

Advisory Board Brief



Good news - bad news, in mainstream media

By Mark Tayles, President, EnablerTech

The good news is that the exciting and non-trivial industry we all extract a livelihood from, received some recent main-stream media coverage. The bad news was the surreptitious nature of the article.

The cover story of *Business Week* which hit the newsstands October 13th was brazenly entitled 'Dangerous Fakes.' The lengthy exposé detailed the growing danger presented by counterfeit electronic components entering the supply chain of electronic goods. (http://www.businessweek.com/magazine/content/08_41/b4103034193886.htm?chan=top+news_top+news+index+-+temp_top+story)

Particularly poignant was the fact that these weren't insignificant little manufacturers whose supply chains were being compromised, but included the very largest defense and aerospace companies.

The article mainly deals with the threat of counterfeit components making their way into sophisticated military electronic systems. Outlined were the, 'not so sophisticated', network of brokers and dealers that recycle and counterfeit microchips and sell them to defense contractors and subcontractors. Surprisingly, many of these suppliers carry out their operations in 'broad daylight' with seeming impunity.

Although the article focused on military electronics, a logical extension would be the risk existing in other public safety systems. Electronic applications dealing with: rail and public aviation; medical and life support; among others.

Curt Gerrish, is the founder of Rochester Electronics (www.rocelec.com), the 27 year old manufacturing and distribution company that specializes in

providing a legitimate source for obsolescent semiconductors that are no longer available through mainstream distributors. Given the long service life of most Military, Aerospace and Industrial applications, it isn't surprising that Rochester Electronics has become the reliable microchip source for sustaining these aging programs. Mr. Gerrish's company was mentioned in a sidebar article within the exposé, (http://www.businessweek.com/magazine/content/08_41/b4103044203631.htm) and recently commented about the *Business Week* article.

"Over the years, in my daily conversations with our customers, there aren't

too many that won't privately admit to having found counterfeit components within their supply chain. Some of these instances have resulted in very serious repercussions to their brand. 100% of all instances have resulted in expense that far exceeded any perceived cost savings for purchasing product through non-authorized sources. As well, of the nearly 70 semiconductor supplier

brands that Rochester is franchised to distribute for, their senior executives are increasingly concerned about the threats that any fake microchips bearing their company's brand, represents to public safety." Perhaps as a harbinger for the industry, Gerrish's vision hasn't wavered since he founded his company. "Providing a legitimate and franchised source for obsolescent semiconductors."

So perhaps this *Business Week* article was more "good news" than "bad news?" Perhaps by exposing our industry's "dirty little secret," it won't be a secret much longer?

