

## Update Bulletin

### TCI and IDS Questions and Answers

April 1, 2005

The Retalix acquisition of both TCI and IDS will provide great benefits to StoreNext dealers, customers and the independent grocery market in general. Here are some dealer questions and the best answers that StoreNext and Retalix are able to provide this morning.

- ***This isn't April Fools' – just a little more elaborate than your usual?*** – We're happy to say this is as real as it gets.
- ***What does this mean for my dealership on a strategic level?*** – Your company is still in business because you've transitioned your business from ECRs to Systems to Solutions, calling on larger accounts with more comprehensive offerings. The future will bring outstanding business opportunities, but the greatest success – just like in the past decade – will be for the dealerships who can partner-up to deliver even more of your customers' technology needs.
- ***How will the TCI and IDS acquisitions help me do that?*** – TCI's backroom-to-enterprise focus and IDS' supply-chain strength will give StoreNext dealers a combination of products and “coat-tails” to ride into more independent grocers and regional chains.
- ***What about wholesalers?*** – The strong ties that TCI and IDS both bring with wholesalers – and the continued integration of StoreNext products into those systems and those wholesalers – pave the road for dealer business in their member stores.
- ***I know TCI, but IDS is a company I don't know much about.*** – As their name indicates, Integrated Distribution Solutions focuses on the logistics and supply/distribution side of wholesaler and food-service operations – specifically in the grocery/C-store space. Their strength is the integration of enterprise resource planning (ERP) with sophisticated analytics that help wholesalers and distributors automatically manage their operations via scheduling and planning of demand, manpower, trucks, warehouse management and so forth. IDS has built a set of very powerful integrated modules for customer relationships, supplier relationships, warehouse and other operations and accounting over a set of system-level applications and tools. But especially important are the analysis tools for business intelligence, reporting, sales analysis and drill-down capabilities that enable IDS customers to continuously improve their efficiency and business performance.
- ***Does this mean that StoreNext dealers will now be expected to learn all about supply-side ERP systems and sell IDS products?*** – That's pretty unlikely, especially in the short term. As a company that's already about StoreNext's size (revenue) with about 750 installations (in the enterprise business that's an impressive number) they've got the bases covered very well.
- ***So the benefits to me from the IDS acquisition will be?*** – The combination of IDS and the complementary OMI supply-chain products acquired last year make Retalix a major player in the supply side of the regional chain and warehouse/wholesaler business. Plus – the integration into the demand side of the business strengthens the dealer's hand with these wholesalers and customers. This is especially important with the simultaneous acquisition of TCI and their enterprise strength across the supermarket/wholesaler space.

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- ***With TCI now part of Retalix, does that mean that as a StoreNext dealer I will have the chance to sell TCI products?*** – Yes. Becoming certified on the parts of the TCI product line that make sense to your business will certainly be one of your options as part of the existing StoreNext program.
- ***You say “parts of the TCI product line”. What do you mean?*** – As you probably know, TCI provides not only in-store systems but their strength also extends deep into enterprise-level solutions that scale up for use by the largest chains. StoreNext will be working with Retalix in the coming weeks to define the first-out set of products, options and opportunities that make sense for StoreNext dealers.
- ***There are quite a few TCI dealers now. Will they automatically become StoreNext dealers too?*** – Many current StoreNext dealers already market TCI. StoreNext does not expect that the TCI acquisition will change either StoreNext’s current channel of dealer/partners or TCI’s current roster of dealers.
- ***Will there be the same kind of process like with ScanMaster where StoreNext selects who the single dealer will be in a given area?*** – The operation of a POS-centric dealer channel compared to an office/hosting channel are very different. So StoreNext plans no such selection process. Expect instead that current TCI dealers will continue to offer TCI, and StoreNext dealers will be able to certify on TCI and add these systems to their product rosters.
- ***How will TCI’s dealer channel be managed?*** – StoreNext and Retalix will be working over the coming weeks to put the appropriate structure in place to maximize the market opportunities while ensuring that existing dealer and customer relationships are properly handled.
- ***I’m already a TCI dealer. What’s going to change for me?*** – Nothing immediately. The existing program, management, and contacts will remain the same.
- ***What’s going to happen with the TCI product line?*** – As you likely know, there’s been a strong relationship and interface between TCI products and both StoreNext’s POS systems for many years – in fact, TCI was one of the earliest major industry systems to establish integrated interfaces to ISS45 and ScanMaster. As with RBO, PocketOffice, Connected Services and other StoreNext systems, we should expect even better integration between the extended family of systems. TCI, ISS45, ScanMaster and Connected Services products will have pre-integrated and certified releases. And it’s not just the release process – there’s also the opportunity for TCI product and packaging improvements that make it even better for dealer/independent operation and support.
- ***Will there be an impact on other StoreNext products? For example, Retalix now has two back office systems with RBO and TCI.*** – Don’t jump to any quick conclusions that a company can’t market two products. Just as with ISS45 and ScanMaster, StoreNext’s – and Retalix’ – product positions and RoadMaps will be based on the migration patterns, installed base, wholesaler support and other market factors that are far more important to business than any feature/function/purpose similarities.
- ***What other impacts?*** – There are all sorts of ways that enterprise-level products like those from IDS and TCI can strengthen the overall hosting platforms of Retalix and StoreNext. That will likely mean new powerful features, options, modules or reporting for Connected Services and even the oncoming “StoreNext Loyalty” system that StoreNext is assembling.
- ***What new products will be developed and how will StoreNext’s existing products be modified?*** – Over the coming weeks, there will be a number of discovery, discussion and planning meetings that will lead to some new product strategies and RoadMaps. As we said earlier, product coordination will be one of the earliest effects – new features, products and developments will of course appear later.

- *Is TCI and IDS a good thing for StoreNext dealers?* – Thanks for the softball question – of course it's a good thing. Dealers will have more product options, better wholesaler opportunities, better and faster product integration and all this will lead to stronger relationships and more satisfied customers. That leads to less hassle, faster campaigns, more sales and stronger profits for dealers.
- *Will the wholesalers like this?* – They should, especially the wholesalers who are customers or partners with TCI already. With StoreNext's focus on packaging and integration, everything these wholesalers do with their member stores will just become easier. Not to mention the upcoming synergies of product development on the hosting and enterprise side.
- *So what should I say when my customers ask about it?* – Don't forget: StoreNext is "Where Every Day is Independents' Day." So with TCI products now at Retailix and sold through StoreNext, your grocers should expect to get StoreNext's focus and attention to their requirements that comes from our *only* business being independents and regional chains.
- *Since TCI products will be available from StoreNext, when will we be seeing StoreNext-style brochures, presentations, Web access, PINs, ordering and all that?* – Of course we'll want to get there as quickly as we can, but don't forget that any dealer who currently handles TCI products already has access to these essentials from TCI. So unlike ScanMaster, no such overnight changeover and day-one readiness from StoreNext is required.

To Your Success,



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*Antony van Beveren*