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DYNAMIC EMS
ENABLING MARKET SOLUTIONS

Press Release
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Dynamic EMS – 2018 Industry Reflection – 2019 Technology Outlook

2018 Reflection – Looking Back to Move Strategically Forward

UK leading Electronics Manufacturing Service provider (EMS) Dynamic EMS, speaks on 2018's most significant industry indicators and offers insight on what's on the horizon for the 2019 technology drivers.

2018 was a very demanding year at Dynamic EMS, particularly with market conditions on the supply chain (allocation, extended lead times, tariff uncertainties, increasing costs). We continued to see the trend of suppliers merging and acquiring companies, and the continuing developments in distribution models all impacting EMS companies. We also have the associated perceived levels of uncertainty that the political landscape (both in Europe and the US) has brought, and to some degree, the humanitarian look at the supply of raw minerals impacting supply. Nevertheless, it has been a good year for component manufacturers and distributors, many of which have reported record quarterly sales during 2018. We have also seen China taking a big step in its push into the memory IC industry.

Three major Chinese companies got ready for trial production of DRAMs and NAND flash in the second half of 2018. YMTC, Innotron (Hefei Chang Xin) and JHICC scheduled trial production of NAND Flash, mobile DRAM, and specialty DRAM, respectively, in the second half of 2018, according to DRAMeXchange, a division of TrendForce. Mass production will follow in the first half of 2019, marking China's first domestic chip production.

Under the umbrella of skepticism, if we look at the global EMS landscape (using published 2017 numbers – 2018 numbers not yet available), we can see a 5% growth across Europe in revenue terms ($) signifying that the EMS sector is as resilient as ever.

Here at Dynamic EMS, 2018 has seen a 6% growth in revenue terms, with long-term customers winning new markets, and the continual development, within Dynamic EMS, of customers with leading technologies entering our customer portfolio. We have also seen corporate customers exit the business, moving to a 'low-cost solution' predominantly based on unit cost.

As we move into 2019, we are taking a prudent view of market conditions and are predicting company growth of around 4.5%.

At Dynamic we continue to see a softening in the supply chain on certain commodities and look forward to the continued support of our supply chain partners into 2019. Original component manufacturers (OCMs) and electronics distributors are stating that they see no signs of a softening market. Ad-hoc executive interviews during the recent ECIA Executive Conference were consistent, components remain in high demand. Although lead times are stabilising, they are not contracting, and many continue to stretch beyond 30 weeks.

2019 Technology Outlook – Failing to Prepare, is Preparing to Fail

On the technology front moving into 2019 and beyond, we will see the continued development in wearable technologies, Fintech, IOT, BIOT, Augmented Reality, AI, and a continual thirst for sensor's collating useable data for the development of new innovative products.

We see Data is the foundation for modern business, delivering new waves of productivity, competitive advantage and innovation. But harnessing big data brings challenges to infrastructure. It is estimated that there will be 40 billion connected devices by 2040, 90% of the world's data created in the last 2 years, 50% power consumption increase by 2040. The 'always on' culture' leaps in computing capacity, data capture and connectivity are accelerating this change in a world where downtime is not an option'. The result is driving new product innovations (Quantum Computing) to maximise the benefits of this data. On the downside to all this data is the need to protect it, and there will be the emergence of Cybersecurity products to achieve this.

Looking Ahead, we will primarily be watching three things;

1. Wearables and the interface with apps and devices
2. Additive manufacturing e.g. 3D printing of components
3. Trade negotiations with China and its impact on "re-shoring or on-shoring." As a way to avoid tariffs, companies may use China as a component supplier and move finished goods assembly out to other countries

So, stay tuned and let's see as that clock turns once more from 2019 to 2020 if what we saw, we got!

About Dynamic EMS
At Dynamic EMS, we understand that no two-electronic equipment manufacturing customers are the same. Their products, their supply chains, and their markets all differ, which is why Dynamic EMS offers tailor-made, customised electronics manufacturing services to customers with complex, highly-diversified business.

From design to distribution, we enable our customers to be more competitive by bringing innovative solutions to market faster, with a commitment to quality in everything we do. Dynamic EMS – Your Product Solutions Architect.

Enabling Market Solutions for all technology companies.

Find out more about Dynamic, www.dynamic-ems.com.

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