

Advanous Speaking Tour Exposes Key Markets to Benefits of Effective Margin Management

Earlier this month, Advanous Founder and Principal Anthony Pericle presented the tenets of the book *Price for Success: A Practical Guide to Improving Margins in Wholesale- Distribution* to three major trade associations of the distribution industry – IMARK, a marketing group of nearly 200 electrical distributors; NAHAD, the Association for Hose and Accessories Distribution, and; NAWLA, the North American Wholesale Lumber Association. Advanous wrote the *Price for Success* book, which was published by the National Association of Wholesaler-Distributors in late 2004.

“We worked closely with the leaders of these associations and their members to provide customized presentations to address the unique margin management needs of each individual group,” said Pericle. “While each group had different needs, the desire for better insight into effective pricing strategies is universal across the entire distribution industry.”

The sessions were very well received and Advanous is currently exploring new presentation opportunities with other distribution companies and associations for later in the year.

President's Corner



Erik Bleyl
President & CEO

In the last edition of *Insights*, I shared some of the exciting goals we were expecting to accomplish as a company in 2005. I can already report that we are off to a great start and on track to exceed even our own lofty expectations.

Our company continues to grow in a number of ways, most importantly in adding strength to our already impressive staff. In the first quarter of 2005 Jon Ladle joined Advanous as a Senior Margin Analyst and is already helping to deliver value to a number of core clients. Prior to Advanous, Jon worked for Intel as a Senior Financial Analyst. Additionally, Chad Feignebutz and Alex Zafiroopoulos joined our development and operations team to provide additional resources to our growing number of clients. Chad brings a strong programmer/developer background and Alex brings excellent database management skills based on his recent work at Circuit City. Also, a critical addition to our team is Cindy Brann, who has taken over responsibilities for Advanous' HR and Administrative efforts.

Adding the talents of these individuals to our strong group has already made a substantial difference.

In addition to expanding our engagements with a number of current clients, Advanous engaged four new clients in the first quarter. These initiatives spanned activities from customized corporate margin and sales training to pricing projects and evaluation engagements. We are extremely excited about the new opportunities and the impact they will have on our business.

Our technology team has continued its development of the next generation of Point to Profit (P2P), which is scheduled for release this summer. This includes efforts to ease the custom extension of our product offering. The group has entered into a relationship with GrandCentral for on-demand services and integration for selected services and continues its relationship with Cognos. Our technology team looks forward to the successful launch of an improved P2P offering including key enhancements to performance, key functional modules, increase action-oriented analytic processes and easier customization and integration

From a marketing perspective, our company has been on a roll, with a prominent spotlight on Advanous printed in January's *USChamber.com*, a prominent business publication that reaches over 100,000 companies and more than a quarter of a million subscribers. In March, *Progressive Distributor*, a leading trade publication focused on all aspects of industrial distribution, featured an excerpt from our book, *Price for Success*, and the book remains in high demand from NAW, the National Association of Wholesaler-Distributors. *Industrial Distribution* magazine, which reaches 38,000 owners, managers, and sales personnel at industrial distributorships who are responsible for over \$300 billion in annual sales, recently published an article written by our Founder Anthony Pericle. This type of exposure to the market helps to both sell Advanous and inform readers about the services we deliver, which is a priceless sales tool.

Maximizing Results with P2P: Possible Lost Sales Report

The Possible Lost Sales report is an often overlooked reporting module within Point to Profit (P2P) that provides valuable information that can help you quickly recognize sales and margin leaks for an account or sales territory. While many P2P modules focus on correcting the price or cost for existing business or getting the margin right on new business, this module focuses on recognizing when business has been lost all together.

Point to Profit™ is Advanous' solution for sales force, price and margin optimization. For more information on Point to Profit, visit www.advanous.com/solutions_main.html.

The report allows the client to review all customer-SKUS that experienced sales in the last 12 months but have not experienced any recent sales within a certain number of days (which can be set by the user at the time the report is run). For these customer-SKUS, the report will show the last 12 months of demand by month, in addition to the total sales, gross profit dollars, and gross profit percent generated by that customer-SKU. The user then has the option to choose an “internal view” (includes gross profit dollars and percent) or an “external view” (includes total sales dollars). Users are also able to select the

frequency of sales when, for instance, they do not want to review items that only sold once or twice in the last 12 months, but would like to see items that sold at a regular frequency in the last year.

When reviewing the report, sales reps are able to immediately explain what happened with most of these SKUS – often the customer has switched to a different item, or a manufacturer has discontinued production of it. However, occasionally the sales rep is unaware that a customer had stopped ordering that particular item. With only a phone call to the customer, it is not uncommon to discover that a competitor had gotten their foot in the door, but with a little salesmanship the customer can quickly be brought back into the fold.

Additional features enable the user to set selection criteria including customer market, product type, territory, customer, and/or item as well. Within the report, users can view the invoice history for an item by month or for the past year. All of the features enhance the richness of the possible lost sales report to make this module a versatile tool for both sales representative and management.

Advanous Q2

- The development of an exciting new generation of Point to Profit (P2P) is well underway. Advances in platform technology will allow for increased flexibility in the deployment, configuration and customization of P2P modules. The platform continues to extend its reach with new web service extensions to key services and increased performance across analytic processes. The next release will solidify Advanous' commitment to best-of-breed technology with advances in data mart construction, reporting integration, enhanced adaptation to client-specific brands and processes. New technologies will be introduced into the product set including Flex based application components for an improved application experience. This development will be coupled with new optimization and margin management tools and techniques from our analysis services team to bring additional value, performance and ease of use to our expanding client base.
- Advanous will be profiled by industry analyst AMR in an upcoming report on key service providers in the pricing and margin management business.
- In early May, Advanous will release our first white paper in coordination with other marketing efforts underway at that same time. The white paper, entitled Wholesale Distribution: Seven Strategies for Better Margin Management will be available at www.advanous.com upon its release.



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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.

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