

NETPLUS ALLIANCE: MEMBERS ARE THE MISSION

JENNIFER MURPHY, PRESIDENT

NetPlus Alliance supports a diverse membership of industrial and contractor supplies distributors. However, despite the differences in size and scope, our members face the same competitive threats: the uncertain economy, the acceleration of digital influence and nontraditional competitors like Amazon. These have put them in a position where they must decide whether to continue reacting and hope for the best, or to take a more proactive approach to remain competitive.

That's why NetPlus Alliance exists. We want to help businesses succeed, and we know that we are strongest when we engage with each other – with our peers, and with our supplier partners. NetPlus leverages the collective purchasing power of our distributors to negotiate rebate and

benefit programs with suppliers and wholesalers. We support our members without changing their current financial or business processes with suppliers, and give them access to all categories and brands in the group.

Perhaps one of the best examples of the power of NetPlus partnership is our Growth Plus sales planning program. Our members build joint plans for growth with our preferred suppliers, and we see great success from their commitment to work together.

The results of our group's dedication to growing together are clear: Over the past five years, our average growth as a group has been 15 percent. In 2018 our total growth in purchases between distributors and suppliers was more than 30 percent. As NetPlus continues to grow and outperform the industry, so does our membership. We

work closely with members to develop solutions and programs that help them grow. We also provide the intelligence they need to help them make better decisions for their businesses. Our quarterly Industry Outlook Report is based on distributor feedback about current channel conditions, as well as economic research conducted by my father, NetPlus founder, Dan Judge.

Individually we are each our own company, but together we are more than 70,000 potential partnerships across our growing network of distributors and suppliers. To survive and thrive, we need each other to build strong relationships and drive business within NetPlus Alliance. Working as one, we are committed to helping our members overcome today's challenges for continued growth and success.



MURPHY



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CHARACTERISTICS OF A WINNER

ZACHARY T. HAINES, CEO, DPA BUYING GROUP

I recently read a smart article by McKinsey & Company entitled "The Coming Shakeout in Industrial Distribution." Within the data rich analysis, the authors identified a few shared characteristics of leading industry performers. Some that have been written about more extensively include offering value-added services, and investing in digital capabilities to improve your customers shopping experience.

Also emphasized was the importance of "product diversification" and "operating at scale."

Studies have shown that the most important value distributors or suppliers can offer is having a broad range of available products. More B2B customers are expecting the B2C shopping experience – also known as the Amazon Effect. Therefore, the convenience of a one-stop-shopping experience is paramount. As the article indicated, "performance tends to rise with the number of product categories a distributor offers." The key is not necessarily to add more SKUs, but rather to offer a broad yet targeted assortment of product across many categories.




"Operating at scale" is another technique that allows for distributors to survive and thrive amidst the aggressive consolidation happening around us. Operating at scale allows companies to negotiate better terms, pricing and prepaid freight policies. It also facilitates stronger supply chain partnerships and increases operational efficiency. Easier said than done, right? Maybe not.

The DPA Buying Group (www.DPABuying-Group.com) employs a "strength in numbers" approach to help independent distributors compete and negotiate on equal footing with some of the largest companies in the industry.

Quarterly marketing allowances, lower minimums, promotions and better pricing are just a few of the benefits. More importantly is the strategic approach we've taken to help our members with their product diversification strategy. In addition to our industrial and contractor supply programs, DPA distributors enjoy direct access with suppliers of safety equipment and clothing, facility maintenance products and packaging supplies. Operating at scale and diversifying your products will improve your bottom line.






HAINES



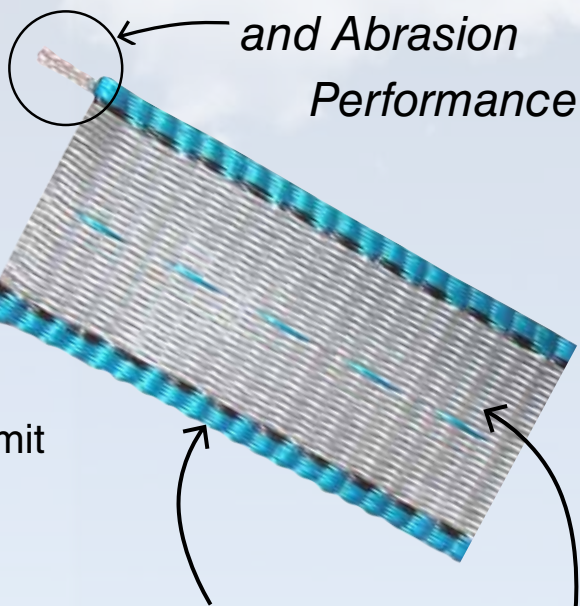
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▶ INSPIRING CUSTOMER CONFIDENCE

KALI FENCI, LEAD CONTENT AND MEDIA STRATEGIST, EARNEST MACHINE COMPANY

Earnest Machine Products was founded in 1948 and is a global importer, distributor and manufacturer of large diameter and hard-to-find fasteners for the agriculture, construction equipment, heavy transportation and mining industries.

Earnest's longevity can be attributed to multiple factors, but perhaps the top reason is our ability to inspire customer confidence. Earnest carefully tracks distribution performance metrics on a monthly basis and provides that data to customers in an effort to provide the best experience possible. Monitoring that information and modifying processes and technology as needed has helped

Earnest operate at a 99.13 percent distribution performance rate.

In addition to proving to be a reliable distributing partner, Earnest's long tenure also comes from being able to study and learn current trends in the market, which includes providing new products. In 2018, Earnest began distributing U.S. domestic hex nuts as well as metric hex head cap screws, which stemmed from customer demand.

Most recently, Earnest Machine became the master distributor of the Unbrako line of socket head products. The partnership with Earnest Machine makes it easier to



acquire product in the Midwest and Eastern regions, where it is most sought, as it will be shipped out of both of Earnest's distribution centers in Indianapolis and Atlanta.

Earnest understands that the way to succeed is to strive for quality in both the products we sell as well as the services we provide. With Earnest's ISO Certified Management Processes, customers can be sure they will receive the right part, in the right quantity, on-time, every time.



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