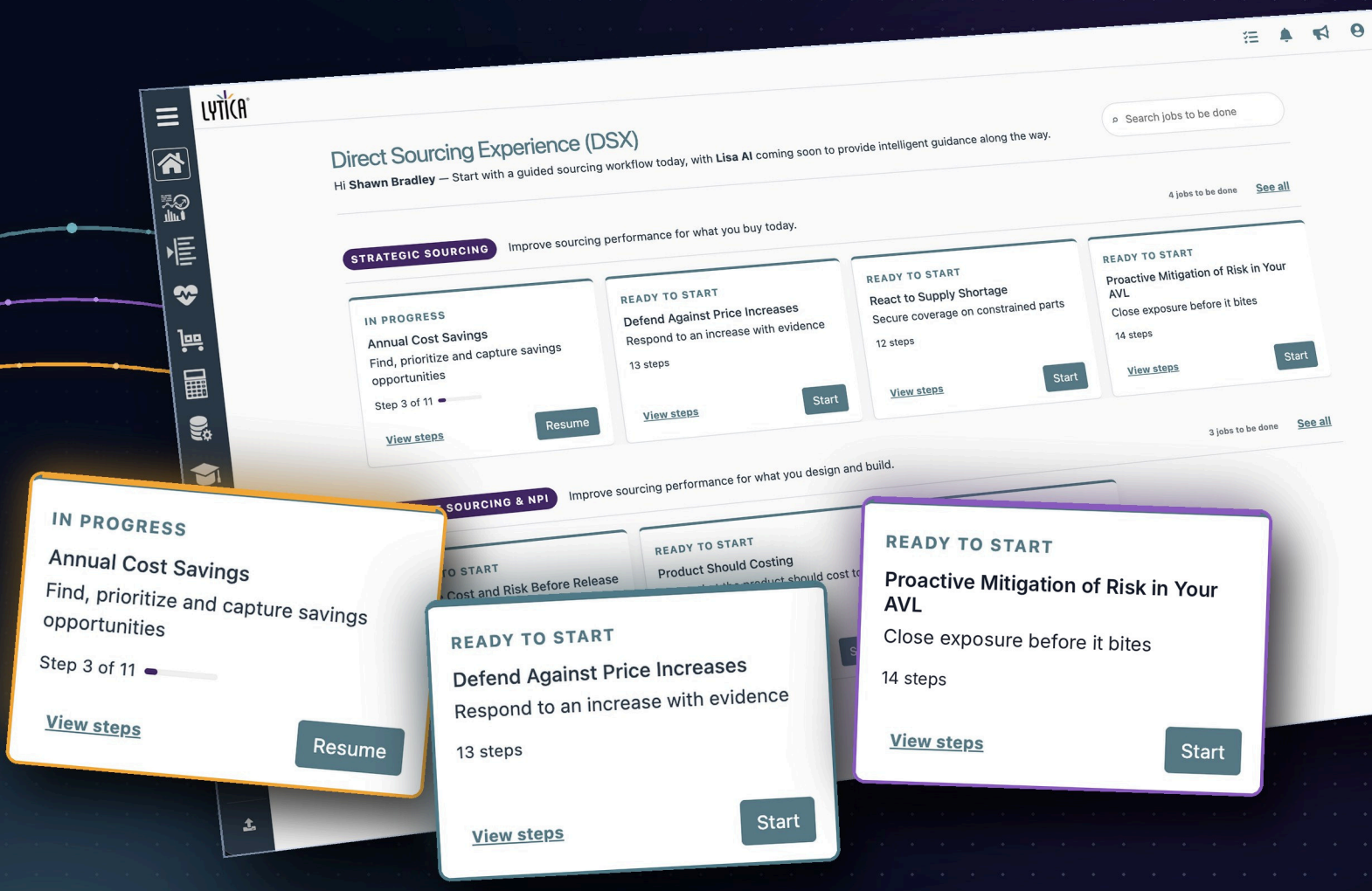
LYTICA®

EXTERNAL EDITION

LYTICA NEWSLETTER

October 2026

Every sourcing job has a starting point



01 Direct Sourcing Experience

02 Functional Alternatives

03 Neo AI Battlecards

04 State of the Market

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> Knowing is not enough; we must apply.
> Willing is not enough; we must do.
>
> — JOHANN WOLFGANG VON GOETHE

THIS MONTH

From sourcing intelligence to action

This month, discover the new Lytica Direct Sourcing Experience (DSX), explore Functional Alternatives in Price Estimator, and prepare for supplier discussions with enhanced Neo AI battlecards. Plus, review September's market shifts, visit the new lytica.com, and join the conversation on the future of direct sourcing.

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September at a glance

+2.98%
Overall price index, month over month
Up from +1.23% in August

+1.89%
Lead time growth, month over month
Down from +12.40% in August

95.23%
Overall stock availability
Broadly healthy

Source: Lytica market indices, September 2026. See the full report in this issue.

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NEW FROM LYTICA

Introducing the Direct Sourcing Experience

A connected system of work for direct sourcing

Your sourcing objective now has a starting point. The Direct Sourcing Experience (DSX) brings guided workflows to your Lytica homepage, connecting Lytica intelligence and capabilities around the work you need to accomplish.

Choose a sourcing job, preview the steps, and follow a guided path through the relevant capabilities. You can return to a workflow and resume where you left off.

Seven workflows to help you get started

STRATEGIC SOURCING

1. **Identify annual cost savings**
2. **Defend against price increases**
3. **React to a supply shortage**
4. **Proactively mitigate risk in your AVL**

PRODUCT SOURCING AND NPI

5. **Reduce cost and risk before release**
6. **Establish product should-costs**
7. **Validate RFQs**

Together, these workflows help teams manage cost, mitigate risk, and improve business performance with a more consistent path from insight to action.

Available now with more to come

This first release delivers guided workflows, with users controlling every decision and action. It establishes the foundation for Lytica's evolving agentic system of work. Future releases will introduce Lisa AI to help coordinate specialized agents, contextual intelligence, and sourcing activities.

Start from your Lytica homepage. Workflow availability depends on your licensed solutions; existing modules remain accessible through the left navigation menu.

▶ Watch the DSX overview video

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PRODUCT UPDATE

Price Estimator introduces Functional Alternatives

Understand your component options when cost or supply conditions change

Cost pressure, supply risk, lifecycle concerns, and new design requirements can all trigger the same question: what other components could we consider?

Functional Alternatives in Price Estimator helps sourcing and engineering teams identify and evaluate potential options directly within Price Estimator, with candidates ranked from the closest functional match outward.

See sourcing options at a glance

Each incumbent MPN now shows how many alternative candidates are available. Explore candidates across four classifications:

FFF	A	B	C
Equivalent Form, Fit & Function.	**Tier A** No identified loss, with one or more improvements.	**Tier B** Minor functional differences.	**Tier C** More meaningful differences requiring application-specific review.

◀ CLOSEST FUNCTIONAL MATCH MORE REVIEW REQUIRED ▶

Compare fit alongside sourcing stability

Lytica uses Functional Distance to evaluate relevant electrical, mechanical, environmental, and compliance differences against the incumbent part. Each candidate also includes its manufacturer, lifecycle, Overall Risk, and Component Stability, helping teams evaluate more than functional suitability alone.

Bring alternatives into your next review

Project exports now include a separate Alternatives tab with the top 10 ranked alternatives per MPN. Source MPN Row IDs connect candidates to their incumbent parts, while the main project export shows candidate counts and whether results were capped at 10.

> **Refresh an existing project**
> Select **Parts → Update Data** from the left-hand menu to bring in the latest Functional Alternatives.

Open a Price Estimator project to explore your alternatives.

Functional Alternatives support evaluation and do not constitute substitution approval. Final selection requires application-specific engineering review and consideration of qualification, availability, lifecycle, and commercial factors.

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PRODUCT UPDATE

Neo AI delivers more contextual negotiation battlecards

A clearer view of your position and how to approach the discussion

Based on customer feedback, Neo AI's enhanced Negotiation Battlecards bring together more of your AVL context, savings opportunities, and supplier intelligence to help you prepare for supplier negotiations.

Understand your negotiation position

See your buyer power alongside the supplier's pricing authority, with a recommended negotiation posture to guide your approach.

Assess both sides of the table

Neo considers your spend, volumes, sourcing position, and manufacturer relationships alongside Manufacturer Business Insights, including financial performance and inventory position. Peer comparisons add perspective where supporting data is available.

Focus on the selected context

Recommendations reflect your selected manufacturer and commodity or basket, where applicable, with negotiation points and dos and don'ts tied to the opportunities and constraints most relevant to your discussion.

See a more complete savings picture

Review Negotiation, Arbitrage, and Duplication Savings, with overlapping opportunities accounted for to avoid double counting.

Share your preparation

Export a concise PDF battlecard for colleagues involved in supplier discussions, including those without platform access.

USE YOUR NEXT BATTLECARD TO ANSWER

What is my position?

What is the supplier's position?

What should I do next?

Available to users with Neo AI access in Spend Benchmarking.

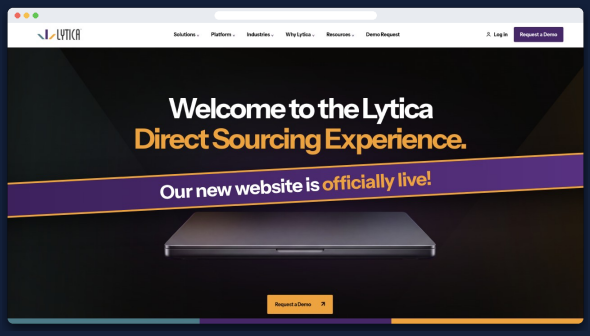
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NOW LIVE

Explore the new Lytica website

Our new website is live. Discover Lytica's Direct Sourcing Experience and explore how market intelligence, guided workflows, and specialized AI agents support your sourcing objectives.

The updated Knowledge Base is also available for product guidance and answers to common questions.



Visit the new Lytica website →

Explore the Knowledge Base →

WEBINARS

NOV
17
Tuesday
2:00–3:00 PM

The End of Sourcing Blind Spots

How DSX Transforms Electronic Component Procurement for 2027

Fragmented tools, opaque supplier quotes, and complex BOMs make it harder for sourcing teams to turn intelligence into results. Join Shawn Bradley and Gerry Abbey for the official launch webinar for the Lytica Direct Sourcing Experience.

Discover how DSX connects market intelligence, guided workflows, and specialized AI agents—and how the experience will evolve to support enterprise sourcing teams.

The DSX story
How a connected system of work helps teams address sourcing challenges using Lytica's proprietary market intelligence.

The Lytica difference
How intelligence and guided workflows support cost reduction, earlier risk recognition, and stronger sourcing performance.

Your 2027 playbook
Practical approaches to strengthen sourcing readiness and help your team act with greater confidence.

Speakers: Shawn Bradley, Vice President of Product Expansion, and Gerry Abbey, Senior Director, Product Marketing.

Register for the November 17 webinar →

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OCTOBER WEBINAR SPOTLIGHT

OCT
27
Procurement Leaders

Before the Headlines

How Top CPOs Gain a 60-to-90-Day Advantage Over Supply Chain Volatility

When supply disruptions reach the headlines, sourcing teams may already face higher costs, longer lead times, and fewer mitigation options. This webinar explores how Predictive Supply Risk Intelligence helps teams recognize emerging pressure sooner and create more time to respond.

The October 27 Procurement Leaders webinar features Varun Narayanan, VP, Business Transformation at Lytica; Iwan Kwak, AVP Strategic Sourcing at Calix; and Emma Fontete, Senior Conference Producer at Procurement Leaders, discussing early market signals and proactive supply risk management.

Explore how **70+ signals across supply, demand, and capacity** can surface developing market pressure, helping teams assess exposure, plan mitigation, and reduce reliance on emergency spot-buys.

Watch the webinar →

MARKET INTELLIGENCE

September State of the Market

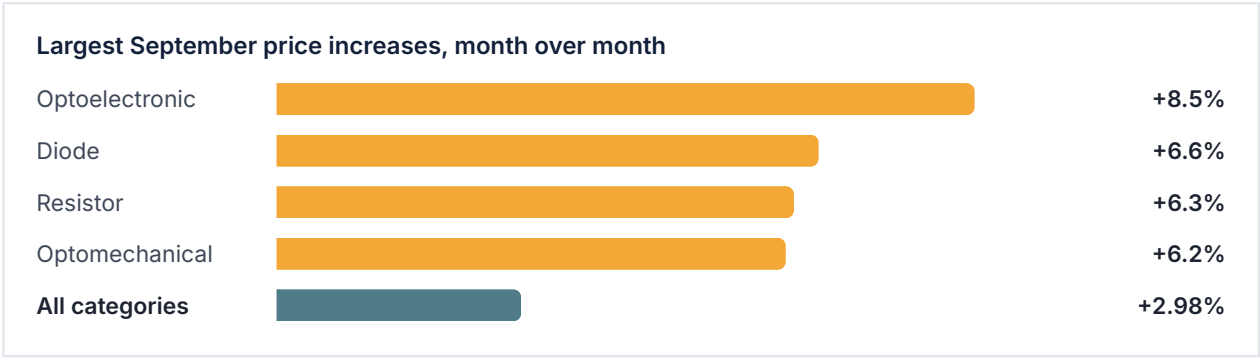
Price increases accelerate as lead time growth slows

September brought a sharper cost challenge for electronic component sourcing. Lytica's overall price index rose **2.98%** month over month, up from 1.23% in August, with prices increasing in **30 of the 31 categories** tracked.

Lead times continued to lengthen overall, but at a much slower rate: growth eased to 1.89%, compared with 12.40% in August. Overall stock availability remained broadly healthy at 95.23%.

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Broad cost pressure with concentrated supply risks



Pricing pressure broadened

Optoelectronic recorded the largest price increase at 8.5%, followed by Diode at 6.6% and Resistor at 6.3%. Improving delivery conditions should not be taken as a signal that pricing pressure has passed.

Optomechanical warrants a closer review

Prices rose 6.2% and lead times extended 14.7%, making it September's clearest combined cost and replenishment warning—even with current availability of 96.7%.

Delivery pressure remains in selected categories

Magnetic lead times increased 16.2%, while Processor lead times rose 10.3%. Review critical demand and supplier commitments where your exposure is highest.

Headline availability masks pockets of tightness

Battery availability was 82.0% and Resistor 84.3%. Thermal Management, Frequency Control, and Connector were also below 90%.

What this means for your sourcing team

Separate broad pricing pressure from category-specific supply exposure. Validate price increases at the MPN level, recheck delivery commitments in the most affected categories, and assess alternative sources where cost and supply risks overlap.

Maintain forward Memory coverage and keep Battery on your availability watch list. A healthy overall stock figure can conceal meaningful exposure within your own BOM or AVL.

Explore Lytica's State of the Market reports →

Lytica's market indices track a basket of approximately 165,000 electronic components across more than 30 categories. They show market trends; individual component and BOM exposure requires more specific analysis.

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Stay informed.
Source smarter.

Get monthly market insights, sourcing strategies, product updates, and practical guidance for navigating the electronic components supply chain.

Subscribe at **lytica.com/resources/resource-hub** or scan the QR code.

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