Florida

One-Stop Technology Shop

**An Interview with Robert M. Dutkowsky,
Chief Executive Officer, Tech Data Corporation**

EDITORS' NOTE *Robert Dutkowsky was named to his current post in 2006. Dutkowsky previously held senior management positions in sales, marketing, and channel distribution with leading manufacturers and software publishers, including IBM, EMC, GenRad, and J.D. Edwards. Prior to joining Tech Data, he was Chairman, President, and CEO of Egenera,, Inc. Dutkowsky serves on the board of directors for SEPATON and is also a member of the board of directors and of the executive council for the United Way of Tampa Bay, the Tampa Bay Rays Foundation, and the advisory board of the University of South Florida Business School. He holds a Bachelor's Degree in Labor and Industrial Relations from Cornell University.*

Robert M. Dutkowsky

COMPANY BRIEF *As one of the world's largest wholesale distributors of technology products, services, and solutions, Tech Data Corporation's advanced logistics capabilities and value added services enable 125,000 resellers in more than 100 countries to efficiently and cost effectively support the diverse technology needs of end users. Tech Data (www.techdata.com) generated $24.4 billion in net sales for the fiscal year ended January 31, 2011 and is ranked 109th on the Fortune 500.*

How was Tech Data positioned during the economic downturn and where do you see opportunities for the brand going forward?

We're an IT distributor, so we buy products from the world's leading technology companies and we resell them into the channel. We don't sell to the end-user; we sell to a company that acquires a product from Tech Data, adds value, and sells it to the end-user. We're a traditional distributor – we fit in the middle of the supply chain.

Our value-add comes from our ability to consolidate products from lots of vendors to become the one-stop shop for technology.

In the 2008/2009 time frame, tech spending declined 15 to 20 percent. As we saw the downturn unfolding, we committed ourselves to exit the downturn as a stronger and more profitable company. We believe that great companies are built in tough times.

In calendar 2009, Tech Data sales were only down 9 percent because we focused on areas where, even though the economy and tech spending was depressed, there were still opportunities. We invested in areas that we believed would serve us in the downturn and accelerate us out the other end of the downturn. In turn, we delivered record earnings to our shareholders in 2009 and 2010.

Is there an effective understanding in the market of your brand and its size and scale?

No. Last year, we were $24 billion in sales; we're 109 on the Fortune 500 – that makes us bigger than companies like McDonald's. But most people have no idea of what we do, including in Florida where we are one of the biggest industrial enterprises in the state.

The reason is because we are that middle man – we don't invent intellectual property and we don't patent technologies. We work with our vendor partners to bring their innovative products to market and we accelerate their growth in the channel.

For example, when Apple introduced the iPad, Tech Data took that product and accelerated its acceptance into the marketplace in a big way. We leveraged Apple's creation and helped them reach different end-users and market segments around the world.

The roster of companies we have the privilege to work with comprises a who's who in technology: IBM, HP, Microsoft, Cisco, Oracle, HTC, Samsung, and RIM, to name just a few. We do business with nearly 400 technology companies that collectively represent over 90 percent of the world's technology spend.

We have to sell $100 million of technology every day. With our sales, marketing, and logistic network – we have logistic centers in 26 places around the world – we can fulfill that demand and opportunity.

We have several thousand sales and support staff strategically located all over the Americas and Europe that sell this vast portfolio of products. There is no other Florida-based company with that reach.

Is the primary focus on growth in the U.S. market or is there opportunity to expand into the international arena?

About 55 percent of our revenues come from Europe and 45 percent of our revenues come from the Americas. So we are an international, global company. The great opportunity that sits in front of Tech Data is that we're not yet in Asia.

How have you put the logistics systems in place and built your leadership position?

We have a very simple, three-part strategy in our company. The first part is execution – if you order from us by 5 PM, 99 percent of the time your order ships that day.

The second component is innovation. Our only intellectual property is how we use IT systems to make our people more productive, make it easier to do business with us, and make us the company that vendors want to market and sell their products with. We deploy IT systems to help create that innovation and differentiation.

The third component of our strategy is diversification. We're constantly looking for the next hot technology. We want to make sure we're associated with the vendors that are creating the break-out products.

The four major areas where Tech Data is currently focused are in the data center – big computer systems, storage, networking; mobility – smartphones, cell phones, tablets; software distribution; and consumer electronics – the convergence of professional and consumer technology is happening rapidly and we're investing aggressively in this exciting growth arena.

Is there merit to the concern about innovation being lost to emerging countries or is the U.S. still the leader in that area?

I bristle when I hear people say that U.S. companies are being out-innovated by others. It's simply not true.

As an example, no one in our industry is more innovative than Tech Data and I would stack up our investments in innovation against any distributor on the planet – it's part of our strategy.

When I think of the companies we work with, both at the customer level and the vendor level, their lifeblood is innovation. Look at IBM – every year, they lead the world in the number of patents that are registered.

How much of a value for the company was your having come from the vendor side?

My addition to the team broadened our view in terms of where we could fit and add value in the IT ecosystem. I brought the focus to innovation and diversification. Honestly, I don't know how to pick, pack, or ship a product in a logistic center, but I do know how to interpret trends and directions in technology. I'm here to make sure that Tech Data is investing in the right areas and has relationships with the right vendors that will bring the right products to market. ●