

Market Changes

Analyst Opinions

Q: How do you see the industry changing, and how well-positioned is LMI?

A: The secondary network equipment industry is in its late phase infancy stage characterized by a high degree of fragmentation without a clearly defined market leader. At present, the top three largest dealers occupy less than 15% aggregate market share. Those companies' competitive advantages are based primarily in name branding and Internet marketing strategies. LMI believes the industry will consolidate and that LMI will be a causal factor. However, the viability of various business models within the industry has shifted leaving a large percentage of participants struggling to adapt to the new environment and increased opportunity. LMI has positioned its competitive advantage in the development of proprietary software applications that enhance overall liquidity, higher velocity of sales at lower margins, and overall tangible value propositions to our client base while being able to scale without the necessity for large capital outlays for infrastructure development.

Q: What are analysts saying about the market opportunity for the secondary network equipment and technology industry?

"The secondary market for network equipment has grown rapidly over the past few years. In many cases this represents a considerable cost saving opportunity." -- Mark Tauschek, Senior Research Analyst with Info-Tech Research Group

"The sale of refurbished or used equipment is a robust, well-formed market." -- Joe Pucciarelli, Program Director, IDC

"Gartner Group estimates that the secondary market for networking equipment and accessories has grown over the past several years from a handful of providers to more than 400 companies with an estimated collective revenue of \$2 to \$3 billion."