



Vendor Managed Inventory

Vendor Managed Inventory (VMI) is a great way to keep your customers happy and increase profitability!

If the concept of VMI is new to you, here is a brief description. VMI is a business model where the buyer (your customer) of a product provides certain information to a supplier (you, the distributor) of that product and the supplier takes full responsibility for maintaining an agreed upon inventory of the material, usually at the buyer's consumption location. This symbiotic relationship makes it less likely that a business will unintentionally become out of stock of a product and at the same time allows them to reduce their inventory levels and increase turns.

VMI gives the distributor a real competitive advantage with increased collaboration and visibility within its customer's organization. Once partners agree on details like item, price, and stocking/reorder levels at the onset of the VMI relationship, suppliers are able to better service accounts and reduce shipping and billing issues. The improved relationships also allow suppliers to use VMI as a competitive weapon to gain exclusivity with their customer.

Some shared advantages of VMI for both the distributor and end user are:

- Increased sales
- Reduced cost of inventory
- Reduction in non-sellable product
- Reduced invoice/order processing costs
- Lowered cost of inventory
- Reduced stock outages

Managing inventory at a customer's location is very easy when using Distribution One's V2 Enterprise software. Distribution One's VMI program allows you to easily automate the management of inventory at remote locations.

Relationship is everything in today's business world. Distribution One will help you maintain and build a stronger relationship with your customers. Distribution One gives you the ability to avoid shortages or excess inventory at customer locations and maintain optimal inventory levels.

Distribution One helps automate the Vendor Managed Inventory process in many ways through bar-coding, EDI, and handheld wireless devices. The program is easy enough that your customers can input the information or you can have your account manager do an onsite visit to strengthen that relationship. Collecting the data for replenishment is easy. The replenishment can be done on a website, batch handheld device, or on a real-time handheld device. The information will then automatically be converted to an order and

emailed or faxed to the customer.

This information will help Distribution One's V2 software identify any seasonal usage or shortages that may be avoided in the future.

Vendor Managed Inventory also allows you to increase warehouse capacity in your own location by freeing up space for other product lines or additional items. This gives you the ability to maintain more items without buying or renting additional

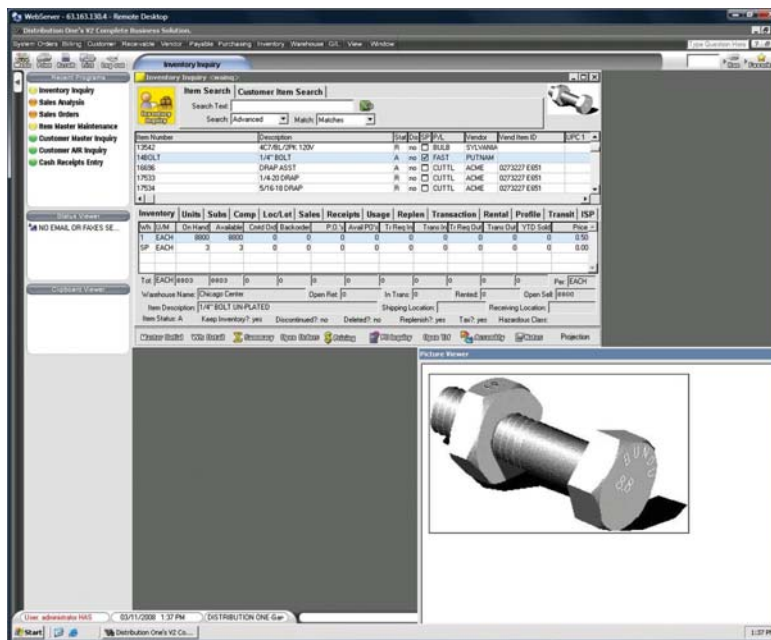
warehouse space at a premium.

There is also a competitive advantage associated with Vendor Managed Inventory. It keeps you in touch with your customers and also gives you the ability to better service their needs and at the same time reducing your own costs.

For more information regarding Distribution One, contact them at 3 Terri Lane, Unit 6, Burlington, NJ; phone 888-730-8600; fax 609-387-7600; email information@distone.com; or visit their website at www.distone.com.



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Screen shot of Distribution One's V2 Complete Business Solution