

EO News Passive Q/A February 2014

Answers supplied by Felix Corbett, Director, Supplier Marketing Passives, TTI, Inc,

*Qa: What are your opinions regarding the major trends for this market (slowing, growing, booming...)?*

A: The passives market has been fairly flat for some time, and customers have been used to seeing ex-stock availability. This is slowly starting to change with lead times on some products. For example, some resistor networks now have lead times of 10-12 weeks, MLCCs 12-14 weeks and high capacitance products out to 18 weeks. At TTI, our commitment to stocking broad and deep across our franchise portfolio remains a cornerstone of our business. However, we still encourage customers to work with us and share their production expectation plans so that we can ensure their demands are always met.

*Qb+c: What are the key strategies adopted by your company in the short/medium period to address (or to better address) the needs of the market? What are you doing in order to implement your strategies?*

A: Different market sectors have different needs and vary in performance and time. Therefore, TTI has created diversified business divisions to focus on key markets.

Transportation is one example. This sector is seeing strong growth and we have recently appointed Dermot Byrne to run our activities in Europe. The emergence of electric and hybrid vehicles is driving the development of high power capacitors from suppliers such as EPCOS, AVX, Vishay and Kemet in DC link applications.

Hi-Rel, Aerospace and Defense is another strong sector with aircraft such as the A380 and Boeing 747 including more and more electronic functionality, driving the requirement for more specialised and high performance passive components. In this sector, too, we have just appointed a new director, Lee Thompson. Lee has vast experience in this area, having held a similar position at AVX for many years.

In addition, TTI has invested in additional technical resources at a regional level to support increased design activities, as our key suppliers continue to place greater emphasis on the introduction of their new products to our customer base.

*Qd: What are the most important applications?*

A: Power, in general, is becoming increasingly important. To address this, TTI set up a specific power management business last year, initiated with the acquisition of Campbell Collins, a specialist power distributor, which really strengthened our expertise in that field. We now offer a full range of products from companies such as Ericsson and Murata Power Solutions.

In terms of passives, power applications require higher power inductors and capacitors with low ESR. We are also seeing a need for non-commodity passives such as circuit protection devices from manufacturers including Bourns, Littelfuse, AVX and EPCOS and Polymer Caps from Panasonic.

*Qe: What are the key factors that set your company apart from the competition?*

TTI is a "specialist" distributor and we work very closely with key suppliers in each technology, TTI has always believed in holding large inventories of stock – that is probably our key differentiator versus our competitors who are under constant pressure from their investors to increase their inventory turns by reducing stock. In contrast, we are increasing our European warehousing capacity this year.

Our focus on passives, interconnect, discrettes and electromechanical components is another factor. All other major distributors carry high cost ICs, which naturally consume most of their efforts. We put all of our energy into the less glamorous components which, nonetheless, make up 85% of the BOM of most PCBs.

Also, our customers tell us that they like our consistency: we stick to the model which has served customers well – our product focus and broad and deep stocking policy.

Having Mouser as part of the TTI Group is also a huge differentiator as it allows us to offer customers a full service from design through to production.

*f) And in the middle/long term (if you have a crystal ball!)?*

In the near and middle term we see stability with modest growth for passives in the region of 2-4%. There appears to be no signs of the dreaded 'allocation' around the corner. Any further out is pure guesswork, and I'm afraid I have no crystal ball – however hard I might wish for one!