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Managing Critical Material Move out from a duopole market

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Case Study Introduction

European Market for High Purity Chemical dedicated to Semiconductor is limited in majority to two big actors sharing the market. With such a bipolar oligopoly, the customer is often constraint to keep a market share balanced to guarantee supply chain robustness

Case Study Challenge

By early 2017, one of the key supplier notified they were obliged to stop supply of H2O2 from one of their historical sources in a very short term.

The challenge for ST was mainly to secure the supply chain with immediate actions. This resulted also as an opportunity to break the duopoly to revert power balance.



Case Study Approach

The contingency action was to assess the situation with the current key suppliers and maximize temporarily the market share to the non affected one.

It was decided to engage discussion with the upstream raw material supplier and investigate the possibility to go in direct supply.

Case Study Results

ST introduced a 3rd competitor on this molecule with the effect of changing the balance of power between supplier and customer

and inducing robustness on the supply chain switching from a dual source to three direct sources.



Case Study Critical Success Factors

Upstream supplier demonstrated its capability to supply without any intermediate supplier

- on Supply Chain (fleet availability, proximity stocks)
- on Process (high purity grades, analysis lab),
- on ESH, QA, cost positioning

Right time to make this opportunity a reality

From challenge to opportunity

Case Study Lessons Learned

Some of the upstream suppliers are now ready to move to direct supply to the semiconductor market (higher margins, image of Semiconductor, know how, market evolution...)

Potential upstream suppliers have to be investigated without preclusion to detect opportunities



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