


Meet Lillian Yeh

A portrait of Lillian Yeh, President and CEO of Thalerus. She is a woman with long, dark brown hair, wearing a dark blazer over a black lace top and a small diamond necklace. She is looking slightly to the right of the camera with a calm expression.

Dealer technology provider Thalerus may be a relatively young company—it was founded in 2001—but President and CEO Lillian Yeh and the Thalerus team boast many years of office products experience and a background that includes meeting the unique challenges of developing and implementing a new e-commerce platform for the U.S. Office Products (USOP) dealer roll-up organization in the 1990s.

At its peak, USOP was running at around \$1.2 billion in annual supplies sales from hundreds of independent dealer operations it had acquired. Along the way, USOP brought under its umbrella close to 30 different software platforms with no unified approach to tapping into the growing and competitive e-commerce marketplace.

Yeh was charged with designing and developing USOP's first e-commerce solution (USOPNET) and several members of the currently Thalerus team assisted Yeh in the implementation and training phase of the process.

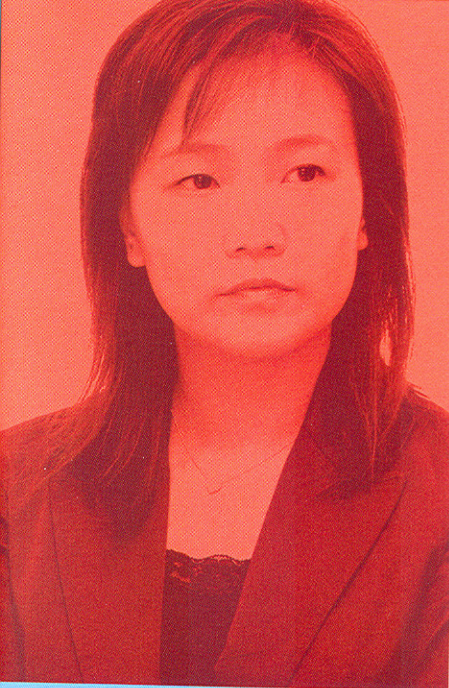
Yeh said the entire process provided a unique learning experience and in-depth insights, not only into dealer software requirements but also into the wide variety of dealer work processes and dealer business logic.

Out of that experience emerged Thalerus, a company that today offers a powerful backend operating system as well as a feature-rich online ordering platform and delivery tracking software for office products dealers.

In the following interview, Yeh reflects on the lessons learned from previous experiences and offers her own assessment of the technology challenges and opportunities facing dealers today.

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LILLIAN YEH, PRESIDENT AND CEO OF THALERUS



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As you look at how dealers in general use technology, what defines a best practices dealer from your perspective?

YEH: The most important requirement for being a best practices dealer in my view is being open-minded about the use of technology and being willing to make adjustments to the existing workforce where it makes sense.

All too often, dealers resist making changes to their workforce when technology can help them run more productively. There have been too many instances where we've approached a dealership and made recommendations only to hear something along the lines of, "That sounds great but it would be too difficult to explain to my people."

As a result, the door to application of new technology and its benefits is closed from the outset. That's just shutting down an opportunity to make changes and apply technology to grow revenue.

Dealers really need realistic expectations of what's involved in successfully applying technology and they should be willing to make adjustments to their existing workforce if it will help their business as a whole.

Best practices dealers are not threatened or intimidated by the possibility that implementation of technology might change their internal workflow or workforce responsibilities.

You cannot look at technology with a double standard that says, I want to use new tools but I don't want to change the way I work. It's just not going to happen.

Do you think dealers in general spend enough on technology?

YEH: That's a very hard question for me to answer. I don't think the real issue is so much what they spend. It's more a question of how dealers budget for technology. For example, a dealer budgeting for a phone system will typically start by looking at what their phone volume has been in the past and work from there.

But they will also, in all probability, have a budget for enhancing their e-commerce system. The two are separate line items, yet they really need to be viewed together. A successful e-commerce system will cut down call volume on the phone system tremendously, so they really go hand in hand from a planning perspective.

But a lot of dealers will just put all their technology budget numbers into one big lump so that nothing can be measured or quantified in any meaningful way. They just set a fairly arbitrary big picture percentage number

in the budget without looking beyond that number to what's really involved.

So what's the solution?

YEH: You can only set percentages in specific areas when your basic business objectives have been defined. Why do you want to increase your e-commerce volume, for example? For new market acquisition? Existing customer retention? Or is it for cost savings? The objective needs to be defined before you can budget and plan intelligently.

Once you've defined your basic business goals, you can separate your technology budget out into various buckets in a way that it mirrors your business objectives. If you're not doing that, there's no logical way to determine whether what you're spending on technology is too much or too little.

There's been a lot of discussion about an alleged technology gap between independent dealers and their big box competition. Is there a technology gap in your view?

YEH: I don't think there's a big gap in terms of the technology itself. But there is a huge gap in the way technology is applied. If you look at the big box approach to e-commerce, for example, their technology doesn't really change that often. But the look and feel of their Web sites are changing all the time.

The big box players put a major focus on constantly revamping their Web sites and on presenting the same set of data in different ways and in different areas.

If that's where the technology gap exists, who has the responsibility for narrowing that gap?

YEH: It's a shared responsibility and the only real way to close the gap in how technology is applied is through leveraging partnerships between dealers, wholesalers and the systems vendors more effectively.

The big box companies have all the human resources they need to do virtually anything they want when it comes to technology. The average dealer and even the average system vendor may not have human resources on that scale, but working together, we could do a whole lot more. We could certainly generate a more focused application of technology in the independent dealer channel.

What are the key elements of that partnership in your view?

YEH: Communications and the free flow of information

up and down the channel are critical. But the partnership is about more than that. We also need to work more closely together on developing manageable project plans.

It's not enough for a dealer to simply say, "We want our Web site to look just like Staples or Office Depot." That's the kind of comment that gets us nowhere.

We need to take what is a challenge of enormous scope and define it in terms of manageable, quantifiable objectives for all three parties—dealer, systems provider and wholesaler. And those objectives need to be developed and defined with measurable results. That is the key to closing the gap.

S.P. Richards introduced its own new e-content last year. How important is that in the effort to close the gap?

YEH: What S.P. Richards did last year is like a miracle for the average sized dealer. Just to provide enhanced data represents a tremendous first step towards closing the gap.

We're still in the process of rolling out that enhanced data to our own dealer base, so it's still too early to see the results of their new e-content in hard dollar sales gains. But we've heard so much positive feedback on the quality of the data and how easy it makes the buying process for the customer that it's only a matter of time before we'll be able to quantify success.

Let's talk about training on technology. How good a job do dealers in general do in that area in your opinion?

YEH: In my mind, there are two kinds of training. When a dealer first goes on to our system, they know nothing about it, so we assign them a full-time trainer/project manager whose role is to make sure they learn about everything our system has to offer. And that process, generally speaking, is working very well.

With the second kind of training, the situation is a little different. Let's say a dealer's business is changing and as a result, there are aspects of our system that might once have been fairly irrelevant but which now become far more important.

Business changes often create additional training needs, but we don't always know about them and the dealer doesn't always appreciate the implications of these changes, either. We don't have the resources to be constantly going out to our dealers and asking what's changed or if they need training, so we're somewhat dependent on the

dealers to let us know.

There's also the issue of new hires. The majority of dealers do a good job when it comes to handling employee changes but there's still a certain percentage that tends to assume that because their system has been in place for a number of years, the new employee should already know about it and not require any new training.

That can be a very costly assumption to make for the dealer's long-term health and productivity.

What advice would you have for dealers today on how they can direct their technology investment to generate the maximum return?

YEH: I think they should target their investments in technology towards applications that will enable their customers to do as much work as possible. That approach will help simplify their own order processing, but it will also benefit the purchasing side of the business.

Most dealers look at having their customers enter orders on their Web site primarily in customer service terms. It's an opportunity to prevent their customer service people from duplicating order entry. That's all well and good, but if you can take that process and structure it in a way that the guided customer's order decision is also completing a backend purchasing decision, you're even further ahead of the game because the ordering and purchasing process now becomes a "one step" process.

What we're talking about here is an effort to take backend supply chain technology and turn it into a front end decision-making process by the customer. Most dealers are not really where they need to be on this yet, though we're starting to see some meaningful work in this area.

For example, with some of the custom stamp sites and custom envelope sites, you see the end-user doing all the work in terms of specifying sizes, color, content, etc. They're actually confirming the purchasing decision for the dealer in a way that means the entire process of creating an order is already done.

If dealers push backend decisions forward to their e-commerce platforms as much as possible, they will still be able to keep all the manpower they want. But the work their purchasing people do, for example, will become very different. Instead of mostly reacting to customer orders, they can become far more proactive and take a much more useful role in vendor negotiations and relationship-building with their suppliers.

This is one area that the average dealer should be looking at immediately. Custom items are a great place

to start, because the work there is so easy to quantify. **What else should dealers be looking at in terms of future technology use?**

YEH: Dealers should really be focusing efforts on gathering more detailed customer information. Being better able to quantify and measure results is really significant, not just for managing technology but for managing your business as a whole.

We have to be able to measure results and define progress in a far more powerful way than just seeing whether or not revenues and profits are growing.

Dealers today need a far more detailed understanding of their customers. How can you make informed marketing decisions if you don't have data to support your decisions? For instance, would it make sense for you to open up a separate ordering Web site for your law firm customers? Is it worthwhile doing? That is the kind of question that cannot be answered unless you have upfront detailed customer data to analyze.

Let's finish up with a little bit of crystal ball gazing. Three years down the road, what will the best practices dealer look like from a technology perspective?

YEH: He or she will still need to be open-minded and realistic about making changes and be willing to change the workforce. And they will have a clear vision of their business and its basic goals and priorities. That's where it all starts.

What will be the biggest difference in terms of technology deployment?

YEH: The biggest difference in technology deployment I hope for is that our industry as a whole will embrace a mindset of teamwork more enthusiastically than they do today.

Assuming the systems vendors do their job, technology will advance by itself. But we will all need to recognize that deploying the technology that's available to us successfully is not a one-party issue.

It's not only about the dealer or the systems vendor or the wholesaler. True success will come from teamwork and a genuine partnership that embraces all three players.