

AN EXECUTIVE BRIEFING

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A Data-Based Approach to
***Surviving
and Thriving***

*In Today's HD Parts
Distribution Market*



AutoPower

*With 4 Key Strategies for
Immediate Impact*

Contents

Executive Summary

The Urgent Need for a Transition

New Rules for DMS Performance

Simplifying the Transition—With a Data-Centric Architecture

Stepping Stones to a Data-Driven Business: Four Strategies for Immediate Impact:

Strategy 1: Transforming your own data into a powerful management resource and growth engine

Strategy 2. Enhancing your control over pricing

Strategy 3. Turning technology from a burden to a competitive advantage:

Strategy 4: Empowering customers to improve your cash flow

About AutoPower



Executive Summary

Unprecedented economic and competitive conditions are creating an array of business challenges for heavy-duty truck parts distributors. This has created an urgent need for these organizations to implement data analytics and join the growing trend toward data-based business operations and decision making. This requires a Distribution Management System designed to handle complex data management functions while remaining easy for non-technical personnel to use. To this end, AutoPower has refined and fortified its proven DMS platform and support services, and has developed four strategies that will make the migration smoother while alleviating some of the most vexing market challenges.

The Urgent Need for a Transition

In the wake of the Covid-19 pandemic, independent heavy duty truck parts distributors face unprecedented challenges, including high inflation, personnel shortages and general market volatility. Add to this ongoing supply chain disruptions, with about 90% of dealers and distributors experiencing major parts availability issues and delivery delays.

Finally, they must contend with emerging threats in the competitive landscape—especially the consolidation trend and the increasing encroachment of digital giants Amazon and Google. This puts Independent distributors at risk of becoming less relevant in an increasingly commodity-based market, and creating an urgent need to find ways to add value in customer relationships.



69% of organizations indicated that they have implemented or plan to implement data analytics to stay productive and competitive.

These conditions bolster the already broadly accepted notion that organizations must move to data-based business operations and decision making in order to compete and thrive in a complex and ever-evolving economy. In a recent Gartner study of the distribution sector at large, 69% of organizations indicated that they have implemented or plan to implement data analytics to stay productive and competitive.

Of course, this implementation requires a conscious and systematic migration away from the traditional “we’ve-always-done-it-this-way” business approach. For the independent heavy duty truck parts sector, which, historically, has been slower than others in embracing new technology, this is an urgent moment where the question is not if, but when and how to implement and optimize data-based business management and growth.

New Rules for DMS Performance

To effectively empower HD parts distributors to navigate the vexing challenges of today's marketplace, a Distribution Management System (DMS) solution must meet four new requirements:

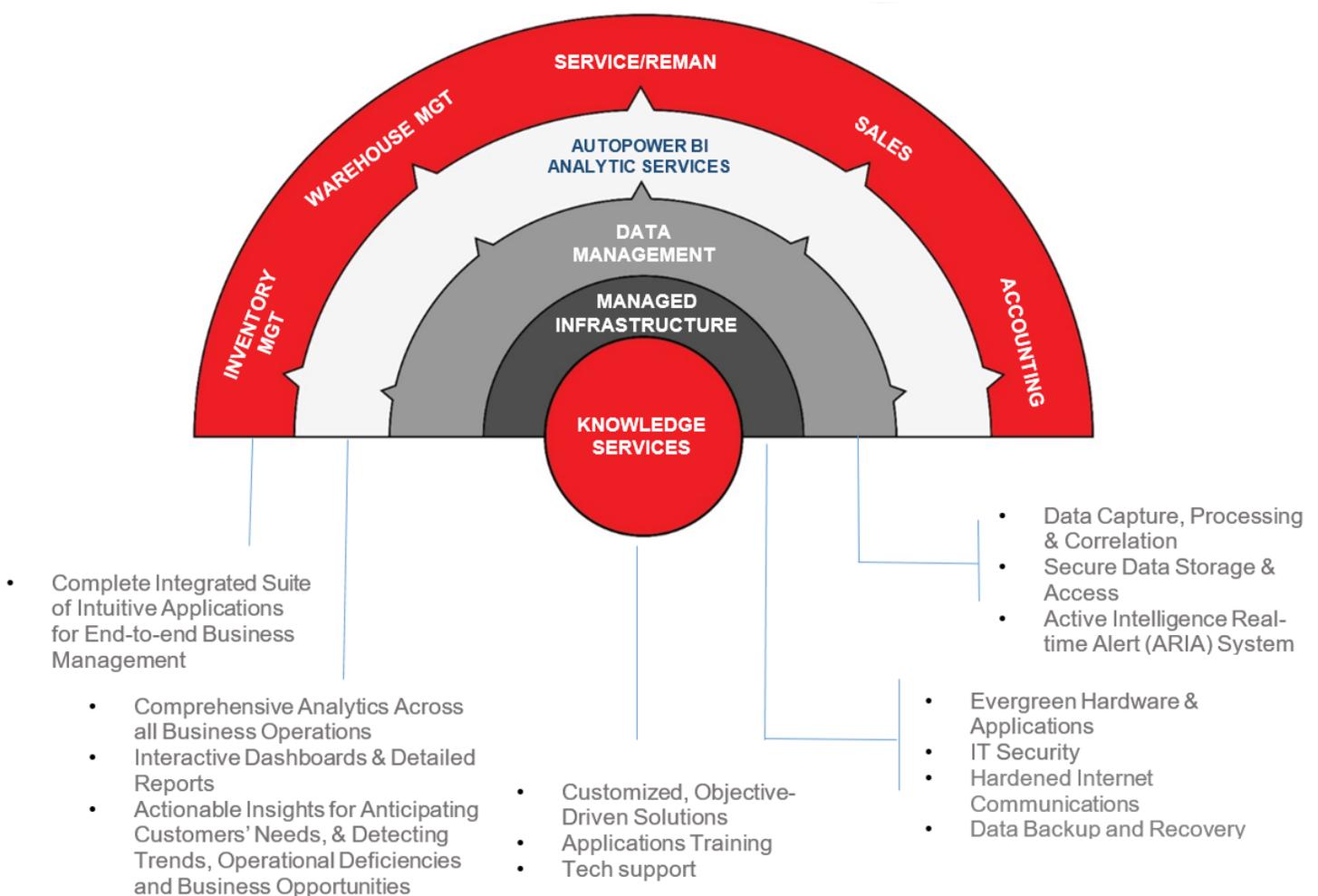
1. **Data-Centric:** To provide maximum business agility, a system must leverage the greatest possible value and utility from everyday transactional data. Every customer order, every inventory entry and every other discrete bit of business information should be captured, processed and correlated in real time across applications to form a larger strategic picture and context to guide managers toward smart, timely decisions.
 - Analytics reduces the data resources to meaningful dashboards, reports, and queries with drill down discoveries giving managers decision making conclusions.
 - Getting meaningful information from your business system may feel like trying to find the needle in the haystack. Data analytics can quickly find it for you, especially if it's easy to use, yet powerful and effective in extracting answers from vast amounts of business transaction data, via advanced reporting tools.
2. **Industry/Customer-Focused:** To be effective, a system must be finely tuned to the unique aspects of the HD parts aftermarket and to the specific challenges of industry distributors and dealers. It should empower managers to recognize trends, detect threats and, most importantly, anticipate and rapidly act on customer needs in order to foster relationships that are closer, more productive and more enduring.
 - We are closely aligned with the industry's predominant marketing groups ensuring rapid inclusion of the technology initiatives for their members.
3. **Adaptable and easy to use:** A system should be intuitive and relatively easy to tailor to each distributor's unique business environment and come with comprehensive integration, training and support services to dramatically boost the effectiveness of the organization's personnel.
 - AutoPower's "Tailored to Fit" concept was created to ensure distributors' software resources continue to mirror how their businesses are managed.
 - AutoPowerU is an online resource providing how-to software videos.
 - Ongoing support and training classes are an integral part of the comprehensive AutoPower system.
4. **Robust, Reliable and Secure:** A data-driven business demands a current, well-maintained IT infrastructure that provides ample computing and networking power, as well as strong cybersecurity to assure data protection and business continuity. Facts to consider:
 - Technology has become too complex to manage on your own.
 - Business continuity through stable, predictable IT resources is vital to your day-to-day operations.
 - Our Hosted Systems resource relieves the technology burden and is managed by our experienced network engineers.

Simplifying the Transition—With a Data-Centric Architecture

To help HD distributors smoothly “reboot” in the changing marketplace, AutoPower has continuously refined its proven DMS platform and service/support systems to meet the essential requirements detailed above.

The AutoPower system integrates the full complement of vital business applications, including Accounting, Inventory Management, Warehouse Management, Sales, and Service/Reman. What is unique is how the system has been enhanced over the years in two ways: 1) Capturing, organizing and storing data generated via the business applications and 2) Integrating and refining the knowledge services and managed infrastructure that enable distributors to optimize the system to achieve business objectives.

AutoPower Data-Centric Architecture:



Stepping Stones to a Data-Driven Business: 4 Strategies for Immediate Impact

To streamline the migration to data-based business management, AutoPower has developed four timely data-focused strategies that 1) are simple to implement and 2) yield immediate business benefits. All are driven by enhancements to the AutoPower system, and all are designed to help distributors overcome specific challenges in today's market.

Strategy I: Transforming your own data into a powerful management resource and growth engine

Using The AutoPower System's suite of business applications creates a mountain of data that can provide valuable insights into a distributor's internal operations, as well as customer needs and vendor performance. The data can drive decision making at both the tactical and strategic levels:

At the tactical level, the AutoPower system includes a built-in ARIA (Active Real-time Intelligence Alert) suite, which enables rapid response to real-time events and conditions via four types of alerts that are automatically directed to appropriate personnel.

ARIA consists of:

1. **Internal email alerts** – Assuring effective communication and coordination across all departments and personnel.
2. **Credit-Hold alerts** – Flagging at-risk customer orders for management approval or denial.
3. **Business Alert Management (BAM) notifications** – a suite of 35 pre-programmed notifications covering everything from low inventory alerts to manufacturers' service notices.
4. **DOT Certification notifications** – Flagging specific vehicles and drivers that fall short of permit requirements, DOT certification and PM milestones.

At the strategic level, AutoPowerBI Business Analytics Services provide comprehensive data analytics that transform the huge volume of data accumulated within the company's AutoPower system into a strategic asset. It can help managers power through uncertain times.

This business analytics, data extraction, authoring, and publishing solution empowers personnel to visualize data and share insights across the organization. It brings to life the vast detail of data in the AutoPower System with live interactive dashboards and reports for specific business operational areas ranging from sales analysis and financial analysis, to inventory analysis and shop services and more.

With such unprecedented near-real-time visibility and control across departments, managers can now:

- Monitor, measure and improve the performance of individual sales personnel, manufacturers and product lines
- Better anticipate and fulfill customer needs
- Improve inventory management
- Detect competitor encroachment
- Make better, more informed business decisions
- Improve overall operational efficiency and financial management.

Strategy 2. Enhancing your control over pricing

Inflation is here, and it's a thief that will steal your profits if you let it. This insidious force can increase costs at a rate that can rapidly outpace a distributor's ability to adjust prices to preserve margins. AutoPower's integrated Price Management Module empowers managers to keep prices ahead of accelerating inflation to preserve profit margins.

This Price Management capability is a built-in function of the AutoPower System and is one of the most powerful profit tools in the industry--utilizing a logical and flexible pricing architecture to handle complex and tailored pricing scenarios. The price creation process unites defined pricing rules, assigned rules for specific pricing actions and designated pricing controls with gross margin protection. It incorporates methods ranging from price field matrix updates to velocity pricing.

The bottom line: the AutoPower Pricing Module enables distributors to adjust pricing to keep pace with rising costs and assures that up-to-date pricing is automatically reflected in promotions, quotes, work orders and contracts—giving managers the power to maintain and/or enhance profit margins.

Customer Price Matrix – Defines one of 10 possible price levels to be assigned to a product line, line category, and sub-category.

Contract Pricing – Set a specific product price (fixed price or percentage below or above a price level) for a date range. Customer purchase promises can be monitored along with actual purchases to advise the contract price be renewed or allow it to expire.

Quantity Volume Price – Quantity purchase brackets can be established for a product with discounts derived from ascending quantity brackets. Order Entry uses the brackets to advise the counterperson to encourage larger purchase quantities.

Promotion Pricing – Unique discounted product pricing for a defined date range. Promotion success analytics enable the pricing manager to monitor the promotion's sale activities.

Velocity Pricing – A-B-C ranking of the inventory identifies the slow-no moving items. Those items can be specified to be sold at a discount or a higher price depending on its rarity.

Gross Margin Manager – Counter POS may permit price changes. Controlling aggressive price reductions is paramount to preventing gross margin erosion.

Strategy 3. Turning technology from a burden to a competitive advantage

A data-driven approach to business operations and decision making is the essential force multiplier in today's roiling economic and competitive market—as long as the systems that make it possible are kept current and secure. Unfortunately, very few independent HD parts distributors and service organizations have the means to install and maintain the sophisticated IT infrastructure required for a comprehensive data-based distribution management system, nor do they have the internal expertise to keep critical applications updated and tuned for optimum performance or adequately protected from malware, ransomware and other cyber threats that can catastrophically impact the business and its customers.

AutoPower's infrastructure as a Service (IAAS) model includes a secure Hosting Center, along with "evergreen" hardware and software maintenance services, all managed by IT experts to keep organizations firmly at the cutting edge. Key elements include:

- **Physical and Data Security**
- **Hardened Internet Communications**
- **Data Backup and Recovery**
- **Firewall Management**

This frees the organization from the technology burden in order to more effectively concentrate personnel and resources to the core mission of serving customers.



Strategy 4: Empowering customers to improve your cash flow

Distributors can improve their cash flow by simply providing customers with convenient, cost-saving payment options. AutoPower now offers distributors a powerful online click-to-pay payment option that helps improve cash flow, automate collections and reduce costs for both themselves and their customers.

This powerful click-to-pay option provides an easy, affordable transition to the efficiency and convenience of digital A/R. The net effect: streamlined accounting processes, reduced costs and improved productivity for you and your customers.

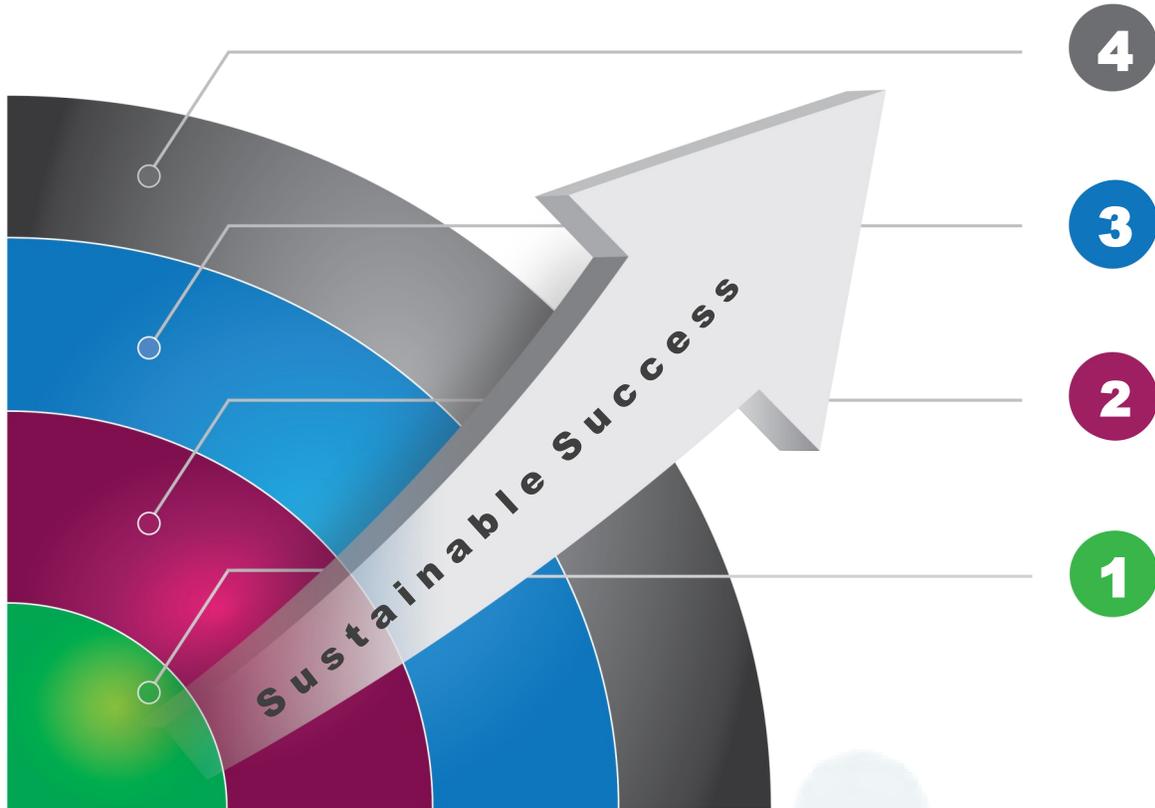
Now customers can:

- Easily make payments in less than a minute – anytime, anywhere.
- Choose method of payment (secure bank draft, credit card or debit card).
- Set their preferred schedule for receiving statements and reminders.
- Schedule automatic payments.
- Reconcile and/or short-pay disputed invoices via the interactive resolution center.
- Eliminate the costs associated with checks, envelopes and postage.

...and distributors can:

- Improve cash flow by accelerating collections
- Reduce/eliminate postage, paper invoices and paper statements along with labor costs associated with handling checks and manual payment entry. By exercising all cost-saving options, return on investment can be reduced to a matter of weeks.
- Automate collections:
 - Send bulk Click-to-Pay notices automatically
 - Issue digital statements with embedded payment capabilities
- Foster customer goodwill: by empowering them to establish payment plans, set reminder schedules, choose from multiple payment options, and resolve invoice disputes online..

These four strategies are just some of the ways that the data-centric AutoPower system can make it easy to implement data analytics and data-based business practices to reduce costs, increase productivity, enhance sales and competitive staying power, and create more strategic and sustainable customer relationships.

**1****Automated Business Management**

AutoPower's complete and fully integrated suite of intuitive business applications include Accounting, Sales, Inventory Management, Warehouse Management, and Service/Reman. All function together seamlessly across departments and processes to assure maximum operational efficiency and productivity.

2**Business Agility and Continuity**

A fully managed, always-current IT infrastructure, expert application maintenance, data management and robust security all combine to provide distributors a powerful technology advantage to compete and win in a constantly evolving HD marketplace – without the need for substantial capital investment or internal expertise.

3**Data-Driven Profitability and Growth**

AutoPower's built-in Active Real-time Intelligence Alerts (ARIA), along with comprehensive data analytics via AutoPowerBI Analytic Services, empower managers to convert mountains of data into positive action—to improve everything from inventory control and financial management, to anticipating and responding to customer needs.

4**Business Optimization**

A deep set of knowledge services, including system customization, training, and technical support are applied to leverage and focus the full power of AutoPower's data-centric Distribution Management System to achieve strategic business objectives.

About AutoPower

Established in 1978, AutoPower is the leader in providing integrated business systems for the Heavy-Duty Aftermarket Distribution and Service Industry. Our solutions Empower organizations to leverage their own business data as a powerful strategic asset to increase productivity, improve decision making, increase sales, anticipate and respond to customer needs, and compete more effectively in today's volatile market.

Headquartered in Lake Mary, Florida, AutoPower Corporation installations can be found throughout North America unlocking profits for:

- Single and Multi-Branch Truck & Automotive Warehouse Distributors
- Heavy-Duty Vehicle Service and Repair Centers
- Assembly Rebuilders
- Truck & Equipment Installers

Our advanced system provides these businesses with powerful transaction processing engines and industry-specific software. The AutoPower System is tailored to businesses requiring inventory and warehouse management, sales processing, vehicle services, assembly manufacturing plus sales and inventory analysis tools. With our fully integrated financial modules the AutoPower System provides enterprise-wide features and functions.



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