



Sales Coverage Analysis

“Maximize your Market and Sales opportunities, while minimizing your sales and marketing expenses and risks”

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Coverage Analysis Benefits

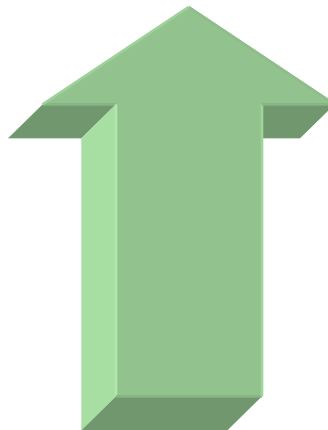
In which Markets and Accounts can you:



Increase
revenue



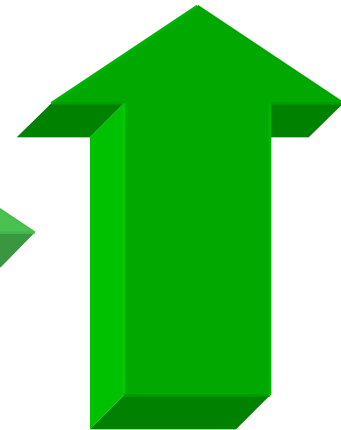
Decrease
expenses



Increase
overall
customer
satisfaction

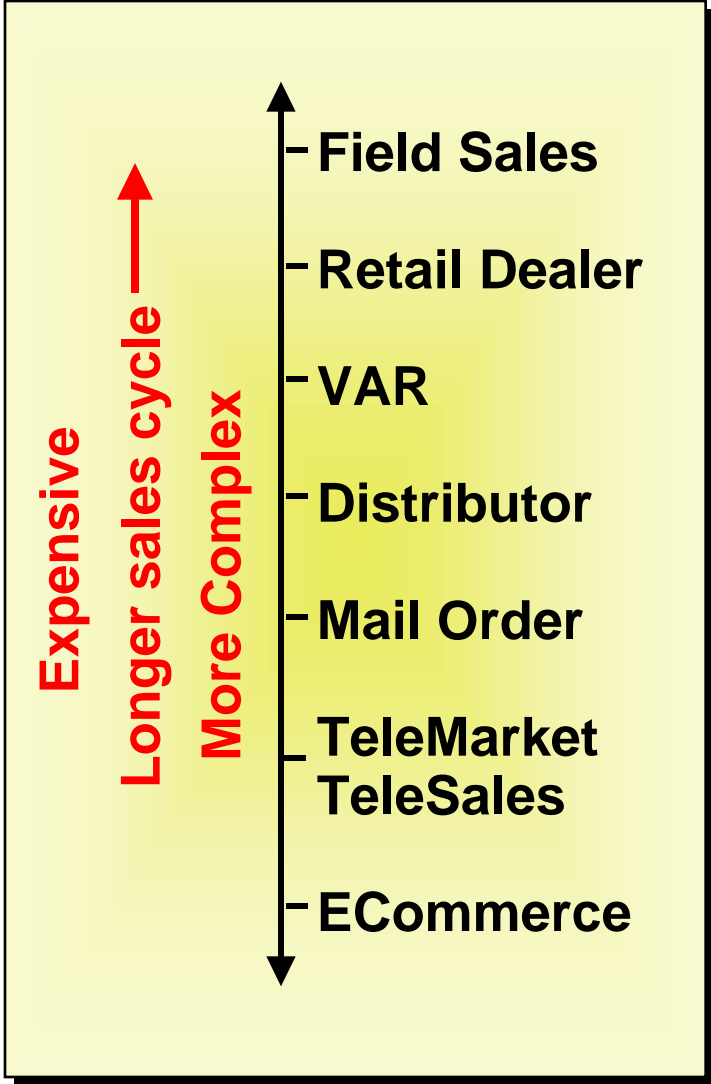
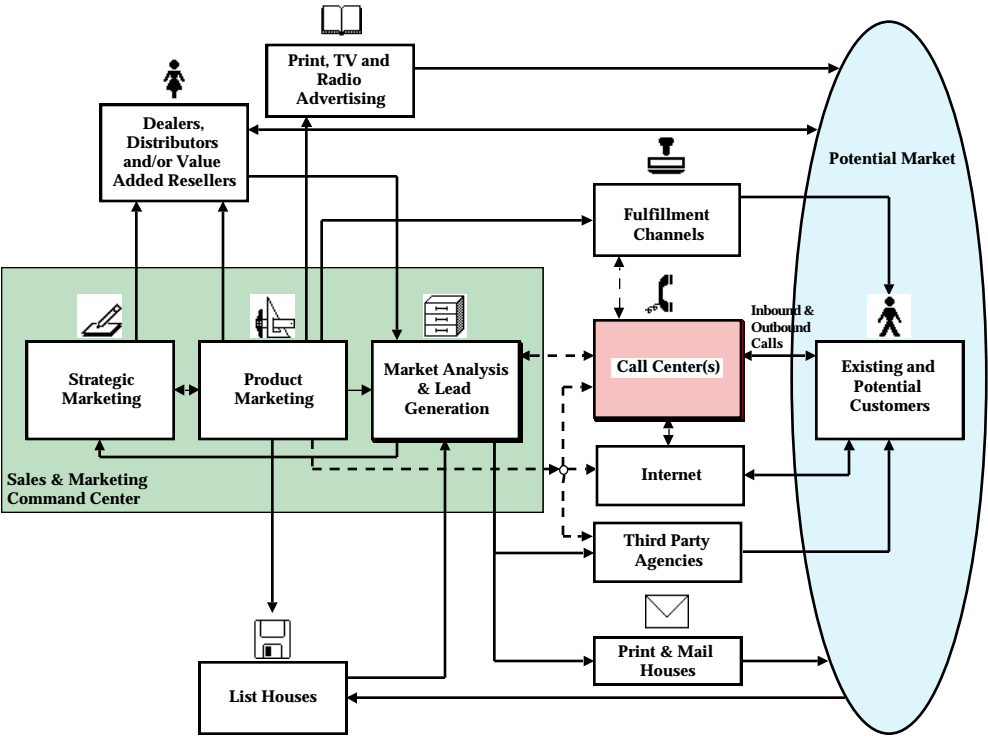


Increase
market
share

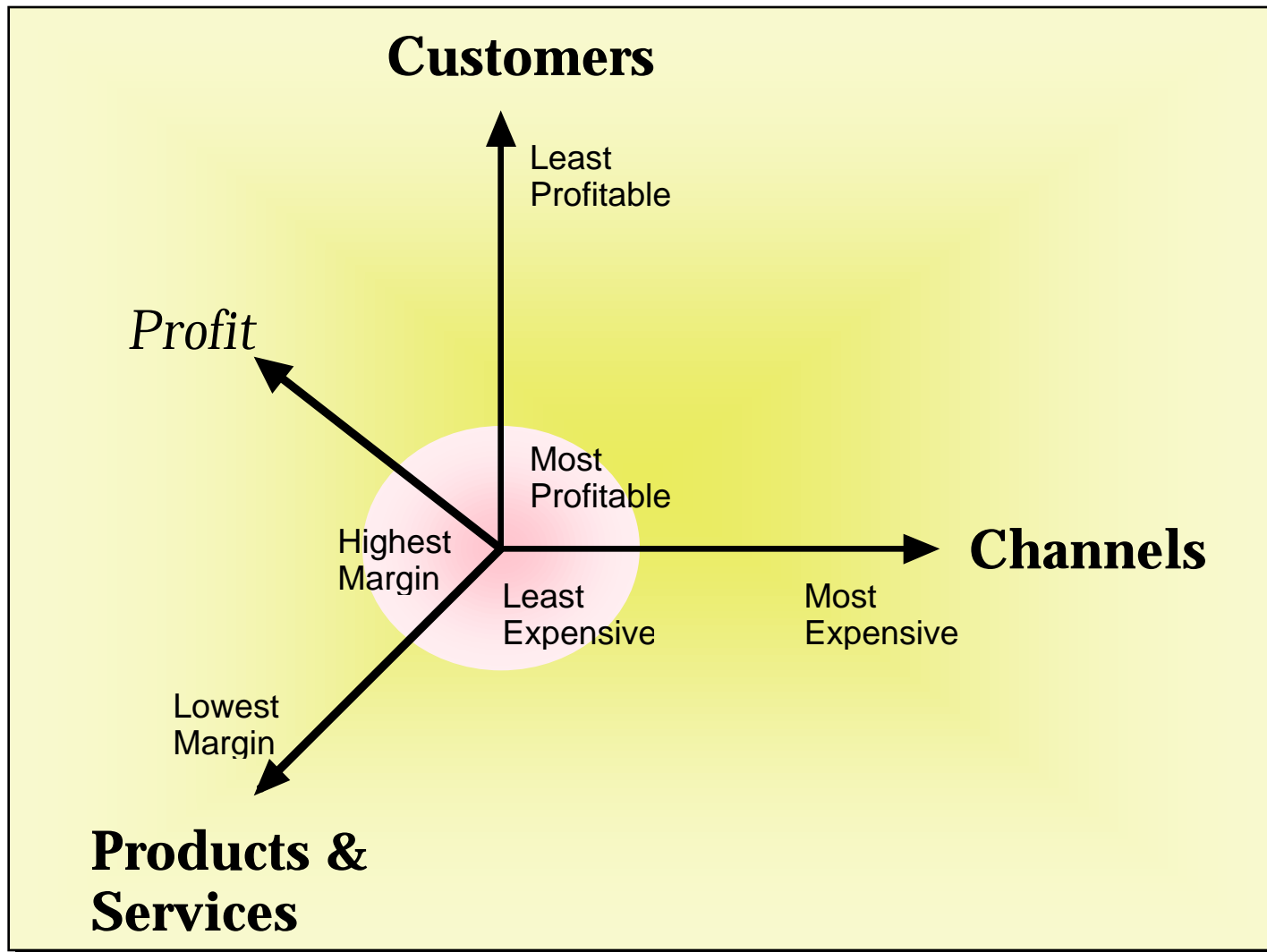


Increase
profits

Key Metrics Determine Which Channels to Use



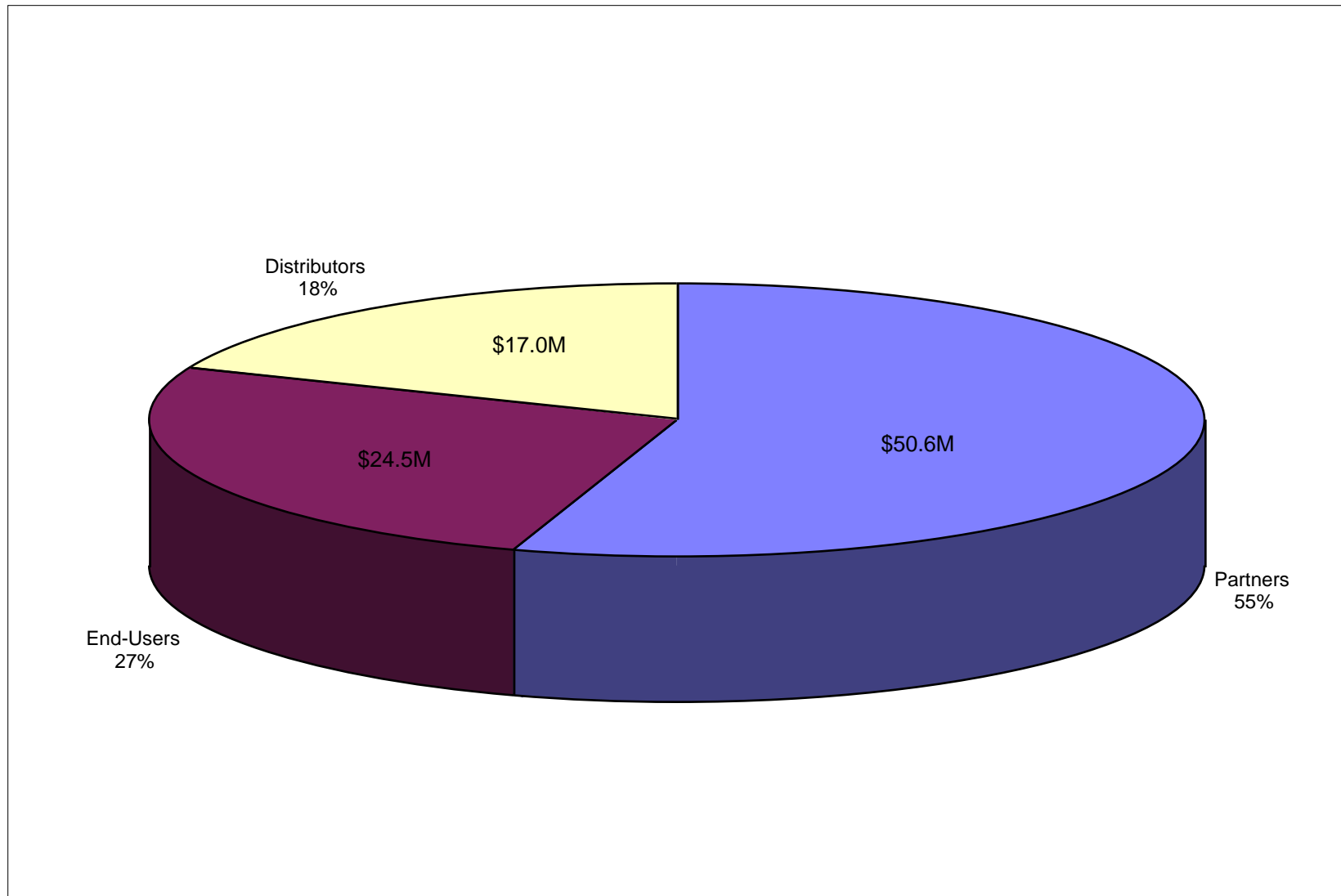
Match the Right Product, through the Right Channel for the Right Customer



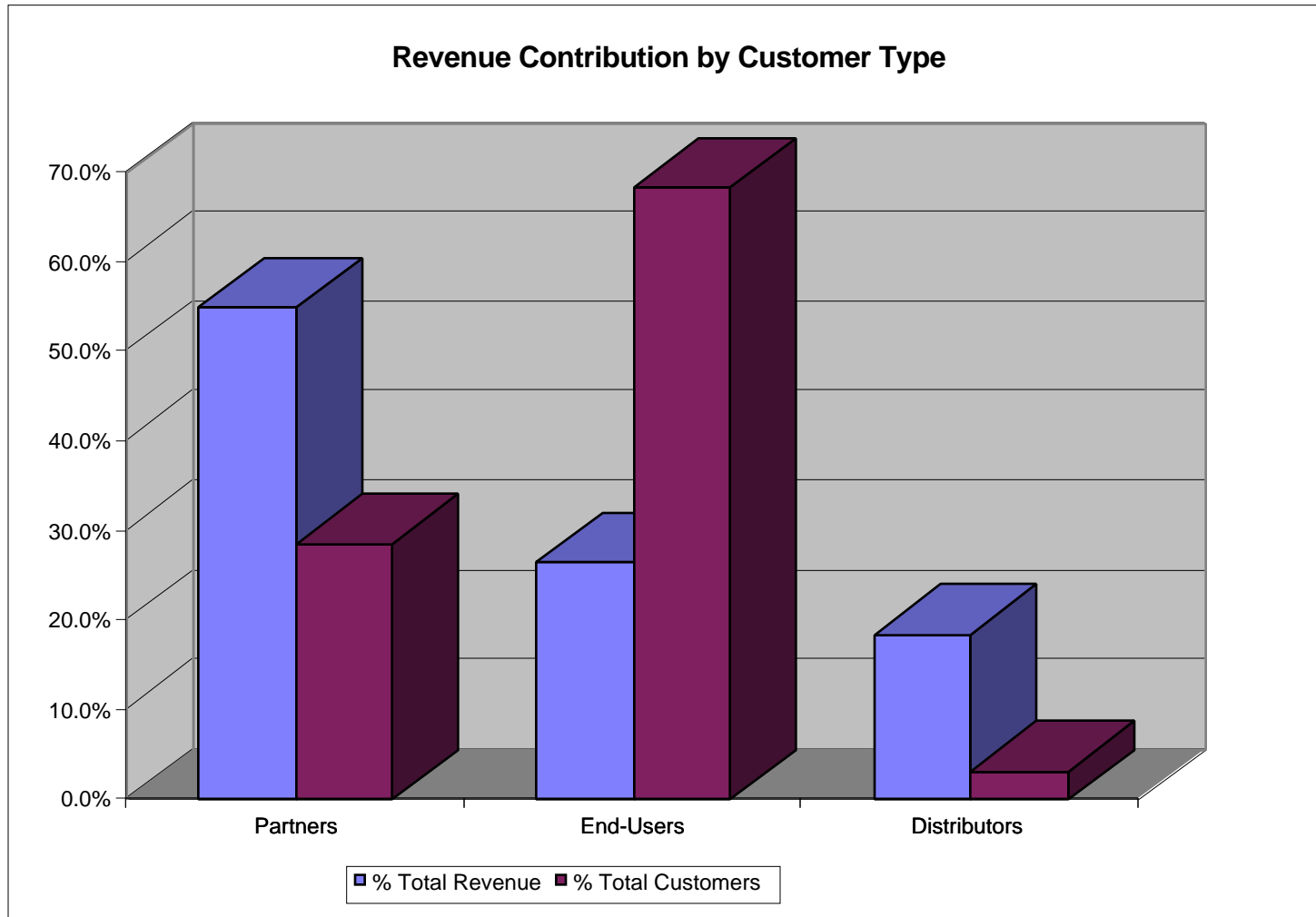
Look at where you are...

(Call us if you need help...)

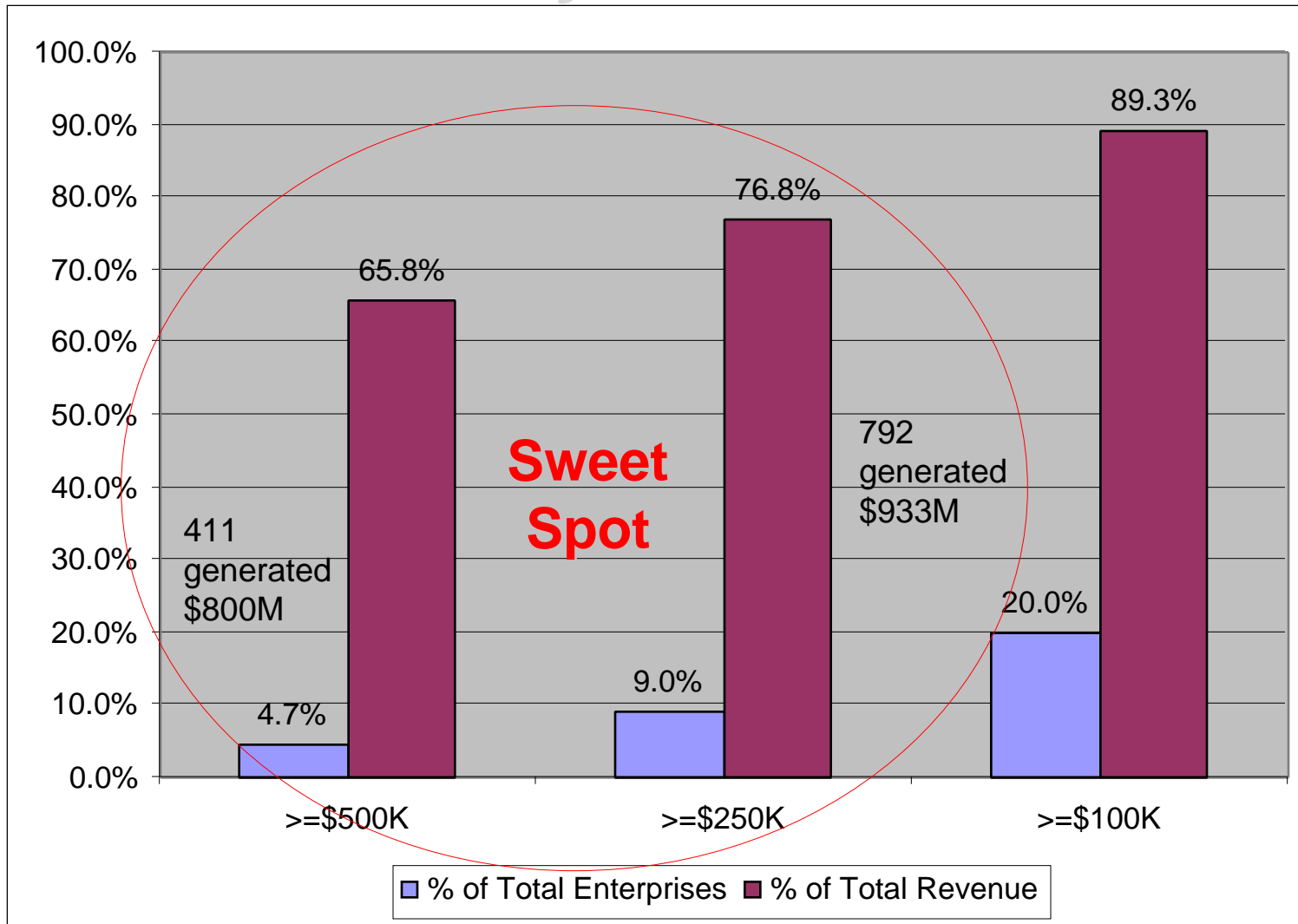
Revenue Splits by Channel



Identify your most valuable type of customer...



Find the Few Customers that Generate Most of your Revenue



Look at purchase patterns...

Partners	# AP's	Total Revenue (Millions)	Avg Revenue/AP (Thousands)	% Total Product	% Total Revenue	% Total AP's	Cummulative % Total AP's	Cummulative Total Revenue (Millions)
> \$300K	12	\$27.7	\$2,307.3	60.3%	54.7%	1.4%	1.4%	\$27.7
\$100K - \$300K	21	\$5.5	\$260.2	11.9%	10.8%	2.5%	3.9%	\$33.2
\$20K - \$100K	130	\$10.3	\$79.1	19.7%	20.3%	15.3%	19.2%	\$43.4
\$10K - \$20K	80	\$2.6	\$32.4	4.0%	5.1%	9.4%	28.7%	\$46.0
\$5K - \$10K	83	\$1.7	\$20.0	2.0%	3.3%	9.8%	38.4%	\$47.7
\$1K - \$5K	190	\$1.7	\$8.7	1.9%	3.3%	22.4%	60.8%	\$49.3
< \$1K	332	\$1.3	\$3.9	0.1%	2.5%	39.2%	100.0%	\$50.6
Total	848	\$50.6	\$59.7					

End-Users	# End-Users	Total Revenue (Millions)	Avg Revenue/ End-User (Thousands)	% Total Product	% Total Revenue	% Total End- Users	Cummulative % Total AP's	Cummulative Total Revenue (Millions)
> \$50K	97	\$14.4	\$148.0	54.3%	58.6%	4.8%	4.8%	\$14.4
\$20K - \$50K	130	\$4.1	\$31.5	26.2%	16.7%	6.4%	11.2%	\$18.4
\$10K - \$20K	201	\$1.8	\$9.1	6.6%	7.5%	9.9%	21.1%	\$20.3
\$5K - \$10K	265	\$1.8	\$6.8	6.5%	7.4%	13.1%	34.2%	\$22.1
< \$5K	1335	\$2.4	\$1.8	6.3%	9.9%	65.8%	100.0%	\$24.5
Total	2028	\$24.5	\$12.1					

Distributors	# Distributors	Total Revenue (Millions)	Avg Revenue/ Distributor (Thousands)	% Total Product	% Total Revenue	% Total Distributors	Cummulative % Total AP's	Cummulative Total Revenue (Millions)
>\$1M	4	\$8.7	\$2,174.7	46.0%	51.0%	4.2%	4.2%	\$8.7
\$500K - \$1M	5	\$3.6	\$713.8	24.6%	20.9%	5.3%	9.5%	\$12.3
\$100K - \$500K	15	\$3.6	\$239.9	22.9%	21.1%	15.8%	25.3%	\$15.9
<100K	71	\$1.2	\$16.6	6.5%	6.9%	74.7%	100.0%	\$17.0
Total	95	\$17.0	\$179.4					

Include Partner Purchases by Geography

Partner Names	Partner Type	Geography	Zone	1997-1998 Revenue	1998 YTD Revenue	Purchase Trend	# months making purchase	# months purchasing in 1998	Lost Customer?
	OEM	US	NA	10,156,480	1,282,485	Down	8	2	Maybe
	Distributor	US	NA	9,779,814	4,215,626	Down	22	10	
	OEM	Europe	Europe	8,231,948	2,751,243	Down	18	8	
	Distributor	Italy	Europe	7,604,009	3,352,248	Down	21	9	
	Distributor	US	NA	6,788,783	2,507,605	Down	22	10	
	Distributor	Hong Kong	Asia-Pacific	6,698,937	1,303,674	Down	18	6	
	Distributor	Canada	NA	6,383,419	2,506,240	Down	21	9	
	OEM	Japan	Asia-Pacific	6,009,880	1,141,024	Down	19	7	
	Distributor	UK	Europe	5,955,694	2,175,113	Down	21	9	
	OEM	US	NA	5,199,231	287	Down	12	1	Maybe
	Distributor	Taiwan	Asia-Pacific	4,793,507	2,238,221	Down	17	7	
	Distributor		Europe	4,441,465	879,027	Down	11	0	Yes
	Distributor	Germany	Europe	4,418,113	2,372,759	Up	21	9	
	Distributor	US	NA	4,294,202	1,488,840	Down	21	9	
	Distributor	US	NA	3,939,047	1,416,304	Down	21	10	
	Distributor	US	NA	3,636,896	1,527,105	Down	22	10	
	OEM	Netherlands	Europe	3,362,545	1,290,169	Down	15	7	
	Distributor	France	Europe	2,815,973	2,319,613	Up	11	10	
	Distributor	Germany	Europe	2,560,718	770,959	Down	21	9	
	Distributor	UK	Europe	2,365,435	1,481,935	Up	17	9	
	Distributor	US	NA	2,322,146	797,289	Down	22	10	
	Distributor	Spain	Europe	2,223,950	881,707	Down	21	10	
	Distributor	Australia	Europe	2,105,484	366,102	Down	20	8	
	Distributor	Korea	Asia-Pacific	2,073,586	604,566	Down	14	5	
	Distributor	US	NA	2,065,315	202,682	Down	20	8	
	Distributor	UK	Europe	2,037,215	642,189	Down	22	10	
	Distributor	Hong Kong	Asia-Pacific	1,869,652	1,869,652	Up	4	4	
	Distributor			1,824,141	626,096	Down	18	6	
	Distributor	US	NA	1,707,984	830,028	Down	21	10	
	Distributor			1,649,867	(517,365)	Down	12	0	Yes
	Distributor	Sweden	Europe	1,640,111	819,539	Down	20	9	
	Distributor	Brazil	SA	1,556,750	1,435,651	Up	14	5	
	OEM	UK	Europe	1,511,595	181,916	Down	15	3	
	Distributor	Russia	Europe	1,437,184	577,011	Down	13	7	
	Distributor	Switzerland	Europe	1,340,108	502,995	Down	22	10	
	Distributor	Japan	Asia-Pacific	1,177,340	152,632	Down	15	5	
	Distributor	Belgium	Europe	1,155,410	377,633	Down	22	10	
	Distributor	Argentina	SA	1,142,482	358,554	Down	20	8	
	Distributor	Emirates		1,098,040	184,642	Down	19	8	
	OEM	Europe	Europe	1,053,475	0	Down	5	0	Yes
	Distributor	Mexico	SA	1,019,488	429,555	Down	21	9	
	Distributor	Singapore	Asia-Pacific	1,010,140	126,707	Down	19	7	

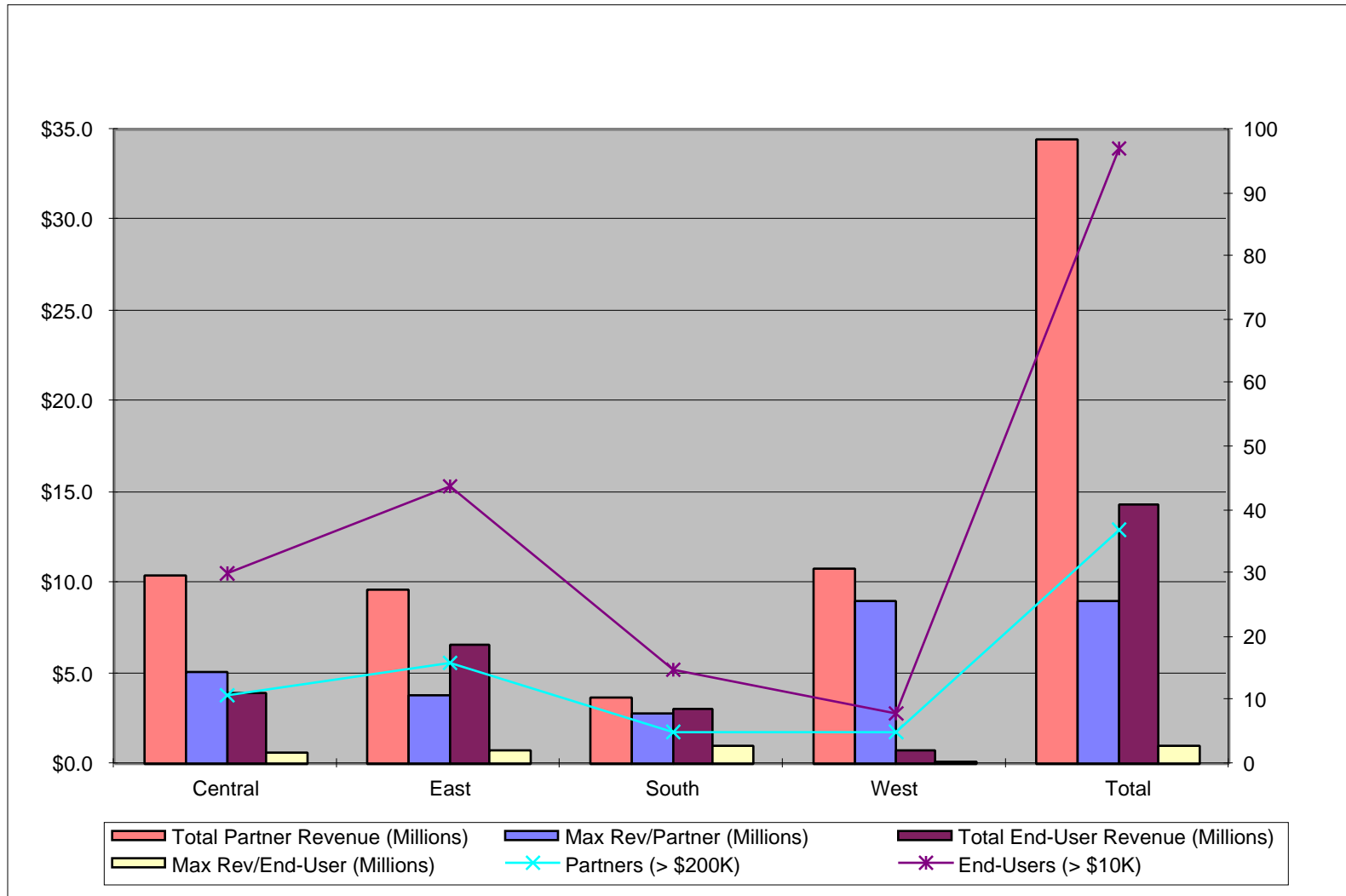
Confidential

Identify the Top 20% Revenue Generators in each Channel...

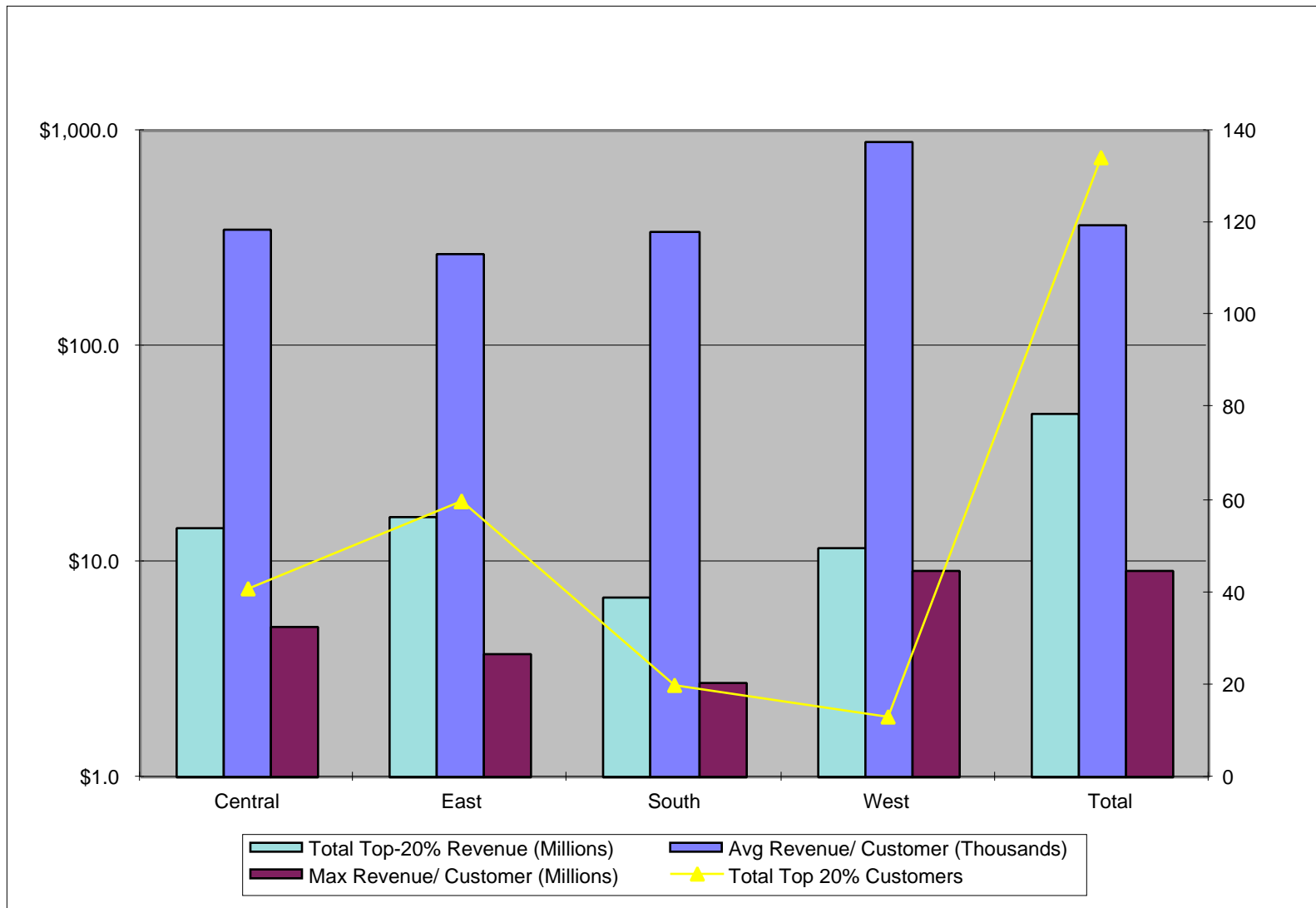
Top 20% Revenue Producers	# Customers	Total Revenue (Millions)	Avg Revenue/ Customer (Thousands)	% Total Customer Type	% Total Customer
Partners	163	\$43.4	\$266.5	19.2%	5.5%
End-Users	428	\$20.3	\$47.4	21.1%	14.4%
Distributors	24	\$15.9	\$661.1	25.3%	0.8%
Total	615	\$79.6	\$129.4		
% Total	20.7%	86.3%			

(Very important to keep these customers happy)

Look at Sales by Region...



Determine where your best customers are located...



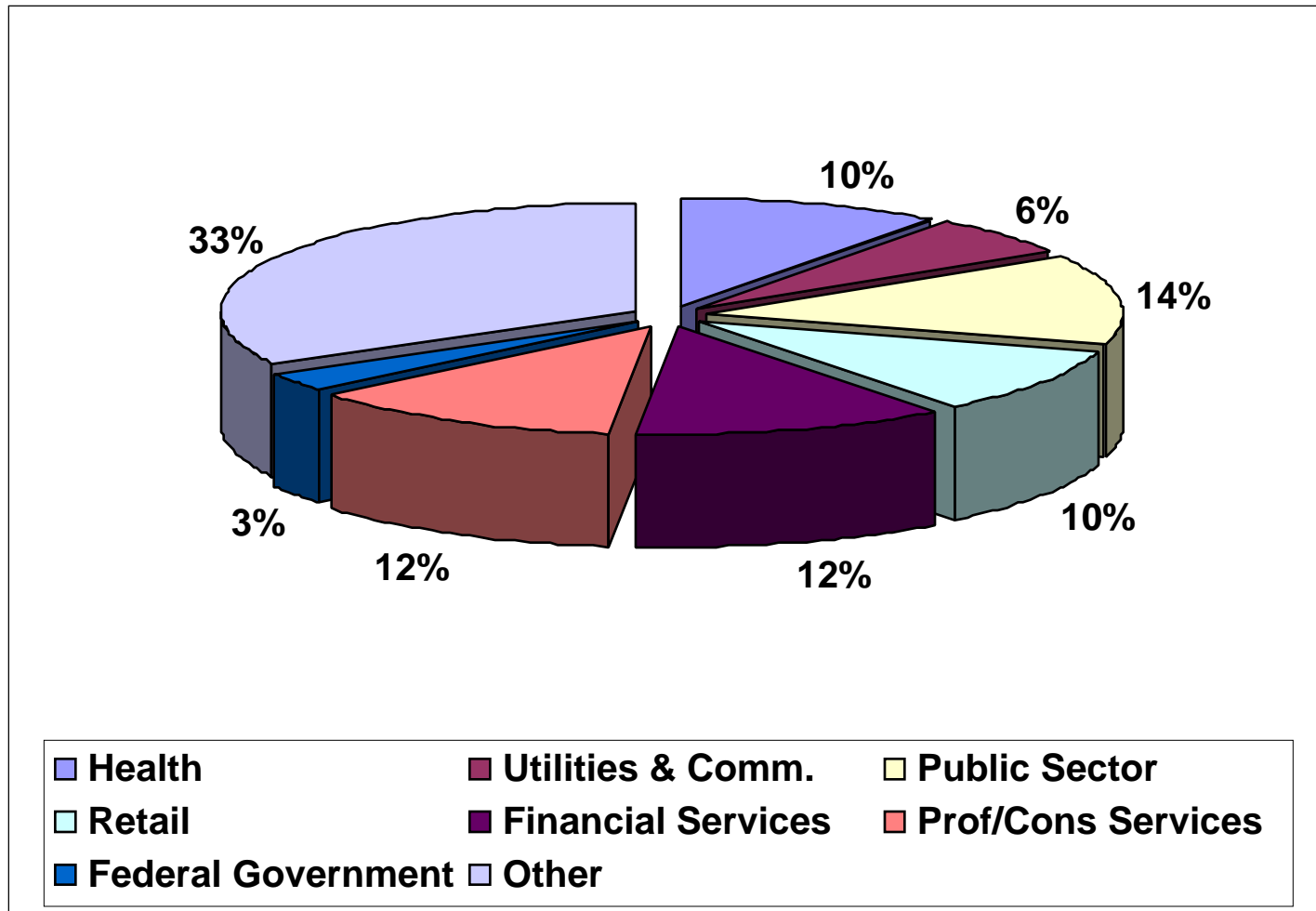
Review your current Coverage Model

- **Make sure your Goals are properly aligned**
 - Maximize revenue
 - Minimize expense
 - Maximize market coverage (opportunity)
- **Some observations/recommendations that we have made to some clients in the past...**
 - Use field sales teams (1 sales person and 1 system engineer) only in the appropriate accounts
 - » Approximate burdened cost of field sales team (\$400K - \$500K)
 - Includes management and some back-office support
 - Assume a target SG&A of 40% - 50%, with a sales expense of 20%.
 - Set field sales team quotas at least at \$2M to \$2.5M to meet the 20% criteria ($100\%/20\% \times \$400K = \$2M$)
 - Maximize account coverage by:
 - » On-site 1 - 3 days each month in each \$200K+ account
 - » Remainder of accounts handled via telephone and dispatchable, pooled field sales teams
 - Large accounts (\$2M+) have on-site account management teams

Align your coverage for Key Accounts, Revenue and Location

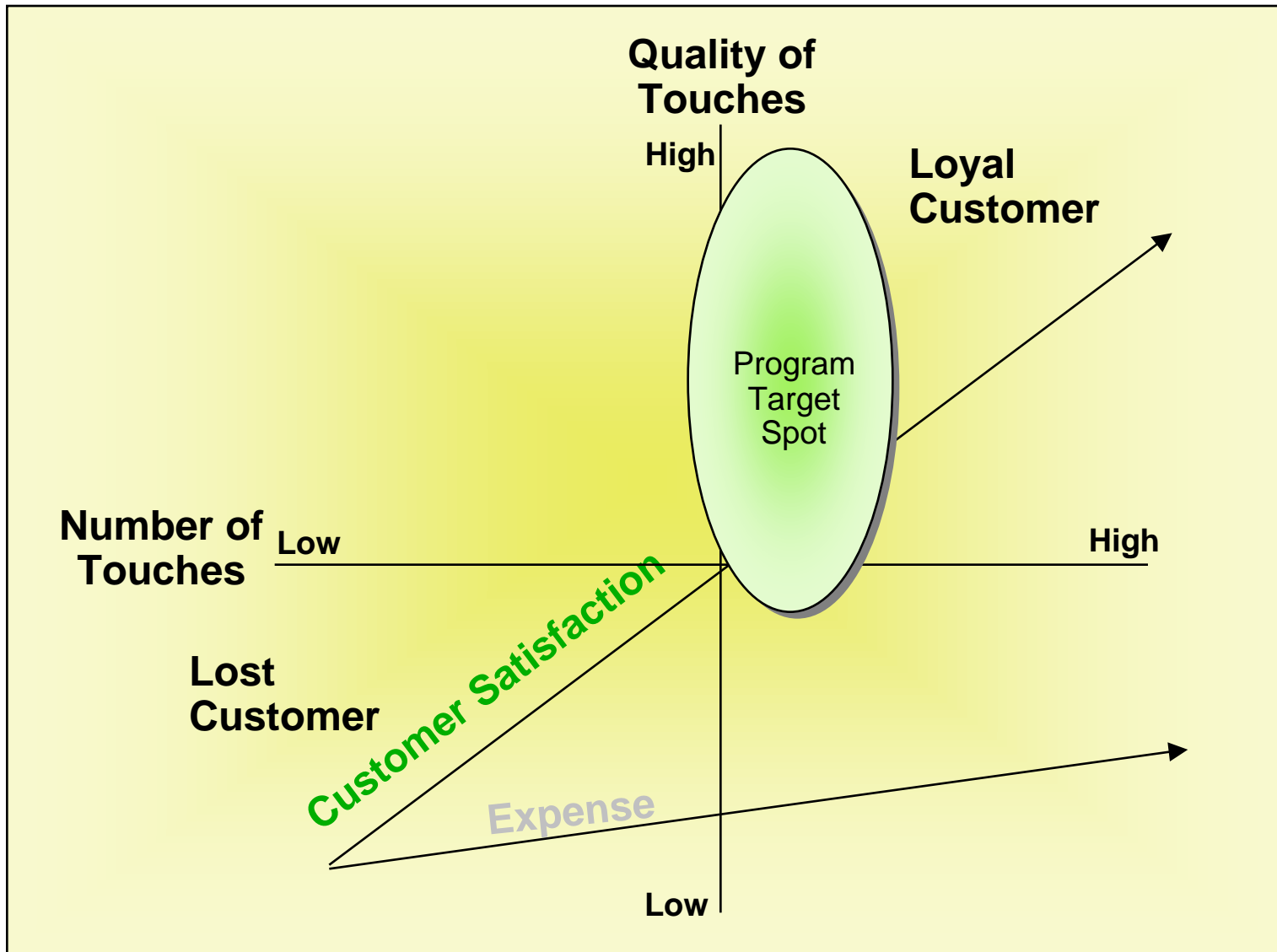
	# Cust	% Total Customers	Total Revenue (Millions)	Avg Rev/Customer (Thousands)	Max Rev/Customer (Millions)	# AP's	# EU's	# Cust > \$2M	# Cust > \$1M	\$1M > # Cust > \$200K	\$200K > # Cust > \$100K	\$100K > # Cust > \$50K	\$50K > # Cust > \$10K
Central	82	31.5%	\$17.2	\$209.3	\$5.0	52	30	1	3	11	21	29	18
East	112	43.1%	\$19.9	\$177.8	\$3.8	68	44	1	2	24	16	52	18
South	38	14.6%	\$8.2	\$215.0	\$2.8	23	15	1	2	7	9	14	6
West	28	10.8%	\$12.5	\$446.2	\$9.0	20	8	1	1	4	8	8	7
Total	260		\$57.7	\$222.1	\$9.0	163	97	4	8	46	54	103	49
% Total				384.6%	15.6%	62.7%	37.3%	1.5%	3.1%	17.7%	20.8%	39.6%	18.8%
% Total '97 Company			75.1%	288.9%	11.7%	19.2%	4.8%	0.1%	0.3%	1.6%	1.9%	3.6%	1.7%
Total '97 Company (Thousands)			\$76.9			848	2028						

Consider Key Market Segments



% Revenue generated in each Market segment

FOCUS the Sales & Marketing effort

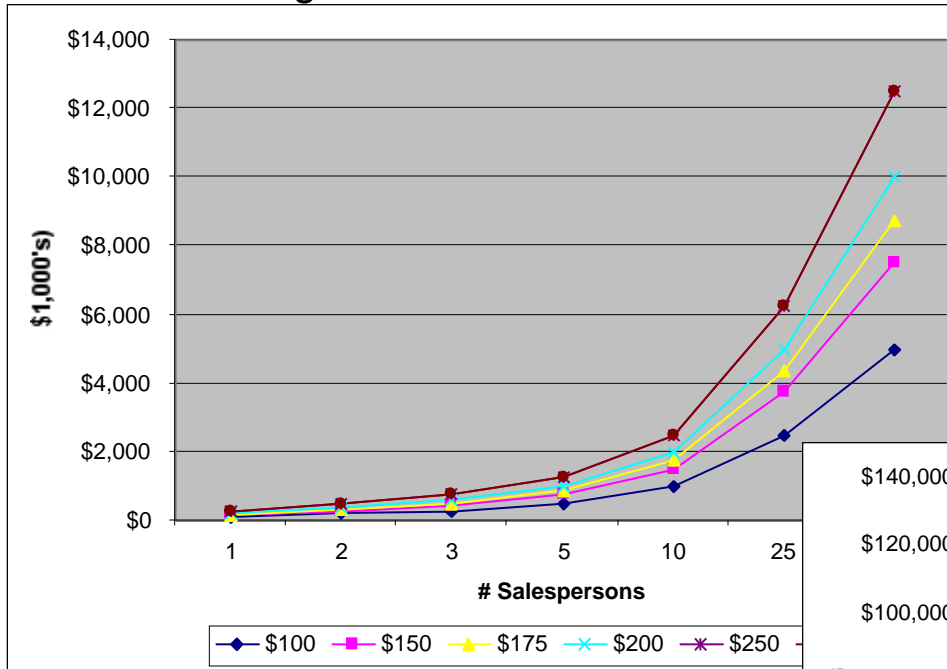


Coverage Analysis Benefits

- **Increased revenue/sales**
- **Decreased sales expenses**
- **Increased customer satisfaction through increased customer contacts**
- **Spot changing buying patterns and behavior by customer, customer type, and geography**
- **Help you be recognized for having a “well-run” company (the improved financials will speak for themselves)**

The Value of Sales Coverage Analysis

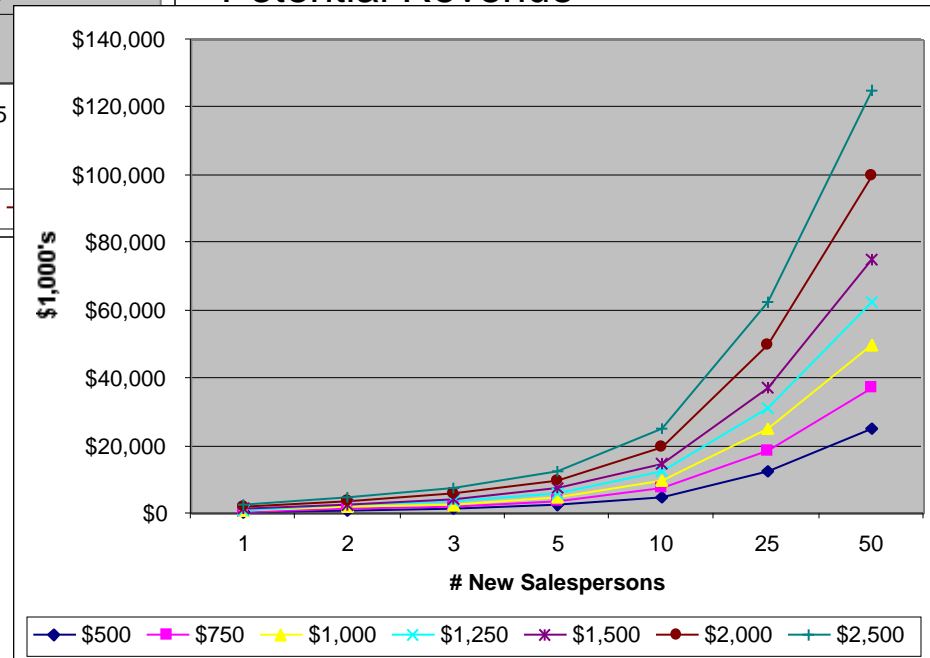
Potential Savings



- **Increase sales/revenues**

- Each productive sales person: \$500K - \$2.5M+ revenue per year

Potential Revenue



- **Decrease sales cost**

- Each non-productive sales person: \$100K - \$350K+ expense per year

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