

Q&A with Tim Garcia, CEO, President and Founder of Apptricity providing Enterprise-class Supply Chain and Spend Management Software with Inventory Management using Satellite RFID and Long Term Evolution to take Asset Tracking to a Whole New Level



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“We have embarked on our next generation of applications and what I predict will happen is a much larger adoption of our Supply Chain and Expense Management solutions.”
- Tim Garcia

CEOCFO: *Mr. Garcia, there is a long history for Apptricity®. What is the focus today?*

Mr. Garcia: We have two main areas of focus at Apptricity. One is what we call Human Capital Management and underneath that, Spend Automation where we offer AP automation tools that include Travel & Expense, Procure-to-pay (P2P), Expense and Invoice Management. Our second area of focus is specific to supply chain management or what is often called ‘Supply Chain Execution’. On the supply chain side, we help organizations track inventory and assets, anywhere on the globe, in real-time. And our Inventory and Asset management modules tightly integrate with warehouse management.

We also have a new technology called, *Connected Service Vehicle*. If you are aware of products like OnStar on the consumer side, we offer similar capability on the B2B side that allows service oriented organizations to track any type of transportation, anywhere in the world, so it is intermodal. We can track vehicles, commercial or government, and what is inside these vehicles. As an example, for one of our newest accounts, we are tracking their communications equipment and everything inside their vans. They have approximately seventy-five hundred service vehicles that go out and do daily installs of cable TV devices like set-top boxes, routers and anything to do with internet installations for both residential and commercial businesses. Our focus for *Connected Service Vehicle* is going to be key as we are the only company that offers this type of service and capability in the market today. We also offer full, Real Time Location Services (RTLS) as it relates to any type of asset where it is critical to know its location at any given time – 24/7 and 365 days a year. Traditionally, with RFID technology, you have roughly two options, active and passive RFID capability. We take it to a whole new level with LTE (Long Term Evolution) and satellite RFID tracking for more precise asset tracking.

CEOCFO: *Was it a deliberate strategy to be where you are or was it more opportunistic in developing the business segments?*

Mr. Garcia: Lynn, let me give you a brief history. Back in 1999, we had this grand idea that everyone was going to use their Palm Pilot to do enterprise Supply Chain Management. We actually started developing apps on the Palm Pilot back then, thinking that everyone would move toward the technology. What ended up happening was we were eight years ahead of the market. What then followed during that time was the development of the iPhone, a product that influenced consumer awareness for wireless computing and the disruptive, de facto technology that everyone would come to adapt and embrace.

Our background is in mobile technology. So, the solutions we ended up developing were all web based. They allowed customers, from a responsive capability, to view information from their desktop, cellular device or online via the web. That is our background and how we started the company. We already had a direct road map in place for what we wanted to achieve. Much of that had to do with connecting into the larger ERP platforms such as SAP, Oracle and PeopleSoft.

We believe our solutions are unique and designed for operational focus, but not from a 'boots on the ground' or on the street perspective. Those tend to be more back office. Appticity solutions are on the other end of the spectrum, always focused on operations. We help people day-to-day by providing 360-degree visibility into their business operations - for tracking assets, managing rolling inventory and providing a holistic view of stock quantities, locations and shelf-life. It's the whole gamut of anything you can and need to do with the value chain, as it relates to supply chain execution.

CEOCFO: *How are you able to provide a depth of service that others cannot or do not?*

Mr. Garcia: The depth of services offered by Appticity is based on our platform. Back in the late 1990s, there was a new thesis from Stanford University that eventually became known as Java Technology. Today most people recognize it as service oriented architecture (SOA). That depth of service is integrated in our software framework, giving us the capability to offer focused solutions that adapt to our customer's environment. It's key to solving their specific problems and in delivering a fast, efficient results-driven solution.

One of our customers is the U.S. Army who uses Asset and Inventory management to track anything that leaves the United States into what we call 'theaters of operations'. These operational theaters can be located anywhere in the world like Iraq, Afghanistan, Korea – or any other location where there is a need to move equipment, individuals or assets to strategic areas. For the U.S. Army, they needed real-time visibility to be able to track and locate assets in the field with accurate precision. There is nothing out there that delivers this type of complete and precise visibility, from the factory to the foxhole. What we are great at is delivering not only visibility, but also providing the last mile for them, making sure that individual pieces of equipment or individuals are in the right area, where they need to be, at the right time.

CEOCFO: *There are many physical pieces or physical assets, for example, with the Army. What is involved in putting it together?*

Mr. Garcia: Several things. If you look at the U.S. Army, you have a group of individuals who are focused on delivery. During the implementation process, we can implement our solutions in a cloud environment. In the federal government, they call it FedRAMP or DISA 4 hosting. On the commercial side, you might hear Sarbanes-Oxley or SSAE 16 (SOC 1, SOC 2, SOC 3) compliance. Whether it be for federal or commercial customers, the implementation process is the same. It all starts with what we call agile methodology.

With agile, the technology maps to the exact needs of the client. We call these 'use cases'. Use cases are then coordinated into what we call 'sprints' where you could have up to 10 use cases in a sprint. The whole process allows the client to see when things are complete and when they are available for testing. We have a saying, "Not every company knows what they want until you show them what they do not want." What that does, is allow Appticity to use a specific implementation for them in these use cases. Once we send these back to the customer, they can check-off each step or phase before we move to the next use case. It keeps everyone on schedule. The customer knows exactly when they are going to get a solution that is production ready.

If you look at traditional software implementations and the methods used by SAP, Oracle and PeopleSoft, these solutions typically take anywhere from eighteen to thirty-six months to implement. They tend to be very much legacy based and not operationally efficient. In most cases, we are completely replacing their technology. So, while we integrate with any ERP solution for back office processing, our solutions typically manage the day-to-day functions for supply chain execution. Therefore, our solutions sit on the supply chain to integrate with Inventory, Asset Tracking and Warehouse Management. Working in tandem with each other or as a standalone to complement existing applications, Appticity solutions are very dynamic, especially when tracking assets from purchase to lifecycle-end. When you look at Warehouse Management, or anything to do with business process changes that can occur daily, our solutions dominate. As an example, for manufacturing companies, they need to be able to move product from the warehouse to distribution centers to retail stores. Our solutions help focus on the operational aspects of managing these day-to-day.

CEOCFO: *Would you tell us about your superior customer service?*

Mr. Garcia: When we start a new implementation, our technical support and customer service people are part of the implementation team. Unfortunately, what we have seen in the market, a sentiment shared by many of our customers, is that often the customer support team is an afterthought. And by that, I mean these individuals have no idea how the

system was configured and therefore are not fully prepared to field service calls after the solution goes live. A long time ago, we decided to follow a different approach. Our technical support people play an integral role in the product implementation from the very start of the project. This strategy seems to work and is making a difference as we continue to receive superior ratings from D&B, who run an annual survey focused on customer support delivery.

It all ties back to having a solid strategy for customer support delivery and the knowledge of how the solution was implemented. At Apptricity, nothing is fielded through a call center or escalated through stages. We are very client focused, with excellent support staff, all who reside in the US and all know the intimate details of every installation. That is why we continue to receive superior ratings from our clients, year-after-year.

CEOCFO: Are you doing less in the human capital area? Would you tell us where that stands in the big picture for you?

Mr. Garcia: When we first started the company, we strategically focused on what Gartner calls Human Capital Management, which is Travel and Expense Management and Invoice Processing. If you look at our client list today, we still have a considerable amount of business in this area. With the advent of internet of things (IoT) and machine-to-machine (M2M) computing, we are seeing a lot of our customers wanting to get involved and start using IoT technologies. A prime example of this is with Apptricity *Connected Service Vehicle*.

Many large retail companies need to know where their inventory is, in transit, at all times. If you travel on any major interstate, you will likely see at least one retail chain eighteen-wheeler. It could be from a company like Best Buy. And chances are, they are moving their own high-end merchandise.

With Best Buy trucks, nearly ninety-five percent of the time, they will be transporting their own LED HD TVs. That's because very few trucking companies carry additional insurance, that would be required, to cover the cost of damages or theft.

As a result, retail owners want to know where that vehicle is, at any given time. What inventory is inside. And what inventory is scheduled for delivery. Merchandise can be tracked from point A to point B to point C, and then back to the warehouse, all in real-time, with Apptricity Asset and Inventory Management. We track from the manufacturer, all the way to the store and provide complete visibility to show exactly where that vehicle is, how much inventory is inside, when it returns and when it is resupplied with new inventory.

CEOCFO: What is your business model?

Mr. Garcia: Our business model focuses on selling cloud-based solutions. We even host our larger clients in our own data centers. One of the key things about Apptricity is that we offer single tenant solutions. That means when you become a customer, your company is hosted in your own server environment, with your own data base, which is completely different than how much of the industry operates. They use, what they call multi-tenant technology. That means several companies could get thrown into one application, serving multiple tenants, with all the data being stored in one data base. This creates huge security issues.

You see it every day where data gets comingled with other companies. There are many issues with a multi-tenant strategy. We are very big in security because of our government work. We specifically store all of our customer's data in their own data base. We use AES-128 encryption techniques to encrypt and decrypt files. Because our solutions are mobile friendly, all data available on a mobile device is encrypted within the device itself. So, when mobile data is transmitted, from an LTE network, it is also encrypted during that transmission process.

Our security procedures follow a threefold approach: the first is making sure that every customer is in their own environment, so there is never a possibility of hacking or stealing of data. The second is encryption. Because of our relationship with the military, we make sure we follow government security protocols. And to date, we have never had any issue of customer data being hacked or stolen. The third thing is our overall capability. We offer fully responsive technology. We use one code base and that code base allows our customers to run off any browser. We are platform agnostic, so whether it is Safari, IE, Chrome or Firefox, the same rules apply. That goes for mobile devices as well: iOS, Android, Blackberry or any others. Our solutions will work on your platform, a benefit our customers really appreciate as it does not corner them into one type of technology.

CEOCFO: Would you tell us about your recent engagement with LCA, Legacy Christian Academy, and how that is breaking you into even another industry?

Mr. Garcia: If you look at higher education, or education in general, top of mind for many schools is tracking their technology, whether it be laptop services or anything to do with the movement of laptops or desktops. With Legacy Christian, the one key requirement they had was to be able to track several thousand Apple products and manage them

through an automated solution that could track them 24/7. Their intention was to replace their student laptops every three years and they needed a system in place that could manage the entire lifecycle. At the end of each year, they wanted a complete inventory of MacBooks nearing end-of-life in order to budget accordingly and to purchase additional MacBooks to replace those being retired.

The second thing we do well for this industry is custodial capabilities. The custodian is basically someone who gets assigned that particular asset. In the case of MacBooks at LCA, once assigned to a teacher, we can track: its whereabouts in real-time, what type of services were completed and the lifecycle history of the asset, including disposal. As another example, Dell laptops use lithium-ion batteries, which require proper certification for disposal. The paperwork can also be tracked to ensure compliance. From this aspect, it is all about visibility: 1000 laptops in service, 800 in use, 100 in inventory. Before you have to purchase new equipment, we provide the customer with the visibility needed to make the best purchasing decision.

CEOCFO: *What is your focus day to day as CEO?*

Mr. Garcia: Currently my main focus on the commercial side of our business, is working with our strategic partners and in finding new opportunities to complement our current solutions – those that will improve execution and the customer experience. I am also involved in looking at larger IoT technology acquisitions.

On the federal side, I'm heavily involved in new business development where we have a lot of capability and experience, related to our current contractual obligations with the United States Department of Defense, The Judicial Branch and the other federal agencies we serve.

CEOCFO: *It sounds like you enjoy what you are doing at Apptricity?*

Mr. Garcia: Absolutely! Solving customer problems is what it is all about! As the saying goes, “software either helps you save money or it helps you make money.” If we can offer better solutions to companies – those in higher education, manufacturing, retail and the federal government – that automate and simplify Supply Chain and Spend Management execution, then we have done our job. We have already embarked on our next generation of applications and what I predict is a much larger adoption of our solutions.

Since Apptricity solutions already interface with larger ERP systems, like Oracle, PeopleSoft and SAP, I believe that companies will realize it is not a “one size fits all” solution. While there are other software solutions in the market that are hyper focused on resolving Supply Chain or Human Capital issues, our SOA framework delivers fast, efficient results – a key differentiator that sets us apart.

The logo for Apptricity, featuring the word "Apptricity" in a light blue, sans-serif font. A registered trademark symbol (®) is located at the top right of the letter "y".