



The Global Leader in Electronic Component Cost Analysis

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## **BENCHMARK REPORT**

Prepared For: ACME INC

Date: April 10, 2014

*All information contained in this report is confidential*



Lytica Inc. is a leading supply chain analytics, services & consulting company headquartered in Ottawa, Canada.

Founded in 2005 by seasoned electronics industry executives, the Lytica team consists of supply chain, procurement, component engineering and software experts who have years of experience with some of the most successful companies in the electronics industry, and a broad and deep history working with materials suppliers globally.

## Lytica operates two distinct synergistic business units: OPERATIONS and ANALYTICS

### Operations

Lytica Operations provides practitioner services for hire. An experienced team and proven processes provide value to our clients through supply chain and operations management services. These services include product cost reduction and management, component engineering services, supplier assessments, supplier metrics and a wide range of management services focusing on customer operations. Our objective is to help clients build a robust and competitive supply chain to drive their ongoing growth while ensuring supply chain agility. Through our Operations services, Lytica practitioners utilize our analytical tools and help define our next generation of analytics.

### Analytics

The longest interval in any endeavour is the time to acquire the knowledge so that one can act. Lytica provides Knowledge Power Tool **Analytics** - like this Freebenchmarking.com report - to shorten critical business intervals. We improve time to market, time to cost and time to profit.

***Lytica Accelerates Time to Knowledge!***

### Our Analytic Products and Services (for a full listing visit [www.lytica.com](http://www.lytica.com))

Lytica offers a suite of user interactive software application products and reports that provide unique insight into supply chain cost and risk. These reports or analytics create the transparency that enables actions and solutions related to component pricing, sourcing and supplier performance assessment.

#### ***Freebenchmarking.com***

Assess your company's spending competitiveness, rapidly identify component savings opportunities and evaluate sourcing alternatives. These analytics are available in the free Benchmark report which allows you to determine your overall competitiveness. Lytica's Gold Report provides details at the Commodity level and granularity down to the exact component. Freebenchmarking.com is the industry's **first – and only - independent, cost benchmarking and risk assessment service for electronic components.**

#### ***Mergers & Acquisition Synergy Savings Report***

Companies that merge often have similar product offerings. It is predictable that the component make up of these products are also similar and that synergies exist within the component supply chain. Lytica's M&A Synergy Savings Report is a powerful analytic as either a pre-merger analysis of savings potential by combining two or more company's electronic spend or a post-merger tool to assist merged supply chain teams to rapidly go after cost savings through best pricing implementation.

#### ***Component Cost Estimator (CCE)***

During the New Product Introduction (NPI) stage, CCE provides rapid analysis of what a market competitive Bill of Materials (BOM) cost should be. CCE mitigates supply chain risk by helping to identifying up to 5 alternative component recommendations. Visit our [CCE website](#) for a full overview.

#### **STATEMENT OF INDEPENDENCE**

Lytica is not a component supplier. We operate independently of suppliers and manufacturers. Lytica has a policy and practice of accepting no fees or commissions from suppliers related to the sale or potential sale of components to a client. We are completely objective and uncompromised in our supply chain recommendations.

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# BENCHMARK REPORT

**Client: ACME INC**

**Analysis Date: April 10, 2014**

Pricing Competitiveness	
Total Submitted Parts	5,773
Total Analyzed Parts	5,154
Total Matched Parts	3,998
Match Rate	77.57%
Annual Spend Submitted	\$24,905,568
Annual Spend Analyzed	\$23,079,581
Total Commodity Groups Analyzed	26
Competitive Ranking	54 percentile
Competitive Price Rating	Average
Target Price Savings <sup>1 2</sup>	\$2,906,671
Best in Class Savings <sup>1 2</sup>	\$5,448,557

Savings By	Commodity	Group
Commodity Group	Potential Savings "Best in Class"	Savings Extrapolated at 100% Match
CAPACITORS	\$1,583,047	\$1,667,027
IC - POWER	\$748,473	\$767,181
MAGNETICS	\$685,636	\$687,865
IC - LINEAR	\$671,678	\$701,159
TRANSISTORS	\$304,717	\$352,342
DIODES	\$210,679	\$217,393
IC - STANDARD LOGIC	\$205,445	\$207,684
IC - CLOCKS & TIMERS	\$179,487	\$184,100
CIRCUIT PROTECTION	\$148,512	\$149,964
IC - SENSORS	\$128,536	\$129,394

Cost of Duplications	
Total duplicate coded parts	1,272
Potential Savings by eliminating coding duplications <sup>3</sup>	\$1,041,650

Component Risk	Assessment
Total Analyzed Parts	5,154
Total Single Sourced Parts	1,693
Drop-in replacement devices identified	574
Unnecessary risk level	33.9%

Price Channel	Location
Distributor	ASIA
Direct	EMEA
Distributor	EMEA
Direct	NA

Exclusions	# CPN's
Missing data	164
Mixed AVL	455
Commodity Exempted	15

1. Top 25% of all analyzed components sorted by largest total savings impact.
2. Excludes additional savings due to duplication.
3. Identified within the clients BOM.

Thank you for requesting your Free BENCHMARK REPORT from Freebenchmarking.com - the Global Leader in electronic component cost analysis. This analysis provides powerful and unique insights into your price competitiveness (versus real market pricing) and potential supply chain risks. To achieve true competitive advantage, order your comprehensive GOLD REPORT which delivers the detailed, actionable part-level analysis you need to rapidly translate these savings into reality.

Order your Gold Report today by calling 1.877.330.9698 or email [Sales@Lytica.com](mailto:Sales@Lytica.com)

# Appendix A: Glossary

**Annual Spend Analyzed** – The total client spend of the data included in the analysis.

**BENCHMARK REPORT** – Electronic PDF document provided to BENCHMARK REPORT clients that provides the results from Freebenchmarking.com’s analysis of the competitiveness of the client’s electronic components’ purchases.

**Best-in-Class Price** – Lowest available price in our reference dataset for a component.

**Best-in-Class Price Savings** - Savings if best-in-class prices were obtained. This does not include the duplication savings.

**Commodities Exempted** – Commodities not analyzed by Lytica, such as mechanicals, plastics, custom parts, ASICS, etc.

**Competitive Ranking (percentile)** – Calculated percentile ranking based on spend.

## Competitive Price Rating

Competitiveness Range	Competitiveness Rating
> 90%	Very Competitive
70-90%	Competitive
40-69%	Average
20-39%	Below Average
< 20%	Uncompetitive

**CPN** - Client part number

**Duplications** – Two or more client part numbers with the same/equivalent part.

**Drop-in Replacement devices** – These are fit, form, function replacements based on Lytica’s reference database. Designers must still verify that these components are suitable in their application.

**Exclusions** – Components not included in the analysis (counted by number of CPN’s) due to the following reasons:  
Missing Data: one or more data elements were missing from the client part number; Price, EAU, AVL Part Number, etc.  
Mixed AVL: component parametrics were inconsistent within a single AVL part number (within client’s upload file).  
Commodity Exempted: Lytica does not analyze plastics, fluids, pastes, mechanical items, metalwork, etc.

**Gold Report** – The electronic PDF document provided to Gold Report clients that provides the results from Freebenchmarking.com’s analysis of the competitiveness of the client’s electronic components’ purchases and an assessment of supply chain risk. The Gold report includes Excel appendices providing component level details.

**Match rate** – The number of client’s components that match a component found in one of Freebenchmarking.com’s reference datasets. A match can be an “exact” match or a “non-exact” match.

**Potential Savings by Eliminating Coding Duplications** – The savings are calculated based on lowest price listed from the client for the same or equivalent component part number.

**Price Channel** - Whether the price is coming direct from a supplier or a distributor.

**Savings Extrapolated at 100% match** – Projected savings if 100% of client’s components were matched to the database.

**Silver Dataset** – Contains data obtained from clients subscribed to Freebenchmarking.com’s Silver Report. The Silver Dataset also contains data from the Platinum and Gold Datasets.

**Target Price** – An estimated price deemed appropriate for a client based on their spending competitiveness on similar components. The target price can be used as leverage in RFQ’s and supplier negotiations.

**Target Price Savings** – Savings calculated on the top 25% worst price components if target prices are implemented. Note that the actual list of components is only available in GOLD reports.

## **Appendix B: References and White Papers**

### **Video**

[Freebenchmarking.com](http://www.lytica.com)

<http://www.lytica.com/index.php/resources/videos>

[Component Cost Estimator](http://www.lytica.com)

<http://www.lytica.com/index.php/resources/videos>

### **White Papers**

[Fast Track Cost Reduction](http://www.lytica.com)

<http://www.lytica.com/images/pdfs/FastTrackCostReductionWhitePaper.pdf>

[Negotiating with Analytics](http://www.lytica.com)

<http://www.lytica.com/images/pdfs/NegotiatingWithAnalyticsWhitePaper.pdf>

[Component Cost Estimator](http://www.lytica.com)

<http://www.lytica.com/images/pdfs/CCEWhitePaper.pdf>