

Rochester succeeds with discontinued parts

The company is a continuing source manufacturer for many obsolete parts.

By Jim Carbone -- Purchasing, 5/7/2009 1:32:00 PM

In some ways, the economic downturn is good news for Rochester Electronics of Newburyport, Mass.

Rochester is an authorized distributor for many semiconductors that have gone end of life. Rochester signs agreements with the original supplier of the parts and buys wafers and/or the intellectual property of the chips. If necessary, Rochester will use the IP to recreate a chip for a customer.

"During a recession, chipmakers are more likely to end of life parts and sign an agreement with us," says Paul Gerrish, vice president of the company. "During the downtimes, we accumulate a lot more inventory and that helps us because once things turn around, we have stock."

Rochester is not a new company, having been in business since 1981. The company is privately held and does not disclose sales figures, but Gerrish says the company grows just about every year.

Gerrish says that Rochester's customers are not PC OEMs or consumer electronics companies, but military/aerospace, medical, industrial control manufacturers. Such industries have long product life cycles and need parts from mature or obsolete technologies.

Rochester stocks over 10 billion dies and continues to manufacture over 20,000 different devices that have been discontinued by the original supplier. It carries discontinued parts from Texas Instruments, National Semiconductor, Fairchild, Intel, and AMD among many others. Products range from standard logic to network processors.

"Our business is with companies that are locked into long-term designs and it is difficult for them to change to something else," says Gerrish. "Same customers are looking for better than commercial reliability."

While Rochester sells discontinued or obsolete parts, Gerrish points out that Rochester is also a "continuing source manufacturer" because it will have parts built for a customer through agreements it has with chipmakers.

"We are long-term support people. We consider ourselves to be an extension of the factories that we contract with. We support those customers the same way they would be supported of the original supplier was making the product."

While Rochester may compete with some independent distributors that also sell discontinued parts, Rochester's business model is very different. Rochester is an authorized distributor and has agreements with suppliers. It also has the IP and the capability to build parts for customers.

Gerrish says Rochester is enhancing its part duplication capabilities, in which it builds parts from the original IP. "We are still on the learning curve. It is a small part of the business but we think it will grow going forward. We are investing in that area," he says.

He says that with duplication the goal is to not just to copy the functionality of a part, but to copy the exact part. "We are looking to duplicate, not emulate. We want to make the parts performance equal or better than the original," says Gerrish.

Because of its unique business model, Rochester does not have competitors that do exactly what Rochester does, according to Gerrish.