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Executive Interview with Jim Franco, CEO of Autologue Computer Systems

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BUENA PARK, CA -- *Having purchased a Union Oil Service Station two months after graduating from high school in 1961, at age 18, Jim Franco was known as the youngest Union Oil Dealer in the history of Union Oil Company. In 1965, he opened a Big A Auto Parts store and was the youngest Big A Jobber in the history of American Parts System. Within the 22 years at one location, he created a large machine shop -- Productive Engine Rebuilder-- an 8 bay service center, a hard parts warehouse distributor plus three retail locations. The company had 30 employees that generated more than $2 million in annual sales.*

In the mid 70's, Franco says he "fell in love" with computers and purchased a Triad Management System to run his auto parts business. At that time the computer did not produce invoices, have accounts receivable capabilities or even have the ability to receive purchase orders. It was just an electronic inventory posting machine. In the late 70s Franco was asked by Safeguard Business Systems to be on an advisory group to design a point of purchase system for the automotive aftermarket and Autologue Computer Systems was created.

In the early 80s, he was asked by Safeguard to install the Autologue System in his auto parts stores and become an Autologue Distributor. By 1984, Franco and three associates earned $750,000 in computer sales and the company was named the number-one Autologue Sales Distributors for the entire U.S.

In early 1985, Safeguard decided to sell Autologue because it had been losing more than $1 million a year for six years. Franco purchased Autologue that year and moved the company from New Jersey to Fullerton, CA. In 1986, he sold his auto parts stores and moved Autologue to its present facility, an 18,000-square-foot office complex in Buena Park, CA.

In the following years, Autologue continued to grow through acquisitions. In May 1998, Autologue purchased Southeastern Express Systems. SES is primarily in the business of servicing and supporting the Triad Series 12 system. SES was located in Macon, GA, and was relocated to Buena Park, CA. In October 2001, Autologue Computer Systems acquired The Parts Genie price updating division of Computer Systems & Solutions, Inc. With this acquisition Autologue Computer Systems continued to expand the depth of manufacturer's price availability. In January 2002, Autologue acquired Auto Inventory Systems (AIS). The AIS Computer system is designed for the smaller jobber and is a lower priced system with the option to rent or purchase. In January 2002, Autologue acquired Datatron LTD located in Waukee, IA. Datatron offers a collection of sophisticated software applications and hardware for warehouse distributors, multi-store jobbers, or any combination of warehouse/jobbers.

Today, Autologue Computer Systems has a staff of 52 people, 36 employees in Buena Park and 16 sales/support staff throughout the United States, Mexico, Australia, Central and South America.

In our exclusive interview with Autologue CEO Jim Franco, we learn more about the company's new product offerings, and tap into Franco's extensive experience in the industry for some predictions on the aftermarket's technological future.

What in your opinion is the new technology today that is doing the most to help make the aftermarket industry more efficient?

By far the Internet. The Internet has enabled us to connect businesses simply. It used to be a one-to-one communication but now the Internet allows one-to-many or many-to-one communication. It is an information gateway that results in a definite increase in productivity in the aftermarket.

Earlier this year Autologue unveiled two new products for the aftermarket -- ePaperless Office and eDelivery Tracking System. Tell us about the features and benefits of these two new products.

As far as features go, ePaperless Office eliminates the excess costly expenses of custom invoices, statements, envelope and even postage and saves the labor of filing paper documents, stuffing statements and retrieving invoices. With document imaging, information is at your fingertips so you can email, print or fax a signed invoice instantly. It also reduces or eliminates photocopying and other repetitive tasks.

The benefits are that customers can access any invoice, with signature capture and print, email or fax it via Internet anytime of day or night. Customers can "instantly" see online what part numbers were purchased and how many times they were ordered. Customers are automatically emailed, notifying them that their monthly statement is in eOffice. Customers can conveniently pay their monthly statement through their bank by electronic check or by major credit card.

The eDelivery Tracking System can also be accessed at anytime. You can view when the invoice was printed, when the driver was dispatched, what parts were on the invoice and an approximate time of delivery. This empowers customers to choose when and what parts are to be delivered. Reporting enables viewing detail by customer, by invoice and by delivery times.

The eDelivery Tracking System increases CRM and shows customers how efficient their company is by getting the parts to them faster than anyone else. It increases delivery quality awareness and promptness by tracking time.

As a technology solution provider for the aftermarket, how do you help explain to your customers the ROI of new technologies?

Actually it's fairly easy to justify cost and show almost immediate return on investment because of Internet technology. In the last few years we have been developing mostly eProducts which require little or no investment. All of our eProducts are integrated and enhance our existing management systems.

For instance, ePaperless Office can save hundreds if not thousands of dollars per month in supplies and labor by providing instantaneous access to all invoices, statements, current balances and payments for all office personnel as well as counter staff. Most importantly, the customers can view, print, fax or email this information 24/7, all at the same time. There are no initial upfront fees, and the monthly cost is 30 cents per customer per month.

One of our customers said "Wow, eOffice is so great, now my retailers and office personnel can go into my secure website and print a signed copy of an invoice." They love it and we love it, so it's a win-win situation. We increase our service and at the same time decrease their cost in labor, etc.

eDelivery Tracking System has increased drivers productivity and accountability by as much as 20 percent, according to Ernie Bloom at One Stop Parts Source in Southern California. Ernie told us he now has full visibility on when the invoice was printed, when the driver left the warehouse/store, when the driver delivered the part and when the driver returned. eDelivery saves fuel, increases productivity, and only costs $10 per truck.

We had another customer say that eDelivery Tracking System is like an electronic staging board. Everyone knows where the parts are and what time the delivery is expected. Saving one customer's business will pay for eDelivery for years.

With our ePrice updating, the subscriber will receive an email every time the manufacturer has a price increase. If your management system is integrated with web genie it's transparent. If not, there are multiple download formats to choose from. We also provide a way to purchase one product line at a time with a credit card. Just think what it would cost your company if you sold parts at the old price even for a week.

How did the idea for these products come about?

Autologue has always had an attitude of "How can we help our customer be more productive and more profitable?" They only way for us to do that is to ask our customers what they want. We encourage them to submit their ideas to us on a regular basis. Most important is that those suggestions don't fall on deaf ears. Autologue prides itself on our annual program enhancements for our management system. Our eProducts are sometimes updated weekly. Our customers get involved because they can see the results.

What kind of reception have you received in the marketplace for these new products thus far?

Our customers absolutely love our new eProducts, ePart Connection, ePaperless office, eDelivery Tracking System, ePart Manager, ePrice updating, eRetail/kiosk, eProgram updating and eBack. Why? Because our increase efficiency dollars as well as sales and profit goals.

How much of a role does customer feedback play in the development of new Autologue products?

As I mentioned earlier, our customers drive our products. We take their feedback seriously as we change, alter or improve our products.

I meet with our programming group weekly and discuss customer feedback, feasibility, development, deployment and marketing. These weekly meetings are one of the reasons our customers enjoy doing business with us. They feel important, they get what they want and receive value with a reasonable investment. This is one of the reasons our customers stay with us forever, well, almost forever.