

## President's Corner



With the second half of 2005 well underway, we continue to see great opportunity for delivering margin enhancement and pricing management services to the distribution industry.

Since the last edition of *Insights* we have seen a number of important developments – both within our company and in the marketplace – that we believe will positively impact Advanous.

Our number of clients continues to grow, and today Advanous is actively serving 16 distributors with a range of services spanning from corporate sales and pricing training to the delivery of our pricing and margin enhancement services. To help optimize the value delivered to each of our clients, we have invested in the research and development of the latest release of our signature service, Point to Profit™ (P2P). In addition to increased functionality and operational efficiency, P2P 4.0 offers our clients flexibility for planned customization of data, workflow process and the P2P interface to support their unique needs. Please see the *Advanous Announces Point to Profit 4.0 Release* article for additional details.

On the sales and marketing front we are aggressively working to target and introduce our suite of services to qualified distributor prospects. A successful Spring marketing campaign via NAW SmartBrief helped to identify more than 400 distributors with an interest in Advanous' margin enhancement strategies and our book *Price for Success: A Practical Guide for Improving Margins in Wholesale Distribution* has reached nearly one thousand companies.

To help manage our increased sales activities, Advanous hired Jim Cooke in May as Vice President of Sales. In his short tenure with us, Jim has already reached out to hundreds of distributors to better understand their margin management challenges and needs. On Page 2, Jim shares some of his early observations on the challenges our customers face and the benefits they derive from their engagement with Advanous.

On a final note, I have been extremely encouraged by the increased exposure and awareness that pricing and the emergence of "software as a service" (or as I like to call it, the Advanous model) are receiving in the press and from key industry analyst groups. Below are links to some articles that provide excellent insights into the benefits that these services offer:

[Is it Time to Raise Prices? - Inc. Magazine, June 2005](#)

[Software as a Service - CFO IT Magazine, June 2005](#)

We are certain that with a better understanding of the opportunities associated with pricing and margin management practices, many distributors will have a new path to boosting profitability within their businesses.

## Advanous Announces Point to Profit™ 4.0 Release

### *Update Increases Speed, Efficiency and Functionality of Pricing and Margin Management Service*

As part of Advanous' continuing commitment to offer high performance and value-driven products and services, the company recently announced the release of Point to Profit™ (P2P) 4.0. The latest release of P2P provides distributors with improved functionality and flexibility to leverage historical sales data to identify and take corrective action upon margin and sales enhancement opportunities.

P2P 4.0 provides a comprehensive technology base for margin management across a distributor's entire organization. The hosted software allows Advanous clients to avoid difficult infrastructure and development issues and focus critical resources on driving improvements in overall margin performance.

"It is imperative to test the boundaries of software as a service, integrated business intelligence and solid workflow support to assure our clients the strongest margin management capability in B2B distribution," said Todd Nuckols, VP of Product Services. "With 4.0 we have continued that focus and are well positioned to continue delivering substantial margin improvement results to our clients."

P2P 4.0 brings the next generation of flexibility to Advanous' clients by allowing broad, planned customization of the interface, data and workflow to support each client's specific needs with greater analytic speed. Additionally, P2P 4.0 continues to exploit deep integration with Cognos' market-leading business intelligence solutions.

Engineered from the ground up to be delivered over the Internet or through an extranet, P2P 4.0 allows a distributor to quickly and securely engage in fully integrated pricing and margin management activities. Six months of planning and development have resulted in key new features to Advanous' signature service such as action-driven margin erosion, expanded audit and results tracking capabilities and new core analytic tools.

This release of P2P 4.0 positions Advanous for continuing growth while meeting customer expectations of flexibility, time to value and stability. With a solid architectural base to work from, Advanous will continue to drive value to its clients via this next generation of core technology. ([Click here to view the Advanous Press Release on Point to Profit™ 4.0](#))

# Spotlight on Sales

By: Jim Cooke

Wholesale Distributors are facing tremendous challenges – unprecedented consolidation, new distribution channels (including the internet), ever increasing pressure to pare down supply chain costs and stiff competition. In this intensely competitive business environment, wholesale distributors are challenged more than ever in the battle for the end-customer. Wholesalers must offer a wide-array of value-added services to keep and increase revenues and the profitability of each and every customer.

Updating the wholesale industry's communication and technology infrastructure is the key to remaining competitive. With growing challenges in the wholesale distribution industry, access is needed to key decision-making information, including accurate and timely pricing data and the ability to change business processes quickly across both a diverse organization and a complex web of suppliers and partners. Increased competition, profit margin pressure and higher customer service expectations including faster delivery, better products, more features, lower costs and more information have taxed current business processes and systems.

Staying ahead of the competition in these uncertain times is the corporate version of survival of the fittest and Advanous has the tools and services to help distributors not only stay alive, but to prosper. By delivering this survival tool with the Point to Profit™ (P2P) margin enhancement solution we are uniquely positioned to help relieve already overburdened internal systems. The web hosted P2P tool coupled with Advanous' highly experienced team of pricing experts provides our clients with clear competitive advantage.

We are excited to be reaching out to more B2B distributors to discuss the benefits of more effective margin management and we look forward to keeping all Advanous stakeholders abreast of our progress.

**Jim Cooke** is the Vice President of Sales for Advanous. Prior to joining Advanous in May of 2005, Mr. Cooke held senior executive positions for a variety of telecom, technology and healthcare businesses. Most recently he has been a full time consultant to FutureHealth Corporation, where he worked directly with the CEO on strategic business issues. Mr. Cooke served as Chief Operating Officer of Farmstead Telephone Group from 2000 to 2001 and from 1988 until 2000 filled various executive positions with Executone Information Systems, Inc., including Vice President, Sales and Operations. Prior to that, Mr. Cooke was the President of an interconnect company from 1985 until 1988, General Manager and Regional Manager of the Jarvis Corporation from 1981 to 1985 and spent eight years at Xerox Corporation in various sales and managerial positions.



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Advanous, a division of EnterBridge® Technologies, Inc., helps Fortune 1000 and other leading distributors generate higher profits through its Point to Profit™ solution which combines technology, analytics and industry expertise to increase margin performance across a company's business. Founded in 1999 and based in Richmond, VA, Advanous has delivered an average annual margin increase of 50-100 basis points and a 5-15 fold return on investment to its clients.

## Advanous Q3

- The AMR Research Alert article on the benefits of the Advanous solution (*Distributor Finds Millions in Gross Margin Using Hosted Price Management Tool*) was published in May and sparked interest in price management by the leading trade publication for the electrical distribution industry, *The Electrical Distributor*. Advanous was interviewed extensively for the article that is expected to be published in the third quarter.
- Advanous Founder and Principal Tony Pericle was interviewed for an article on Sales Compensation by the Foodservice Equipment Distributors Association publication, *News and Views*. The article, which will feature quotes from *Price for Success*, focuses on the impact of compensation on margin and will also be released in the third quarter.
- Following the overwhelming success of the Advanous white paper, "*Seven Strategies for Better Margin Management*," the second paper in the "Margin Mindset" series is currently being completed. Focused on the topic of pricing autonomy, the second paper will be released in September and will be available on the Advanous website, [www.advanous.com](http://www.advanous.com).

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