



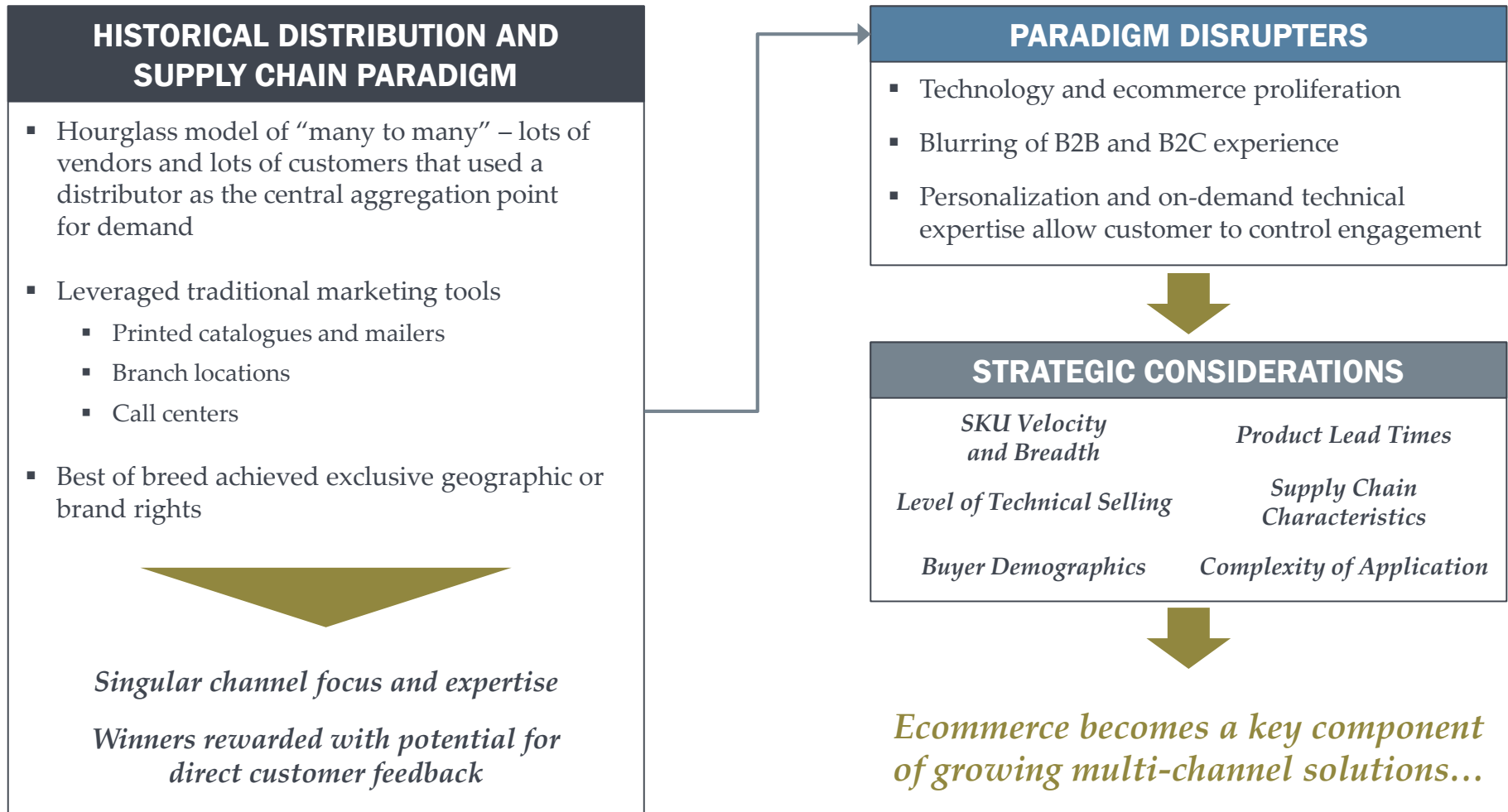
The Evolution of B2B Distribution – Ecommerce and Multi-Channel Strategies | 2017



**BLACKARCH**  
PARTNERS

# THE TRANSFORMATION OF B2B DISTRIBUTION

*Technology, ecommerce and customer expectations are dramatically changing the landscape of B2B distribution*



## B2B DISTRIBUTION BY THE NUMBERS

### SIGNIFICANT AND GROWING MARKET OPPORTUNITY

**\$1 Trillion**

*of U.S. B2B ecommerce sales projected in 2015*



**4x** *the size of the U.S. B2C market*



**19%** *annual growth rate*

### BEHAVIORAL MODIFICATION UNDERWAY

**About 50%**

*of B2B customers will place the majority of their orders online within 3 years*

→ **68%** *of B2B buyers are researching purchases via supplier websites*

→ **52%** *of B2B buyers use search engines to research purchases*

→ **24%** *of B2B Ecommerce traffic to come from mobile devices in coming years*



### ADAPTATION TO THE CUSTOMER

**50%**


*of B2B companies plan to change or upgrade their ecommerce platform by mid-2015*

*Significant investments are also being made in integrated ERP, CRM and inventory management systems*

# INDUSTRY PARTICIPANTS MULTI-CHANNEL DEPLOYMENT

*As the B2B landscape continues to shift, participants of all sizes and across all end markets are adapting*

## MAINSTREAM OBSERVATIONS

**GRAINGER** *→ Ecommerce sales approaching 40% of company total*  
 FOR THE ONES WHO GET IT DONE

- Significant investment in ecommerce including the release of a new website and accompanying mobile apps in 2013
- +1 million SKUs offered online (added 300,000+ to website in 2013)
- Approximately 700 branch locations worldwide
- Next-day delivery available to 99% of U.S. customers

**MSC** *→ More than 50% of total company sales from Ecommerce*  
 Industrial Supply Co.

- Launched new, highly customized, ecommerce site (MSCDirect.com) in 2014 with approximately 900,000 SKUs
- Growing focus on web-based marketing with the number of printed markets catalogues mailed decreasing ~10% in 2014

## STAPLES

- Moving to a fully-online model with limited branch locations
- Emphasis placed on B2B distribution element led by ecommerce platform and newly introduced Staples Exchange (allows merchants to offer products to Staples customers through its ecommerce channels)

## BLACKARCH EXPERIENCE

*Successful ecommerce-oriented platforms*



*Branch footprint with complementary web presence*



### PRIMARY INFLUENCERS:

Purchase Profile

Profitability

Product Attributes and Purchase Frequency

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## POTENTIAL OBSTACLE: COMPETING AGAINST AMAZONSUPPLY



- AmazonSupply.com threatens to disrupt the Wholesale & Distribution sector much like Amazon.com did the consumer retail sector
- Launched in April 2012 with 500,000 items, the site currently offers more than 2.2 million products covering 17 categories ranging from tools and home improvement to janitorial supplies
  - The average distributor, by comparison, offers approximately 50,000 products online
- Corporate buyers that enjoy their personal, B2C shopping experiences at Amazon.com are attracted to the similar features of Amazon B2B site (AmazonSupply.com) – inexpensive or free shipping, efficient ordering, astute recommendations and abundant reviews

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### HOW TO COMPETE

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*Technical Competency and Superior Content*



*Personalized and Differentiated Product/Service Solution*

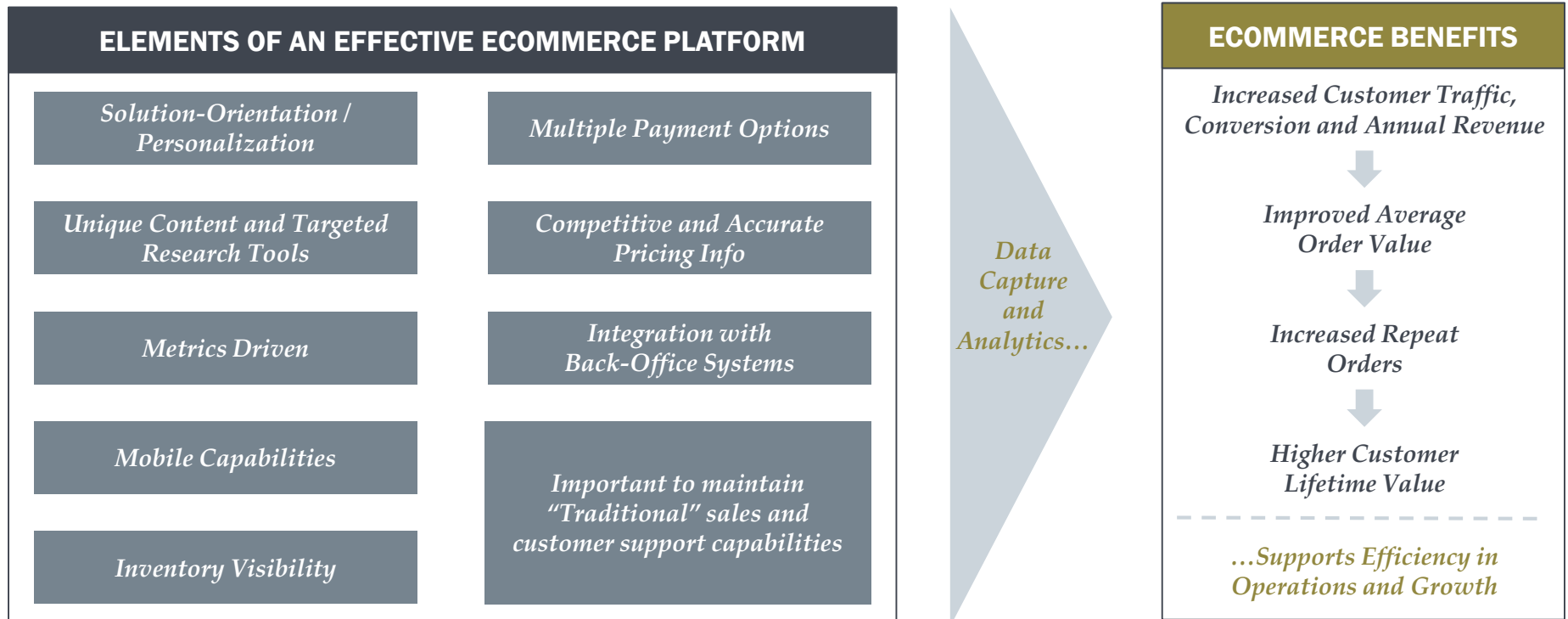


*Best-in-Class Ecommerce Platform (Relative to Peer Group)*

# OPTIMIZING ECOMMERCE FOR B2B DISTRIBUTORS

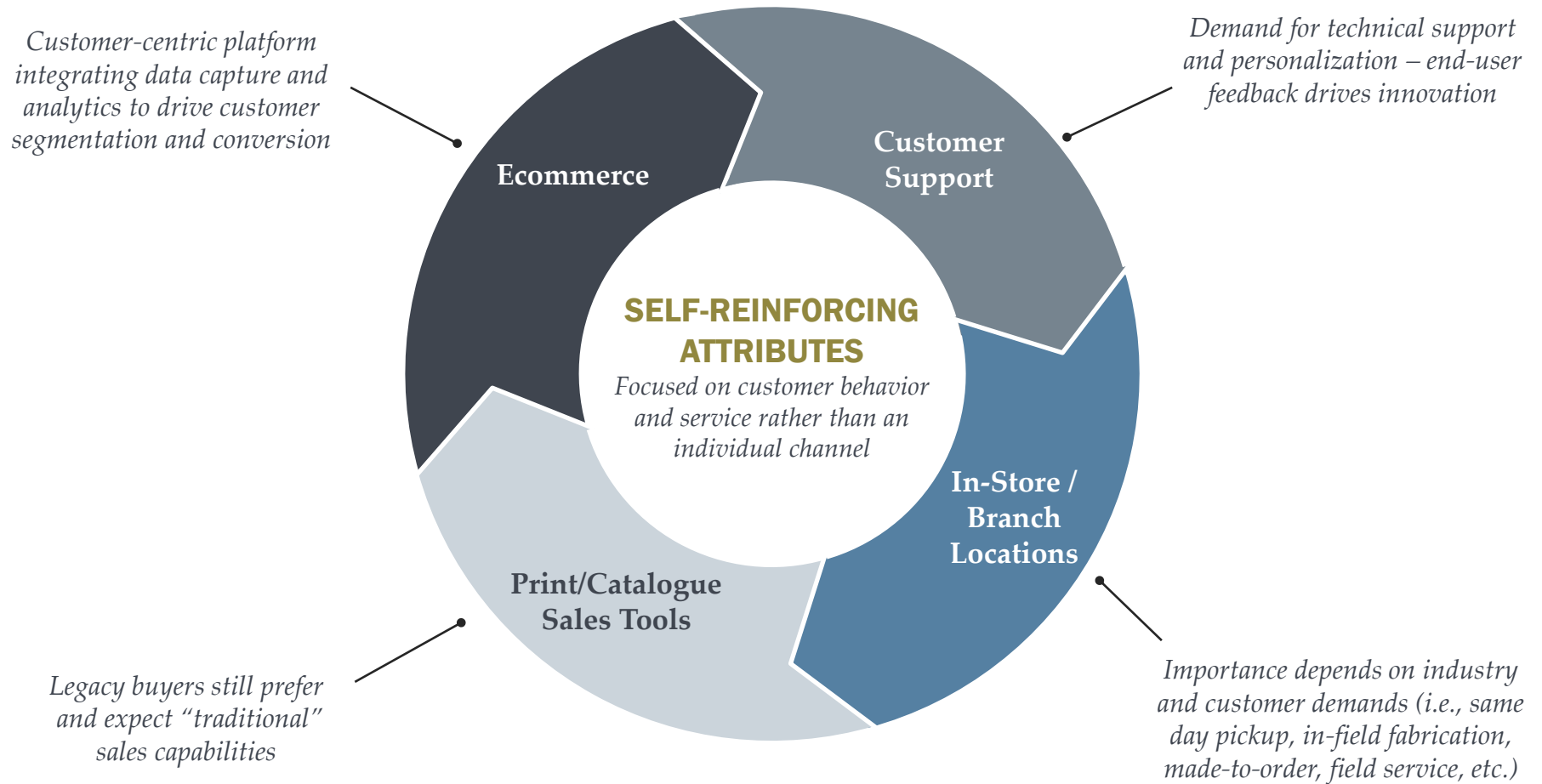
*The development of a successful ecommerce platform is a perpetual process but offers a compelling payoff*

- Not all ecommerce platforms are created equal
- While many B2B companies recognize the importance of an ecommerce presence, their business model often requires more complex and dynamic interfaces with customer and suppliers vs. the typical B2C site
- The most successful are able to overcome these challenges and deliver an integrated, web-based solution



# RISE OF THE MULTI-CHANNEL DISTRIBUTION MODEL

*Ecommerce provides an opportunity for a multi-channel platform to have a stickier customer and a more profitable business than its peer group*





## SECTOR EXPERTISE AND RECENT TRANSACTION EXPERIENCE

*B2B distribution sits at the intersection of three dynamic verticals in which BlackArch has extensive experience and expertise – Business Services, Industrial Growth and Applied Technology*

- We have a deep understanding of the factors that drive valuation in today’s rapidly evolving marketplace
- We partner with industry leading businesses and we expertly position our clients’ ecommerce and multi-channel distribution capabilities resulting in premium valuations and successful outcomes for our clients:

TRI-ED  
a portfolio company of  
Andax Group  
has been acquired by  
ANIXER

*Distributor of low-voltage electronic security products*

PLASCO  
has received an investment from  
bv INVESTMENT PARTNERS  
SINCE 1983

*Ecommerce platform and value-added distributor of card-based ID solutions to SMBs and enterprise customers*

ALLIED 100 LLC  
a portfolio company of  
THOMPSON STREET CAPITAL PARTNERS  
has been acquired by  
Ridgmont EQUITY PARTNERS

*Value-added distributor of AEDs and supplies and a provider of medical direction software*

Snap av  
has received a growth equity investment from  
GENERAL ATLANTIC

*Rapidly growing supplier of intuitively designed audio/ video and security products*

BarcodesInc  
a portfolio company of  
THOMPSON STREET CAPITAL PARTNERS  
has been acquired by  
CORTEC Group

*Digital data and ID hardware and software solutions for SMB and enterprise customers*

SMITH-COOPER INTERNATIONAL  
a portfolio company of  
ZS Fund L.P.  
has been acquired by  
BLUE POINT CAPITAL PARTNERS

*Value-added distributor of mission-critical equipment to the industrial sector*

