



Product Description

u.s. Patent Pending

Purpose

Maximize profitability by making each sale the most profitable sale possible

History

The predominant profit optimization techniques of the past have appropriately focused on the management and enhancement of operational effectiveness. The data was readily available, management could control all essential factors, and the necessary analysis could be performed using a spreadsheet or standard reporting tool attached to a database.

Much as a gold mine plays out over time, this approach is yielding smaller and smaller returns. The big gains available using this technique have already been captured and the focus of the analysis is now on maintaining these gains while searching for more elusive efficiencies.

An area where considerably less emphasis has been placed is the area of sales and customer management. The data is considerably harder to obtain, management does not control all of the essential factors, and the volume of data and complexity of analysis requires software with a great deal more sophistication than spreadsheets or traditional reporting tools.

Because this area has undergone limited profit enhancement efforts, tremendous potential gains are available to those willing to mine the potential of managing sales and customers for optimum profitability.

The Process

Sales data, external competitive data, and a contextual messaging system are combined in an OLAP (on-line analytical processing) system to provide all of the necessary information.

The OLAP system performs regular, timely analysis across all data components and provides actionable insights into the sales process. These insights are then used to map out sales/marketing strategies and redirect sales efforts. These insights are updated weekly to reflect the dynamic nature of this business area.

Some of the more useful insights include:

- Discover high sales and margin growth customer groups for a specific product or product group, allowing for realignment of sales efforts
- Discover customers that are symptomatic of past lost customers, allowing intervention to avoid customer loss
- Identify high sales and margin customers for specific overstocked products, preventing "aged" pricing
- Recognize products with declining sales or margin dollars, allowing for planned retirement of product and reallocation of materials to higher value products
- Recognize important moves by competitors, allowing for a quick and accurate sales/marketing response
- Identify customers that have moved from high to low value and determine what corrective actions to take
- Recognize high profit and high growth niches for products and product groups that are capable of generating additional value
- Discover new customers with the potential to generate high and growing value across an entire product line, product group, or for a specific product

OptiProfit is a product of Nav Analytics, Inc



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Potential Impact

The potential initial gain on implementation is approximately ½ percent of the sales price. For products with an average selling price of \$5.00/lb, an increase in margin of 2.5¢/lb could be expected.

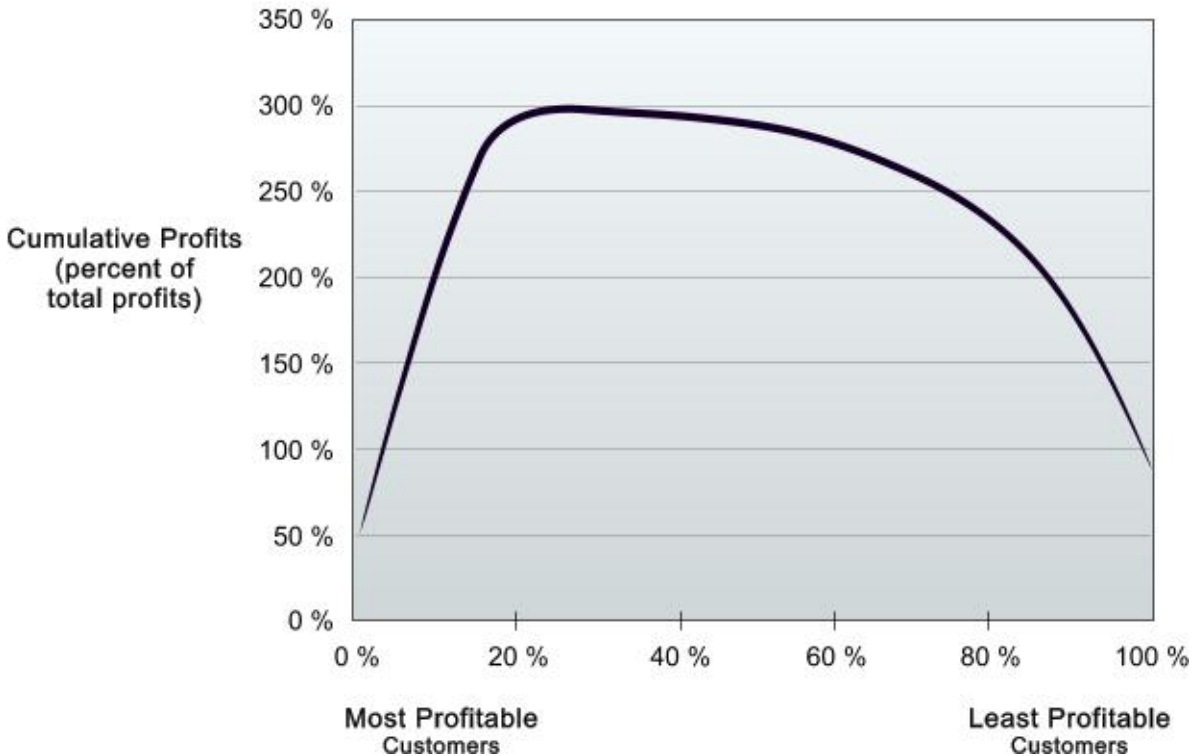
This degree of margin improvement can seem exceptional but, when you consider the typical pool of customers found at most businesses, the reason becomes quite clear.

Below is a cumulative probability graph of a typical customer pool. At the left of the graph are those customers that make the most significant addition to profitability. As you move across the X axis, each customer adds less profit. As you pass the apex of the curve each customer destroys profitability. As you continue to the right, the degree of profit destruction increases.

OptiProfit gives you the information necessary to change the shape of this curve. OptiProfit shows you how to manage customers on the right side of the curve so that they become profit generators, not profit destroyers.

A somewhat similar graph can be generated of product profitability. OptiProfit also gives you the necessary information to manage each product for profit improvement.

Curve of Cumulative Profitability





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Is This Business Intelligence?

The term business intelligence has been used to describe software ranging from simple ad hoc report writers that can total columns and rows to software capable of reviewing millions of transactions from a myriad of perspectives and drawing out essential business understanding. OptiProfit is an application of this latter type. It takes your data, creates approximately 100 times more virtual data, performs a thorough, multi-dimensional analysis, and then generates that data essential to profit improvement. OptiProfit is true business intelligence.

For More Information

For more information or a demonstration of OptiProfit please contact:

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