SERVICE BRIEF

Second Sources for Electronics Manufacturing – Reducing Dependencies and Securing Supply

How EMS Strategy Group supports OEMs in establishing a second manufacturing source, identifying suitable partners and allocating manufacturing volumes effectively

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A second manufacturing source is more than a safeguard against unexpected disruptions. It reduces dependence on a single manufacturing partner and provides greater flexibility in terms of capacity, lead times and the allocation of future manufacturing orders. It also makes supplier offers easier to compare and can strengthen the OEM's negotiating position.

This is where EMS Strategy Group provides support.

Why a Second Source Makes a Difference

1. The Problem of Relying on a Single Manufacturer or Location

The Challenge

Many OEMs manufacture all their electronics through a single EMS provider or at a single location. This is convenient as long as everything works. There is one point of contact, established processes and short communication channels.

However, this dependency becomes apparent when something goes wrong. Quality issues, capacity constraints, disruptions caused by fire or insolvency, supply chain interruptions, political decisions or new customs regulations can seriously threaten supply continuity. *Without a qualified alternative, switching to another manufacturer at short notice is hardly possible.*

In addition, a single manufacturing partner may hold a strong negotiating position. Price increases, longer lead times and changes to commercial terms are more difficult to challenge when there is no comparable alternative.

Product and process-related knowledge is also often concentrated with the EMS provider. Incomplete or missing documentation makes a transfer even more difficult. A new source must first be qualified – and in a crisis, there is often not enough time to do so.

2. Our Approach – Building a Second Manufacturing Source Together

Our Approach

EMS Strategy Group supports OEMs in establishing a second manufacturing source. The objective is not simply to find another supplier, but to create a technically suitable and economically viable alternative that can be properly integrated into the existing manufacturing structure.

Every situation is different. We therefore work with you to develop a solution that fits your products, volumes, quality requirements and target markets. Both supply security and the overall cost-effectiveness of the manufacturing structure are taken into account.

3. Your Benefits

What an OEM Gains from Having a Second Source

Greater Supply Security

In the event of quality issues, capacity constraints or a site disruption, production can be transferred partly or entirely to the second partner, depending on qualification status and available capacity.

Stronger Negotiating Position

A qualified alternative makes it easier to compare prices, commercial terms, lead times and services. This can strengthen the OEM's negotiating position with existing manufacturing partners.

Manufacturing Closer to the Market

Depending on the sales strategy, regional manufacturing may offer advantages. Shorter transport routes, simpler logistics and the ability to meet local requirements can provide additional benefits.

Better Distribution of Risks

Regional, political, material-related and capacity-related risks can be spread across multiple partners and locations. This reduces dependence on individual structures.

Greater Flexibility During Demand Peaks

Additional manufacturing capacity can help manage increasing demand, new projects or production ramp-ups without overloading the existing partner.

Comparable Quality and Delivery Performance

Two manufacturing partners can be assessed using the same performance indicators. These may include defect rates, on-time delivery, customer complaints and response times.

Greater Control Over Product and Process Knowledge

Structured documentation of manufacturing processes, test plans and technical requirements makes knowledge more transferable. This reduces dependence on individual service providers.

More Flexibility for Growth

New products, additional markets and increasing volumes can be distributed across multiple manufacturing partners. This provides greater flexibility when making future manufacturing strategy decisions.

What EMS Strategy Group Specifically Provides

Dependency Analysis

Together with you, we assess which products, volumes and locations depend on which manufacturing partner and where the greatest need for action exists.

Requirements Profile

We translate your products, volumes, quality specifications and market requirements into clear selection criteria for a second manufacturing source.

Partner Identification and Evaluation

We identify suitable EMS partners and assess their technical capabilities, quality systems, financial stability and strategic fit. We prepare the basis for your partner selection decision.

Planning of Volume Allocation

We develop models for distributing manufacturing volumes across multiple sources in an economically and operationally viable way. We also consider the impact on costs, capacity utilisation and delivery performance.

Transfer and Qualification

We support the transfer of the necessary manufacturing information, technical qualification, first article production and pilot runs.

Support Through Production Ramp-up

We support implementation and coordinate the necessary activities until the second source is successfully integrated into series production.

EMS Strategy Group operates independently and has no in-house manufacturing capacity. We do not provide manufacturing services ourselves. Instead, we support OEMs in identifying, evaluating and implementing suitable manufacturing structures.

The Right Time to Act Is Now

Take a moment to consider the following question: How well could your company respond if your current manufacturing partner were suddenly unable to deliver as usual? Do you have an alternative you could turn to at short notice?

Talk to us if you would like to understand where your greatest dependencies lie and what a second manufacturing source could look like for your products and markets.

About the Author

Dirk Kaussen is Founder and Managing Director of EMS Strategy Group. With around 40 years of experience in the electronics industry — including founding and managing his own electronics manufacturing company in Germany — he brings deep expertise in manufacturing processes, EMS partner selection, supply chain stability, relocation projects, and risk management. His approach combines practical solutions with a direct connection to industrial reality.

About the EMS Strategy Group

EMS Strategy Group supports industrial enterprises in the strategic and operational advancement of their electronics manufacturing. Our core expertise lies in the strategic relocation of manufacturing volumes, the selection of qualified EMS partners, the establishment of new production capacities, and the expansion of existing manufacturing structures.

Furthermore, we design resilient supply chain frameworks, conduct comprehensive risk assessments, and guide dual-sourcing strategies, with operational support through to a successful series production ramp-up.

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