

# WINES & WINES

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September 2005



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# Track Sales & Depletions With Winery-Specific Software

Carolyn Tillie

When Mark Kemmerer, sales and operations manager of Heck Estates, started out in the wine industry, he had to manually input depletions reports into a database that ran on a 10-year-old AS400 system. The system was not only outdated, but considering the technology, so was the data Kemmerer was trying to manage. For all he knew, there were 3- or 4-year-old vintages sitting in a warehouse somewhere that he would never know about.

Wineries that are technologically behind the times struggle to simply maintain their sales data by taking printed versions of distributors' depletions reports and either entombing them in archaic three-ring binders or transcribing all those numbers into elaborate Excel spreadsheets. Kemmerer figures he did that for years and admits, "It used to be that all my time was spent trying to find out why my numbers were different than the distributors' numbers." For the industry as a whole, this form of business model is quickly going the way of the horse and buggy.

Kemmerer's frustrations ended when Heck Estates began using a new data management system. Produced by Winery Exchange™, TradePulse is one of dozens of new sales and distribution software systems designed to offer solutions for problems particular to the wine industry.

"The wine industry is (different) from

other industries due to its diversity," explains Doug Campbell, vice president of wine systems at eSkye Solutions. "Production includes an infinite number of grape combinations, grown in different soils in different appellations, blended with

wineries competing for attention in the marketplace. Meanwhile, the number of distributors has decreased from more than 800 a decade ago, to fewer than 300 today. Supplier books that once included 2,000 products may now list more than 10,000.

The screenshot shows a 'STOCK INQUIRY' window with the following data:

| General          | Stocks   | Ord Params    | P/O's           | Intrns             | Allocated           |
|------------------|----------|---------------|-----------------|--------------------|---------------------|
| Warehouse        | 01       | Man Warehouse |                 |                    |                     |
| Item No.         | 0002     | NEBBIOLO      | Bottled Product |                    |                     |
| Size Description |          |               |                 | Old Ident No.      |                     |
| Stock Unit       | BOTTLES  |               |                 | Stock No.          |                     |
| Last Sale Date   | 06/09/02 |               |                 | Sell Unit          | 12 BOTTLES per CASE |
| Sales            | 72.00    | 0.00          |                 | Activity Code      |                     |
| On Hand          | 18904.00 | 1875.40       |                 | Location           |                     |
| On Order         |          | 0.00          |                 | Average Cost       | 0.0000              |
| Back Order       |          | 0.00          |                 | Standard Cost      | 35.0000             |
| Allocated        | 42.00    | 3.00          |                 | On Hand @ Std Cost | 661640.0000         |
| In Transit       |          | 0.00          |                 |                    |                     |
| Received         | 0.00     | 0.00          |                 |                    |                     |
| Chg. Issues      |          | 0.00          |                 |                    |                     |
| Adjusted         |          | 0.00          |                 |                    |                     |

| Price Code | Price | Retail Stage Markup | Record Retail |
|------------|-------|---------------------|---------------|
| 1, 3       | 22.00 | 25.00               | 27.72         |

Software designed to track sales and depletions takes the guesswork out of the question, "Where's all our wine?"

different yeasts and put into barrels made from different oak from different forests from different countries, all made by different coopers. The permutations of combinations are staggering!"

Like Winery Exchange, eSkye Solutions offers end-to-end solutions, from the planting of the grapes through wine production and bottle sales.

## Expansion, Consolidation And Technology

The wine industry has undergone tremendous growth during the last decade, particularly in the number of

In the past, a winery relied on a distributor to sell its product. But a model shift has occurred, with wineries increasing their sales teams to help build demand and work cooperatively with distributors to help sell the product. The addition of technology is making this easier.

For a sales manager, the need is basic: When the wine leaves the warehouse, where is it being placed? And if the wine is not getting

placement, what are the reasons?

## Software For All Sizes

Giants like Gallo realized early on that distributor and winery integration was essential, and required their distributors to install Gallo-designed and Gallo-built systems that reported back to the corporate office the sales and depletions of the inventory.

Most large corporate entities had the resources for this type of technology, but what about smaller wineries? What used to be behemoth-only functionality was eventually made available to producers of all sizes

through new-market software producers like eSkye and Winery Exchange.

Blend Suite, eSkye's sales and distribution software, was one of the first. Based on a Microsoft Windows platform, a solution was developed to track all the activities involved with the finished product. It not only showed the distributor who was ordering the product, but the accounting of samples, direct sales, distributor sales or on-premise sales.

Beyond the movement of the inventory, sales analysis became an important function, allowing a national sales director the capability to provide immediate sales reports detailed by case, by gross dollar or by net dollar. ESkye is able to do this for both large producers like Golan Heights Winery (a 1.5 million case producer in Israel) and Sonoma County's mid-sized J Vineyards & Winery. While the software works effectively for Golan Heights Winery, Blend Suite's design was really focused on the needs of small to mid-sized wineries.

Bill Narlock, president of Winery Exchange, emphasizes that TradePulse also goes beyond data collection. "It is not only a data collection service, but also a data cleansing service." This functionality is critical for someone like Kemmerer, whose 10-year-old data was in need of an overhaul.

"Having a complete view of the supply chain is critical," Narlock adds. "Our reporting application allows users to log online to view state and regional sales. A national sales director can look at a nationwide report, while a distributor can only see his individual state." Within minutes, a sales director can successfully re-direct inventory which has been sitting for weeks in one distributor's warehouse to another's, where it might be sold within days.

TradePulse is a core component in a relatively new product on the market, SalesAce, produced by CDMI Software.

"We were custom built for Barefoot Cellars before they were acquired by Gallo," says Michael Houlihan, president of CDMI. "Sales reps didn't have the time to do analysis, and the feeling was that the analytical tools were going unused."

With TradePulse as the data provider, SalesAce took the system to the next level by using a Microsoft platform. Tablet personal computers were utilized for each individual salesperson working in the field. "Instead of taking notes which have to be transcribed, the data is automatically input, and will look the same for every salesperson, (and) is shareable with every distributor." A salesperson in New York doing work-withs would be able to instantly provide the home office on the West Coast with placement data.

SalesAce is considered to be in the pilot mode, now that Barefoot is part of the Gallo portfolio. Decisions as to which systems will be used are still being determined, with Gallo running tests on the CDMI software. Regardless, Houlihan is encouraged about potential new customers.

Martin Jones, who now runs his own consulting firm, once ran Premier Wine and Spirits and was formerly president



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**SALESACE**

of Allied-Domecq, helped steer the SalesAce system into Barefoot's internal program. Now that CDMI is courting new customers, he is intensely enthusiastic about SalesAce's prospects, "What I liked was that it provided an immediate response to the supplier and distributor. You could monitor distribution and immediately prioritize your account activity. I wished I had a system like it when I was running Allied-Domecq," he says.

Today's sales and distribution software systems can also help wineries comply with federal regulations, such as the United States Bioterrorism Act.

"Laws require wineries to track lot numbers and inventory," Modular Information Systems (MIS) president Lisa Corbett explains. MIS produces an end-to-end business software platform, Vintners Advantage is its sales and distribution system. "We are extremely proud to already be 100% compliant with the homeland security bioterrorism law." Working with existing Microsoft-based software, Vintners Advantage is a high-end, multi-company,

multi-currency (i.e., international) interface enabling the user to forecast sales in either cases or dollars.

Ruby Vasquez, distribution coordinator from O'Neill Vintners and Distillers, started using Vintners Advantage a year ago. Having experience with a J.D. Edwards-based system, she was thrilled at the Vintners Advantage ease of use, "The applications are self-explanatory and the whole process is easy from transfer to shipping to whatever—it is so much easier than where we were."

Vintners Advantage users also include Laetitia Vineyard & Winery, Michael and David Vineyards, New Mexico Winery, O'Neill Beverages Company and Stuart Cellars.

For small to mid-size wineries considering taking the step into sales and distribution management, the cost for this type of software is based on its functionality. CDMI's SalesAce offers both a hosted solution, in which a winery would rent space on a server, or an on-site system. It is based on a cost of roughly \$2,500 per user as an

initial fee, with an annual maintenance fee. The cost includes both the sales disconnect tool (the tablet) and back-end software which will manage and massage the data. (Houlihan says he is more enthusiastic about the tablet's capability than a simple hand-held PDA; if desired, the system can also be input into a standard laptop.)

The Vintners Advantage software licensing starts at \$3,600 for the sales and distribution model, with a \$1,250 fee for each additional user license. This is scalable from one to 2,000 users. The system is available in either a PDA/Blackberry format or an Internet version, which can be logged into via a laptop (the choice depends on the customer's budget and company infrastructure). If using a PDA/Blackberry, the information can be extracted from the field in real time, while laptop or desktop computer users would likely wait until the end of the day.

Both eSkye's suite and Winery Exchange's TradePulse work on a similar pricing structure, with most software firms charging an annual maintenance fee. Training, consulting, site support and custom programming are also available, at quotable prices. ■

*(Carolyn Tillie is a Napa-based freelance food and wine writer. She is currently working on several books, including a definitive guide to California wineries and a culinary history book of the Victorian era. Contact her through [edit@winesandvines.com](mailto:edit@winesandvines.com).)*

## GORDON GRAPHICS: LABEL ANALYSIS

### FILE N° 013

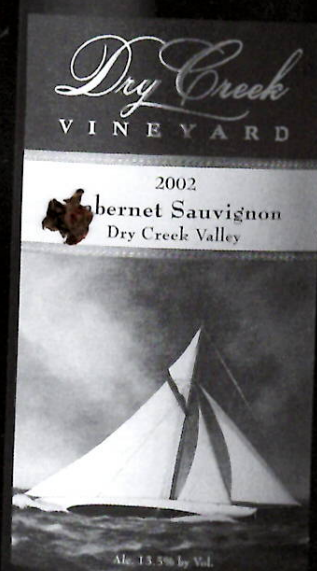
DRY CREEK VINEYARDS  
2002 CABERNET SAUVIGNON  
DRY CREEK VALLEY

Dry Creek Vineyard's new label design incorporates the long-standing use of original sailboat artwork by artist Michael Surles, along with a revised brand logo, elegant typography and a distinctive color scheme carefully chosen for each of the winery's core varieties. The sophisticated new package is symbolic of a strategic shift for Dry Creek Vineyard, one that emphasizes reduced production and an increase in Dry Creek Valley estate fruit.

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## Rampaging Rosés Storm San Francisco

The first ever international tasting of rosé wines was a huge success, according to the organizers. The group, operating as Rosé Avengers and Producers (RAP) said the tasting, held in San Francisco in July, attracted more than 400 members of the trade and consumers and many more had to be turned away. There were well over 100 rosés poured from California and France. In October, *Wines & Vines* will feature a full-length report on the rise of rosé. For more information, see [rapwine.com](http://rapwine.com).