



UbiStor Advisor: Practical Insight for the Successful Distribution Company

From Bad to Better: News Updates Tell the Story

Keeping up with economic news from the wholesale-distribution sector has been largely a study in bad news. The industry as a whole has suffered but good news is on the horizon and experts forecast better times ahead. As we evaluate industry research and articles, we have uncovered an insight—an opportunity really—for distributors to consider. Read the news, our point of view, and recommendations.

First: Distributors have experienced bad times but the future is bright.

A Bad Q1 for Distributors, but the Worst is Over

Distribution Trends, June 2009

The recession is not over, but we are at (or near) the bottom. Time to start getting ready for the emerging risks associated with the coming economic recovery. The first quarter of 2009 was horrible for wholesaler-distributors. While the 2009 outlook for many wholesale distribution sectors has worsened, we are still on track for recovery in 2010. The latest economic data show that many sectors are either stabilizing (or merely getting worse at a slower rate). However, consistent year-over-year growth will not return until 2010.

The question is no longer "when will the recovery begin?" but rather "what will the recovery look like?" The recovery will probably be gradual compared to historical norms. The most likely scenario appears to be a "U-shaped" recovery, assuming no major policy errors.

So, buckle your seatbelts and get prepared!

Next: Despite economic conditions distributors continue to invest in their IT

Technology in the Distribution Industry: Trends and Challenges in a Troubled Industry

Sys-Con Media, June 2009

Even during the worst of times, distribution companies are investing in their IT infrastructure. There's a lot of data for benchmarking on IT spending by application in the distribution industry. Here are a few key findings:

Reader Overview:

- **Current industry forecast**
- **Industry IT benchmarks**
- **Recommendations for action**

- The wholesaler-distributors in our national sample spend one to two percent of their annual revenues on hardware and software per year. Almost 40 percent spend more than \$250,000 per year, while the largest companies spend more than \$1 million annually.
- IT spending by distributors remains solid in 2009. A majority of companies are increasing spending in 2009. Smaller distributors are investing to catch up to larger companies.

Then: We see an industry-wide trend reporting that distribution executives cannot get essential business information.

Gaining Visibility to Key Performance Metrics in the Distribution Industry

Distribution Trends - June, 2009

In a recent survey research paper titled, "Technology in Distribution: Trends and Future Challenges, Dr. Fein discusses how a majority of distributors across various industries lack the ability to track key performance metrics. The specific key performance metrics evaluated in the research include gross profit by customer, average order size by customer, operating profit by customer, delivery performance by customer, and profitability of fee-based services. Executives from various distribution industries report mixed and, in some cases, truly disappointing results in their abilities to access such information.

Our Point of View—and Some Timely Recommendations

Economic recovery is on the horizon. Whether your company has maintained a status quo, experienced growth, or suffered significant losses, it is critical that you prepare now to capitalize on the emerging recovery. In order to remain competitive—whether that is a matter of sustaining market dominance or recouping substantial losses—we recommend taking practical action in these areas now:

- Checkpoint your IT infrastructures: Are you well-prepared for the recovery? Does your IT spending align with the industry benchmarks noted in the news we provided?
- Checkpoint your all-important company data: Are you getting the reporting you need? Are you able to effectively backup and retrieve your data in a way that ensures timely access and safeguarding? Are you using the most effective method, and provider, to ensure that this key asset of your business is in a fit state of "readiness"?
- Use proven experts to help with your checkpoints—there is no substitute for proven experience.

Because we successfully serve a growing number of distribution clients, we can be an effective resource to help with your checkpoints. Count on us to understand your business, work with your priorities and earn our hallmark "partner" role as a trusted advisor to your business.

About UbiStor

UbiStor, Inc. is a privately-held, vendor-independent IT services company offering disaster recovery planning and related services. The company supports a complementary portfolio that includes managed offsite, online data backup and recovery scaling to private vaulting solutions, email archiving/journaling, consulting, and many other IT support services. Founded and led by Fortune 500 executives, UbiStor is dedicated to helping its customers achieve affordable data assurance, from consulting to constructing fully outsourced models. Whatever the challenge, UbiStor's fully-tested solutions satisfy HIPAA, Sarbanes-Oxley, and SEC requirements. For more information, visit www.ubistor.com.