

# Interview

## The Brightpoint Story

An Interview with Robert J. Laikin,  
Chairman of the Board and Chief Executive Officer, Brightpoint, Inc.



Robert J. Laikin

**EDITORS' NOTE** Robert Laikin launched Brightpoint from its inception as Wholesale Cellular in 1989 to an approximately \$5 billion Fortune 500 global leader in the wireless handset distribution and customized logistics space. He is its Co-Founder and Director since August 1989, and has been Chairman of the Board and Chief Executive Officer since January 1994. He was President of the company from June 1992 until September 1996 and Vice President and Treasurer from August 1989 until May 1992. From July 1986 to December 1987, he was Vice President, and from January 1988 to February 1993, he was President of Century Cellular Network, Inc. Laikin is the recipient of the William L. Haerberle Entrepreneurial Legacy Award. He was inducted in the Central Indiana Business Hall of Fame in 2009, and received the Stevie Award in 2007 for the Best Turnaround Executive. He received his degree from Indiana University, where he currently serves on the Helene G. Simon Hillel Center, Indiana University Capital Campaign Steering Committee, Indiana University Kelley School of Business Dean's Advisory Council, and Kelley School of Business Executive Board of the Johnson Center for Entrepreneurship & Innovation. He also serves on The Hundred Club of Indianapolis Board of Directors. He is a recipient of the Distinguished Entrepreneur Award by the Kelley School of Business Alumni Association (1999) and the Indiana Entrepreneur of the Year Award (1995).

**COMPANY BRIEF** Brightpoint, Inc. ([www.brightpoint.com](http://www.brightpoint.com)) is a global leader in the distribution of wireless devices and in providing customized logistic services to the wireless industry. The company's innovative services include distribution, channel development, fulfillment, product customization, e-Business solutions, and other outsourced services that integrate seamlessly with its customers. Brightpoint's effective and efficient platform allows its customers to benefit from quickly deployed, flexible, and cost-effective solutions. Brightpoint was selected to be listed on the NASDAQ Global Select Market Index and won two Stevie Awards in 2007, is currently listed as one of FORTUNE's Most Admired Companies, and is included in the FORTUNE 500. Brightpoint has operations in more than 25 countries and employs more than 2,700 people worldwide.

**Brightpoint is a company that has undergone a major evolution, having faced both good times and challenging times. Will you provide an overview of the progression of the company?**

I started the company in 1989, and in that first year, we sold \$9 million worth of phones. We doubled the business after going public in 1994, going from \$77 million in 1993 to \$150 million in 1994. In 1995, we changed the name to Brightpoint. I then bought our biggest competitor, Allied Communications, for stock, and our market valuation approached \$200 million from an IPO valuation of \$25 million. Then we bought another competitor and sales doubled again, but we started to run out of money. So we did a \$35 million secondary offering and then started making acquisitions internationally.

At the same time, I realized that the PCS license process was heating up and that the companies bidding for licenses were Sprint, MCI, and AT&T. I knew that existing companies already had the infrastructure, warehouses, and employees to purchase the equipment, and that the new entrants were going to need something to differentiate themselves in the marketplace by providing some customization. So we built a 200,000-square-foot state-of-the-art building with the technologies to take care of those needs. The business kept growing and the market value in 1997 grew to a high of \$1.2 billion.

In the middle of 1997, Merrill Lynch helped us raise \$150 million from a stock offering, \$90 million of which was company stock and \$60

million of which went to an outside shareholder from a previous acquisition. In 1998, we were able to raise an additional \$180 million in proceeds from a convertible bond sale even in the face of ever-growing, very public short sales. Some short firms named Brightpoint as the "short sale of the year."

After a period of tremendous growth to our top line revenue, we started analyzing the profitability of all of our operations and realized that we had some serious problems. We immediately put into place a global restructuring plan toward the end of 1998. All of a sudden, our market value, which when the restructuring started was over \$1 billion, dropped to \$500 million. Then, with the tech bubble burst in 2000/2001, the market value went down to \$300 million and by June 2002, our market value was \$10 million. We had \$50 million in total cash, and we had \$100 million in bonds outstanding that were still trading at 50 cents on the dollar. I ended up buying 90 percent of the bonds back at 60 cents on the dollar. Our market cap went back to \$40 million within 30 days. It climbed back to approximately \$1.4 billion in 2005, and from 2005 to 2006, our market cap was at an all-time high and we were heroes again.

We had consolidated to 10 or 11 great countries, but we decided it was time to expand again. In 2007, we acquired Dangaard Telecom in an all-stock deal for 30 million shares of stock valued at \$330 million and the assumption of over \$400 million in debt. In 2008, with Dangaard's results and ours, we had revenue of \$4.6 billion, an all-time high. We were added to the Fortune 500 list for the first time in 2009.

**How do you project your industry will change in the next several years?**

We're focusing our R&D on the services that we'll be adding, and they aren't in the distribution business. Phones are becoming smarter. Today, about 20 percent of the 1.1 billion phones sold are smart phones; in three to five years, it will be 75 percent of all phones sold, at least in the mature markets. Smart phones need customization and software programming. Five years from now, when you go to a restaurant, you're going to have a reservation there that you made through your smart phone. When your bill comes, your smart phone is going to pay for your bill. When you need a cab in New York City, the cab is going to know where you are because you will call him through location-based services. ●