

COUNTERFEIT RISK & MITIGATION

COUNTERFEIT RISK BY THE NUMBERS

\$75 Billion

Size of Fake Semiconductor Industry

Counterfeit Electronics worth

\$145 Million

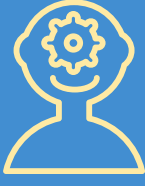
were seized in 2013 by the U.S. Government

\$169 Billion

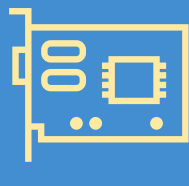
of Fake Electronics are in the marketplace

Sources: Industry Week, Havocscope, and Department of Homeland Security's 2013 Year End IPR Review

ELECTRONICS MANUFACTURING REQUIRES CONSTANT DILIGENCE WHILE PROCURING COMPONENTS FROM THE SUPPLY CHAIN.



New System Design



Sustained Production



Costs & Budgeting

- Planning
- Supply Chain Insight
- Data & Information from SiliconExpert
- Tech Trends

- Panic with no plan
- Perceived Higher Component Costs
- Unanticipated Shortages

Original Component Manufacturer



Purchasing from the **AUTHORIZED** Supply Channel

SiliconExpert COMPLETE & ACCURATE SUPPLY CHAIN DATA

Counterfeit CONSEQUENCES to the OCM

- Reputation Harm
- Loss of Revenue
- Warranty Costs
- Brand Erosion
- Litigation Costs
- Investigation Costs
- Risk to Intellectual Property

Counterfeit Risk!



Purchasing from the **UNAUTHORIZED** Supply Channel

NO DATA or inaccurate info about components

DATA & INFO BENEFITS!

- Higher profits and margins
- Better product reviews
- Higher quality



Cell Phones, Laptops, Computers, Games Consoles, TVs, DVD Players

Consumer

COUNTERFEIT IMPACTS!

- Loss of life/illness and injury
- Lower consumer confidence
- Situational dangers and negligence



- Avoid litigation
- No worries about NDAA ruling
- No injuries or loss of life



Airplanes & Jet Fighters, Military Equipment, Space Technology

Mil/Aero

- Breach of Contract
- NDAA liability and fines
- Reduced revenue
- Compromised mil/aero systems

- Quality control strategy
- Accurate component purchases
- Product guarantee confidence



Medical, Petrochemical, Energy, Satellite, Optical Communications

Hi-Rel

- New contracts lost
- Incorrectly marked components
- Liability for field failures
- Injury and loss of life

- Positive economy
- Confidence in elected officials
- New contract awards



Government

- Loss of tax revenue
- Tainted government reputation
- Damaged foreign relations/investment.
- Unemployment consequences

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