

Enhancing Remarketing Programs for the Automotive Space

About ALTESO

ALTESO - Accelerating the Auto Remarketing Industry

The ALTESO group of companies was launched in 2002 by technology visionaries who loved cars. With a close eye on the market, ALTESO develops digital solutions that accelerate, integrate and enhance automobile remarketing programs.

ALTESO line-up of products includes:

HaulMatch – Guaranteed vehicle shipping made easy

iBidSmart – White-label auction platform

MyDealerOnline – THE "whole-tail" solution to increase sales

RideSafely – Digital dealer for consumer auto brokering

ALTESO's commitment to the auto remarketing industry is delivering timely, easily integrated, on-demand digital solutions supported by best-in-class employees. With a lifetime of experience in technology and nearly a century of combined automobile remarketing expertise, ALTESO has products that meet the rapidly changing demands of the industry while delivering value for all stakeholders.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine



Cheryl Munce

Chief Executive Consultant

CEOCFO: Ms. Munce, what is the concept for ALTESO?

Ms. Munce: First of all, ALTESO is an acronym that stands for Alternative E Solutions. We are a software house focused exclusively in the automotive space. We have multiple products. The concept of our products is to enhance existing auto remarketing processes and parts searches and seamlessly integrate these enhancements in the business to business and ultimately business to consumer market.

CEOCFO: How does the marketplace work today? How will your offerings change that?

Ms. Munce: There are about forty million used car transactions that occur in the US every year. This marketplace has two distinct segments; institutional and consumer. The institutional segment primarily sells inventory through wholesale transactions, business to business. This market segment represents about fifteen percent of the total used market volume in the US. The balance, eighty-five percent is a combination of wholesale sales of salvage vehicles and retail used sales, dealer to consumer and consumer to consumer. Our products are designed to, not only fill a need, a gap in the current wholesale remarketing space, but some of our other products serve to bridge the gap between the wholesale channels and the retail marketplace. This gap has been dubbed "Wholesale". Sellers and buyers today want access to all channels and our products have been created to play in all three channels.

CEOCFO: How so? Would you tell us about your products?

Ms. Munce: We have several products. One of them is a white labeled auction platform called iBidSmart. That is basically an auction platform that puts the 'action of the auction' in the hands of large institutional wholesale sellers. For example, a rental car company that might have one million vehicles coming out of service every year; they will currently use manual systems to, what we call, hand sell those vehicles to loyal buyers directly. Those are wholesale buyers. Some of these rental companies have their own retail lots, but that is not the large percentage of their remarketing channels. The majority of the vehicles that they resell, probably seventy percent, are sold wholesale directly to dealer buyers. The direct selling method is referred to as upstream selling. The other thirty percent, today, go all the way down stream to the live physical auctions. What iBidSmart will do is put that auction remarketing, the direct selling, in the hands of the rental car company, so that their loyal and developed dealer buyer base can use their platform 24/7/365 to bid on and source inventory dynamically through this proprietary, private labeled digital auction site.

CEOCFO: Is there competition or is this a new area for that segment of the industry?

Ms. Munce: There is competition. The large auction houses actually have what is referred to as upstream programs. That is the direct selling model that I just referred to. However, most of them do not offer a private label platform; an institutional

wholesale supplier would need to use the auction house and their product brand and related policies. What many of these large sellers want is to be able to reduce their re-selling expenses and control their costs. Our product allows the seller to create and enhance their own brand. Therefore, it will be labeled according to the brand name of that seller. They can actually create revenue and a profit center, using our platform as opposed to a traditional expense or cost center by using the traditional auction house platforms.

CEOCFO: *When you are speaking with prospective customers do they understand immediately the difference? Is there an aha moment?*

Ms. Munce: There is. I will tell you there is a strong movement towards direct selling by these wholesale vehicle owners. They are very focused on maximizing their profits, as every business is today. One way to do that is to get the most money through the cars of course. The other way to do that is to minimize or eliminate their cost of doing so. Therefore, their aha moment is, "You mean I can become the auction? This would be MY auction and I do not need to pay anyone fees except for a nominal software fee to iBidSmart!?" We are not an auction, so we do not have to be able to support a large infrastructure. We just need to support our development costs and our support. That is one product. We also have several other products, as I mentioned, that will blur the lines and fill that void in the whole retail space. One of them in particular, that is very timely right now, is called MyDealerOnline. That is a patent pending product that takes wholesale inventory from large volume inventory partners like auction houses or rental car companies and places it seamlessly on a subscribing used car dealer's website as virtual inventory. Dealers today are saying - "I want more inventory in my dealership, but I do not want to have to buy it. I do not want to have to pay for it and I do not have the space to store it. Most of my customers today visit my website and I do not want to lose that consumer. I want them to be able to find the car of their dreams without leaving my site!" That is what this product does. It fills that gap between wholesale and retail and still allows that dealer in the middle to handle the sale of that car, service the end user (the consumer), buy more cars, maintain their profit margins and keep more money in their pockets.

"What sets ALTESO apart is our people and our products. We cannot lose sight of the fact that the automotive industry thrives and survives on people, integrity, service and relationships. Everyone can relate to it. The car industry has always been about people. People buy from people. People build products. Therefore, in the absence of good people, we cannot build good products." - Cheryl Munce

CEOCFO: *There is so much changing in the auto purchasing industry, so many different sites that people can go to for a car. Are most of the dealers embracing technology or do you find they are still slow to get beyond the traditional used car sale?*

Ms. Munce: That is a great question! Many of the old timers have struggled with embracing the rapid movement towards technology. I will say that there is still a place for those dealers. They still like to touch and feel the cars at, let us say, the live, physical auctions. There are certain types of vehicles that you still need to touch and feel. The online auction is not necessary completely fail safe for certain types of vehicles. However, I will say that as the old guard is evolving, Gen-Y is coming up through the ranks and this group only wants to do business digitally! I will tell you that our products are not only revolutionary, but they are very timely right now.

CEOCFO: *What were some of the challenges in putting together the various offerings and deciding how they should be structured?*

Ms. Munce: The first challenge is identifying the gaps. It is really a collaborative effort, using our founders and our cofounders, Max Repik and Yury Kaganov, who are the founding fathers of Alteso's original product, RideSafely. They both have a deep, deep passion for cars and automotive and motorcycles, combined with a technology schooling and background. Therefore, they were able to blend the two, hire industry expertise, like myself and Mark Buffa, who have extensive relationships and experiences within the automotive remarketing industry. Through collaboration we identify the gaps and the needs for digital products. The second challenge from that, once you have that aha moment and you say, "There is not a market here, we need to create that opportunity," then it is getting the right staff, the developers and discipline and ramping up your resources, in a way that can support the development early in the process in the absence of revenues.

CEOCFO: *What is the key to user friendliness?*

Ms. Munce: If you looked at our newest product, MyDealerOnline, we have created that in such a way that it is a three step integration. Even a five year old child can set up this site! I know that probably today they are more technologically savvy than many 50 year olds but the point I'm making is that it has been designed to be easy. It is very intuitive. A dealer with a website can instantly plant virtual inventory on his/her site and even a small dealer without a website can instantly create a website in three easy steps with thousands of virtual listings. It probably takes him/her not more than 15 minutes to create a website using MyDealerOnline! It is all seamlessly integrated. As we are looking to build a brand new platform for iBidSmart, we are contemplating and considering current technology concepts that really resonate with the new

millennium. That is, it has to be dynamic. It has to be interactive. It has to have a gaming, fun sort of feel to it. It cannot be dry, static and boring.

CEOCFO: *How do you reach prospective customers?*

Ms. Munce: Like in any business, there are at least two sides to the product equation. One is the supply side and one is the demand side. We learned very early on that you cannot go out and sell to the demand side unless you have the critical supply. I have been in the business for over thirty years. Mark Buffa has been in the business for close to twenty years, as have Yury and Max. We are currently reaching out to our industry relationships seeking inventory partners. Once we secure some supply partners, we will continue to leverage those relationships and their sales forces to distribute the product to their customers, the dealers. Because our products are targeted to the automotive remarketing industry, our team continues to build on years of relationships, attending trade shows, speaking at conferences, doing press releases, marketing and email campaigns; all of the traditional things that you would do. However, the primary focus for us is leveraging our past experiences and building current relationships.

CEOCFO: *What sets ALTESO apart? Why should people pay attention?*

Ms. Munce: What sets ALTESO apart is our people and our products. We cannot lose sight of the fact that the automotive industry thrives and survives on people, integrity, service and relationships. Everyone can relate to it. The car industry has always been about people. People buy from people. People build products. Therefore, in the absence of good people, we cannot build good products. If we are focused on the needs of the industry, as we are, and creating products that help people and help businesses and we have the right people in place, then we believe that we are in the right space to succeed. That is on the soft side of the business and not to be understated. On the tangible side, what differentiates ALTESO from others is that any one of our entire product line-up can be easily and readily integrated into a customer's current processes. We are not asking companies to come in and erase the processes and the platforms that they are currently using, except with respect to iBidSmart if they want to sell their vehicles directly. However, generally we try to make it easy with our products so that it accelerates and enhances their current program. That is our claim to fame.

BIO: With more than 30 years of experience in the automotive industry, Cheryl has held several senior leadership roles including vice-president and general management of business operations, sales, customer service, strategy, culture, human resources, business development and finance. Her vast experience in fleet management, used vehicle remarketing, salvage management and digital remarketing has greatly contributed to ALTESO's mission to accelerate the auto remarketing industry.

In her role as General Manager at Manheim Toronto, Cheryl successfully increased dealer business by 25% during an automotive economic and industry downturn while reducing operational expenses and increasing employee morale.

As President of Impact Auto Auctions (Canada), Cheryl helped to increase new business revenues by 250% over a 5 year period, expanded the company's national footprint to 13 locations, and launched online salvage sales thus establishing Impact as the dominant salvage remarketing player in Canada.

Cheryl is a frequent industry speaker featuring topics such as: blurring the lines between wholesale & retail (whole-tailing); online sales success strategies for car dealers; and women in remarketing.

Married with two boys, Cheryl lives in Oakville, Ontario and enjoys a break from the cold Canadian winters at her vacation home in Venice, Florida. When it comes to home improvement, Cheryl knows how to wield a hammer. The office guru of all things canine, Cheryl started her working life as a professional, all breed dog groomer. Go figure – from dogs to Dodges!!



ALTESO

**6 Neshaminy Interplex, Suite 310
Trevose, PA 19053
215-289-0500
www.alteso.com**