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[Begin NBT - TESSCO TECHNOLOGIES - 1]

*Tobin Smith:* Toby Smith, here for Next Big Thing Investing. Let me ask you, how many almost billion dollar companies have you heard of that are less than \$200 million market cap, are growing and they're in the most exciting business in the world, which is the transition to a wireless broadband world. And if the answer is you haven't heard of any, well, you're gonna hear one now. It's TESSCO. You're technologies. This is Robert. We'll call him Barney Barnhill who is the founder, chief executive officer, bottle washer.

*Robert Barnhill:* You got it.

*Tobin Smith:* And so you've built this – happened to be in Maryland. We're state mates, right? In little sleepy Maryland part where you're at.

*Robert Barnhill:* Yeah.

*Tobin Smith:* You've built this business primarily selling to whom? What do you build and who do you sell it to?

*Robert Barnhill:* When we started back in '82, communications was two tin cans and a string. And we were selling to the two-way radio industry, and the cellular started in '83, and we hopped on that bandwagon.

*Tobin Smith:* I remember my brick.

*Robert Barnhill:* And we supplied the first test system in Baltimore, American radio teleservices. And then we followed cellular through there.

*Tobin Smith:* And the growth has been somewhat like this. The only lumpy years I ever saw was where we still have recessions going on, or the telco. But you sort of have been recession-proof for a lotta this stuff.

*Robert Barnhill:* And we keep expanding in to new areas. And today, it's so exciting with the convergence of wireless and the Internet, it's creating all these new systems, sort of changing the way we work and play.

*Tobin Smith:* All right. So think about this. When you get on the Delta shuttle now, I have Go-Go service. Do you guys – in other words, I have wireless broadband.

- Robert Barnhill:* We'll hopefully be selling then antennas and the equipment that they need to build and maintain those system.
- Tobin Smith:* All right. Now can help Amtrak out?
- [Laughter]*
- 'Cause I take the train to New York, and it's literally like wire. Maybe broadband, but it's – If I you could help them out, I'd personally appreciate it.
- Robert Barnhill:* They just need more equipment. It's a leading indicator for us.
- Tobin Smith:* All right. So if I go to Raven Stadium and I get –
- Robert Barnhill:* Raven Stadium as is you go there and you're sitting there. You see four bars, but you can't make a phone call.
- Tobin Smith:* Correct.
- Robert Barnhill:* That means that you don't have enough capacity in the system. So we worked with the stadium. We worked with an integrator that put the system together, and we put in what they call a DAS system, Distributed Antennae System. And so basically you flood the –
- Tobin Smith:* Little antennas.
- Robert Barnhill:* Little antennas, over 1,500 antennas throughout the entire stadium, in the clubrooms, along the field, so it had to be –
- Tobin Smith:* I love it there, by the way. It's just fabulous. It's like you're in a – how 'bout the United – the clubs, the airlines clubs so on and so forth? The same thing. Anywhere you want broadband, at McDonald's at Starbucks –
- Robert Barnhill:* – if you need that enhancement. And then you need to backhaul it. Then they've got the fiber backhaul coming out of the stadium.
- Tobin Smith:* All right. Now you're getting too technical. How much in the international, and how much national?
- Robert Barnhill:* Most of our business is national.
- Tobin Smith:* Okay. Now why not international?

*Robert Barnhill:* Our business is all about delivering what the customer needs, when and where they need it.

*Tobin Smith:* So it's gotta be –

*Robert Barnhill:* So you need the distribution centers close to the customers so that you can deliver in one, two, or three days, when they need it.

*Tobin Smith:* Got it. All right, now you have made some changes in your business. You've closed out some businesses. Now I happened to be a junky for this stuff, by the way. So you're saying strategically, that if you could build your own stuff under your own brand, 'cause you guys distribute some stuff for people. You manufacture – so tell us about **Ventive**. Now, by the way, this may sound really strange.

When we come back, I'm gonna talk about 2-amp versus 1-amp charger, which is very close to my heart. So sometimes the next big is certainly the convergence of wire. Sometimes you wanna buy the company who is the arms dealer, who sells to everybody who wants it. These guys are the arms dealer to the next big thing in the world, which is the mobile Internet. Come on back.

*[End NBT - TESSCO TECHNOLOGIES - 1]*

*[Start NBT - TESSCO TECHNOLOGIES - 2]*

*Tobin Smith:* All right. We're back. This is Next Big Thing Investing, and sometimes it's good to be with somebody who has a little Norwegian blonde hair like me, 'cause I like that. Barney Barnhill is the chairman and CEO of TESSCO Technologies. I have this in my hands. This represents the future for you guys, which is building your own product with your own intellectual property. Tell me a about this, and why do I like 2-amp versus 1-am?

*Robert Barnhill:* Okay.

*Tobin Smith:* Or let me ask this question. Is it better to charge your iPhone twice as fast, or twice as slow?

*Robert Barnhill:* Okay. Well, I'll go to that question first, and then come back. Most of the chargers say they're 2-amp, but they're 2-amp divided over two ports. So you only have one amp per port.

*Tobin Smith:* All right, okay.

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- Robert Barnhill:* And you need two amps to charge a tablet, and iReader –
- Tobin Smith:* Okay, something that there's a bigger –
- Robert Barnhill:* So this particular – this is two amps out of each port.
- Tobin Smith:* [Makes the Tim Taylor, "arr, arr," sounds] So I could do two tablets out of this.
- Robert Barnhill:* Two tablets out of that.
- Tobin Smith:* Or a fablet.
- Robert Barnhill:* Or your iPhone or your smartphone.
- Tobin Smith:* But where do you distribute these? Do these go to the cellular dealers, to the –
- Robert Barnhill:* To the cellular dealers, right, and to –
- Tobin Smith:* Best buy type of –
- Robert Barnhill:* AT&T has it. It's – but now back to our question in terms of Ventive is that we are the independent arms merchant as you discussed. So we have a choice of brands. We have all the leading brands of whether it be a big antenna, whether it be a very technical spectrum analyzer, or a charger, or a case. Then we've created Ventive to design and manufacture products that fill an unmet need.
- Tobin Smith:* So that's shocking. So you actually make this in America, or is made offshore?
- Robert Barnhill:* It depends. This is made offshore.
- Tobin Smith:* Okay. And when you find an unmet need that your current suppliers aren't making or et cetera –
- Robert Barnhill:* What the customers need.
- Tobin Smith:* Or the wants.
- Robert Barnhill:* What the customers tell us about.
- Tobin Smith:* Right. And so you have two strategies. One is to get sort of more market share. Obviously, you sell to some of the largest mobile

Internet companies mobile communications, cellular companies. Cable?

*Robert Barnhill:* Cable companies, the people – today, people are building their own systems, so it what we call private systems. You have a lot of the public systems. There's the Verizons, the HUT, the T-Mobiles, the Sprint, but then you have the private system that you're building an in-building WiFi system. So we're selling to those people that are the –

*Tobin Smith:* So if I go to a Starbucks there could be chance that your system –

*Robert Barnhill:* And we might – they might have bought it direct, but then they're using an integrator that we worked to install the product.

*Tobin Smith:* So your sales challenges are what? You have direct sales?

*Robert Barnhill:* Direct sales, and then we're using the – we have a very aggressive Internet-based database marketing system to attract these new customers that we don't know where they're coming from.

*Tobin Smith:* So wait a minute. If I Google in 2-amp charger, am I gonna find the Vention?

*Robert Barnhill:* We're working on that.

*[Laughter]*

*Tobin Smith:* All right. Well, the idea here is that this is a company that is not an everywhere company. You were founded in 1982. You've reinvented yourself as the industry –

*Robert Barnhill:* Many, many times.

*Tobin Smith:* Many times. Well, listen; I understand that completely. American company, sells to America. And on value basis is a growth story selling at a big discount I think to sorta normal other on a percentage of sales on a multiple of sales, on a multiple of \_\_\_\_\_. You've been profitable almost every year since, what, 1990s?

*Robert Barnhill:* Yeah.

*Tobin Smith:* All right. So growing, profitable, on the convergence train, and you only have – as an investor you have to ask a question. Are you gonna consume less media next year, or more? Are you going to use your tablet fablet wireless more next year, or are you gonna

download – are you gonna pay more games, watch more movies?  
If you are, TESSSCO's the name. Thanks for coming.

*Robert Barnhill:* Thank you.

*[End NBT - TESSCO TECHNOLOGIES - 2]*

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