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# Business In The Beltway Zero To \$2.5 billion In 18 Years

Andrew T. Gillies, 03.06.08, 3:31 PM ET

commentary  
  
**More Business In The Beltway Columns**

WASHINGTON, D.C. - World Wide Technology, a technology distributor ranked 199 on our most recent list of America's largest privately held companies, has chalked up some impressive recent sales stats.

Over the past three years, the St. Louis company has averaged annual revenue growth of 25%, thanks to business from blue-chip tech customers such as **Cisco Systems** (nasdaq: [CSCO](#) - news - people ) and **Dell** (nasdaq: [DELL](#) - news - people ). WWT has worked for the latter company since 2003 and now has 100 folks on the account. Those employees forecast and monitor demand for computer components at Dell factories. A network of WWT warehouses replenishes those factories with trucks, loaded up with gear from dozens of suppliers, that arrive every 45 minutes.

Contrast WWT's sales growth with its publicly traded competition in the table below--the average three-year revenue growth number is 10%. Only two companies, **Brightpoint** (nasdaq: [CELL](#) - news - people ) and **Nu Horizons Electronics** (nasdaq: [NUHC](#) - news - people ), beat World Wide Technology on this metric.

**By This Author**  
  
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And WWT tells us that it doesn't owe its top-line growth to mergers and acquisitions. "It's been organic," says Joseph Koenig, 43, WWT's President. "Five years ago, we put together a plan of where we wanted to be, and it's really execution of

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that plan."

Specifics? Koenig mentions beefing up its sales force, going after bigger contracts, as well as squeezing more business from important accounts. Also helping matters: One-third of WWT's \$2.5 billion in revenues, for the year ended December 2007, resulted from business with the U.S. federal government. "Federal is doing very, very well for us right now," says Koenig.

A recent engagement: Last June, the U.S. Army awarded WWT a \$9.5 million contract to assemble networking and satellite gear, from a variety of manufacturers, for a bandwidth-intensive communications system. Beyond shepherding the equipment through procurement and warehousing, WWT also handled testing and setting up a field training program for users.

Work for Uncle Sam has always been a part of WWT's story. The company was founded in 1990 by its present chairman, **David Steward**, and present chief executive, James Kavanaugh. For his part, Joseph Koenig started with the company in 1993 as a federal sales rep and employee No. 15.

"In the beginning, it was tough," says Koenig, recalling a round of layoffs that took place shortly after he joined.

Helping it through the tough patch was a federal Small Business Administration program, known as the 8(a) Business Development Program. The idea behind the 8(a) program is to make sole source federal contracts available to small businesses owned by African Americans, Native Americans, and other groups that have historically had trouble accessing capital and credit. Thanks to founder David Steward, an African American, WWT certified as an 8(a) company.

True to the intent of the 8(a) program, WWT soon diversified from the federal business into other areas, notably distribution of telecom equipment. As that sector began to sizzle in the mid- to late-1990s, WWT sought to take advantage of an early Internet fad--"business-to-business" Web sites--by raising \$25 million from venture capital firms and planning a public offering for its telecom equipment subsidiary, Telcobuy.com.

In December 2000, a few months after the turn-of-the-century tech wreck started, WWT shelved its plans to list Telcobuy.com. It eventually folded the unit back into the parent company and bought out the venture firm's stake.

Diversity of revenues helped WWT survive the year 2000 technology bust. While business from the big telecoms slowed, WWT benefited from its growing book of business with the federal government. These days, the company's revenues split evenly between telecom, public sector and non-telecom commercial.

Within WWT's federal business, Koenig foresees a likely slowdown in overall tech spending. So he's prepared to reshuffle the 40 salespeople WWT has dedicated to federal government customers. In particular, he deems going after business from civilian agencies a priority. WWT has relatively weak presence in that area, he says, and there's good chance the new administration will prioritize civilian tech projects over defense.

As dollars get scarce, competition will only tighten in this already

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crowded field. In addition to closely held competitors like **CDW** ([nasdaq: CDWC - news - people](#)), and **Apptis**, WWT goes up against public companies like the ones listed in the table below.

How about a public offering for WWT? "Cold on the idea," say Koenig. "We see no value at this time."

## Public Technology Distribution Companies

Company	Market Value (\$Mil)	Revenue Growth, Three-Year, Annualized
<b>Agilysys</b> ( <a href="#">nasdaq: AGYS - news - people</a> )	\$283	-30%
<b>Arrow Electronics</b> ( <a href="#">nyse: ARW - news - people</a> )	4,043	15
<b>Avnet</b> ( <a href="#">nyse: AVT - news - people</a> )	5,049	15
<b>Brightpoint</b> ( <a href="#">nasdaq: CELL - news - people</a> )	809	34
<b>GTSI</b> ( <a href="#">nasdaq: GTSI - news - people</a> )	86	-4
<b>Ingram Micro</b> ( <a href="#">nyse: IM - news - people</a> )	2,703	11
<b>Nu Horizons Electronics</b> ( <a href="#">nasdaq: NUHC - news - people</a> )	111	29
<b>Pomeroy IT Solutions</b> ( <a href="#">nasdaq: PMRY - news - people</a> )	76	2
<b>ScanSource</b> ( <a href="#">nasdaq: SCSC - news - people</a> )	913	19
<b>Tech Data</b> ( <a href="#">nasdaq: TECD - news - people</a> )	1,899	6
<b>Tessco Technologies</b> ( <a href="#">nasdaq: TESS - news - people</a> )	78	12

Prices as of March 5. Source: Reuters Fundamentals via FactSet Research Systems.

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