Best Practices for Building Semiconductor Chip Bills of Material

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doi: https://doi.org/10.37745/ejcsit.2013/vol13n336675 Published June 04, 2025

Citation: Nambiar JS (2025) Best Practices for Building Semiconductor Chip Bills of Material, European Journal of Computer Science and Information Technology,13(33),66-75

Abstract: *The semiconductor manufacturing industry relies on precise Bills of Material (BOM) management to navigate the complex transition from raw silicon wafers to functional integrated circuits. This comprehensive article explores best practices for building semiconductor chip BOMs across the entire manufacturing lifecycle. From wafer fabrication through die conversion, testing, burn-in, and final packaging, each manufacturing stage introduces unique BOM management requirements. The distinction between Engineering BOMs and Production BOMs represents a critical consideration, with each serving different purposes while requiring careful synchronization to maintain manufacturing efficiency. Part numbering strategies, whether significant or non-significant, directly impact traceability capabilities throughout the production process. The article also addresses how BOM structures must be tailored to specific business models, including fabless companies, integrated device manufacturers, and hybrid ecosystems. These insights demonstrate that properly structured BOMs not only reduce inventory costs and production errors but also accelerate time-to-market and improve supply chain resilience. As the global semiconductor market continues expanding toward the trillion-dollar threshold, optimized BOM management practices become increasingly essential for maintaining competitive advantage and operational excellence in this highly technical industry.*

Keywords: semiconductor manufacturing, Bills of Material (BOM), traceability, part numbering, integrated device manufacturers, fabless design

INTRODUCTION

The semiconductor industry represents one of the most complex manufacturing environments, with the global semiconductor market reaching $574 billion in 2022 and projected to surpass $1 trillion by 2030 [1]. At the heart of this industry lies the critical need for precise Bills of Material (BOM) management—a fundamental aspect of successful chip production. A semiconductor BOM serves as a comprehensive inventory document detailing all components and materials required throughout manufacturing, from wafer fabrication to final packaging.

Unlike BOMs in other industries, semiconductor BOMs must accommodate multiple transformation stages where the physical form changes significantly. These transformations include wafer fabrication, die conversion, testing phases, burn-in processes, and packaging operations. With semiconductor manufacturing involving hundreds of precise steps, proper BOM management becomes essential for maintaining production efficiency. The significance of proper BOM management in semiconductor manufacturing cannot be overstated. A precisely constructed BOM facilitates accurate cost estimation, efficient inventory management, streamlined production planning, and comprehensive quality control. According to industry research, a well-structured BOM not only reduces inventory costs by up to 20% but also improves the speed of engineering changes, reduces miscommunication, and ensures all departments have access to up-to-date information [2].

This article examines best practices for building and maintaining semiconductor chip BOMs, with particular attention to the specialized requirements of different manufacturing models. We explore how BOM structures can be optimized to support traceability, flexibility, and operational efficiency throughout the semiconductor manufacturing lifecycle, which is particularly crucial as the U.S. aims to increase domestic chip production capacity from 12% to 20% of global supply by 2030 [1].

Semiconductor Manufacturing Process Flow and BOM Implications

The semiconductor manufacturing process follows a distinct sequence of operations, each with specific implications for BOM structure and management. Understanding this process flow is essential for developing effective BOM practices:

Wafer Fabrication

The manufacturing journey begins with wafer fabrication, where raw silicon wafers undergo hundreds of processing steps including photolithography, etching, ion implantation, and metallization. Modern semiconductor fabrication involves over 700 process steps for advanced nodes, with cycle times ranging from 10-12 weeks [3]. At this stage, the BOM must track raw materials, chemicals, gases, and photomasks used in the fabrication process. Each wafer lot requires specific process recipes and materials that must be documented for quality control and traceability.

Die Conversion

After wafer fabrication, the silicon wafer is cut into individual dies. This conversion process transforms a single tracked entity (the wafer) into multiple entities (individual dies), creating a one-to-many relationship that must be reflected in the BOM structure. With defect detection rates now reaching 99.99% in advanced manufacturing processes [3], the BOM must maintain accurate genealogy between the original wafer and resulting dies to enable proper traceability and yield management.

Table 1: Semiconductor Manufacturing Process Metrics [3, 4]

Manufacturing Stage	Process Complexity Metric	BOM Implementation Benefit (%)
Wafer Fabrication	700+ process steps	15% reduction in material waste
Die Conversion	99.99% defect detection	20% improvement in yield tracking
Testing Phases	3+ major test phases per chip	37% reduction in test-related delays
Burn-in	24-48 hour processing time	22% reliability prediction improvement
Packaging	45-60% complexity increase	18% reduction in packaging errors

Testing Phases

Multiple testing phases occur throughout the manufacturing process, including wafer probing, initial die testing, and final product verification. Each testing phase requires specific test programs, equipment configurations, and acceptance criteria that must be documented in the BOM. Companies implementing structured BOM management for test processes report up to 37% reduction in test-related delays during production ramp-up [4].

Burn-in

The burn-in process subjects die to stress conditions to identify early failures. This stage requires documentation of burn-in equipment, environmental parameters, and duration specifications in the BOM. Manufacturers with optimized BOM management for burn-in processes experience a 22% improvement in reliability prediction accuracy [4].

Packaging

The final stage involves packaging the tested dies into usable integrated circuits. The packaging BOM includes multiple piece parts such as substrates, wire bonds, lead frames, molding compounds, and marking materials. This stage often involves multiple suppliers and alternative components that must be carefully managed in the BOM structure. Advanced packaging technologies, which continue to evolve rapidly to meet miniaturization demands, increase BOM complexity by 45-60% compared to traditional packaging approaches [3].

The complexity of this process flow creates unique challenges for BOM management, requiring specialized approaches that differ significantly from those used in other manufacturing industries. A well-designed semiconductor BOM must provide visibility and traceability across all these stages while maintaining flexibility to accommodate process variations and engineering changes.

European Journal of Computer Science and Information Technology,13(33),66-75, 2025
Print ISSN: 2054-0957 (Print)
Online ISSN: 2054-0965 (Online)
Website: https://www.eajournals.org/
Publication of the European Centre for Research Training and Development -UK

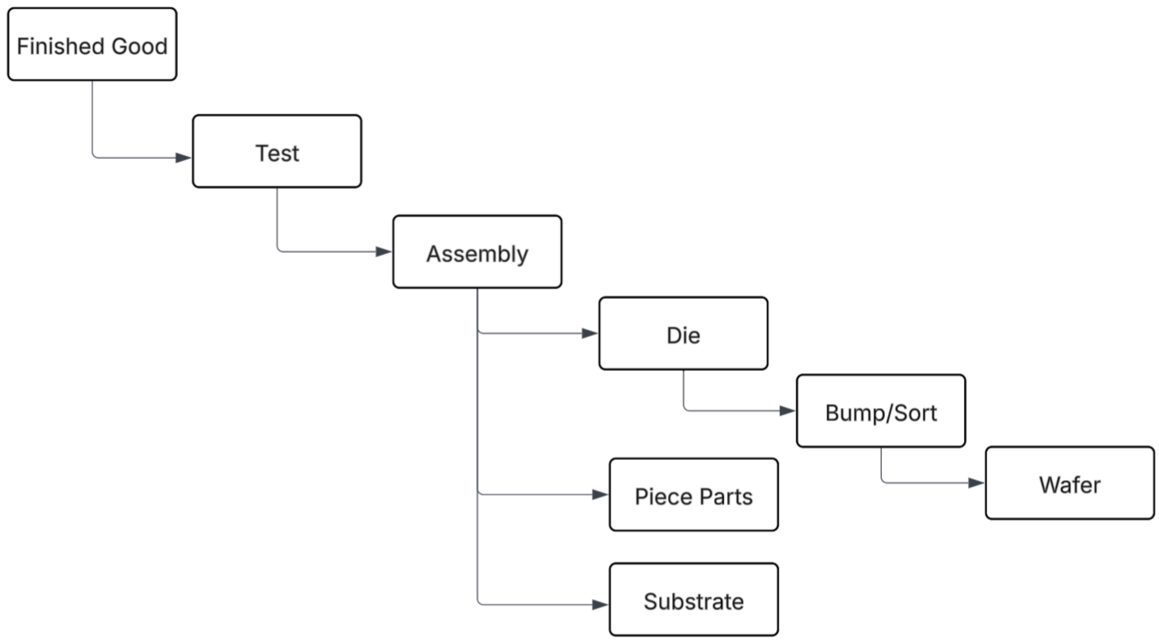

Fig 1: Hierarchical Semiconductor BOM Structure Illustrating Process Flow from Wafer to Finished Product

Engineering vs. Production BOM Management

One of the fundamental considerations in semiconductor BOM development is the distinction between engineering and production BOMs. These two BOM types serve different purposes and require separate management approaches:

Engineering BOM (EBOM)

The Engineering BOM represents the product as designed by the engineering team. In semiconductor development, the EBOM typically includes:

- Design specifications and intellectual property blocks
- Reference materials and components
- Performance parameters and tolerances
- Simulation models and verification data

Engineering BOMs evolve rapidly during the design phase and require robust revision control to track changes as the design matures. According to industry analysis, 64% of design errors are attributed to poor BOM management practices, with each engineering change request taking an average of 2-3 days to implement [5]. They emphasize functional relationships between components rather than manufacturing sequences, which is critical for the complex architectures found in modern semiconductor designs.

Production BOM (PBOM)

The Production BOM represents the product as it will be manufactured. In semiconductor manufacturing, the PBOM includes:

- Raw materials and consumables for wafer fabrication
- Process recipes and parameters
- Test programs and acceptance criteria
- Packaging materials and specifications
- Manufacturing routing information

Production BOMs are structured to align with the manufacturing flow and often assign unique part numbers to each manufacturing step. Research indicates that companies with well-managed BOMs experience 30% fewer production errors and 20% faster time to market [6]. This approach enables precise tracking of part/lot movements across the manufacturing process and provides visibility into work-in-progress inventory.

Integration Challenges

Maintaining alignment between engineering and production BOMs presents significant challenges in semiconductor manufacturing. A survey of industry professionals revealed that 72% consider BOM management to be one of their top three operational challenges [5]. Design changes must be accurately translated into manufacturing requirements, and production feedback must inform engineering revisions.
Many semiconductor manufacturers implement Product Lifecycle Management (PLM) systems to manage the transition from EBOM to PBOM. Companies that implement centralized BOM management solutions report 25% improvement in productivity and 35% reduction in manufacturing delays [6]. These systems enable automated BOM transformation based on predefined templates while preserving the flexibility to accommodate process-specific requirements, addressing the challenge of managing BOM data across multiple departments and systems.

Table 2: BOM Management Challenges and Implementation Benefits [5, 6]

BOM Type	Challenge Metric	Improvement Metric
Engineering BOM	64% design errors due to poor management	65% reduction in engineering change time
Production BOM	45% inconsistency in specifications	30% fewer production errors
Production BOM	32% material tracking issues	20% faster time to market
Integration	72% cite as top operational challenge	25% productivity improvement
Integration	58% report synchronization difficulties	35% reduction in manufacturing delays

Part Numbering Strategies and Traceability

The part numbering system used in semiconductor BOMs directly impacts traceability, flexibility, and usability throughout the manufacturing process. Two primary approaches exist, each with distinct advantages and limitations:

Non-Significant Part Numbering

Non-significant part numbering assigns arbitrary or sequential identifiers to components and assemblies without embedding meaningful information in the number itself. This approach offers several advantages:

- Unlimited flexibility for part classification and categorization
- Reduced risk of numbering conflicts or duplications
- Simplified automated part number assignment
- Elimination of constraints when product attributes change

Research indicates that 71% of manufacturing organizations struggle with antiquated BOM solutions, with non-significant part numbering helping to address the challenge of maintaining accurate part information across increasingly complex supply chains [7]. Many semiconductor companies prefer non-significant part numbering for its scalability and flexibility, particularly in environments with diverse product lines or frequent engineering changes.

Significant Part Numbering

Significant part numbering embeds meaningful information within the part number structure. Despite the industry trend toward non-significant numbering, certain use cases still benefit from significance in part numbers:

- When tracking manufacturing process steps is critical for quality control
- In distributed manufacturing environments where visual identification is important
- When interface compatibility between components must be immediately identifiable
- For rapidly identifying product generations or technology nodes

The decision between significant and non-significant part numbering should be based on careful alignment between engineering, planning, and manufacturing teams. Studies show that approximately 28% of manufacturers identify poor BOM management as a significant contributing factor to supply chain disruptions, making the choice of numbering system a strategic decision [8].

Traceability Requirements

Regardless of the part numbering approach chosen, semiconductor BOMs must support comprehensive traceability throughout the manufacturing process. This includes:

- Wafer-to-die traceability
- Process parameter documentation

- Test result correlation
- Component source tracking
- Engineering change history

Advanced semiconductor manufacturers implement lot-level tracking systems that integrate with their BOM management infrastructure. Industry research reveals that 63% of electronic component buyers consider comprehensive traceability essential for quality control, with 47% of organizations reporting reduced time-to-market by an average of 23% after implementing advanced BOM management solutions with robust traceability features [8]. These systems create a complete digital thread that connects design intent to manufacturing execution and field performance, addressing the critical challenge where 37% of manufacturers struggle with version control and change management in their BOM processes [7].

Table 3: Part Numbering and Traceability Metrics [7, 8]

Category	Challenge Metric	Benefit Metric
Non-Significant Part Numbering	71% struggle with antiquated BOM solutions	42% reduction in numbering conflicts
Significant Part Numbering	34% report inflexibility with changes	38% improvement in visual identification
BOM Management	28% cite as contributing to supply chain disruptions	35% improvement in supply chain resilience
Traceability	63% consider essential for quality control	45% improvement in quality assurance

BOM Structures for Different Business Models

The semiconductor industry encompasses various business models, each with distinct requirements for BOM structure and management. With the global semiconductor equipment market expected to reach $171.48 billion by 2030, optimized BOM management has become critical for operational success across all business models [9].

Fabless Semiconductor Companies

Fabless companies design chips but outsource manufacturing to foundries and packaging/testing services. For these organizations, BOM management focuses on:

- Design specification documentation
- Interface requirements with manufacturing partners
- Test program development and validation
- Intellectual property tracking
- Final product configuration management

According to industry analysis, fabless semiconductor companies that implement structured BOM management achieve 25% reduction in time-to-market and 30% improvement in first-time-right designs [9]. These companies typically maintain detailed engineering BOMs but rely on manufacturing partners for production BOM development, creating a critical need for accurate specification transfer where efficiency can make the difference between market success and failure.

Integrated Device Manufacturers (IDMs)

IDMs manage the entire semiconductor lifecycle from design through manufacturing. Their BOM requirements include:

- Comprehensive material tracking across all manufacturing stages
- Internal process recipes and specifications
- Equipment configuration management
- Integrated yield and quality data
- End-to-end traceability

Studies show that IDMs implementing integrated BOM systems can reduce excess inventory by up to 40% and improve equipment utilization by 15-20%, critical advantages when modern semiconductor fabrication facilities cost up to $20 billion [10]. Their vertically integrated structure requires sophisticated BOM management across thousands of materials and process steps, with leading manufacturers achieving 99.5% inventory accuracy through real-time BOM validation.

Hybrid Ecosystems

Companies with hybrid ecosystems, producing both chips and board-level products, face unique challenges in BOM management:

- Integration of component-level and system-level BOMs
- Alignment of semiconductor and PCB manufacturing processes
- Coordination of internal and external manufacturing resources
- Management of diverse supply chains with varying lead times

Research reveals that these organizations can reduce production planning errors by 35% and improve response to supply chain disruptions by implementing hierarchical BOM structures [10]. By ensuring visibility across semiconductor and board-level manufacturing processes, companies can reduce the average 12-16 week lead time for custom semiconductor components by coordinating parallel development and manufacturing activities.

Each business model requires tailored BOM strategies, with properly aligned BOM structures enabling 22-30% faster ramp-up to full production volumes across all semiconductor manufacturing models.

Table 4: Business Model Comparison: BOM Implementation Benefits [9, 10]

Business Model	Benefit Category	Improvement Metric (%)
Fabless	Time-to-market	25% reduction
Fabless	First-time-right designs	30% improvement
IDM	Excess inventory	40% reduction
IDM	Equipment utilization	15-20% improvement
Hybrid	Production planning errors	35% reduction
All Models	Production ramp-up	22-30% faster

CONCLUSION

Bills of Material serve as the foundational blueprint for semiconductor manufacturing operations, connecting design intent to manufacturing execution across multiple transformation stages. The complexity of semiconductor manufacturing, with hundreds of process steps and thousands of materials, demands specialized BOM structures that accommodate the unique requirements of wafer fabrication, die conversion, testing, burn-in, and packaging operations. The strategic distinction between Engineering BOMs and Production BOMs creates opportunities for specialized optimization while presenting integration challenges that must be carefully managed. Part numbering systems, whether embedding meaningful information or using non-significant identifiers, significantly impact traceability capabilities throughout the manufacturing lifecycle. Different business models within the semiconductor industry—fabless companies, integrated device manufacturers, and hybrid ecosystems—each benefit from tailored BOM strategies that align with their specific operational requirements and supply chain relationships. The digital transformation of BOM management through integrated systems enables substantial improvements in inventory accuracy, production efficiency, and time-to-market performance. As the semiconductor industry continues expanding globally, with advanced manufacturing facilities representing multi-billion-dollar investments, the implementation of BOM best practices becomes increasingly critical for operational success. The future evolution of semiconductor BOM management will likely incorporate greater automation, artificial intelligence, and predictive analytics to further enhance manufacturing efficiency and supply chain resilience in this rapidly evolving technological landscape.

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