



TECHNOLOGY

Component Price Benchmark

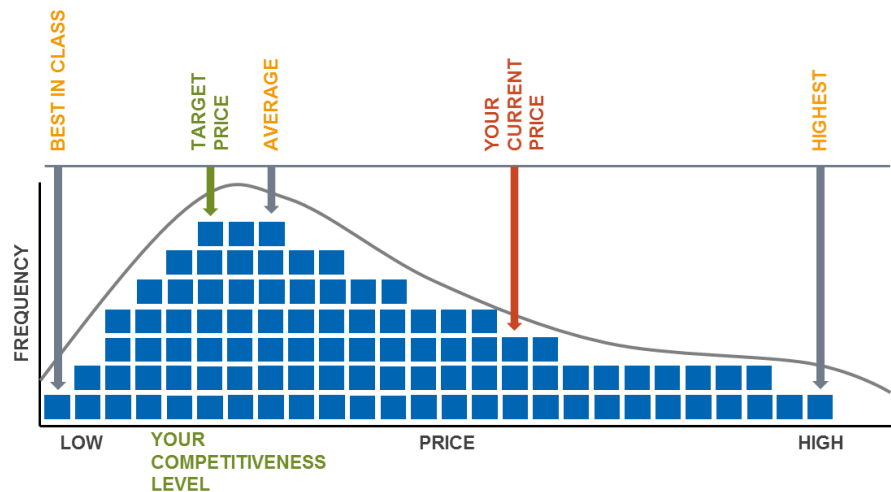
Benchmark analysis of component prices compared against other companies that identifies price outliers and appropriate price targets

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			
Submitted Data		Benchmarked Data	
Total Parts Submitted	7,174	5,378	75.0%
Total Commodity Groups	32	32	100%
Total Annualized Spend	\$ 75,281,220	\$ 25,481,961	33.8%
Benchmark Assessment			
Your Competitiveness Level		 > 80% Very Competitive	
<small>With 100% representing "Best in Class", your overall spending competitiveness is at the 83rd percentile. The assessment is a statistical comparison of your spending to companies buying the same "Form, Fit and Function" (FFF) components as your analyzed bill of materials.</small>			
Actionable Price Optimization		Percentage of Best in Class Opportunity	
\$ 3,475,824		76%	
<small>Our benchmarking has identified savings potential available through negotiation of \$3,475,824.</small>			
Best in Class Savings Opportunity		Extrapolated Savings Opportunity	
\$ 4,561,271		\$ 10,170,338	
<small>At Best in Class or Market Leading pricing your spending on matched components would be \$5%#\$. This spending difference to actual spending, creates the Savings Opportunity. The savings opportunity extrapolated linearly from the match rate of your BOM is the Extrapolated Savings Opportunity.</small>			

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

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