Component Price Benchmark

Benchmark analysis of component prices compared against other companies that identifies price outliers and appropriate price targets

Often times customers need to know if their pricing is competitive; immediately. A negotiation is around the corner and the customer is not sure if their price is fair or if there is additional room to negotiate.

The IHS Markit Component Price Benchmark (powered by Lytica) is a fast and easy to use tool enables customers to understand their competitiveness level overall by commodity, identify price outliers, and determine price targets appropriate for the customer.

KEY FEATURES

- Benchmarked against other real customers.
- Compares component spend against companies buying what you are buying.
- Identifies price outliers that offer immediate best chance for cost reduction success.
- Estimates target prices for worst priced components.
- Independent database of millions of current electronic component prices for over 9,000 manufactures.
- Secure and confidential
How does it work?

Identify

- Identify and collect unlimited parts for analysis.
- Upload part numbers, annual volume, and price paid into a single Excel file.

Analysis

- Parts matched in the Component Price Benchmark database and competitiveness level (overall and in each commodity) is determined.
- Competitiveness is a statistically derived parameter obtained by comparing prices at annual volumes to the actual prices being paid by others buying the same components. Higher scores are better (70% competitiveness level means 30% of companies are getting better pricing).
- Target prices are calculated for the worst priced components and set to customer’s commodity competitiveness level.
- Approximately one week process time.

Results

- Confidential benchmark analysis
- Benchmark dashboard / high-level summary
  - Submitted data vs. benchmarked data
  - Benchmark assessment
  - Actionable price optimization
  - Risk assessment
- Competitiveness level by commodity and region
- Component price “outliers” and target prices

![Executive Dashboard](image)

Additional IHS Markit benchmarking tools that can provide valuable insight into component selection, status, and pricing to help find future cost optimization

Teardown

Component Price Landscape

For more information ihsmarkit.com/technology

About IHS Markit

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world’s leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.