talk with Robin Gray, COO and general counsel of ECIA, to discuss the challenges presented by counterfeiting in the electronics industry.

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Chris Warner (CW): The electronics industry has made anti-counterfeiting a priority for several years. How are counterfeiters adapting to current anti-counterfeiting strategies, and how should the industry adjust?

Robin Gray (RG): The counterfeiters are becoming more sophisticated. They are producing higher-quality counterfeit electronic components and have shifted from remarking, or rather, pulling parts off a board and reselling them. So it has become a greater challenge. They're also attempting to obtain documentation that would lead you to believe that they are in fact an authorized distributor or an authorized seller of the components. While we made a lot of progress in eliminating the easy-to-spot counterfeits, it has become a lot more difficult to spot the more sophisticated counterfeits.

CW: Authorized distributors are a very good first choice when buying parts, but that is generally a best-case scenario. But how can buyers best navigate EOL/obsolescence situations? What does ECIA recommend?

RG: There are two ways to put it. First, always buy from an authorized source. And by authorized source, I mean either directly from the manufacturer or from one of their authorized distributors. It's your best assurance against acquiring a counterfeit product. Once you leave the authorized channel, your risks increase dramatically. The concerns often voiced by customers are: We can't find the product because it's no longer in production, it's obsolete, or the manufacturer doesn't make it. That's not entirely true. It's one of the myths that the independent sellers would have you believe. Many of the semiconductor manufacturers have taken the step of authorizing aftermarket manufacturers … to produce obsolete, end-of-life (EOL) products and therefore provide a way for customers to find these components if they're diligent enough to search and remember that caveat.

Often, the customer sees that the manufacturer no longer makes the component and automatically assumes that they have to go to the open market to find it rather than to the authorized supply chain. They don't look or consider that there may be authorized aftermarket manufacturers. Semiconductor technology changes so quickly, so there are more obsolete, EOL products, and that's why this trend of authorizing aftermarket manufacturers is much more prevalent there. In the passive component world, the aftermarket manufacturer is not as prevalent, and it's a question of whether that trend will spread to the passive component industry given that (passives) have a much longer shelf life, and that technology does not change as rapidly.

CW: Related to EOL/obsolescence, are there best practices that ECIA can recommend pertaining to life cycle planning?

RG: Several things. First, you should always open a dialog with the component manufacturer and/or distributor to find out what the technology path is for the manufacturer. If they're willing to share the information, they might say, "This is our migration path, and we're planning on migrating this technology in this direction. So you, as one of our valued customers, should keep that in mind for your project and be sure to plan for any upgrades that we make." Often, some of the new releases are backward compatible, but the customer may have to go to redesign or recertification for that new part even though it will do what they wanted it to do before, and they really didn't have to change. And, it's costly to do a recertification or reengineering just because a part number may have changed or the component is newer, better, faster, and has greater capabilities or more tolerances, but it still might fulfill the same function and meet all of the customer's specifications. So that's one thing you can do.

Second. In this day and age, no one likes to hold a lot of inventory. But, if your product has a long life cycle, you want to make a long-term buy or at least let the manufacturer know you're going to be a long-term customer for that particular component. It never hurts to have that sort of dialog to find out the manufacturer's technology path, and let them know the forecast for your product line and how long you're going to need those parts. That may well encourage the manufacturer to continue to make it or at least authorize someone else to make it.

CW: The risk of acquiring counterfeit components grows as the traceability chain gets longer. How do you recommend buyers safeguard themselves when faced with a long supply chain to acquire a critical component?

RG: Part of the challenge here is with the advent of contract manufacturers, it becomes sometimes difficult for the customer — an OEM customer who has contracted with the contract manufacturer to make products for them — to know where that manufacturer is getting their components. Component manufacturers and their distributors may not know where their parts end up once they go to a contract manufacturer because contract manufacturers may be using the components for multiple products that they're making for several different OEMs.

Think about it strictly from two points of view: First, if you have a product recall, how does the manufacturer know who to contact? Or if the contract manufacturer has had to make up a short supply of a particular component by going on the open market and then commingles that inventory, how do you know where those open market parts went? What products did they go into and for which OEM customer? Contract managers have complicated the supply chain because there is a lack of information sharing with OEM customers, as well as between the sellers and contract manufacturers. You mentioned the long-term supply chain, and that's one of the challenges.

The other challenge is when you have large systems that require parts that go into boards that go into assemblies that go into a finished product. So, traceability is an issue. Traceability may show where a product came from, but it doesn't show or prove the genuineness of the component, nor does it have anything to do with reliability — how the product was handled, stored, or packaged.

CW: Describe what makes ECIAauthorized.com different from other sites that help buyers avoid counterfeit parts:

RG: It is the only site where only authorized inventory is available to search. We don't have independents or unauthorized sellers. Even the participants that are on the site can only display inventory for which they're authorized. Even though they may be selling parts for which they're unauthorized, those parts cannot show up and will not be displayed on our search site. Our site is the only source that we know of where you can only find genuine parts. If you're looking for the availability of authorized inventory, it's the place to go.

CW: Substandard cables have been a persistent issue. Has that situation improved, gotten worse, or stayed the same?

RG: It really comes down to price and availability, but it's more availability than anything else, at least in the electronics world. You can't use price as a guide. In the wire and cable business, a few years back there was a lot of

concern about the quality of the wire being sold. In some cases, it was substandard and would even catch fire. And one of the things counterfeiters did at least in electrical wiring was counterfeit the UL label (to imply) that it was safety tested or they had met UL requirements or had UL certification. Counterfeiting a label is a lot easier than most other things, and often people count on that certification or labeling.

Having said all that, yes, there is counterfeiting of wire and cable going on out there. It doesn't get as much publicity as the electronic component. Unfortunately, a lot of the attention in the electronic component world is focused on semiconductors when the passive component market, which would include connectors and wire, doesn't get the same sort of attention but is just as risky. I try to point out that for every semiconductor product there are at least 10 or more passive component products out there that you need to make a microprocessor work. And if one of them fails, then the whole product fails. That's particularly true with, for example, capacitors or resistors. The wrong flow of electricity can damage a microprocessor just as quickly. The same thing happens with a short in a wire or a bad connector in which the pins aren't aligned: The counterfeiters may not have put the right pin in the right place in a connector. So, you have the same issue. You've really got to be careful about the quality of what you're buying and from whom you're buying it.

I would say the same cautionary advice is, buy from authorized sources. Whether it's a cable or a wire, know who you're buying from, and avoid the open market if you can.

CW: Are the best practices for procuring cables and connectors different than buying chips and ICs? If so, what are they?

RG: Absolutely not. You run the same risk of going on the open market of getting a counterfeit or substandard product. It's all about knowing whom you're buying from and knowing something about that company, whether it's the manufacturer or distributor selling the product. If I were a buyer getting a product from a distributor, I would make sure that the distributor is authorized. And by authorized, there's a written agreement between the manufacturer and distributor setting forth the terms of agreement. Too often there are manufacturers who will say that "Anyone who buys from us is authorized to resell it." That doesn't make them a distributor, and it doesn't make them a manufacturer's authorized distributor. So, anyone can get the product, but it doesn't mean the manufacturer is going to stand behind the product once it leaves the factory.

CW: What kind of action do you expect the Trump administration to take? Has the administration made any indications?

RG: There is some indication that because counterfeiting costs U.S. manufacturing jobs, lost intellectual property, and poses a threat to national security, that this administration is going to be more favorable toward protecting U.S. jobs and the U.S. economy and its citizens from counterfeit products, particularly counterfeit electronics. There's a number of initiatives going on now, particularly within the Defense Department. They have long life systems that often need what amount to be obsolete products. Therefore, they're more keenly aware of the danger of getting counterfeit product and of the growing threat of malware embedded in microprocessors and ICs.

Any programmable device now runs the risk of having malicious code or being tainted in some fashion. Therefore, the government, and I give them credit, really got started a couple of years ago. With the growing awareness of the threat of malware in ICs, the government has been forming task forces, developing standards, buying practices, and so forth, with respect to those products. That's probably the next frontier in the fight against counterfeit. You can argue that they're counterfeit in that somebody made a change to the product, and it is being sold as new and unused.

By the way, one of the challenges in dealing with counterfeit product is, whether it really is a new or used product. What we've also seen happen is the development of so-called remanufacturers who will remanufacture a part — and they may put their own name on it to avoid a counterfeit claim — but will say that it meets the specifications of the original manufacturer. There's no way, in most cases, that they would know what the original specifications are.

Most manufacturers won't disclose all of their specifications and don't release that information. So even if you have the product or components tested at a test lab, the test labs more than likely are not going to have the manufacturer's specifications and won't be able to verify that it exactly meets the manufacturer's specifications.

So that's another myth that's out there — that we'll just send a product to a testing lab and they'll verify whether this product's genuine or not. It's doubtful, particularly when you get to semiconductors or more sophisticated products. There's really no way that you can test to a manufacturer's standard or have a "golden sample," as it's sometimes known. So be wary of a claim: Everything we sell, we tested. Well, often the testing is just looking visually at it. Sometimes, there may be some other forms of testing, but certainly not sophisticated testing, and there aren't valid standards for which they can compare such testing against anyway.

CW: Do you expect HR 917 — an electronics recycling bill — to affect anti-counterfeiting efforts?

RG: Potentially yes. The thought is that we dispose of our electronic scrap primarily to Asia, and they take the scrap, pull the parts off the board, sand them, mark them up, try to bend the leads straight again, and resell them as new product rather than used product. So the thinking is that if you keep the scrap from leaving this country, at least in usable form, it will put a dent in at least the recycled parts. There's nothing wrong with — and the bill certainly doesn't prevent — melting it down or making the product unusable and then recycling it for the basic elements and metals that go into the component. But we don't want them to be remarked and reused. We are certainly in favor of recycling to the raw material, but not to recycle them just to dispose of a finished good or finished component.

CW: I think it's stuck in committee right now…

RG: Yeah it's stuck right now. We are all familiar with the logjam in Congress, but there are some things that do need to go through. But, they're usually focusing on the big, headline-grabbing bills that don't seem to be getting anywhere but get a lot of press.

CW: Anything we didn't talk about today?

RG: There's a growing concern about returned product, at least with respect to ICs. People are becoming wary of buying returned products, and they don't want the manufacturer and/or the distributor to resell them, or at least they want them to disclose that they are selling returned products, which may have an impact on returns down the road, particularly with ICs.

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