



Retail BI Solution Empowers Workers with ARTS based KPI's and Metrics

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Competitive Advantage is Catalyst for BI Deployments

The retail market in the US continues to grow. Retail is the second-largest industry in the U.S. by number of businesses and number of employees. Retail sales in the U.S. (including sales of gasoline and automobiles, but not including food service) were up about 5.4% in 2006, to \$3.9 trillion (Plunkett Research Ltd Estimate).

Competition is fierce and any idea that will improve competitiveness is evaluated seriously. Understanding the customer's buying habits, preferences and tendencies are critical. Having the right mix of merchandise to optimize floor space and the effectiveness of promotional programs is critical to profitability.

There is always room for improvement: better product mix; better promotional program; optimized staffing levels; better training of clerks, etc. But to understand if your plans are really working then capturing results on a daily basis and keeping score is important.



*US Retail: \$3.9T
5.4% Annual Growth*

Huge Volume of Information - Many Stakeholders

The number of transactions occurring daily in retail is huge. Terabyte databases are common. Extracting and consolidated this data and delivering only the information that is relevant to the stakeholders is a huge challenge for the IT department. The type and granularity of the data varies greatly depending of the individual's job function. Stakeholders include:

- **Store Managers** are interested in meeting personal goals, store sales objectives, and customer satisfaction standards by maximizing the customer's experience. They focus on key business initiatives, store presentation, marketing execution, inventory management, loss prevention, payroll management, risk management, and daily operational cost control.
- **Category Managers** are responsible for developing product assortments using market trend analysis, as well as managing sales and margins. Category Managers is a multi faceted position that includes contract negotiations, inventory management, sales planning, and forecasting.
- **Data Analyst** are responsible for analyzing point-of-sales data to fully understand customer buying patterns, product winners and loser, sales trends by store, category and even sales and inventory of individual items. Companies are increasingly relying on complex data mining and analysis to improve sale volume and understand product mix and to predict future trends.
- **District Managers** are responsible for the overall performance of retail stores within an assigned territory or district. The District Manager is also responsible for ensuring district-wide customer satisfaction, product quality, and financial performance.
- **The Vice President of Sales** monitors daily, weekly, and monthly sales and gross margin, district and store performance as well as corporate-wide customer satisfaction, product quality, and financial performance.
- **The CIO** is responsible for delivering the right information at the right time to the stakeholders and for deployment, maintenance, and administration of information technology systems.
- **The CFO** is responsible for managing, monitoring and reporting on the financials of the company. Financial planning, reporting, and consolidation are critical aspects of the CFO's purview. The CFO is interested in monitoring key financial ratios and financial metrics.

- **The CEO** is responsible for the overall operation of the company and must have the ability to see the big picture metrics, key performance indicators and trends, as well as the ability to drill down into the performance of each district and each store if necessary.

Business Intelligence is Top Technology Priority

According to Gartner, Business Intelligence Applications was and continues to be the top technology priority for Retailers. Business Intelligence has in recent years played in a vital role in elevating competitiveness for retailers. Better information about what is happening at the point of sale is critical. Category managers can watch the movement of each article category and make changes in product mix every day if necessary. Sales management can know what products pull customers into stores and optimize their promotions accordingly. Store Managers can understand customer traffic patterns and optimize staffing levels to better serve the customer and reduce staffing cost at the same time. Retail Business Intelligence elevates awareness of how each store, product, and promotion is performing enabling each member of the stakeholder team to have the information they need to make better and quicker decisions to improve turnover and profitability.

RETAIL TECHNICAL PRIORITIES

1. Business Intelligence Applications
2. Security Technologies
3. Mobile Workforce Enablement
4. Collaboration Technologies
5. Customer Sales and Service
6. Service Oriented Architectures
7. Workflow Management
8. Networking, Voice and Data Communications
9. Virtualization
10. Legacy Application Modernization

Source: Gartner EXP (2006)

Standards and Next Gen Technology Speeds Deployments

ARTS Sets Data Standard

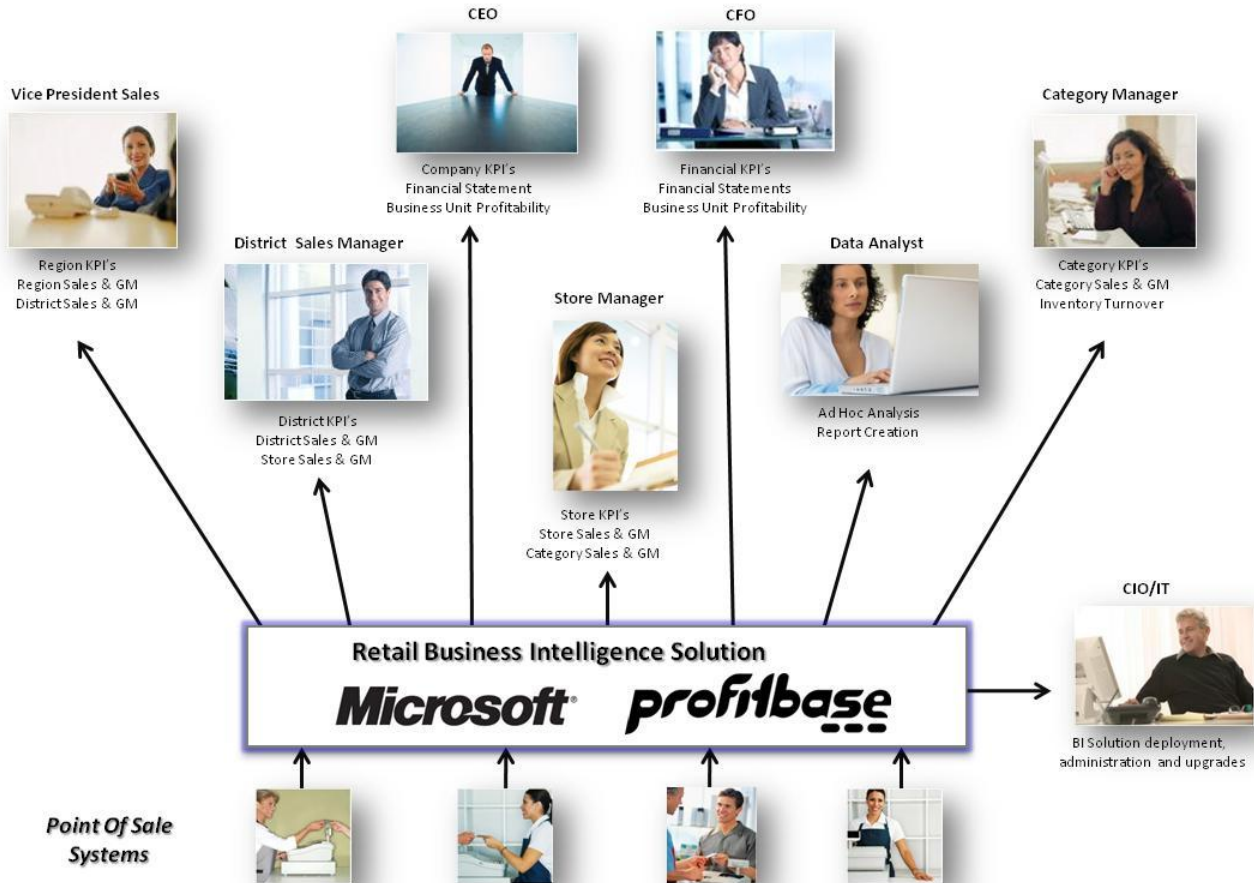


The Association for Retail Technology Standards (ARTS) is an international membership organization dedicated to reducing the costs of technology through standards. Since 1993, ARTS has been delivering application standards exclusively to the retail industry. Written by retailer and technology vendors, the standards are a result of thousands of hours of experts applying their knowledge of the industry, its information requirements, and understanding the trends in retailing and in technology. The standards, while not comprehensive, are set of metrics and key performance indicators (KPI's) that most every retailer should be tracking. And if adopted will eliminate a huge amount of time and risk is defining data standards for their respective organizations. In the end, standards benefit both technology vendors and retailers, by driving down cost, risks, and deployment times.

Retail BI Solution based on ARTS Data Standard

Profitbase and Microsoft have teamed to deliver a business intelligence solution that is based on, but also extends, the ARTS data standard. The solution enables retailers to more easily connect information, processes, technology, and people, to provide them with critical insights that improve their ability to make decisions quickly, drive better business performance, and more importantly, increase customer satisfaction. Maintaining competitiveness means understand competition, changes in consumer expectations, regulatory pressures, and overall changing business demand. These business drivers are great challenges and drive the need for better business performance. At the same time retailers must constantly strive to deliver better customer service, and foster the rationale for treating data, systems and business process as being vital to their organizations. Understanding and acting on this underlying principle can be the difference between driving success and being the retailer of the future, or experiencing failure.

Microsoft and Profitbase offers capabilities that will enable organizations to understand their customers, analyze and receive critical business data, retrieve information such as employee training and product information, as well as offer the ability to improve and monitor organizational processes. These capabilities fall under the subject areas of Business Insight, Communication and Collaboration, Business Activity Monitoring, and Business Process Improvement.



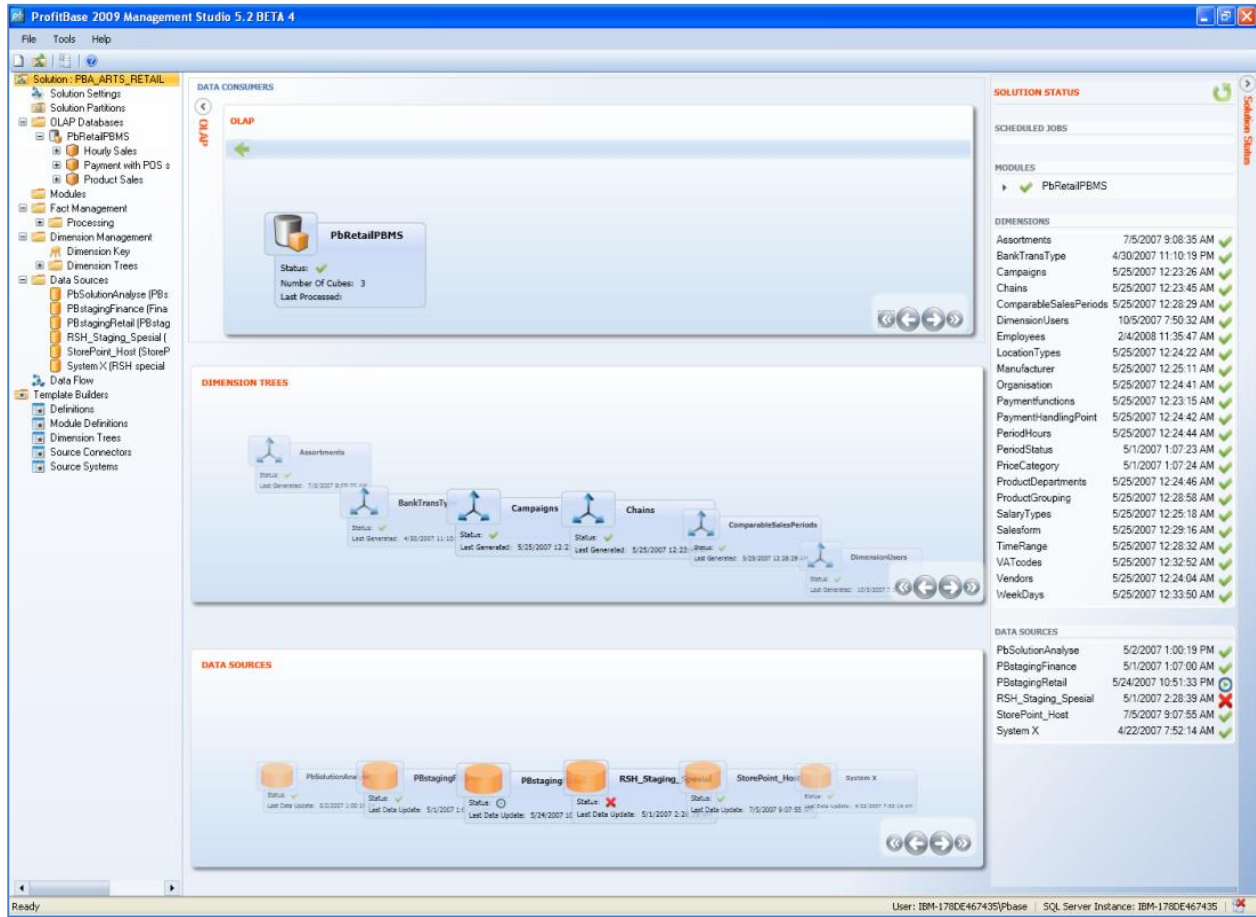
Data Standard Captured in Templates for Fast Deployments

Deployment Technology for Data Standards

Data standards, such as the ARTS Data Standard, are essentially a very thoroughly researched and documented set of requirements that are the starting point for the solution provider. The challenge is how to capture the standard so it can be easily and quickly deployed over and over. Additionally, modifications to easily adapt the templates to each retailer's unique set of point of sale systems and information requirements are a prerequisite.

Profitbase Studio, a data warehouse and OLAP Cube deployment acceleration tool for SQL Server, is used to create, manage and deploy out-of-the-box retail business and data source connector templates. The retail business templates capture standard retail metrics and key performance indicators based on the National Retail Federation's Association for Retail Technology Standards (ARTS) data warehouse standard. Connector templates enable quick connection and data retrieval from many of the most popular ERP and POS systems.

Once templates are deployed in a solution, they are easily modified to meet each retailer's unique requirements through configuration, not programming. And new Data Source Connectors are easily created using the drag and drop mapping features of ProfitBase Studio, again with no programming.



*Profitbase Studio
Data Warehouse and OLAP Cube Deployment Accelerator for SQL Server*

Retail Business Modules

Profitbase Retail Business Modules are delivered as templates that are quickly and easily deployed using Profitbase Studio, our BI deployment accelerator software. Once deployed, the modules are easily configured and modified to address any unique requirements a retailer may have.

Below is a list of the Retail Business Modules and a summary of the business value they provide.

- **Finance:** Insight into Profit & Loss, Balance Sheet and General Ledger, including over 100 key figures and ratios
- **Retail Item Sales:** Insight into product and category sales, including gross margins, campaigns and trends
- **Retail Hourly Sales:** Insight into utilization of employees, customer traffic and floor space
- **Retail Payments:** Insight into tender activity including credits, refunds, voids and payment types
- **Retail Budget Total Sales:** Insight into budgets on total sales and gross margin, working hours and number of customers

- **Retail Efficiency:** Insight into efficiency per employee which is used to measure and optimize store and employee productivity
- **Inventory Stock:** Insight into inventory handling, with days on hand, standardized turnover and out of stock metrics
- **Retail Inventory Stock Count:** Insight into actual and theoretical stock level which can be used to optimize the replenishment process
- **Retail Currency Conversions:** Automatic currency conversion to any currency in multi-country and multi-currency operations
- **Purchasing:** Insight into all purchasing and vendor activity enabling evaluation of vendor quality
- **Accounts Receivable / Accounts Payable:** Insight into all incoming and outgoing billing and payment activity enabling cash flow and payment policies to be optimized

Self-Service Business Intelligence - Information Your Way

There are many different stakeholders in a retail organization each with different information requirements including: type of information; timeliness; and granularity. And there are many different ways to view information, including dashboards, scorecards, reports and through ad-hoc analysis. Every retailer must understand the requirement and skill levels of each user group in their organization and match the technology to the requirements.

Monitoring – Dashboard and Scorecards

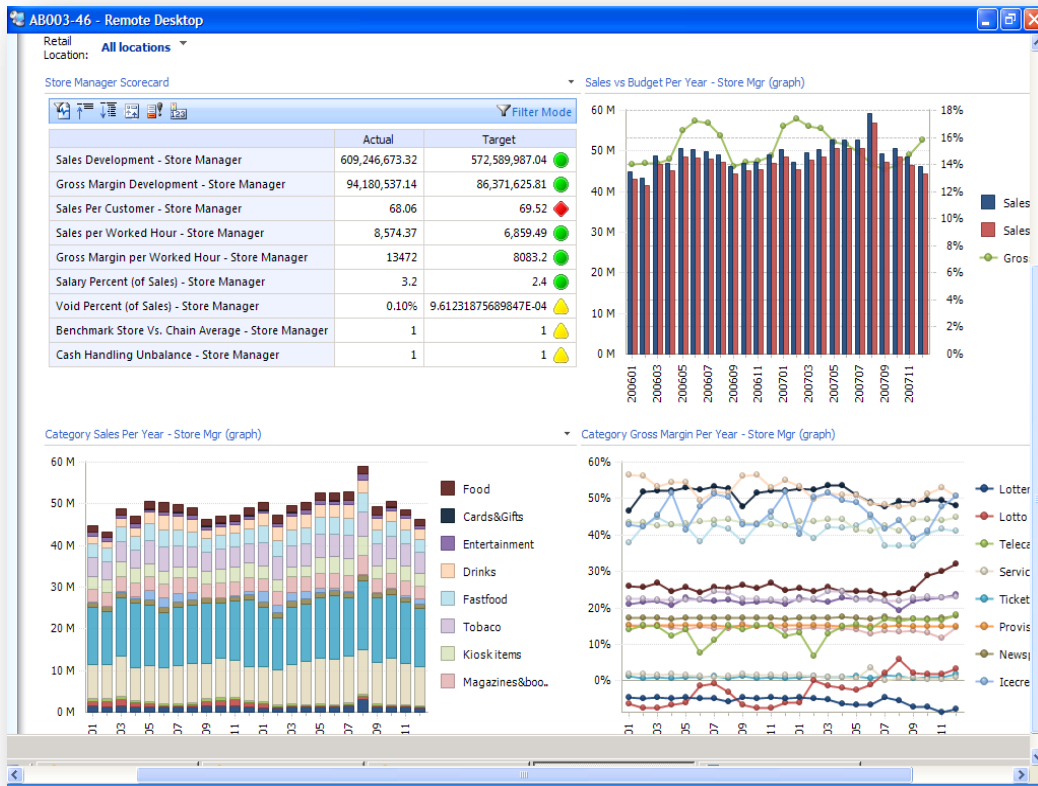
Dashboard and scorecards gives all users quick access into business performance, to monitor and track performance against goals and to take action when appropriate. Understanding what is happening at any given point in time within the user realm of responsibility is critical to effective performance management. Users need to be able to:

- Check progress against corporate, region, store, and category goals
- Monitor key figures that affect turnover and profitability
- See how individual goals affect overall company strategy

Most dashboard and scorecard tools present information in a highly visual and interactive way. They keep all users informed by graphically displaying trends, metrics, and graphics on key figures related to their area of responsibility. C-level executives are quickly able to see the overall performance of the organization, while store managers are able to monitor turnover, category, and staff performance. Additionally, users can seamlessly move from a high level display to analyzing and understanding why things are happening, in more detailed reports when a key performance indicators (KPI's) is off-target to trending the wrong way, so action can be taken to resolve the issue quickly.



Example Profitbase InFront Analytics Dashboard Example

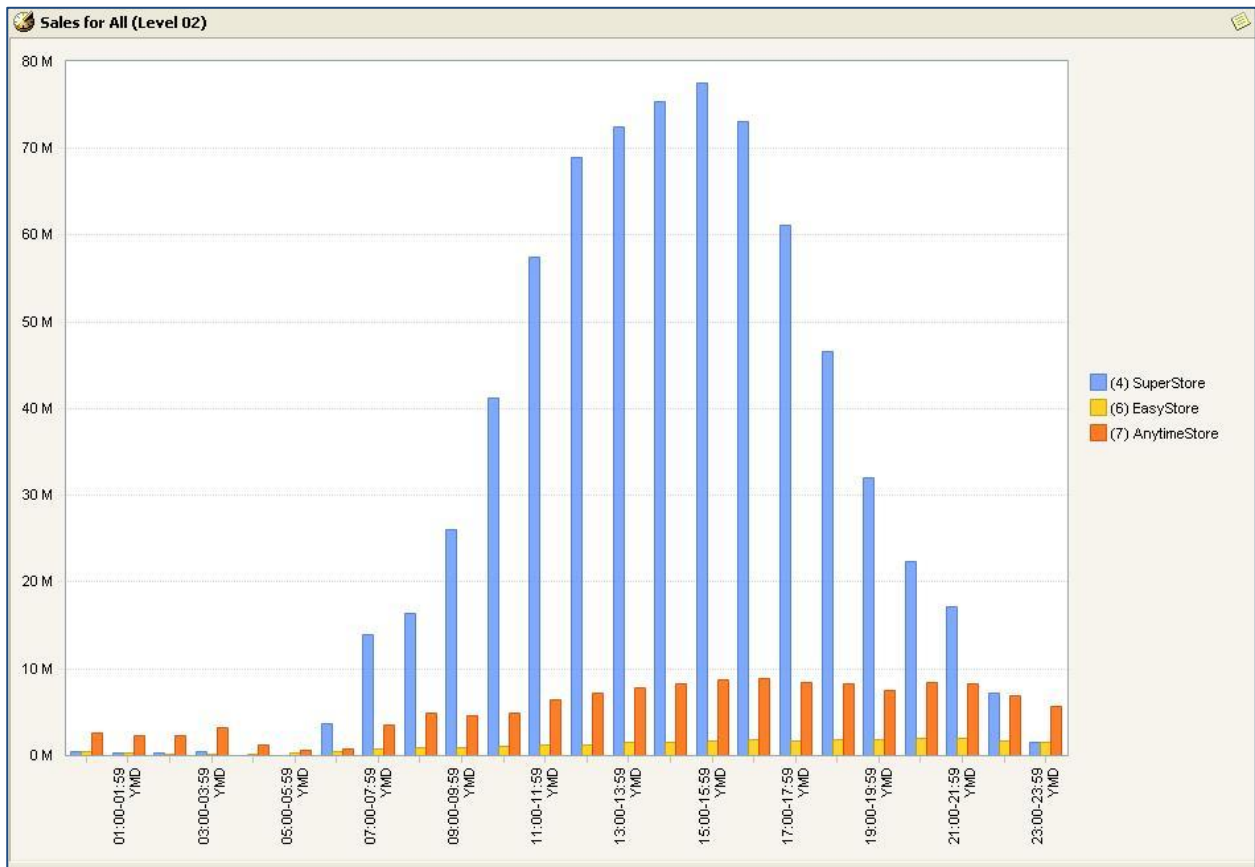


Example Microsoft SharePoint – PerformancePoint – Scorecard

Analytics

Scorecards and dashboards are great for monitoring organizational performance, but some users need the ability to do ad-hoc analysis, perform root-cause analysis, and build new key performance indicators. There are many slice and dice, ad-hoc analysis tools, including Microsoft ProClarity Analytics and Office 2007.

Analytic tools enable workers to build, share, and manage their analysis without the need for coding. Workers can build local and server-side data calculations and combine actions, annotations, scorecards as well as planning, budgeting, and forecasting KPI's and metrics.



Microsoft SharePoint - PerformancePoint - Analytics

Empowering the Organization

The ARTS data standard was defined by retailers for retailers, providing a comprehensive set of metrics and key performance indicators that will help retailers understand and improve their organizational performance in the highly competitive and dynamic retail market.

ProfitBase has captured both common POS data source connection criteria for extraction of POS data and the ARTS data standard in ready to use templates. ProfitBase Retail templates are used to quickly build robust Retail Business Intelligence solutions, consisting of data warehouse and OLAP Cubes, delivering critical POS information to dashboards, scorecards and reporting tools like Microsoft Office, SharePoint and Profitbase InFront Analytics.

The Profitbase-Microsoft Retail BI Solution delivers retailers a proven business-driven and standards-based solution that brings together technology, people, and information to empower their organizations to improve business performance every day.

About Profitbase

Profitbase is a technology leader in delivering rapidly deployed business intelligence (BI) and planning solutions to retailers, healthcare providers, manufacturers, and many other markets throughout the world. Their solutions include software tools and out-of-the-box capabilities that enable deployment times, cost and risk to be significantly reduced. Their solutions provide businesses with one consolidated view of information resulting in 360 degree visibility to all aspects of business performance and accelerate planning cycles enabling users to plan, track and act on performance based on their roles in the organizations.

Profitbase solutions also ensures continuity of business insight as new business systems are added through acquisition or system upgrades, protecting a company's investment in existing business systems and turning the hard to access data they hold into an asset. Businesses that deploy Profitbase solutions have access to better, more current information enabling them to be more agile and to make better and faster decisions.

Profitbase is a Microsoft Global Alliance Partner, a NRF ARTS member and chairs the ARTS Data Warehouse committee.

To learn more about Profitbase visit their website at www.Profitbase.com.