

Future proofing the  
future

@ Avnet



# Avnet Inc.

Avnet is a FORTUNE 500 company which helps companies reach further no matter where they are in the technology product lifecycle – from mapping out an idea on a napkin to moving to mass production.

Avnet supports customers of all types and sizes at each stage of the product lifecycle with a comprehensive portfolio of design and supply chain services. With deep expertise in design and engineering, broad line distribution, integration and services, Avnet is uniquely positioned to meet critical time-to-market needs for customers globally.

This substantial scale and scope, along with partnerships with the world's most innovative technology suppliers, makes Avnet one of the leading global distributors of electronic components and integrated solutions.

Avnet's culture was founded on new ideas and emerging technology. With more than 15,000 employees globally, we support business for our customers in 125 countries across North America, Europe and Asia. That's why customers around the world turn to Avnet -- for our know-how, integrity, experience and global reach. Our engineers are on the front lines of innovation, supported by sales, supply-chain, design-chain and service teams with deep expertise – making Avnet the go-to guide for innovators who set the pace for technological change.

# Avnet

## - Recent history

- Originally 2 main divisions: Technology Solutions & Electronics Marketing
  - Grown through acquisitions (average 12+ annually)
  - Annual revenue +/- \$28B
- Acquisition of Premier Farnell : Announced July '16 – Closed Oct '16
  - Biggest capital acquisition in history of Avnet
- Technology Solutions sold to Tech Data : Announced Sept '16 – Closed Feb '17
  - Creation of Treasury In house bank (Entity & set up of full existing functionality in TMS)
  - Accounts and pooling structure to be set up replicating existing structure

## - Today

- Annual revenue FY17 \$17.4B
- 2 million customers
- More than 600 suppliers
- Ships more than 30;000 line items per day

# ORIGINAL PHILOSOPHY as of 2013 – 3 to 5 year roadmap

## TECHNOLOGY

- ✓ **Phase 0** - Bank and Bank account rationalization
- ✓ **Phase 1** – Treasury Management System
  - ✓ **Must have**
    - « Basic » Treasury TMS capabilities
    - Swift connectivity for Treasury payments and global statements
  - ✓ **Nice to have**
- ✓ **Phase 2** – Payment Factory
- ✓ **Single system** that would support all

## REGIONALLY ORGANIZED

- ✓ 4 regional treasury centres
- ✓ Regional pools
- ✓ No overlay structure



## BANK TECHNOLOGY

- ✓ Virtual accounts availability?
- ✓ Multiple banking partners

## HIGH PERFORMING & EFFECTIVE TEAMS

- ✓ Effective & efficient management of skills & resources
  - ✓ Subject Matter Experts
- ✓ « In house » support of technology

# What happened & Lessons learned

- **Regional implementation required more effort than expected**
  - Started Jan '14 with regional rollout – « Completed » May '16
  - Regional approach required in essence 4 implementations (NA – LAC – EMEA – APAC)
  - Skillset to use Tehnology is required – Assumed but not a given
  - No In house support of Technology
- **Got « Sidetracked »**
  - Acquisition
  - Divestiture
  - Business requirements
  - SAP migration in EMEA
- **Future proofing – We were not « ready »**
  - Regional pools with no overlay
  - No centralized treasury
- **Bank products availability**
  - Virtual accounts

# NEW PLAN – PHILOSOPHY REMAINS – slightly adjusted

## CENTRALIZED ACTIVITIES

- ✓ **Phase 1** – Treasury Management System
  - ✓ **Must have**
    - Refine / Optimize outstanding items
  - ✓ **Nice to have**
    - Cash & Debt forecasting with Cash Predictor
    - Global Netting
    - eBAM
    - Bank fee analysis
- ✓ **Integrate Premier Farnell**
- ✓ **Phase 2** – Payment Factory

## BANK TECHNOLOGY

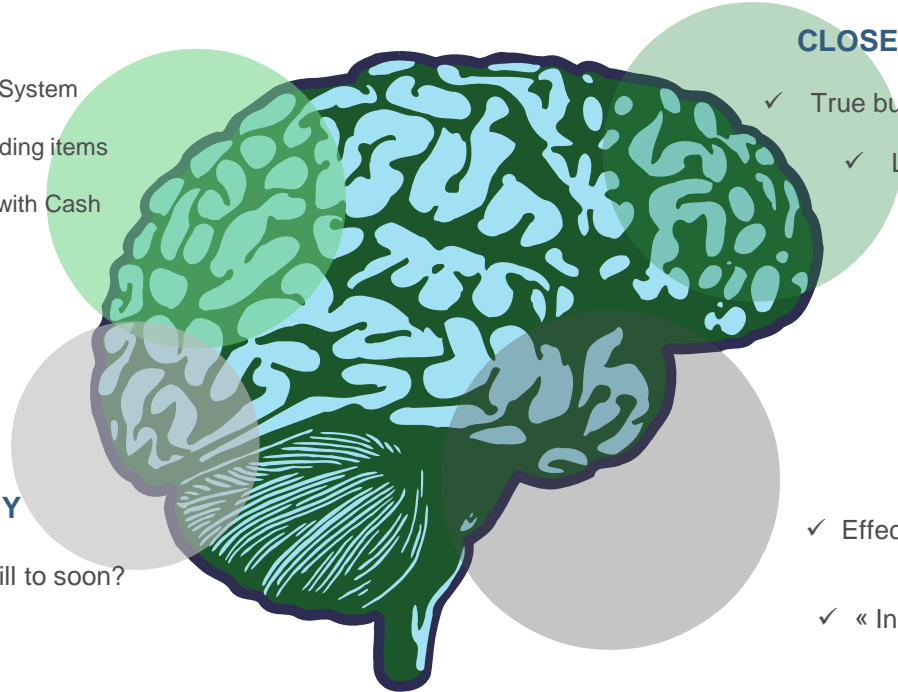
- ✓ Virtual accounts – Still to soon?
- ✓ What else?

## CLOSE TO THE BUSINESS

- ✓ True business partner, located regionally
- ✓ Local market/regulatory knowledge

## HIGH PERFORMING & EFFECTIVE TEAM

- ✓ Effective & efficient management of skills & resources
  - ✓ Subject Matter Experts
- ✓ « In house » support of technology



# New plan & lessons learned

- **Future proofing ?**
  - Centralize operational activities while improving local business partnering
  - Continue to build high performing & effective teams
  - Leverage TMS and create agility through dedicated technical support on Treasury staff
  - Bank structure review & Global pooling structure (overlay)
  - Use of virtual accounts
  - Phase 2 – on hold
- **Items potentially impacting our plans**
  - Global SAP rollout
  - Future acquisitions and impact?
  - Cost cutting measures announced

**Which decisions / strategies will stand the test of time or will prove to be  
« the fashion of the day » is hard to predict.**

**Therefore the best laid plans need to be flexible to adjust based on lessons learned  
and evolution in technology & banking landscape**