

Next Generation B2B Initiatives Targeting Channel Visibility

November 2005

Simple, affordable B2B collaboration for all trading partners.

- The SigmaTrak Philosophy
 - Collaboration Portfolio must include system-to-system collaboration for SMBs, not just web portals
 - Direct connections to gateway (in-house, hosted or outsourced)
 - Technology to fit the problem, and no more
 - Remote management & appliance upgrades included in low cost subscription, no software sales, no on-site consulting
- Customer Base Today
 - Supply Side and Demand Side Client Applications
 - Over **125 customers** in **18 countries worldwide**
- Management Team with Extensive Background in Supply Chain
 - 50+ years of Supply Chain Management delivery and consulting
 - BPA, ClearOrbit, Accenture
 - Strategic Direction and input from key leaders
 - Cisco, Applied Materials, Alcoa and Motorola...
 - Vision to simplify collaboration across trading partners

Distributor Channel Visibility – A Familiar Problem

Manufacturers sell to distributors in "arm's-length" transactions and then lose visibility. As a result, they cannot easily, quickly or accurately manage rebates and commissions, trigger targeted marketing activities and manage inventories.

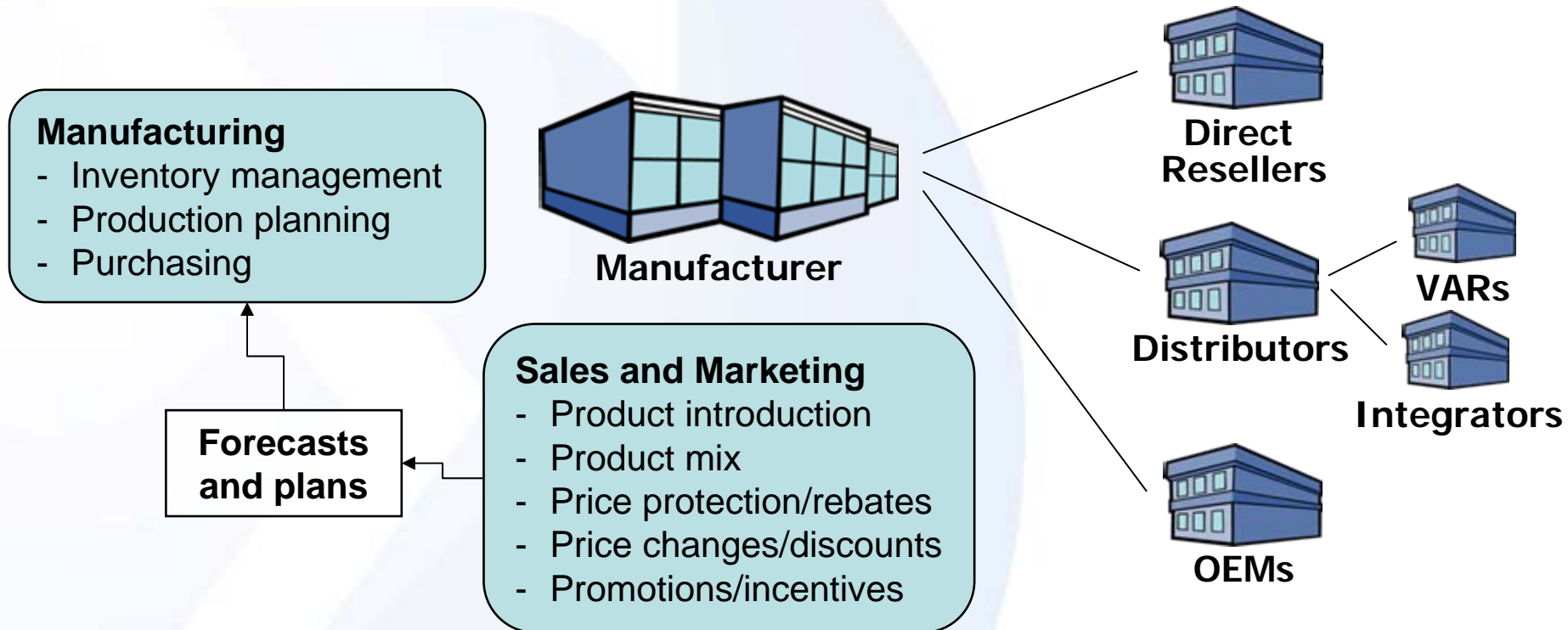
Gartner – *March 2005*

Enterprises that do not coordinate their sell-side channel partners effectively are missing out on billions of dollars in potential revenue, and are surrendering control over their pricing and margins to increasingly sophisticated and powerful buyers.

AberdeenGroup – *September 2004*

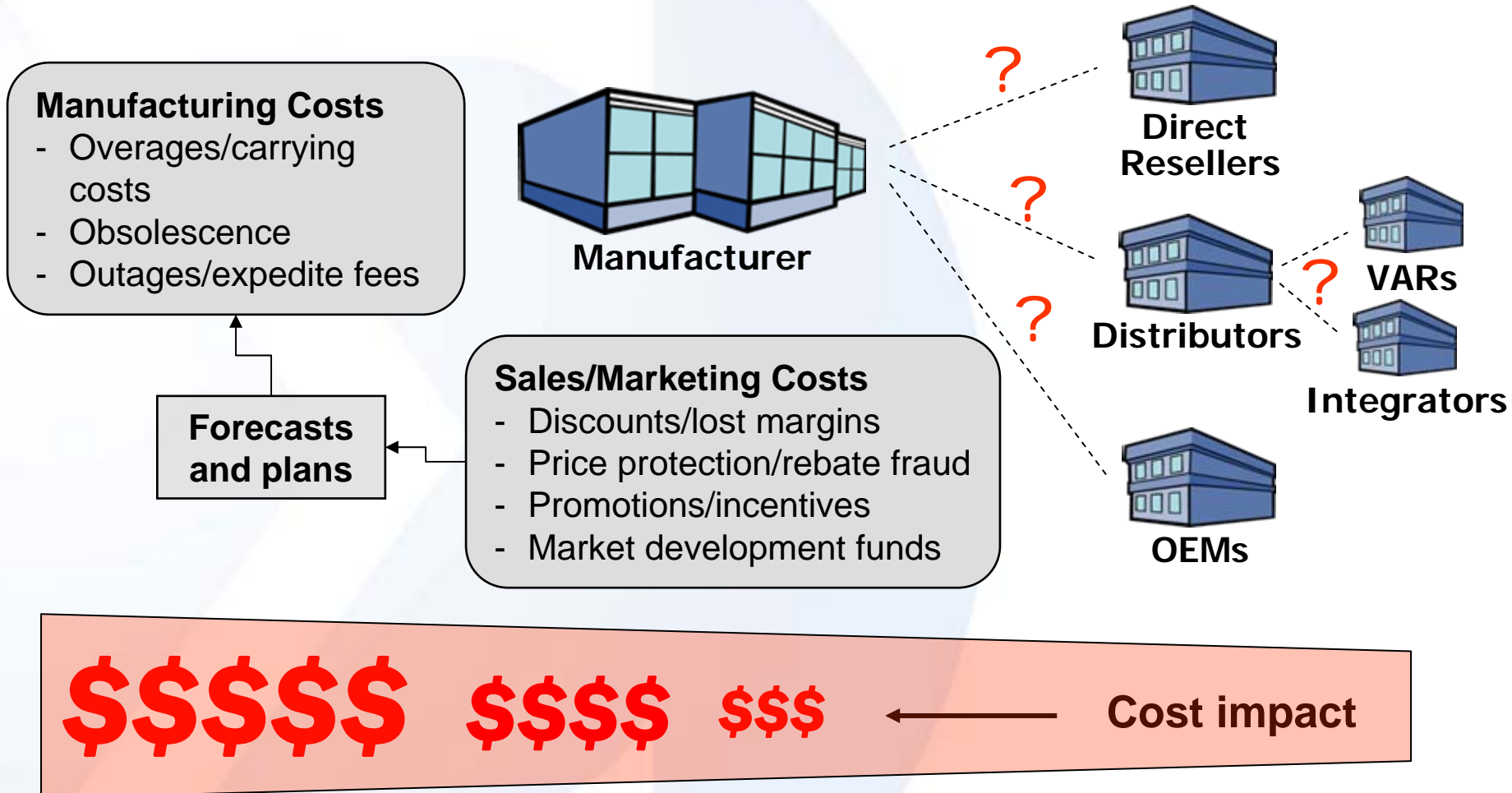
Distributor Channel Visibility

Complex decisions and actions depend upon real-time information flow from channels



Distributor Channel Visibility

Poor channel information flow results in escalating costs (Bull-whip Effect)



When Did You First Know?

- **Channel sales stalled:** Sales fall from 40,000 units per day to 15,000 units per day.
- **Channel sales outage:** Sales zoomed from 40,000 to 60,000 units per day, Risk of available inventory rapidly falling creating stock-outs.

To first know *faster*, you need the Data

- Daily data is better than weekly/monthly
- Automated is better than manual
- One format is better than 5 different formats/methods
- Auditable data is better than error prone/un-auditable data

When Did You First Know?

- **Daily Sales-Out are not on Target to reach Quarterly quota sale goal**
 - **Highest Rebate tier depends on XX units per day sold**

Distributor Sales Incentive, Net Sales Out Target per quarter (units)	Rebate Eligible (of net channel billings)
Tier 1: 150,000 (2,500 per day)	Tier 1: 1.0%
Tier 1A: 175,000 (2,900 per day)	Tier 1A: 1.25%
Tier 2: 200,000 (3,300 per day)	Tier 2: 1.5%
Tier 3: 250,000 (4,100 per day)	Tier 3: 2.0%

To first know *faster*, you need daily auditable POS Data

Why do my existing Channel Visibility programs not deliver value?



- 100% of Channel Partners not sending daily data
 - Manual Spreadsheets sent back and forth
 - Email based Sales and Forecasting
 - Partial participation is not a solution
 - Takes weeks/months to compile sales results
- Poor tools internally to process the data into actionable information
 - Hours of labor spent daily to generate inaccurate reports
 - Do not know what is selling, and where inventory is

The Business Case

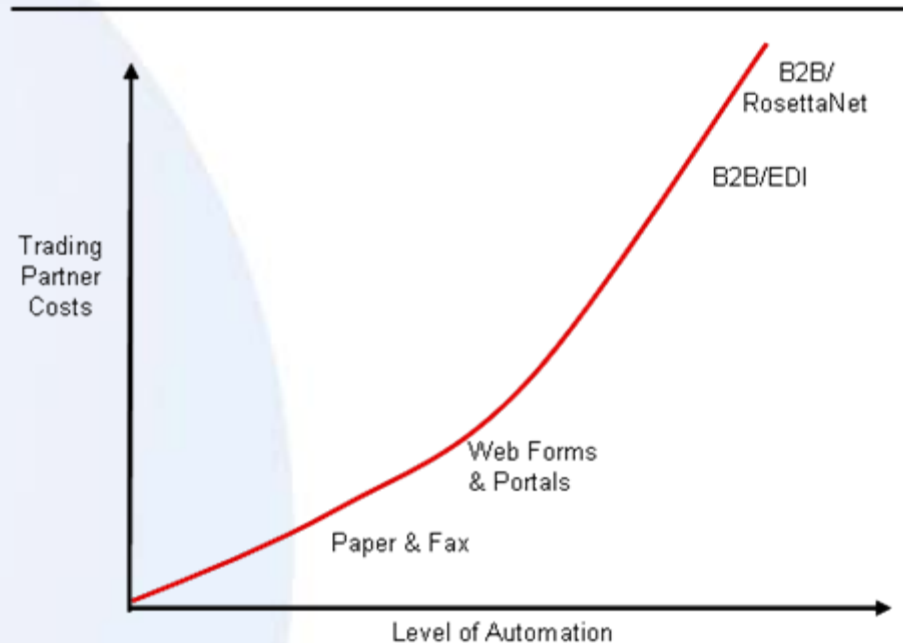
Barriers that Increase Costs

- Total Cost of Ownership
 - Too much labor
 - Portals, key entry, manual uploads
 - Too loose
 - Email, FTP, Spreadsheets, data errors
 - Too expensive (for most)
 - RNIF, EDI, Integration/Mapping Consulting
- Partner Opportunity Costs
 - Partnership Instability Costs
 - More change increases partner frustration
 - High Switching Costs
 - Partner increases price

Lower the Barriers...

- Leverage Existing Tools & Technologies
 - Use of the “free” Internet
 - Standard methods of getting data from the enterprise systems
- Loose Coupling
 - Avoid penalties for ramping up & down the business with channel partners
 - Plan for growth & improvements
- Synchronize costs with financial incentives
 - Avoid Front Loading the investment

B2B Integration Cost Curve

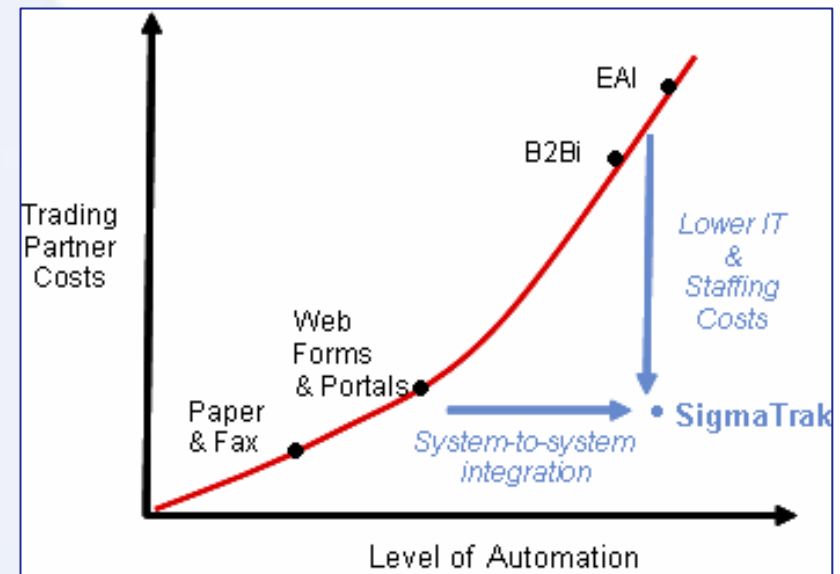


The SigmaTrak Approach...

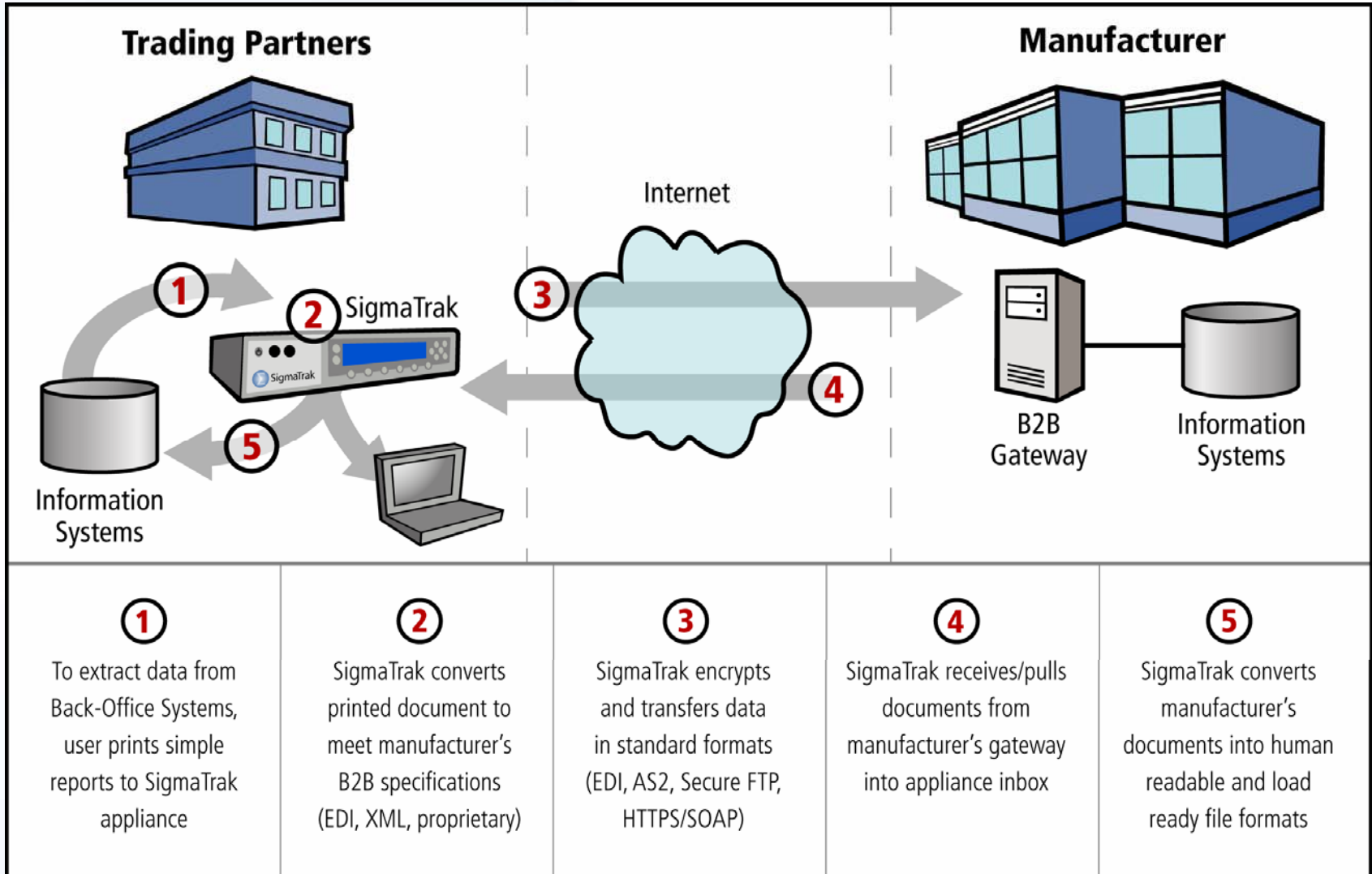


The SigmaTrak Solution

- Appliance Based B2B
- Low Cost Subscription Service
- Simple Zero Consulting Install
- “Print to Integrate” Technology
- Deployable Worldwide



The SigmaTrak Business Solution



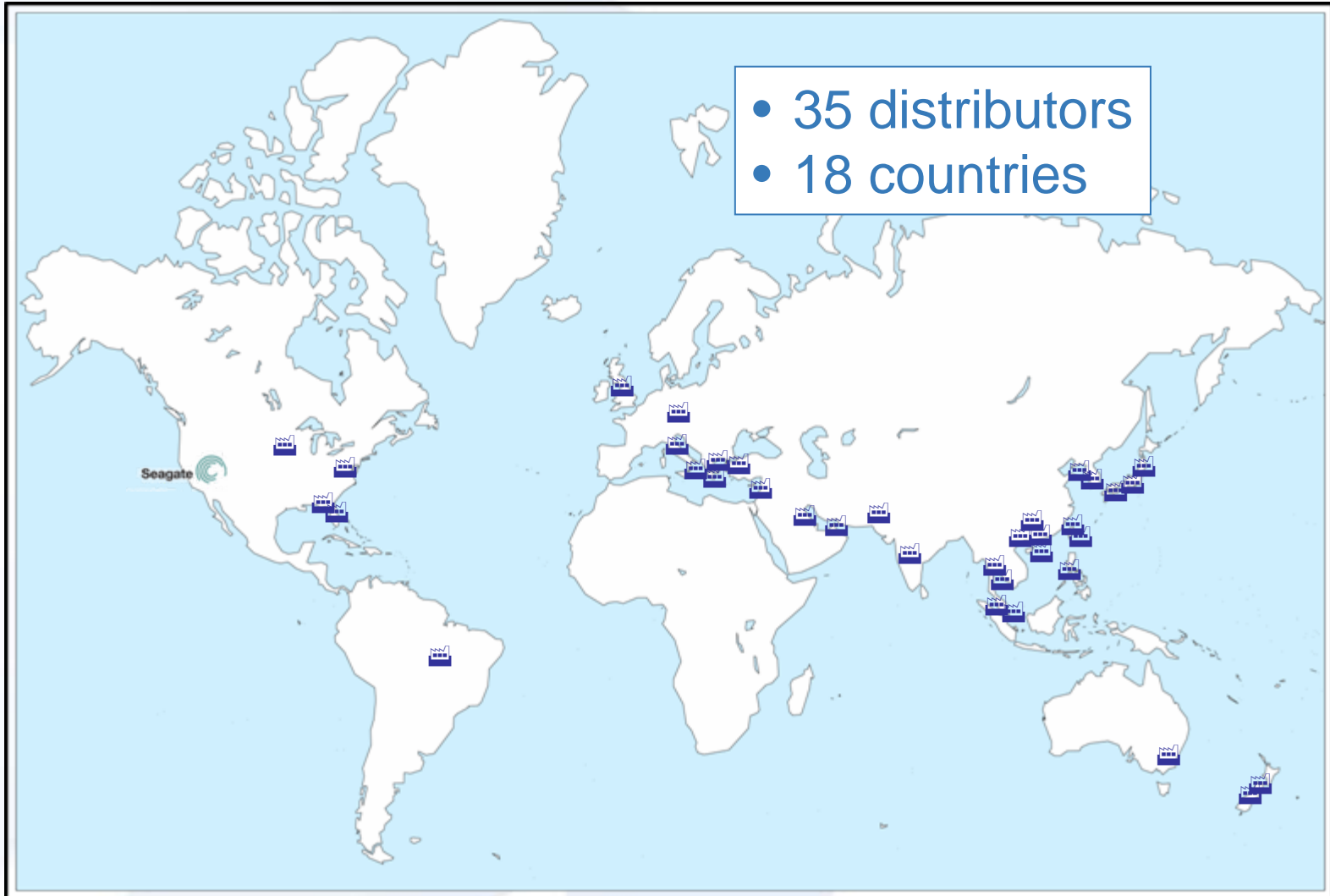
B2B for the Rest of Us...



- How does it work?
 - A Business partner auto-prints required reports to the Messaging Appliance print queue for the Manufacturer
 - What Manufacturer sends (or publishes) is received by Business Partner's Message Appliance Inbox
- How does the end-user know what to print?
 - They print a simple pre-defined business report to the Messaging Appliance, which is auto-printed each day.
 - Configuration and activation assistance provided by SigmaTrak
- How are reports automated?
 - We help end-points set up automated printing of these simple reports, reports are scheduled to print automatically from their System of Record, giving 100% auditable data daily

Seagate Case Study

Seagate  - Distributor Data Collaboration



Seagate Case Study

The Problem



- Delayed, error-prone information from distribution channel
 - Manually submitted POS and inventory reports
 - Data entry errors and reporting delays of 7-10 days
 - Overall inability to track and audit sales
- Business impact
 - Unpredictable demand
 - Inability to enforce terms of price protection/rebate program – fraud exposure
 - Escalating rebate costs

Seagate Case Study

Removing Obstacles



- Costs too much to implement
- Costs too much to maintain
- B2B specifications are too difficult
- Technical skills aren't adequate
- Source data is too difficult to extract and format
- Takes too long to put in place
- Consumes too many of our resources

Seagate Case Study

The Solution

Seagate Distributor Collaboration

- Daily POS & inventory data feeds via SigmaTrak router
- Collaboration tied to rebate programs
- Data sourced from System of Record (SOR)
- Simplified format leveraging basic reporting technology
- 1 month global rollout
- Outsourced maintenance with supported upgrades



Business Results

- 100% distributor participation
- Real-time demand visibility
- Improved inventory management
- Predictable rebates – reduced risk and cost

Final Thoughts

- Keep Collaboration Simple
 - Available to everyone, No IT required
 - Low cost and compliance in a week
 - Plug-In, Print, Integrated
- Present Collaboration as a Win-Win
 - Define incentives for Information Sharing
 - Remove barriers and excuses, participation required
- Get 100% of the data
 - Must be Auditable
 - Must be Automated
 - Must have 100% participation

Questions?

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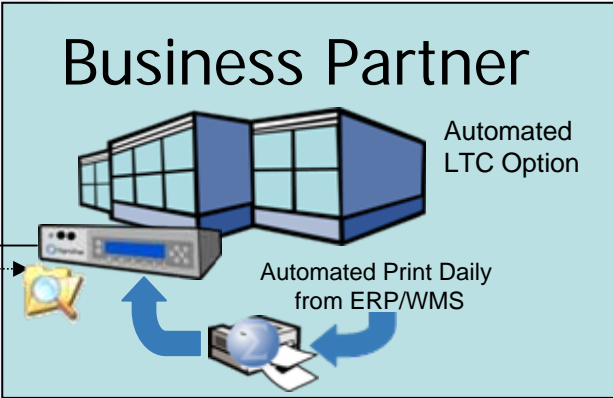
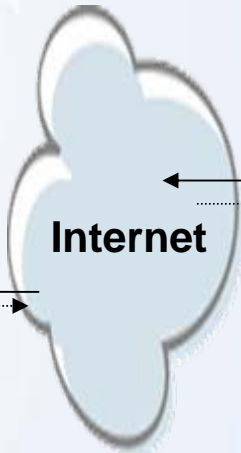
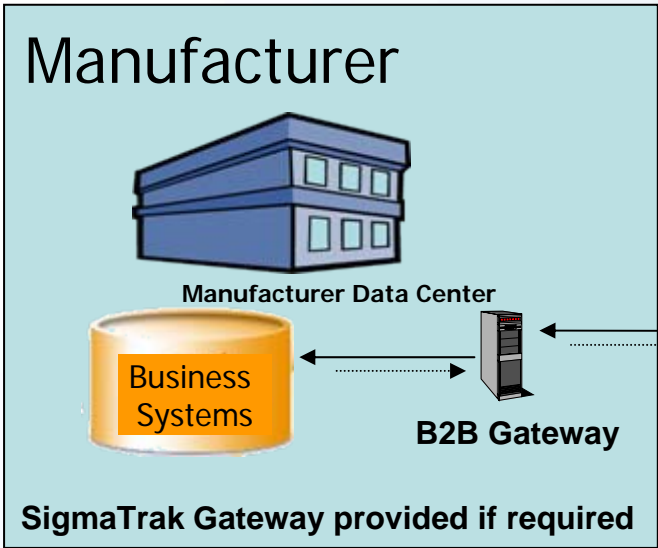
eMail: paul.palmer@sigmatrak.com

Technical slides

November 2005

What is provided by SigmaTrak?

- Upon order, a new Subscription is added to the local Integration Router to enable distribution partner to send and receive documents to/from Manufacturer.
 - If end-point does not have the required hardware, it is provided as part of service



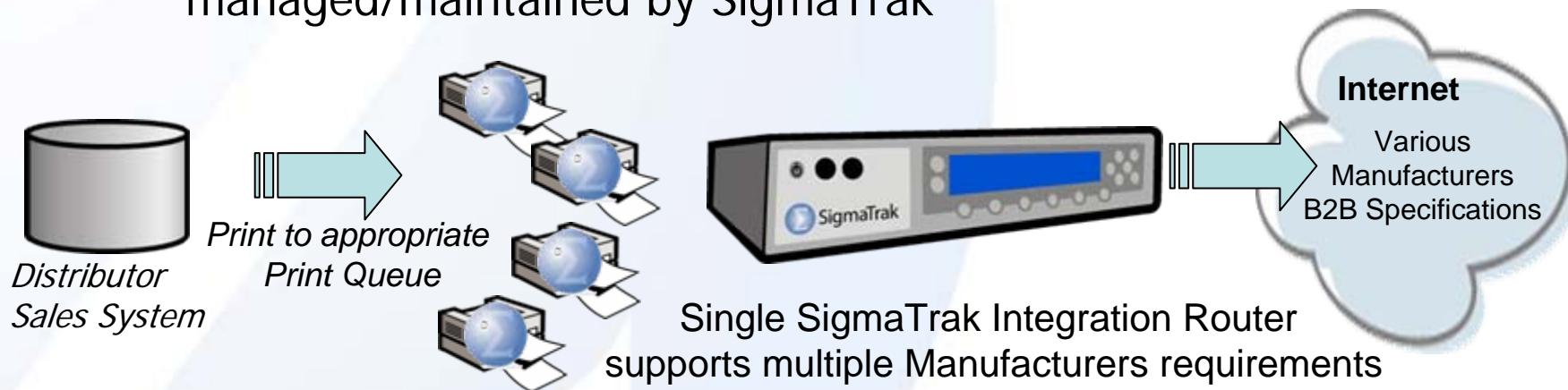
The Manufacturer Business Partner prints standard reports automatically each day to SigmaTrak Messaging Appliance configured to send information to Manufacturer.

The Manufacturer partner can receive and review data sent from Manufacturer and/or integrate data received into their ERP on Appliance's local file share/hard drive.

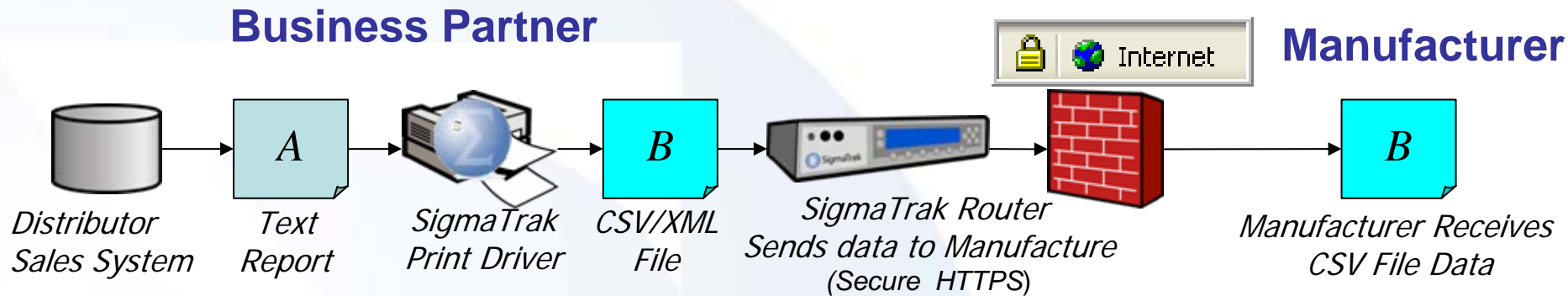
← Data Sent to Manufacturer (Manufacturer)
-----> Data Sent or made Available from Manufacturer

How does this work for the Distributor

- Distributor wants to do daily POS/Inventory Reporting for another Manufacturer
 - **New Activation Fee**
 - Adds new print queue and inbox for tailored to Manufacturer's unique B2B requirements
 - Any new hardware upgrades provided as required (included)
 - **Monthly Fee for Each Subscription**
 - Keeps Manufacturer Subscription current, any changes are managed/maintained by SigmaTrak

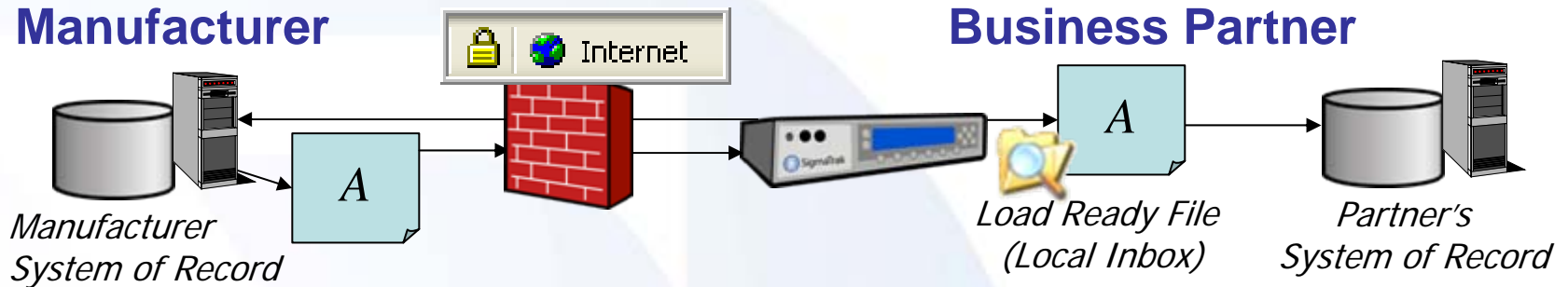


How it works:



- Processing printed reports
 - i.e. Inventory/POS Reports run through standard print filter
- Data Mapping or File Reconfiguration →
 - Expectation is mapping done at Manufacturer or Service Provider (i.e. E2open)
- Generic **“Print In – File Out”** methodology that works with standard Printed Reports
 - Whatever is printed is filtered to CSV/XML etc.. and sent securely

How it works:



- Receipt of Files from Manufacturer
 - Router goes out and retrieves or accepts files from Manufacturer
- Data Mapping or File Reconfiguration →
 - Expectation is mapping done at Manufacturer/Service Provider
- Generic “File Send– File Receive” methodology
 - Whatever is sent is securely received in local inbox
 - End-Point takes load ready file into their ERP/Business Systems

SigmaTrak Services



SigmaTrak
Integration Router Appliance



SigmaTrak
Router Management System



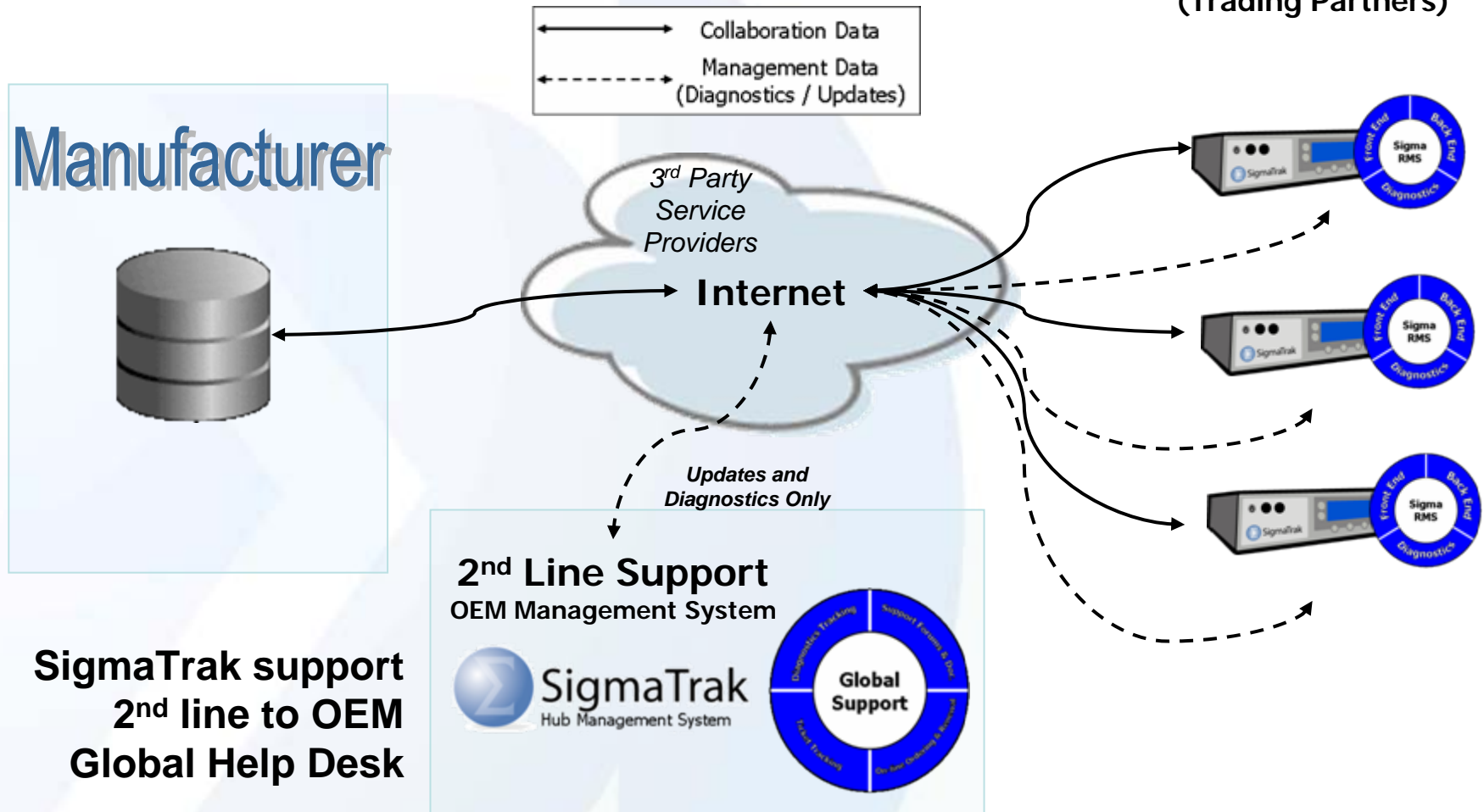
SigmaTrak
Hub Management System



Remote Management Systems

Integration Routers support various messaging standards

**End Points
(Trading Partners)**



**SigmaTrak support
2nd line to OEM
Global Help Desk**