



## distributionworld

# The creation of a specialist...

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**C**hanges of market conditions, customer requirements and supplier strategies force distribution to rethink its business model to achieve better service, more flexibility and prospects for future growth. The last five years have shown which distribution models may survive: There is room for large businesses with enough critical mass to serve a large customer base. And there is room for smaller businesses, which carve out a technology, a segmental or a regional niche. Anything in between faces severe challenges.

In 2001, Avnet Electronics Marketing has decided to reorganise itself from a one-size-fits-all distributor to a conglomerate of separate business units, to maintain or create a higher entrepreneurial approach in each of the units. The semiconductor market was served by three distributors in parallel, EBV Elektronik, Silica and WBC. The latter was targeted at smaller and very innovative semiconductor manufacturers who normally do not find their desired mind share in large distributors. The "design-in/demand-creation" model worked nicely but the constant issue was how to keep it clean, with larger manufacturers like STMicroelectronics and Samsung on board?

When, in 2005, Avnet acquired the Memec Group, the European Avnet organisation saw the opportunity to reinstall this true "design-in/demand-creation model" on a larger scale. Memec Europe had a successful history of developing promising lines for the European market but faced a similar issue as WBC in being dominated by one big supplier.

We carried out a small but decisive reorganisation aimed at creating a clearly cut business unit focusing on design-in/demand-creation.

Avnet Memec is the result of a strategic decision to close down the Memec Group and WBC and to start a new company with a clearer demand-creation focus and a stronger design-in mandate.



The intention was to build on established customer relationships and on the long-term supplier relationships with former Memec and WBC suppliers signing new contracts for Avnet Memec. Added to this was the financial and logistical strength of the

group. It starts operations with around 200 employees, half with engineering degrees. It represents around 50 semiconductor companies and looks at an annual run-rate of around €200m in sales.

With that, Avnet Memec begins its life at the top of the specialist distributor ranks. It employs more engineers than field sales people to support the technology fields including analogue, power, communications, displays, opto, embedded microcontrollers, processors and programmable logic. And it operates in all major European markets.

As a backbone business system, the new business operates on SAP (just like other Avnet business units), enjoys the superior Design Registration Management System of Avnet, and uses many other infrastructural advantages of distribution giant Avnet. Finally, Avnet Memec cooperates with Avnet Logistics to manage its product handling and has access to the service portfolio of the Product Modification Centre of Avnet Logistics in Poing, for programming and other technical services such as tape & reel and dry-packing.

The front-end organisation of Avnet Memec is driven by three major forces: the experienced sales force with many long-term customer relationships across all industry segments; as many application specialists with many hundred man-years of design-in expertise and deeper product and application knowledge than typically seen in distribution; product-marketing experts who balance the suppliers demand creation requirements with customer needs, as they have been identified by the sales and application specialists.

With Avnet Memec in its portfolio, Avnet EM EMEA has repositioned itself as a European distribution giant with all facets of a specialised customer-advocate model for close to 50.000 business partners. There is no doubt in Avnet that this model will prevail in an environment of change and reshape.