

EBIZ

Know thy customer, max out sales

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Three Andersen Consulting alumni are helping specialty retailers and food- and beverage-processing companies use technology to sell goods in the most profitable way.

The goal seems simple enough, but retail and food industries still struggle to analyze their customers' buying patterns. Such insight is critical if companies hope to steer their customers to the most productive method of buying, be it online, in a store or through a catalog.

"Technology helps businesses learn about their customers as individuals," said Brian Carpizo, CEO of Lincolnshire-based Junction Solutions. "Many companies still have no idea what their customers are doing or buying online, or the best sorts and mixes of products to grab people's attention."

One of Junction Solutions' customers, Musicians' Friend, is the online catalog division of fast-growing retail chain Guitar Center.

Junction Solutions' software runs the catalog operation and gives Musicians' Friend a telescoped view of where and what its shoppers are buying. Musicians' Friend can discover when its shoppers are buying online or through a telephone call center, and gain a detailed understanding of what they are buying.

The partnership is a favorite of Carpizo, a guitarist who passed muster with Sir Roger Daltry, founder of The Who, at a Rock 'n' Roll Fantasy Camp in Hollywood

earlier this year.

Carpizo is the only one of the company's founders who still lives in the Chicago area. The others, who met at what is now Accenture, are Jeff Grell and Chris Hafenschler, and together they launched Junction Solutions three years ago with money made from their earlier ventures.

Junction Solutions has benefitted by partnering with Microsoft from its inception, enabling it to focus on how Microsoft's technology can solve customers' problems.

Junction Solutions also touts its software solution for providing a single operational channel, eliminating the need for its customers to patch together different and older software systems.

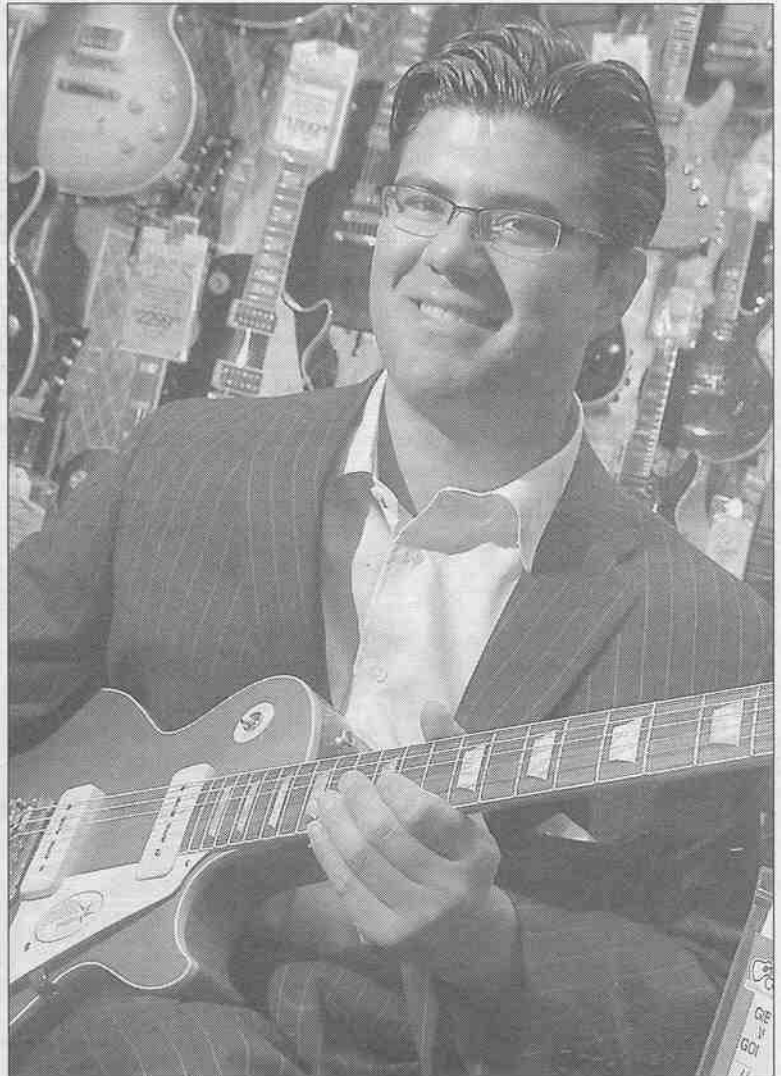
One of Junction's solutions parses millions of retail transactions to dig out the profitability, or lack thereof, of each of its client's product lines. It slices and dices store information and customer history, including each customer's purchasing history and offers that he or she would find attractive.

The company's Matchback feature matches shoppers with their store purchases by linking pieces of data, such as a credit-card number and the person's hometown, to figure out the customer's identity.

Junction Solutions, with 120 employees, reported revenue growth of 150 percent in 2005 from the previous year, to \$4 million, and projects revenue of \$30 million this year. Last year, Junction expanded its warehousing capability by buying RIAL Solutions, a data warehouse and retail business intelligence software company.

The next step is to obtain outside investments and start making strategic moves by the end of the year. Those moves could include acquisitions and technology partnerships, Carpizo said.

Greg Belkin, a retail research analyst at Aberdeen Group in Boston, said retailers are unsure how best to use the business intelligence data



"Technology helps businesses learn about their customers as individuals," said Brian Carpizo, CEO of Lincolnshire-based Junction Solutions. One of its customers is the online catalog division of Guitar Center, and Carpizo himself is a talented guitarist. —RICHARD A. CHAPMAN/SUN-TIMES

they collect, and need the kind of help that Junction Solutions provides.

"The real winners in this space will take the time to help retailers and other clients go beyond spread-

sheets in order to capitalize on the data they've collected," he said. "We're talking about more than providing a box of software. We're talking about education."