



case study

SX.intelligence



The Internet boom, improvements in reporting tools, and the desire to better understand customers have all contributed to a growing trend among corporations: Data collection. It's growing at an astounding rate and emerging rapidly. Business Intelligence software has become more robust than ever before.

Business Intelligence helps you, the dealers and distributors, understand data more quickly, so that you can make better, faster, more accurate decisions. The objective of a Business Intelligence system is to increase organizational efficiency and effectiveness, helping you to run a flatter, leaner organization. These systems also have to help you take control of your sophisticated ERP system, and of course increase your return on investment. Some Business Intelligence (BI) technology aim to make the flow of data within an organization faster and more accessible, such as making standard reports easier to build, maintain, distribute, and customize. There are other, newer BI technologies, that take a more aggressive approach. They redefine existing processes with new, more streamlined processes that eliminate entire steps or create new capabilities that are beyond the reach of your current legacy system. This is why Business Intelligence solutions are so valuable to your company and organization.

The changing landscape of today's business environment, combined with the competitive advantages of new technologies drive the need for new tools and new approaches to decision making - new approaches to Data Collection. How can a Business Intelligence system meet your Data Collection and Analysis needs?

- By providing access to good data within your back office system
- By helping you understand the information you are viewing
- By *helping* you analyze data
- By **helping** you communicate the results and take action

NxTrend Technology, Inc.® has your Business Intelligence solution - SX.intelligence. A suite of products designed to help manage and improve your companies profitability.

SX.intelligence is a windows-based business analysis tool, decision support system, enterprise-wide reporting and publishing solution, and cost-effective information system. This suite of products, from NxTrend, can help your sales people work smarter by focusing their efforts. It lets you analyze and measure any business data, eliminate unprofitable products and customers, increase profits and efficiency, unlock valuable information in your enterprise system, alleviate frustrating and costly IT support for company reporting, and communicate accurately and positively - thus helping your bottom line. Best of all, with NxTrend, you're using a trusted partner who remains committed to the goals of your Business and industry.

"In our commitment to consistently deliver value to our customers, our first priority at NxTrend Technology, Inc. is to deliver the highest quality product and support possible. Our customers entrust us and understand the growing needs and business processes of their industries and leverage the best available technology to create solutions. Part of that trust comes from the confidence that NxTrend will continue to protect the future of your investment by developing new products and improving existing products..."

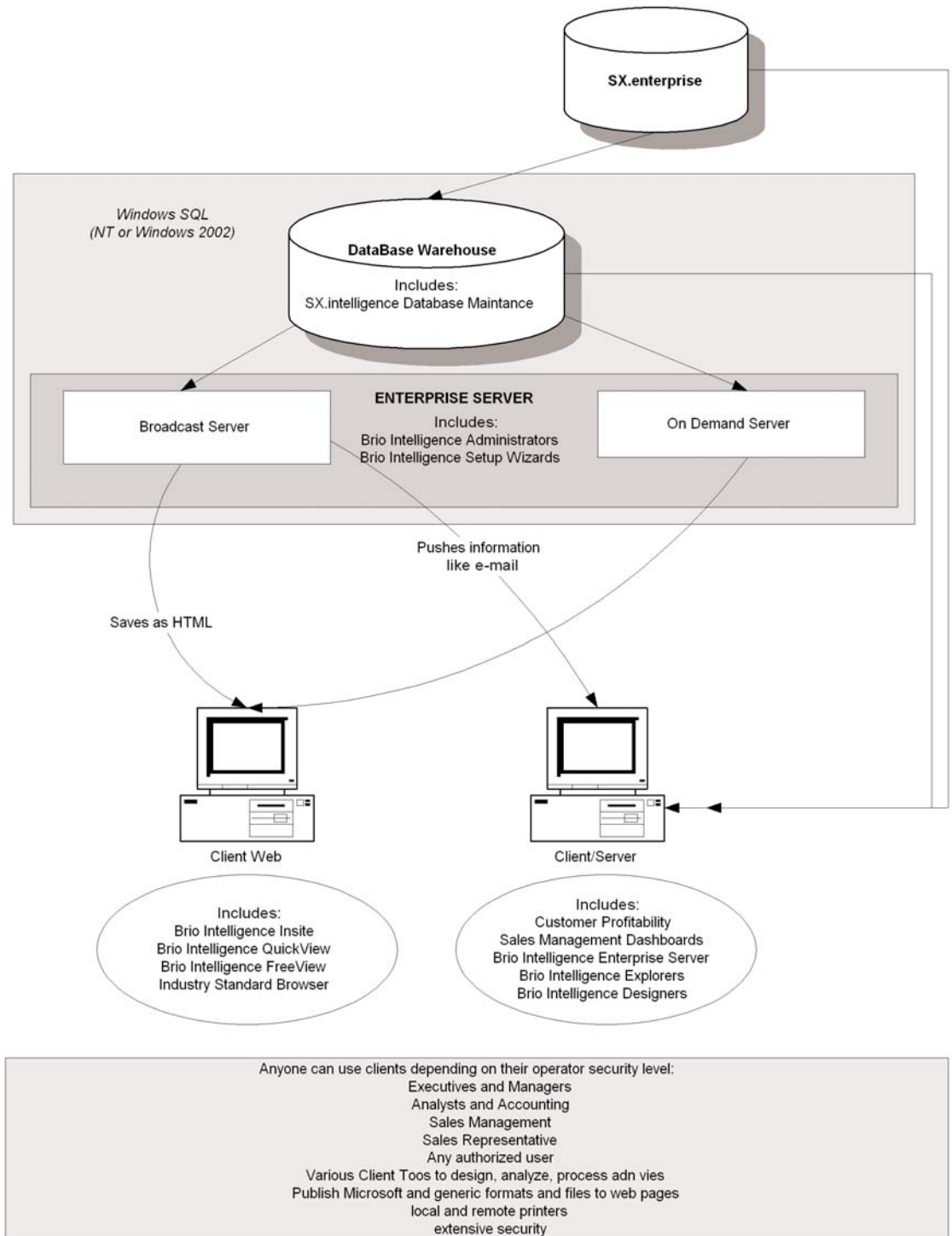
Mike Cornell

President and CEO of NxTrend Technology, Inc.

Features of SX.intelligence

SX.intelligence is a suite of applications designed to provide easy access to vital information about the health of your operation, such as key performance indicators, customer profitability analysis, and sales metrics and

analysis. The SX.intelligence solution allows users to access SX.enterprise data with robust query and graphical reporting tools that harness the power of data and transforming the information for enlightened decision-making in the supply chain environment.



Two new pieces of SX.intelligence: Customer profitability and Custom Dashboards

Customer Profitability

$$\text{Customer Profitability} = \text{Profit before interest and taxes} = \text{PBIT}$$

The gross margin dollars from a customer over the selected time period less the product of the number of transactions and the cost per transaction

To generate revenue, you have increased your sales force, developed a compensation plan to motivate your salesreps, provided ample training, and strategically deployed representatives of your company to call on customers and sell, sell, sell. You've employed the traditional methods to generate sales volume, but does your strategy guarantee your sales force will generate revenue? Although your sales strategy worked in the past, it is expensive, and coupled with rising operating costs, the prices at which you can compete do not sufficiently offset the expenses for you to become more profitable. How can you increase revenue with your current sales force?

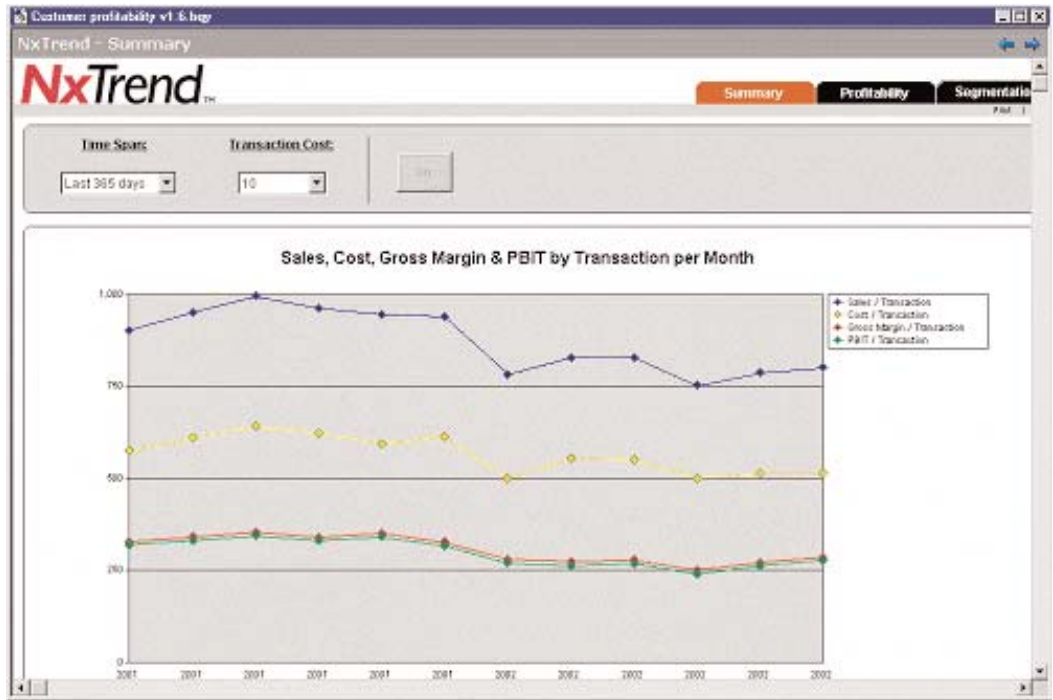
Competing in this economic environment requires innovative operating methods. As with nature, the key to organizational survival is being able to monitor your environment, modify behavior, and adapt to changing conditions. In the case of increasing sales and generating revenue, you must:

monitor your environment by measuring and analyzing your selling achievements, compiled from data captured from invoiced orders and customer activity; and determine if the account generates revenue or costs you money, modify behavior to capitalize on your best performing assets (salesreps and customers), and adapt to changing conditions because the global economic environment is simply beyond your control. The strategies that worked in the past will no longer generate revenue. You must find clever ways make your operation more efficient.

Customer Profitability helps you monitor your environment, modify behavior and adopt to changing conditions by producing different report views that help you spot trends in customer profitability, rank customers by parameters you define, and divide your customer accounts into profitability groups so you can focus on the characteristics in each group. This information enables you to train your employees about your most profitable customers, find mutually beneficial solutions to make marginal accounts more profitable, and develop policies, such as small-order policies, to make your operation more profitable.

What information supports these reports?

- **Customer Profitability setups** - Customer Profitability uses Brio to display the report views.
- **Data Warehouse information source** - The Data Warehouse is the repository for data used by each SX.intelligence application, including Customer Profitability.
- **Metrics** - A metric is a unit of measure that you use to compare different items or objects based on standard criterion.
- **Gross margin** - The amount of money your company earns from a sale after it covers the product's cost.
- **Profit Before Interest and Taxes (PBIT)** - Customer Profitability uses PBIT instead of margin percent.
- **Asset management** - the way you analyze abstract data and think of ways to improve your current performance.
- **Your workforce** - measuring sales effectiveness and customer service
- **Customer retention** - measuring customer retention rates.
- **Small-order problem** - categorizing orders and develop procedures for handling them according to their profitability.



The Summary Report

The Summary report view displays total orders invoiced within the date range you select. A graph plots sales, gross margin, cost, and PBIT (Customer Profitability uses Profit Before Interest and Taxes instead of margin percent) by transaction for each month in the time span and transaction cost you select. These ratios show trends of performance for:

- Sales/Transaction tells you how successfully your sales force won sales and the average amount of each sale,

- Gross Margin/Transaction shows the average gross margin per transaction,
- Cost/Transaction tells you how the product cost of the sold items measures up with sales and gross margin, and
- PBIT/Transaction shows gross margin minus the transaction cost you selected so you can play "what if" games. This ratio shows margin dollars minus transaction cost instead of margin percent, which is misleading; a big percent on a small order is a loser.

Rank by PBIT	Customer ID	Customer Name	# of Transactions	Sales	Cost	Gross Margin	PBIT	Customer Percent of Overall PBIT
1	575600	CustNo 575600	461	\$971,399	\$468,577	\$202,822	\$198,212	3.40%
2	587100	CustNo 587100	512	\$504,751	\$312,455	\$192,297	\$187,177	3.21%
3	722600	CustNo 722600	156	\$295,440	\$172,285	\$113,155	\$111,595	1.91%
4	304682	CustNo 304682	116	\$391,318	\$278,736	\$112,582	\$111,422	1.91%
5	720100	CustNo 720100	258	\$308,405	\$195,922	\$112,483	\$109,903	1.89%
6	2000400	CustNo 2000400	32	\$318,615	\$212,212	\$106,402	\$106,082	1.82%
7	482475	CustNo 482475	179	\$434,463	\$334,980	\$99,483	\$97,693	1.68%
8	677100	CustNo 677100	148	\$350,832	\$251,834	\$98,998	\$97,518	1.67%
9	728100	CustNo 728100	92	\$453,144	\$358,750	\$94,394	\$93,474	1.60%
10	219215	CustNo 219215	164	\$175,462	\$88,696	\$87,767	\$86,127	1.48%
11	686444	CustNo 686444	118	\$318,878	\$238,281	\$80,598	\$79,418	1.36%
12	2000043	CustNo 2000043	124	\$266,801	\$197,929	\$68,871	\$67,831	1.16%
13	1001082	CustNo 1001082	58	\$130,125	\$62,994	\$67,131	\$66,551	1.14%
14	382350	CustNo 382350	88	\$236,163	\$171,898	\$64,265	\$63,385	1.09%
15	364660	CustNo 364660	37	\$130,935	\$72,363	\$58,572	\$58,202	1.00%
16	2000357	CustNo 2000357	112	\$110,241	\$61,885	\$57,356	\$56,236	0.96%
17	429162	CustNo 429162	167	\$190,778	\$134,487	\$56,291	\$54,821	0.94%
18	10005	CustNo 10005	164	\$107,593	\$52,813	\$54,900	\$53,140	0.91%
19	144819	CustNo 144819	93	\$107,318	\$59,117	\$48,201	\$47,271	0.81%
20	619225	CustNo 619225	103	\$157,982	\$110,316	\$47,666	\$46,636	0.80%
21	617850	CustNo 617850	63	\$158,770	\$112,550	\$46,220	\$45,590	0.78%
22	364100	CustNo 364100	131	\$118,055	\$77,315	\$40,740	\$39,430	0.68%
23	1001169	CustNo 1001169	165	\$210,448	\$171,682	\$38,767	\$37,117	0.64%

The Profitability Report

This report ranks all of the accounts by their estimated profit contribution. You can quickly see what percent of the customers account for what percent of your profits.

View your customer accounts as an asset: potential wealth. Ranking your customer accounts to find out which customers are profitable, and which are not will enable you to concentrate on the accounts that generate revenue.

The Profitability report simplistically calculates a customer's profit contribution so you can see what percent of the customers account for your revenue. This report view gives you details of your customers' profitability and ranks them according to PBIT, PBIT/Sales or PBIT/Gross Margin. You can view "what if" scenarios by changing the criteria. Run this profit ranking report for each profit center, each service division, and each sales territory.

Although the percentages can vary, the basic idea is that the majority of your sales revenue is generated by a small number of customers. Within your portfolio, you also have marginal accounts and losing accounts that are a burden to service. Identifying these accounts is a huge profitability gain because they actually cost you money to maintain, and it won't cost you any time or money to forget them.

The Segmentation Report

To capitalize on your most profitable customers, you can concentrate your energy and resources on the top performers, define their needs, and educate and coordinate your entire company to respond to their expectations. However, if you take this action, your current resources will not be able to provide adequate service to the vast majority of your accounts, which are marginally profitable. Common sense tells you that you cannot simply ignore the rest of your customers

because your competitor will certainly appeal to the accounts that you don't have the resources to service. Your competitor will also attempt to attract your top-performing accounts, hoping to leave you with an empty basket.

The Segmentation Report view helps you determine what the dollar boundary lines are for average sales, average gross margin, average PBIT, and average number of transactions so you can segment customers into similar categories allowing you to service them accordingly. The successful marketing campaign is one that effectively addresses the interests of the individuals in that group and capitalizes on those interests to generate sales. Dividing your customer accounts into four groups according to the monthly sales or margin dollar metric gives your sales force direction to efficiently use their time.

This report allows you to create boundaries around your customer groups so you can concentrate on the similarities of each group finding ways to make them more profitable. Nicheing the market is where the profits have been and will continue to be. Why? Because, large markets are heterogeneous, so the average customer gets a sub-optimal total value, small markets are more homogeneous, so supplier can be for perfectly focused and deliver higher value to support higher margins for the same or less cost and asset

intensity, and all customers are becoming loyal to leading edge value to be leading-edge themselves. Add to this, make-anything, now manufacturing ability, and more niche demands can be found, met and profited from.

This report view allows you to play "what if" scenarios to see how many accounts fall into each category, what the average PBIT/customer for the category is, the total sales, gross margin and PBIT per category along with average percent for gross margin and PBIT as a percent

NxTrend - Segmentation

NxTrend

Summary Profitability **Segmentation**

Time Span: Last 365 days Transaction Cost: 10 Group By: Sales Gross Margin Customer Data Thresholds: A > 10000 > B > 7500 > C > 5000 > D

	Average Sales	Average GM	Average PBIT	Average # Transactions	Total # Customers
A	\$55711	\$18460	\$17939	52	262
B	\$8670	\$3658	\$3521	14	60
C	\$6205	\$2772	\$2660	11	98
D	\$1461	\$702	\$661	4	993

Sales Category	Customer ID	Customer Name	Sales	Sales Percent in Category	Gross Margin	Gross Margin Percent in Category	PBIT	PBIT Percent in Category	# of Transactions
A	575600	CustNo 575600	\$671,399	5%	\$202,822	4%	\$199,212	4%	461
	587100	CustNo 587100	\$504,751	3%	\$192,297	4%	\$187,177	4%	512
	728100	CustNo 728100	\$453,144	3%	\$94,394	2%	\$93,474	2%	92
	482475	CustNo 482475	\$434,463	3%	\$99,483	2%	\$97,693	2%	179
	304682	CustNo 304682	\$391,318	3%	\$112,582	2%	\$111,422	2%	116
	677100	CustNo 677100	\$350,832	2%	\$98,998	2%	\$97,518	2%	148
	686444	CustNo 686444	\$318,878	2%	\$80,598	2%	\$79,418	2%	118
	2000400	CustNo 2000400	\$318,815	2%	\$106,402	2%	\$106,082	2%	32
	720100	CustNo 720100	\$308,405	2%	\$112,483	2%	\$109,903	2%	258
	722600	CustNo 722600	\$285,440	2%	\$113,155	2%	\$111,595	2%	156
	2000043	CustNo 2000043	\$266,801	2%	\$68,871	1%	\$67,631	1%	124
	392350	CustNo 392350	\$236,163	2%	\$64,265	1%	\$63,385	1%	89

of sales. You can determine how many accounts would, in theory, be reassigned from current sales coverage methods.

The Customer Profitability module within SX.intelligence is based on the work of D. Bruce Merrifield, Jr. President of Merrifield Consulting Group, Inc. Merrifield has focused historically and most narrowly on how to maximize the effectiveness of independent distribution channels, high performance service management and how electronic commerce will continue to effect distribution channels.

Executive Dashboards - a customized approach

As you observe your distribution facility, you see customer service representatives entering orders and bustling activity in the warehouse. Things look good so far, but until the monthly reports are printed, you'll just hope you are gaining a larger share of the available market. Unfortunately, your competitors are trying to increase their market share at the same time.

Dashboards, a custom product, give SX.intelligence users a quick graphical view of important, business information. Dashboards are designed for use by executives, sales managers, financial personnel, and any other user in your organization.

The faster you can determine where your sales dollars are coming from, the faster you can respond to a changing environment. Here are just a few examples of how Dashboards can help you:

- Dashboards compile your invoiced sales lines to give you feedback on your performance.
- Let you view sales achievements and buying trends
- Let you locate products and customers that are winners and losers
- Let you examine red flags, such as low margins caused by pricing overrides and heavy discounts that are giving away the store.
- The reports provide a graph supported with numeric detail, and you can easily customize them to see an unlimited variety of performance reports.

- Help you analyze sales data when few people can devote the time to scrutinize numbers
- Give you feedback on your sales data
- Display standard reports
- Let you customize reports
- Locate buying trends
- Shows you the products that are winners and losers
- Show your margins
- Will show you other vital information that will help you make fundamental business decisions to potentially improve your sales volume and profitability

How Can SX.intelligence Improve Your ROI: A Success Story

The Braas Company uses SX.intelligence in all aspects of their business to improve their return on investment. SX.intelligence saves them man power, by analyzing sales data, customer data, and point of sale preparation.

"I recently had a sales secretary tell me that Broadcast Scheduler had reduced her time in preparing and delivering monthly point of sale reports for suppliers from days down to minutes each month. That's impacting our ROI." said Brad Morris, Executive Vice President at Braas Company.

Braas, a distributor of industrial automation products and services, uses NxTrend's SX.enterprise software. They also needed an effective tool for reporting, publishing, and most importantly Business Intelligence. So, they installed SX.intelligence as their sales reporting tool. "With SX.intelligence we are able to analyze not only sales, but also bookings, and backlog based on virtually unlimited parameters," said Morris. He continued, "With SX.intelligence we can quickly and easily spot trends in sales territories, product lines etc. including gross margin rate variances, or volume spikes and valleys."

Sales report analysis

The Braas Company also uses the drilldown feature in Brio, because it is an enormous timesaver and it answers the inevitable "why?" questions that are generated when looking at any sales report. Braas is able to monitor their bookings and backlog and accurately predict when booked orders will turn into invoiced sales. "We also learn a lot about our business cycles by tracking the delays between booking and shipment based on order size, or customer type, territory etc." stated Morris.

The Braas Company uses the SX.intelligence features to develop customized account lists for sales reps. It provides the exact information that each of our sales representatives wants to know about their accounts, in the order they want it in.

Using SX.intelligence for Success

"Without a doubt our most successful use of SX.intelligence has been the ability to easily create sales budgets with detail down to the product level by customer" Morris said. He continued, "These budgets can then be easily rolled up into regional, divisional, and corporate levels, and viewed from either the customer, or supplier perspective enabling the same budget to serve multiple audiences. Of course a budget that can't be compared to actual is pretty worthless, and the ability within SX.intelligence to combine data from SX.enterprise and Microsoft Excel, or Access databases makes the actual vs. budget reporting a very achievable task."

Braas Company's finance department uses SX.intelligence to acquire up-to-the minute reports containing open invoices for collection calls and inventory information.

Deliver reports in different formats

Braas's favorite piece of SX.intelligence is the Brio Broadcast Server because it is Brio on steroids. It has the ability to schedule standard reports and then automatically deliver those

reports to users who do not have a Brio license. Reports are delivered in the form that works best for their salespeople. This can be a full color chart displayed as a page on Braas's Intranet, an Excel file attached to an e-mail, or simply a Microsoft Excel file stored on a network drive for access whenever it is needed. Morris said, "I recently had a sales secretary tell me that Broadcast Scheduler had reduced her time in preparing and delivering monthly point of sale reports for suppliers from days down to minutes each month. That's impacting our ROI."

About Braas

Today Braas has representation in seven cities across the Midwest and a subsidiary, Kershaw Automation, located in Tampa, Florida. They have forty years' experience utilizing high quality, leading-edge technologies and applications expertise in solving their customers' diverse industrial automation applications and fulfilling their needs as a distributor of industrial automation products and services. Braas Company remains completely committed to honesty and integrity in dealing with all their stakeholders. Starting out as a single sales person with a single product line, to now more than 100 people and over 80 suppliers representing a wide range of industrial automation products, Braas continues its commitment to their customers, their employees, and their suppliers.

Let NxTrend Help Your Business

You know the data exists in your software, but you can't get to it. This is valuable information that will help you create strategy, adjust strategy and create business tactics. Our software is timely, flexible, accurate, fast. You have custom reports, spreadsheets and report writers. Let us help your ROI.

For more information about SX.intelligence, contact your Business Consultant or Account Manager.