

Improving Inventory Management Using Web-Based Analytical Tools

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Agenda



- Background
- Inventory Management Is Tough
- The Way It Could Be...
- You May Call Me A Dreamer
- Applying The Technology
- Success Stories So Far
- What You Can Do

Background



- Above the Treeline, LLC is an independently owned company headquartered in Ann Arbor, Michigan that has been serving the book industry for over 5 years
- Leading provider of collaboration-based business intelligence for the book business, giving booksellers and publishers the ability to share and analyze information in the same system and make faster, smarter inventory decisions
- Relied upon by...
 - Over 350 Independent retailers (examples: Powell's, Tattered Cover, Joseph Beth)
 - Expanding on recent test at Borders
 - 10 of the top 11 largest North American trade publishers (examples: Random House, HarperCollins, Penguin)
 - 12 of the top 15 largest North American Christian book publishers and music distributors (examples: Zondervan, EMI, Thomas Nelson)

Inventory Management Is Tough



- Retailer challenges
 - Unparalleled complexity in retail in terms of number and types of SKUs
 - Minimal systems support in general
 - Until recently, processor speeds and technology made inventory management challenging
 - Booksellers are not analysts – and reading a printout list of 1,000 titles isn't fun
 - Algorithms only go so far when it comes to books
- Publisher challenges
 - Limited visibility into on-the-ground inventory and sales
 - Returns!
- Barriers to working together
 - Publishers fear 'hoarding'
 - Retailers fear they'll be denied allocation
 - Power imbalances


The Way It Could Be...

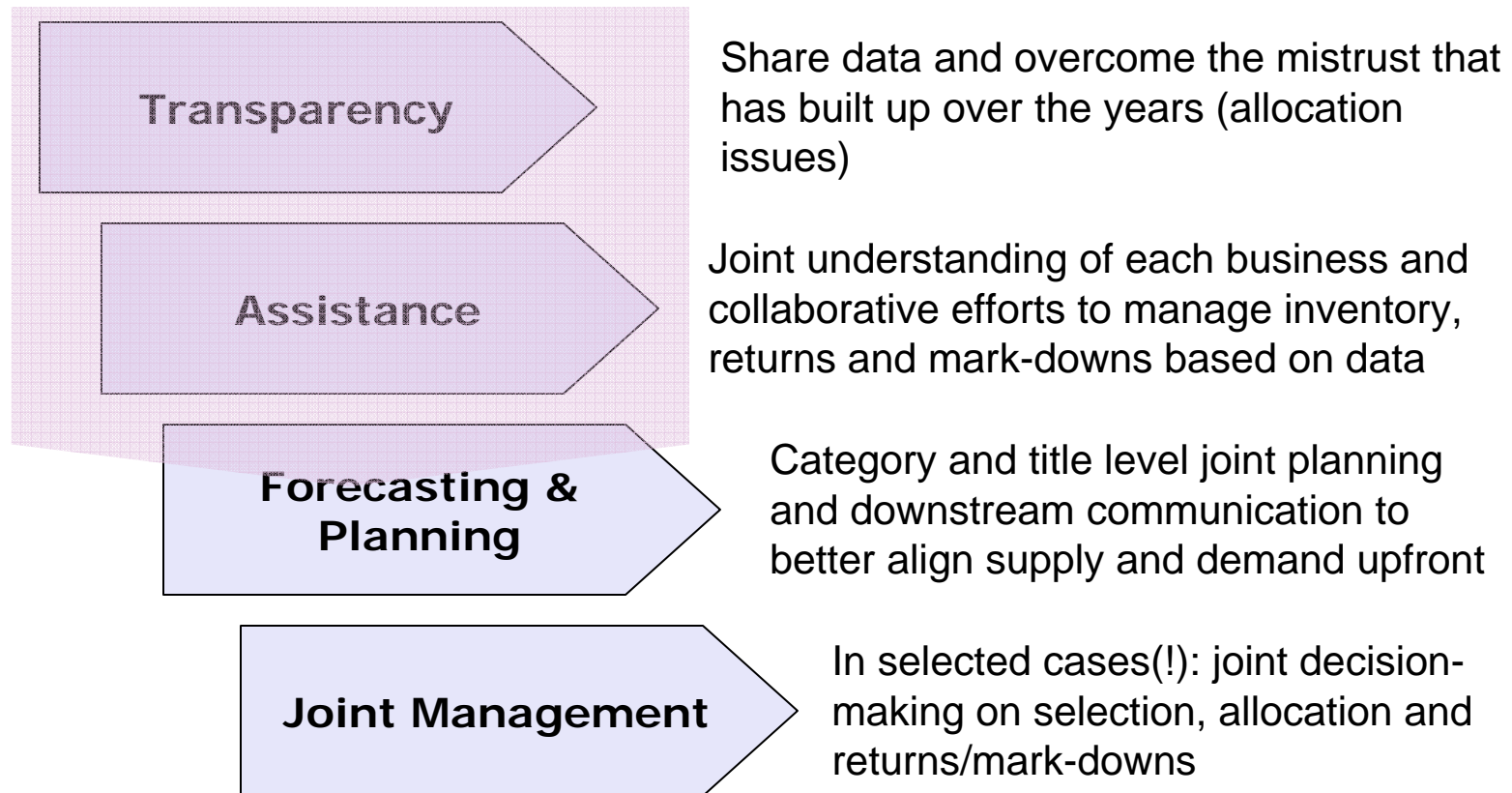


- Publishers and retailers could work together on their shared asset; inventory
 - Exception management – manage what's in the stores
 - Supply chain management – understand better what's coming back and develop creative ways of avoiding returns
 - Joint forecasting to allow better planning across the supply chain
- New technology and programming techniques can make it possible...
 - Processing speed– don't wait for an hour for a report to run
 - Quality of visual displays – guided drilldowns to find, analyze and fix problems
 - Availability – ASP (web-based) solutions free users up from location constraints
 - Nimbleness – ASP solutions allow for continued modification and customization

You May Call Me a Dreamer

- **#1 Ingredient is Trust**

 = Focus to date



Applying The Technology



Technology Overview

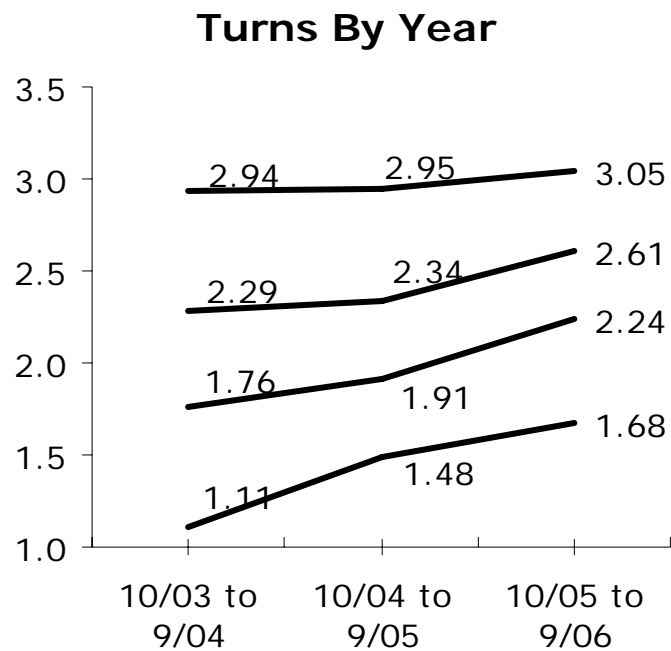
- ASP technology – taking the application to the web
- Flexible interfaces with existing systems
- Server farms with OLAP– hosting is the easy part
- ‘Guided’ drilldowns– emphasis on a standard process with a ‘click-through’ approach to diving deep
- Build up system with an eye towards growth
 - Keep the programmer linked arm-in-arm with the business person
 - Flexible database structures



Success Stories So Far

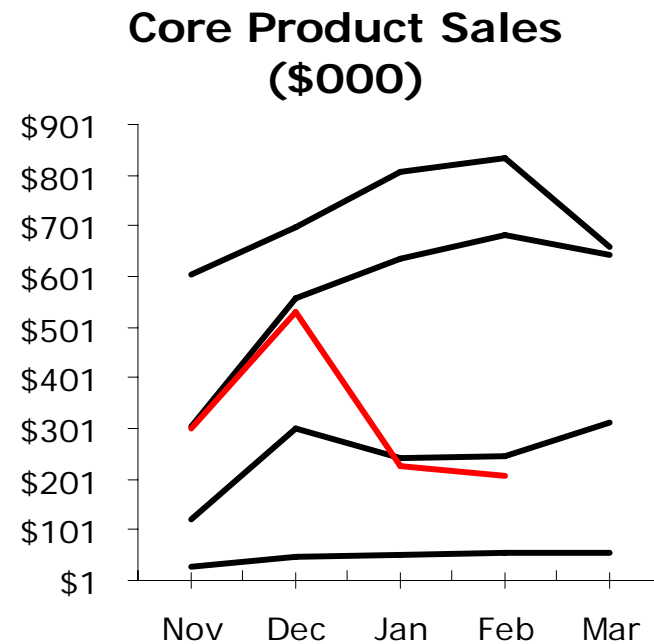


24% turn increase in four largest store groups



Each black line represents the turns of a particular retail organization

Implementation of 'Core' program at a group of retailers



Each black line represents a particular publisher
The red line represents the average store sales

What You Can Do



- Take steps to build trust
 - Inventory transparency with necessary legal protection
 - Project-based initiatives
 - Paloozas!
- Proactive forecasting efforts
- Explore alternatives to returns (mark-downs, etc. which can be enabled by data transparency)

Testing, testing → Throw ideas onto a dartboard and try them out