

SYSTECH Material News

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And here we go in 2007 Despite all of the reasons (slow housing market, collapsing sub-prime mortgage market, higher cement costs, etc.) that I could envision for 2007 to be a slow year for Systech and for our industry, our results for the first quarter anyway have been just

the opposite. Case in point: the attendance and interest in our booth at the World of Concrete 2007 show in January was exceptionally strong for all of our products. This interest has already translated into a substantial level of additional business for us and promises to make this an exceptionally strong year for Systech in total.

In addition to our contract with GCC's (Grupo Cementos Chihuahua) Consolidated Ready Mix division for a substantial number of Integra Batch panels, we have experienced a steady stream of additional Integra Batch orders from across the country from such industry leaders as Rochester Ready Mix (MN), Vulcan Materials (CA & AZ), Ozinga Ready Mix (IN), Davidson Ready Mix (IL), ConMat (VA), to name just a few. The acceptance of the revolutionary hardware, software and performance components of Integra Batch has been extremely gratifying to witness. Due to this success we have recently had to double the size of our Gahanna (Columbus area), OH, office for our Elite Batch Systems division to accommodate our rapidly increasing shipment pace and the additional personnel that we have brought on. With significant new features being included each week, we are extremely confident that Integra Batch will continue to grow.

The 2007 Systech Customer Conference was also another very successful event. In recent years we have attempted to make this an industry-wide, educationally orientated event so that in addition to providing tips

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Systech Customer Conference 2007



Systech's 2007 Customer Conference was once again a huge success. The focus on Wednesday afternoon was on industry education. Among the outside speakers, Bill Allen and Pierre Villere from Allen/Villere Partners presented Highlights of the Industry and The Winners Vs. The Losers. Kari Moosmann and Rick Yelton from The Concrete Producer led our 3rd annual Women in Concrete session, along with Shelby Mitchell, Kate Hamilton, Amara Rozgus, Stephanie Johnston, Jenni Spinner and Laurie Banyay, called Legacy of Women in Concrete. Wally Johnson of U.S. Concrete presented an informative session called Selling Value in a Slow Growth Market. Thanks to all our presenters for making our Wednesday sessions such a success.

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Our Vision is to be the premier software company for the building materials industry, known for delivering excellent services and products that increase profitability, improve efficiency, and ensure job fulfillment for our partners and ourselves.



SYSTECH

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Tech Corner: Server Migration

This past February marked Windows 2000 Server's seventh birthday. As the operating system moves into its "golden years" a number of you still running the OS may be considering upgrading servers and moving to Windows 2003 Server. To some of you, upgrading may seem like a daunting task, but it doesn't have to be. The key here is preparation and coordination. Making early arrangements with Systech support and any hired network persons will make the whole process much smoother.

As with any hardware upgrades, it is important to insure the software will be compatible with the new server and OS. In this case, the minimum hardware requirements for a Systech database server and a Citrix / Terminal Servers are as follows:

DB SERVER SPECS

Dual Xeon 3.0ghz 800Mhz FSB
2GB
RAID 1
2 X 146 GB 15K RPM Hard Drive
Gigabit NIC (single NIC only)
Redundant Power Supply
NTFS File System
CDRW Optical Drive
32-Bit Windows Server 2003 Standard
Tape Backup
Diskkeeper or Similar Disk Defragmenter

CITRIX / TERMINAL SERVER

Dual Xeon 3.0ghz 800Mhz FSB
1GB plus 40mb per concurrent user
RAID 1
2 X 73 GB 15K RPM Hard Drive
Gigabit NIC (single NIC only)
Redundant Power Supply
NTFS File System
24 x CDRW Optical Drive
32-Bit Windows Server 2003 Standard/
Terminal Services
CALs per User 10-15 user per CPU
Diskkeeper or Similar Disk Defragmenter

Once the hardware specifications are verified, you can move forward with purchasing. Something to consider when going from a single processor to a multi-processor database server, is purchasing an additional Interbase processor license to fully utilize your new processing power with our software. The same goes for servers running processors with multiple cores where each core functions as if it were a single processor. Contact Systech support for any Interbase licensing questions you may have.

Next, arrangements will need to be made with a network person to configure the new server. The new machine would need to be put on the domain and setup for remote access. After the server is networked, configured, and ready for Systech, then arrangements will need to be made with support to perform the software installation. In many cases; migrating Systech software from one server to another can be performed remotely at our central office. Although if you would prefer, a Systech representative can be sent on site, in which case, further arrangements would need to be made with support.

In situations where Systech support is performing a remote installation, it is recommended that

you give support sufficient notice before planning to go live with the new server. This will give support sufficient time to prepare the new server and make the transition more seamless.

During the time of the install, support will load all Systech related software and directories on the new server. (i.e. Borland Interbase, BDE, Dispatch Server, Batching Console, Systech directory, and user environments) When the Systech related software is loaded, a support representative will point the new server to a backup copy of your current database. Support will then run the software locally on the server to validate the installation.

The final step would be deciding when to go live with the new server. Of course the best time to make the move is during non-production hours. Really it just comes down to whatever works best for you. Whenever you decide to migrate, all users must be out of the system. A database backup will then need to be performed on the old server. The backup is moved over to the new server and then restored. Client users will then need to be moved to the new server, which may involve reconfiguring user hive settings if the server name is changed. Now obviously certain networks may involve additional procedures, but essentially this is the majority of what is involved with a server migration.

Again, the key to this whole process is preparation and coordination. Contacting support early and often can make a task once viewed as daunting into a seamless system improvement.

Systech University

With major new features such as Cash Posting, Sales Manager and Systech Printing System (SPS) on the horizon, customers should be thinking about how upgrades will be rolled out at their sites. While the new modules will offer large productivity increases, training will be key to maximizing benefits and in some cases will be required before going through the upgrade. Our Systech University program will be the avenue through which we will be making training available. Several levels of training on new features will be available, ranging from review of core functionality in a short web-based session to in-depth hands-on training that will cover all features and functions and review best practices for usage. Watch www.systechuniversity.com for information on both web-based and hands-on training.

With the overwhelming success and impending growth of our Systech University program, we are pleased to announce that Mark Winkle will be joining us as our Account and Training Manager. Many of you know Mark from his days as our manager of customer support. Mark's product knowledge and years of industry experience make him ideally suited for this role. Mark will be in charge of developing Systech University courses, tailoring courses to meet specific customer needs and handling administrative and scheduling details.

For information on existing classes or training on new modules, consult our web site at www.systechuniversity.com or contact Mark Winkle at mwinkle@systech-inc.com.

In the News . . .

Systech, Inc. has appointed Dickinson Autocon Systems of Silverwater N.S.W., dealer for Integra products in Australia. According to Systech President John Rabchuk, the initial focus will be on distributing Integra Dispatch and other Integra software modules, since Dickinson has been manufacturing its own batch panel for the Australian market for a number of years.

After closing on four Capitol Aggregates ready mixed plants serving Austin and outlying areas, Texas Concrete Materials has taken the lead in one of the Lone Star State's remaining fragmented markets. The properties join two ready mixed operations with which Austin investor Jack Wheeler launched Texas Concrete Materials in mid-2005. "Being the largest supplier of ready mix concrete in central Texas is something we take seriously," he says, adding "We would not have that distinction without Capitol as our aggregates supplier."

March 2007 *Concrete Products* magazine feature our clients Maricopa Ready Mix on their front cover. Make sure you check out their article *Independent Edge*.

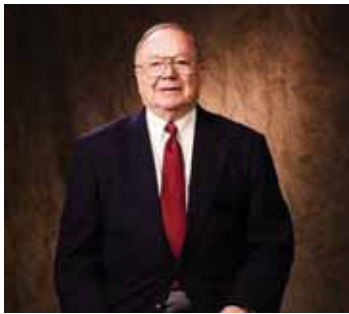
Elizabeth A. Twohy, president of Capital Concrete in Norfolk, VA, has been elected chairman of the Board of Directors of the National Ready Mixed Concrete Association (NRMCA). She is the first woman to hold the position in the Association's 75+-year history. Twohy was voted to the one-year position at the association's annual convention held earlier this month in La Jolla, CA.

Joey DeRoe of Razorback Concrete in West Memphis, AR, was named Promoter of the Year. DeRoe was responsible for converting more than 3000 yards of colored concrete in various markets and for converting original, non-concrete projects into more than 2500 yards of flowable fill conversions. He also made several presentations to specifiers, developers, contractors, and concrete industry professionals. Visit www.nrmca.org. Congratulations!!

Vulcan Materials the nation's largest producer of construction aggregates and a major producer of other construction materials and Florida Rock Industries, a leading producer of construction aggregates, cement, concrete and concrete products in the Southeast and Mid-Atlantic States, announced they have signed a definitive agreement for Vulcan Materials to acquire Florida Rock in a cash and stock transaction valued at approximately \$4.6 billion.

ConExpo-Con/Agg 2008 announced that the construction industries exposition has set an exhibit space sales record, soaring to more than 1.9 million net square feet of exhibit space, with more than 13 months to go before the show being held March 11-15, 2008 at the Las Vegas Convention Center. This is the fourth consecutive time that the triennial exposition has broken its previous exhibit space total. More than 1,000 exhibitors have signed on and Systech is one of them.

Introducing the Break-Even Point



Bill Allen and his company, Allen-Villere Partners, are extremely well known throughout the construction materials industry. As one of the premier financial consulting firms focused on this market, Allen-Villere has been a frequent contributor to NRMCA and other industry events; contributor to numerous industry publications; and, utilized by many leading construction material producers in a wide variety of consulting activities. Bill has now joined the Systech *Material News* editorial staff and will be a regular contributor.

In our summer 2006 article, we discussed the three most important management tools for the Ready Mixed Concrete Producer. While we have explained the importance of Monthly Balance Sheets and Income Statements, we would like to discuss a very important and often overlooked financial tool, the Break-Even Point.

By definition, the Break-Even Point is the point where expenses or costs equal revenues. Quite simply, it is the point in which your company neither makes money nor loses money. Calculating the company's Break-Even Point provides the Ready Mixed Concrete Producer with an important piece of information that, if utilized properly, will allow the Ready Mixed Concrete producer to understand the following:

- Are the company's fixed costs in line with its volume and revenue structure?
- How many yards of ready mixed concrete does my company need to sell to pay for its fixed costs?
- How much revenue does my company need to generate to pay for its fixed costs?
- When can the company begin to bid projects more aggressively and still add profits to its bottom line?

To calculate the Break-Even Point in dollars, use the following formula:

$$\text{Total Fixed Costs} \div (\text{Gross Profit} \div \text{Revenue})$$

Gross Profit, also known as Marginal Contribution, is revenue minus all variable costs. To calculate the Break-Even Point in cubic yards, simply substitute cubic yards for revenue in the formula above.

In order to calculate the Break-Even Point correctly, it is important to understand the difference between variable and fixed costs. Variable costs are the costs that are directly associated with the production and delivery of ready mixed concrete. Using the NRMCA's Standard Financial Statement Format as a guide, variable costs include raw materials costs, variable delivery costs and variable plants costs. Examples of variable delivery costs include: drivers wages and benefits, repairs and maintenance costs for ready mixed concrete trucks (including parts, oil, mechanics wages and benefits), tires and fuel costs. Variable plant costs include wages and benefits for plant managers, batchmen and yard men, repair and maintenance costs for ready mixed concrete plants and yard equipment (loaders, etc), power costs (electric, gas, etc) and costs to dispose of waste concrete.

Fixed costs are defined as all other delivery and plant costs that are not included in variable costs as well as all selling and general and administrative expenses. Some examples of fixed delivery costs include: depreciation for ready mixed concrete trucks, truck lease costs, salaries, wages and benefits for dispatch and order taking personnel, vehicle insurance and vehicle license and registration costs. Examples of fixed plant costs include: plant and equipment depreciation, plant and equipment leases, quality control costs (including salaries and benefits), real estate taxes, environmental costs and information technology costs related to the batch plant.

Companies should calculate their Break-Even Points in dollars and cubic yards on a monthly and year-to-date basis. If the

company is not profitable in a given month or over a period of several months, calculating the monthly Break-Even Point will tell the company how much more revenue it needed to generate in order to pay for its fixed costs each month or if it needs to take a close look at its fixed costs structure. Calculating the Break-Even Point on a year-to-date basis provides the company with a tool that it can use to do some important strategic planning as we will discuss below.

The primary benefit of calculating the Break-Even Point is to determine if the company is generating enough revenue to pay for its fixed costs. If the company is not generating enough revenue to pay for its fixed costs, it basically has two choices: sell more cubic yards of concrete or raise prices in order to generate more revenue or reduce its fixed costs. It is important to note that if you need to reduce your selling price to increase your volume, the Break-Even calculation changes since you are now reducing your gross profit. Calculating the Break-Even Point will tell the Ready Mixed Concrete Producer how much revenue the company needs to generate to pay for its fixed costs and can also tell him/her how much fixed costs the company can support based upon its current revenues.

By calculating the Break-Even Point, the company's Chief Financial Officer can provide some very valuable information to the company's sales force that the sales force can use to determine how aggressively it can pursue new projects/jobs. Since the company's fixed costs are "fixed," there comes a point in time during the fiscal year when the company has generated enough revenue (and gross profit) to "cover" the company's fixed costs for the remainder of the fiscal year. At this point in time, the gross profit from each additional cubic yard of concrete sold falls directly to the company's bottom line. If the company knows when it has covered its fixed costs, it can become more aggressive in bidding new projects/jobs and can potentially pick up projects/jobs that would normally go to a competitor. Conversely, if the company has not yet covered its fixed costs, then it needs to continue to bid new projects/jobs at its regular prices.

In summary, calculating the company's Break-Even Point will help the Ready Mixed Concrete Producer understand how much revenue

the company needs to generate in order to be profitable and can also be an important tool to guide the company's sales force throughout the fiscal year.

This article was prepared by Andy Kulback with assistance from Bill Allen and Andrew Reynolds of Allen-Villere Partners. You can contact Andy at akulback@allenvillere.com or telephone (513) 604-0398. Bill Allen is the Senior Partner of Allen-Villere Partners. You can contact Bill at wballen@allen-villere.com or telephone (901) 755-0010. You can contact Andrew at areynolds@allenvillere.com or telephone (985) 778-1725. For more information Allen-Villere Partners, visit www.allenvillere.com

Version 8.6 nears beta stage

Version 8.6 is entering beta! Per our presentation at the customer conference version 8.6 is getting ready to ship. We are making arrangements for our beta customers to attend Systech University for Cash Posting and SPS training. The estimated beta cycle is 30 days, which would make 8.6 available for general distribution at the end of May.

Integra chat is included in 8.6 and has been in alpha test for a few weeks. The Chat server will run as a windows service and for regulatory compliance all transactions are logged in daily files. The Integra Chat application runs from the Integra Menu as an application and all users appear listed under their Integra login name. A public chat is available to all users and private chats can be initiated among individual users at any time. This makes for a productivity tool between dispatchers and salesmen as well as dispatchers and back office personnel.

Version 8.6.1 will follow closely, approximately 60 days behind and include Sales Manager as well as other new features and modules:

The Rand McNally Map interface is an asp service for mapping, geo-coding and retrieving map book co-ordinates. This functionality enables the operator to geo-code the order prior to delivery so the truck knows the job co-ordinates with the first ticket. This interface will also allow for printing maps, and driver directions. An advantage of the hosted solutions is that map updates are included in the annual usage fee.

A truck pop feature for aggregate ticketing allows for the entry of the truck and order information from the ticket screen without adding the weights and creating a ticket. This speeds entry and all of the information entered with the truck pop is then recalled the next time the truck number is entered in the ticket screen.

A ticket interface for aggregate for third parties is in design for this 8.6.1 release. It will allow a truck with a signaling device containing a keypad to input a gross weight and generate a ticket. This will allow trucking companies picking up material at a remote quarry to key in the weight and keep the dispatcher informed of the order progress. It is required that the dispatcher assign the truck to an order so the system can access customer and product information. The driver could optionally key in a reference ticket number for reconciling in ticket maintenance.

Integra batch will be feature a new highly intuitive, graphic discharge sequence editor. This easy to use addition will allow the operator to easily sequence individual or groups of mixes.

The number of enhancements and new modules slated for delivery over the course of the next year is both exciting and challenging. We continually strive to deliver value for your maintenance dollar and to evolve the software to provide you with efficient tools and a competitive advantage to your company.

Implementation

Must Quote—Reduce the chance of Pricing mistakes

Have you ever accidentally given a quoted customer a list price? Are you constantly double checking edit reports to make sure you're giving the correct quoted price?

Utilizing Must Quote can reduce the chance of pricing mistakes. In today's competitive market, we have found list/column pricing is more and more becoming limited to your "COD" customers. If you find that you are quoting a high percentage of your Customers at the Job and/or All Jobs level, you may want to consider setting the Must Quote flag to "Y" for these Customers. When pricing a ticket, Systech pricing always follows a specific routine... the simple way to describe it is that it looks to the Job first, All Jobs second and the Product / Price Column last. Setting the Must Quote flag to "Y" changes the Pricing routine to ignore the Price Column price and error out rather than pulling the incorrect price from the product. We believe Ticket Maintenance should work for you and flag tickets in red when it is truly required that you need to review these tickets. Rather than scanning through an edit report to make sure you have entered all of your quoted pricing with the chance that you might miss something, why not rely on Systech to flag these tickets missing a quoted price?

If this is something you want to implement, we need to start by setting the Price Control flag in Product Maintenance to "Quote Override" for all your extra products that still need to pull a list price even if Must Quote is set to "Y". After this is complete, we recommend you contact a Systech representative to help you determine the best way to go about changing the Must Quote flag to "Y" at the Company/Customer/Job levels.

Born in Kentucky in 1814, William Wells Brown had a father who was a white plantation owner. His mother was a black slave.

Brown eventually escaped slavery in 1834 and became a conductor on the Underground Railroad. Working on a Lake Erie steamer, he helped ferry former slaves to freedom in Canada.

The abolitionist became a prolific author and orator. In 1853, he wrote *Clotel*, the rumor-based story about Thomas Jefferson's relationship with slave mistress Sally Hemings. It should be considered the first novel published in the United States by a black person. But technically, this is not correct because it ended up being published in England.

I thought of Brown recently because of one enduring quote of his: "People don't follow titles. They follow courage."

It's true. It doesn't take an impressive title to prove you are good at what you do. A title describes what you do. Beyond that, it's up to you to live up to your title and to prove that you've earned it. Your title could be dispatcher, outside sales representative, truck driver, or even company president. A company cannot function without all of these people doing their best in their jobs.

Women tell us that they have to work harder to prove themselves in this man's industry. And when they do prove themselves, their customers and co-workers give them the respect they desire.

At a recent customer conference for Systech a Woodridge, Ill.-based manufacturer of dispatching software, some women attended a Women in Concrete session. There they said that even though it sometimes takes women longer to earn the respect that some men get automatically, once they get it, customers turn to them instead of their male counterparts.

New on the block

Women said they felt it takes them a little longer to get past that "new kid on the block" syndrome, but when they did prove themselves, there was no turning back. They were trusted and they were relied on.

It's a good feeling to reach that point where others exhibit confidence in you. Sometimes though, the women at the Systech conference mentioned that you can get into situations where you have to

prove yourselves to male counterparts over and over again. While this is frustrating, it also is an opportunity.

Often women have great ideas and skills that men lack. If you are placed in a situation where you have to prove yourself over and over again, then you can show off your ideas and put your skills on display. Even if your males counterparts don't show it, they are bound to be impressed—and probably someone higher up will be too. Working harder, being more innovative, and not giving up benefits you in the long-run.

The misconception may be that women aren't good at certain jobs such as a sales or dispatching. But that false notion doesn't have to remain as long as women keep working to change it. The women at the Systech conference believe that their hard work is paving the way for next generation of women. They're right.

by Kari Moosmann