

July 27, 2007

Growth SURGE

This year, Network Liquidators expects to take in \$50 million in revenues, more than double 2006's result. But CEO Barry Shevlin has his eyes set on the next goal: \$100 million.

And the Oldsmar-based technology reseller, which has moved five times in the past five years because it has outgrown its office space, has a plan to get there.

Among the actions: adding new products, such as voice and telecommunication products, servers and storage, and offering more advisory services to clients. Network sells both new and used technology equipment and computer hardware through its Web site and contact with clients.

In the past year, Network has been busy trying to leverage more growth. It acquired One Nation Technology, a new, used and refurbished seller of telephones and telecommunications equipment in Oldsmar, as a product-line extension.

"There's been some consolidation between voice and data," Shevlin says. "There has been talk about convergence. It's becoming real now."

The company has also grown to function as an adviser to clients: It helps them find the best solutions, regardless of the manufacturer.

This is a differentiating factor in the technology products industry since Network is first competing with the primary market (those selling new equipment). VARs, or value-added resellers, who sell new equipment, are typically beholden to a certain manufacturer, such as Cisco. They will therefore push that equipment.

REVIEW SUMMARY

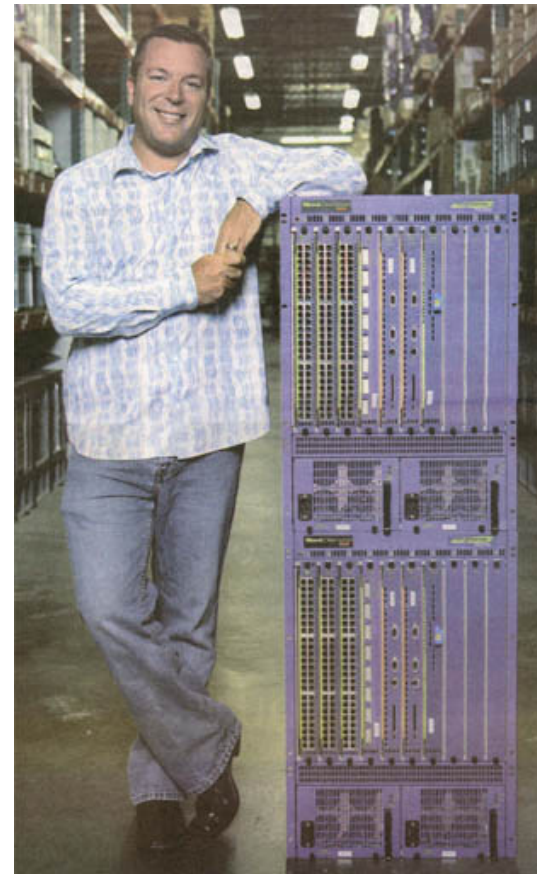
Company: Network Liquidators

Industry: Technology reselling

Key: Add new products and new customers in a calculated way.

Network isn't tied to one manufacturer. It tries to get the best price for a client. It sells about 80% refurbished (secondary market) vs. 20% new (primary market). "In the primary market vs. the secondary market, the real advantage for us is we're looking at the customer's situation and recommending the best product," Shevlin says.

Oldsmar-based Network Liquidators has grown to become an adviser to clients and has seen revenues for the first six months of this year surpass all of 2006.



Why does it make sense for companies to buy used equipment? The shelf life of switches and routers is much longer than for a PC because they don't get upgraded as often. That's why Network doesn't sell PCs or laptops. It sells network and voice equipment.

Where is Network's growth coming from? Repeat customers. Network Liquidators has been able to build on its customer relationships and become part of its customers' supply chain. About 80% to 90% of its business is from existing customers in Florida, California, New York and elsewhere.

"As we conference with our customers, we get larger and larger opportunities in their IT (information technology) budgets," Shevlin says. "One customer started with buying a few cables. Then it bought some equipment for \$70,000. Then it bought \$300,000 in switches and routers." Since all sales are done over the telephone, Shevlin also wants to stay more in touch with customers, have more face-to-face contact with them and expand Network's local presence. It employs five information technology professionals to help clients with technical needs.

Network's Web site brings in a number of new clients, including many from overseas. However, it is closing a London sales office this month because it hasn't delivered the expected results. "We have about 20% of our business from Europe," Shevlin says. "We have good penetration there. We sell in Spain, France, Germany, Switzerland and the UK."

Since the technology reselling industry is consolidating, it's getting harder for smaller companies, many with less than five employees, to compete. So Network has had to look for ways to grow.

"Most smaller companies are now wholesalers," he says. "We're global."

Network uses its pipeline of used products to offer lower prices to companies and it offers fast delivery. A sale at 5 p.m. can bring the products to the customer the next morning.

Like other successful entrepreneurs, Shevlin, 36, didn't finish college. After about a semester at Hofstra University, he worked as a contractor for cable television companies in New York before moving to Florida in 1989 and starting his own contracting business.

AT A GLANCE

Network Liquidators Inc.

Headquarters: Oldsmar

Business: Sells used and new technology equipment

CEO: Barry Shevlin

Year founded: 2001

Employees: 84

Year	Revenue*	Chg. %
2002	\$1 million	
2003	\$4 million	300%
2004	\$7 million	75%
2005	\$10 million	42.8%
2006	\$18 million	80%
2007	%50 million**	

Source: Network Liquidators. *Figures are rounded. **Projected.

He founded a telecommunications business in 1996, BusinessMall.com, took it public and left that company in 2000. Shevlin then worked as an independent software developer and learned how databases work for businesses.

A friend asked Shevlin if he could borrow \$3,000 to buy and sell six Cisco switches. After the friend gave Shevlin \$600 in profit, Shevlin started looking into the technology reselling business and decided there was a market because the competition in large part was small, fragmented and unsophisticated.


So he and his wife, Kathryn, started Network Liquidators in 2001. After five moves, it is in a 40,000-square-foot location in Oldsmar, "with room to grow," Shevlin says.

Shevlin lives in Clearwater Beach with Kathryn and their four children. When he's not working, Shevlin is boating and traveling. His wife was born in Ireland and they visit there. Shevlin seems to like his work.

"I've got a neat environment to work in," he says. "Customers get a good value. Employees have a good career path. And we're creating value for shareholders."

What would Shevlin tell other CEOs about the keys to running a more successful company? Build a great team. Some of Network's management team come from large companies, such as Tech Data Corp., PODS Inc. and Catalina Marketing. Corp.

"You're only as successful as the people around you," he says.



“Also, be decisive,” Shevlin adds. “Don’t be afraid to make a decision, even if you have to change your decision later. Communicate well. It’s better if your people understand your vision. The company is better as a whole.”

Barry Shevlin, CEO, Network Liquidators: "You're only as successful as the people around you. Our management team was designed to run a hyper-growth company."