



# The Open Market's Role in Supply Chain Resiliency

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This article explains how the use of open market data, when supplemented with other sources, can lead to actionable insight for manufacturers who are struggling during this period of constant supply chain disruptions.

Utilizing data that the open market provides allows companies to anticipate certain trends on a technology, commodity, manufacturer and even at a part-number-level. The data allows users to see disruptions as they are emerging, giving them a vital first mover advantage. Ultimately, using data collaboratively with the processes already in place helps your company to observe weaknesses and build a crisis response plan, creating resiliency in your supply chain that will withstand any disruptions.



## What is resiliency?

Before 2017, the most common supply chain strategy was a cost-based, just-in-time (JIT) approach, where inventory was kept as low as possible. The years prior to 2017 had been relatively stable and so it made sense that cost took priority over strategies based on resiliency. Now, post-pandemic, companies worldwide are experiencing the ripple effects of supply chain disruptions, part shortages, and much more. In today's world, the narrative has flipped, and while cost efficiency will always be a key component in supply chain, resiliency has come to the forefront.

From geopolitical problems to natural disasters, impacts to the supply chain can come from anywhere and at any time, so companies must build a plan for when those disasters do occur. Prior to the pandemic, many large supply chain enterprises had contingency plans in place to help them functioning normally, despite black swan events happening around the world; however, these plans were not sufficient against the onslaught of economic, geopolitical,

and environmental disruptions, intensified by the COVID-19 pandemic. Now, two years later, product shortages rage on, causing production delays and steep financial losses, and it is nearly impossible to function in JIT supply chain systems as many did previously.

As the supply chain transitions from JIT to a just-in-case (JIC) methodology, the definition that companies use for resilience must shift as well. For the last two decades or so, the definition of resilience has remained stable, simply meaning that companies would be able to recuperate quickly after a disruption; however, this is no longer an accurate or acceptable definition if companies are to truly build resiliency into their supply chain. In a recent [article from Gartner](#), resiliency in supply chain was defined as being “able to avoid, absorb, and recover from the business impact of major disruptions and continue to operate under stress,” expanding the definition to include recovery while a disruption is occurring. We would suggest adding “anticipate” to the definition, as we’ll explain later.

### **What is the benefit of resiliency?**

Implementing supply chain resiliency requires a heavy investment and may require a cultural shift within your business supported by senior management. Given the ongoing situation, it has become a necessity to fortify against the disruptions we experience as there is an acceptance that the market will stabilize, but the

havoc experienced in the last five years has taught us that we cannot safely rely on business-as-usual returning. Disruptions can be as small as a factory fire, or one small port shutting down; any one link in the chain can create a butterfly effect, where a relatively small incident can cause a global market response throughout the supply chain.

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Becoming resilient based on today’s global context not only enables businesses to gain early insight into emerging risks, but also provides an opportunity to be on the forefront of response to threats, setting the company apart in the market. Moreover, resiliency ensures that companies have disaster recovery plans for when disruptions occur in the supply chain. Human systems, business processes, facilities-- a large variety of factors are involved in recuperating after a disaster, and to have resiliency, companies now need to have safeguards for each of these. Nevertheless, accomplishing this will create an opportunity for greater agility in the dynamic supply chain of today and the future.

### **The elements of supply chain resiliency within an organization.**

Supply chain resiliency cannot be simply

achieved by acknowledging its importance. As Gartner shared in a [recent article](#), there are many elements that are vital in supply chain resiliency including but not limited to the following.

**Inventory and capacity buffers.** Adding additional storage hubs, external manufacturers, and production facilities protects your supply chain from shortages, loss of inventory, and other such disruptions. Work with Converge to locate your options.

**Manufacturing network diversification.** Diversifying your network protects supply chains from disruptions at every level. This often includes bringing on a high-quality, reputable open market distributor, like Converge.

**Optimizing the sourcing network.** Optimizing your sourcing network can include ensuring highest-quality products, re-shoring, and diversifying. Converge partners with sources globally to qualify sourcing options of the highest quality.

**Optimizing distribution networks.** Optimizing your distribution network balances and ensures flexibility in the supply chain by expanding warehousing and transportation alternatives. Working with Converge provides additional options for distribution.

**Product portfolio design.** By standardizing parts across products, your

company can simplify sourcing without sacrificing diversity of your network. SiliconExpert, a sister company of Converge, provides alternative options in your product portfolio to safeguard your products against shortages and other disruptions.

**Ecosystem partnerships.** Working with open market sources, such as Converge, provides additional data on risks, crisis response, and diversification to create resiliency across your supply chain from end to end.

Through each of these six steps, you can create a resilient supply chain. Additionally, by partnering with independent distribution alternatives, you can receive open market data that provides actionable insight, lending to your disaster recovery plan and accomplishing each of these items more efficiently and effectively.

### What is the open market?

The open market is a network of thousands of suppliers and manufacturers across the world, that buy and sell components when the supply chain is imbalanced. It is where the tech and electronics industries look for



solutions to disruptions in the supply chain, when supply or demand cannot be met by OEMs or franchised distribution. As we live in an age of supply chain imbalances that develop quickly with little warning, the open market has the added advantage to collect data that can be leveraged to react quickly to disruptions.

## The role of open market data and insight

When the market is imbalanced, companies turn to the open market to be an equilibrium. The open market has numerous roles including regulating source shortages, creating a circular economy for excess stock, and adding safeguards to companies' supply chains. The advantage they offer is to provide visibility, resilience, sustainability, and security to continue functioning as normal regardless of the state of the world around them.

It is vital to select an open market partner with world class sourcing and excess inventory management capabilities, along with the highest quality measures to safeguard against counterfeit risk. However, choosing a The last several years have been a perfect storm of events, and the supply chain has fundamentally changed, but there are real, connected distributor like Converge takes this one step further by aggregating market demand in the open market and translating it into actionable insight and giving customers first-responder advantage.

Source: [What Is Supply Chain Management?](#), Gartner 2021.

As a result of a business model that solves supply chain exceptions, Converge monitors every level of the supply chain and industry to gather valuable signals across the world that can be converted into rich data sets. This data tracks shortages by technology, commodity, manufacturer, and part number, to generate dynamic pricing as well as supply and demand signals. Using this data, Converge identifies signals indicating shortages, recovery of shortages, price changes, and excess materials.

steps you can take to implement resiliency. This includes having open market data, providing you with another layer of visibility and transparency, so you can take action. Partner with Converge, your connected open market distributor to collaboratively create action plans and solve the future.

To learn more about Converge's unique open market intelligence and receive an analysis of your supply chain from an expert commodity manager, [contact us today](#).

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# We 'solve the future' by meeting challenges with solutions

Converge tackles your supply chain challenges for today with solutions for the future. As the only public open market distributor, we possess a unique combination of global access, manufacturing industry expertise, and proven quality. With this, we can create customized, end-to-end supply chain solutions for electronics components sourcing and inventory management. We have the relationships, market intelligence, and product expertise to respond to urgent needs and dynamic market conditions, and the financial backing to provide terms that empower long-term growth.



## Connected distribution

We are a team of creative, experienced problem-solvers that bridges the gaps through connected distribution and a unique approach to long-term, end-to-end supply chain optimization.



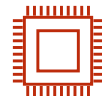
## Values that matter

We're all about respect, growth, and pride. We treat everyone, from employees and customers to industry partners, the way we would want to be treated. Our goal is growth – not just in the financial sense, but also in terms of personal and professional development.



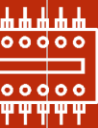
## Community

Our success has been built on a genuine commitment to nurturing the community of OEMs, EMS, supply chain partners, and our customers around the globe.



## Quality

Quality is the cornerstone of everything we do. It is the heart of our suppliers' and customers' experience, their brand and, ultimately, their profitability.



**CONVERGE**<sup>®</sup>  
AN ARROW COMPANY