

AUTOMOTIVE AND MEDICAL WILL HELP DRIVE EMS GROWTH



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The electronics manufacturing services market for the Americas will grow from \$45.7 billion in 2012 to \$52.3 billion in 2017, according to researcher, IHS.

Electronics Sourcing North America questioned senior vice president, strategy and marketing, Gelston Howell, about what will drive the EMS market in the US, Canada and Mexico over the next five years.

ESNA: What's the overall outlook for the EMS industry?

Howell: "It is very solid. The business model for EMS is an enduring one. No matter what types of products are envisioned, developed and introduced by leading technology companies, whether they be complex industrial, medical, defense or telecommunications equipment, they have to be designed, manufactured and distributed worldwide.

ESNA: Which customer segments will drive EMS business?

Howell: The key markets for Sanmina are communications networks, computing and storage, industrial and energy, medical, defense and aerospace, automotive and multimedia. While we design and produce a wide variety of electronic, RF, optical and

electromechanical products, we focus on higher complexity products where our core technologies can truly add value for our customers. For example, in communications networks, our high-speed backplanes and PCBs incorporate the latest laminate materials, qualified in house by Sanmina, enabling our customers to advance performance levels for next generation internet and wireless infrastructure. Similarly, we design and produce RF and optical transceivers that enable higher wireless and wire line bandwidths for future communications products.

ESNA: Will the automotive market become a more important customer segment for Sanmina and the entire EMS industry?

Howell: We have seen growth in the automotive segment over the past several years, due in part to the increase in electronic content in automobiles. There are quite a few examples that we use every day in our cars, from infotainment systems to dashboard displays, engine controllers and park assist electronics. There are an ever increasing number of complex electronics that goes into automobiles. This automotive design evolution is going to continue, increasing the amount of electronics dollar content in each car.

ESNA: Are there any other factors that will drive growth in North America?

Howell: From our perspective, one factor that drives growth is the increasing complexity of products being co-developed or

outsourced by companies in North America. Our North American facilities are close to many of our customers, which mean our engineers engage directly with their engineers to design, prototype, and test and co-develop technologies for new products that are very complex. This proximity speeds the development process, time to market and in many cases the competitiveness of the new product. That is, more innovative technology solutions can be developed because of direct collaboration between our engineers and our customers' engineers.

ESNA: Are there certain customer segments that will outsource more manufacturing or perhaps outsource for the first time?

Howell: Industries that are highly regulated are outsourcing more product development and manufacturing, such as medical, aerospace and automotive segments. Sanmina and other companies have facilities all over the world with manufacturing certifications for these highly regulated industries, while bringing the benefits of outsourcing to these segments.



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ESNA: Will manufacturing in North America primarily be for products sold in the North American market, or will more manufacturing be for export to other continents?

Howell: We have 75 facilities in every major region worldwide and we are definitely seeing a trend to more regional manufacturing. Because of shipping, trade, duty and tariff differences in each region, and the need for more efficient logistics, we are seeing more manufacturing for products offered in that region, done in that region. The even more important trend though is that products are being developed for a particular country or region. For example, medical electronic products and set top boxes are being defined and developed for a particular country or region and then produced in that region based on market demands. So, a set top box we develop for the US market might have greater complexity than a system we design and develop for another country.

ESNA: Is it more or less challenging to manufacture in North America than in other regions?

Howell: The challenges are not significantly different worldwide, but each region has different assets, with some being more new product design focused, while others are more volume production focused. Our North American business is a mix of producing products for the Americas as well as being gateway facilities for manufacturing in other parts of the world.

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