

# **Integrated Dealer Systems, Inc.**

## ***by Bunty Sood***

### **Executive Summary**

IDSI is well positioned to leverage a promising business opportunity by bringing Information-Technology (IT) solutions - already used in various industries - to US based car-dealers. There are over 21,000 automotive dealers in the United States who own and operate passenger-car and light-truck franchises across all brands. Each of these dealers needs and uses a Dealership Management System commonly known as DMS. The DMS is basically a primitive Enterprise Resource Planning (ERP) system for automotive-retail. At the core of this system is an accounting application which ties together other dealership operations such as vehicle sales and finance, service scheduling and repair, parts sales and inventory management, and back-office functions such as payroll, etc.

Legacy DMS applications available in the market today are based on old and obsolete software design, making them extremely difficult to integrate with up-stream (car-manufactures) or down-stream (body-shops, car-rental companies) partners. A recent satisfaction survey conducted by (National Automobile Dealer Association) NADA highlights dealer discontent with their system providers. On the other hand automotive Original Equipment Manufacturers (OEM) are pushing for utilizing information to achieve greater vertical integration in an attempt to control costs in areas of spare-parts supply-chain, warranty services, vehicle marketing and remarketing. Further, OEMs are placing a high value on integrated information systems at the retail level to improve internal early warning systems and customer-care programs. IDSI will build and market a total DMS solution based on the open-systems architecture model – leading and shaping a new way of doing business in automotive retail. By looking at the entire line of business value chain as opposed to limiting to the four walls of the dealership, IDSI will offer a true alternative for car dealers and car companies in terms of ERP data management.

IDSI will be led by founder, Bunty Sood, who has extensive experience and background in the automotive retail software management business. The founder will provide \$50,000 in seed money capital in addition to his sweat equity. Also, the founder is in the process of building a management team with seasoned veterans from the automotive-retail, technical-sales, and software-development industries. In developing IDSI business model, the management team will work concurrently on Product Development and Sales & Marketing. In the Product Development area, the initial prototype based on the founder's design will be followed by system build, beta-launch and production launch. On the Sales & Marketing front, the focus will be on lead generation and qualifying prospects. We intend to focus on mid-market sized dealers in the southwest and southeast regions – in this target market we expect nearly 1,000 dealers to be in market between now and our projected product-launch, and we plan to be able to contact each one of these dealers through our relationship selling approach.

IDSI's industry shaping DMS will be priced to generate revenues of \$100,000 per year per dealership install. This represents our projection for the low-end of what the average mid-sized dealer spends on the DMS applications today. We anticipate our first sale during the second year of operation and expect to be profitable early in the fourth year of operation. We project to win 150+ dealership clients by Year-5 which will position IDSI venture for exit. The exit for this startup, which is projected to have a valuation of over \$45 million by Year-5, will likely be via acquisition by one of the larger DMS companies who have historically made it a routine to acquire new-entrants in this segment. An IPO exit is a possibility in case an OEM certifies our product for their franchised dealer network as GM has recently done for Quorum Information Technologies. We look forward for an opportunity to present the detailed IDSI business plan outlining additional information about this promising business opportunity.