

# Hitting stiff targets

One year on from its acquisition by Avnet, Memec is now fully integrated into the company's operations and hitting some ambitious targets.

By **Georg Steinberger**.

**A**vnet's acquisition of Memec brought significant change to the European distribution market in 2005. Now integrated within a new company – Avnet Memec – the business is established, profitable and heading for a leading position in the specialist semiconductor distribution arena. After its first full year, Avnet Memec is hitting ambitious goals, with a run rate in excess of €180million.

Looking to strengthen its position in Europe still further, the company has made its first acquisition, semiconductor and embedded systems specialist ESCO Italiana.

But Avnet Memec was not the only Avnet company to benefit from the acquisition of Memec. EBV and Silica both saw benefits from the realignment of a number of key franchises. Silica, for example, was given the entire Xilinx business and added International Rectifier its line up, whilst the EBV



Silica benefitted from Avnet's acquisition of Memec by gaining the Xilinx and International Rectifier franchises.

portfolio was strengthened with Philips, Samsung and STMicroelectronics.

With this new structure in place, Avnet has recorded high double digit growth in sales across its business units and regions during 2006. So, how does a company of Avnet's size prepare for the challenges offered by today's market?

Avnet, which operates in more than 30 European countries, has been pan European for some years, so support systems are in place to help when production transfers to a new location; often a new country or even continent. Being able to manage these logistical challenges is a clear advantage over local distributors. Having

a strong European – and ultimately global – footprint allows Avnet to address production needs that move into Europe and beyond.

Meanwhile, the UK's electronics industry continues to develop. Most 'off shoring' of production has now taken place and Avnet is now giving a strong focus to the design in support structure required to develop the market place. With a high ratio of technical staff, particularly its semiconductor business units, Avnet is helping to grow the UK's reputation as power house for board level design in Europe.

Europe, meanwhile, has always had a strong industrial electronics sector, comprising everything from automation to security

and medical to lighting. This broad collection of market sectors means demand is more balanced than in the highly cyclical pc and mobile phone sectors.

Long time regarded as users of 'older' technology, the industrial electronics sector is rapidly adopting leading edge devices, including analogue components, higher level microcontrollers and rf communications. And the sector is making more use of optoelectronics.

But the success of this sector comes with a price: time to market. Customers are now looking for solutions, rather than products. This means distributors need to provide a range of services, including design and supply chain support.

Avnet EMEA recognised this five years ago and reorganised itself to provide customer support in a cost effective manner.

Looking to the future, the key challenges for distributors lie in adapting their business models. Larger distributors with flexible approaches and smaller distributors with technical specialities, who have made this transition have already seen the benefit. Those who haven't will find it harder to be successful in the future.

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Avnet Electronics Marketing EMEA is a group of highly specialised pan European electronic components distributors and service organisations. The group's specialised distribution divisions – Avnet Memec, Avnet Time, Silica and EBV – offer specific technology and market know how, along with cross functional and synergetic services, such as logistics, product modification and supply chain consulting. See [www.avnet.com](http://www.avnet.com)

