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### Timing is everything

#### Jay Alosa's DealerAlert software tells dealers about problems before they occur

By Lindsay Chappell

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Jay Alosa was fuming about a slow-paying customer four years ago when inspiration struck.

Alosa, a third-generation retailer who runs the Freightliner truck operations of his family's New Hampshire auto chain, already had instructed the parts department not to let the laggard customer buy on credit anymore. But going through the dealership's receipts at the end of one month, Alosa found another big credit purchase from the individual.

"I thought, what I want is to be notified before this ever happens again," says the dealer, now 39, who studied computer science on his way to a business degree from the University of New Hampshire. "I don't want to find out about a problem three weeks after it happened. I want to find out in time to walk over and stop it from happening."

From that fiery urge was born DealerAlert, a software system designed to identify problems and business opportunities before they happen. The software lets a dealer specify procedures and policies throughout his operations and then immediately receive an e-mail warning any time an employee begins to vary from them.

The e-mails can be sent to whomever the dealer chooses and can cover a range of issues. For example, dealers can learn which customer is just pulling into the service department, whether a parts manager is about to sell a part for less than the desired profit margin or whether someone is proposing a vehicle sale at less than a specified gross margin.

Working with Dave Schneider, his dealer rep for the retail software vendor ADP Dealer Services, Alosa created a monitoring program that would overlay the dealership's existing ADP system.

It works like the software on an industrial robot. As with the robot, a report is issued as soon as something strays "out of spec" at the dealership. The program can patrol the store's activity on a minute-by-minute basis, e-mailing red flags as they are happening. Or the settings can be ratcheted down to be more selective, sending out notices only on major mistakes. For instance, the dealer could receive an e-mail saying that the store's warranty reimbursements are running 30 days late.

#### R&d

It may sound like science fiction, but it's not. Alosa labored about 2,000 hours over a two-year period perfecting the program at his two Freightliner stores. Then he installed it throughout his family's seven-store dealership group, New England Auto Dealer Services Inc., of which he is CFO.

Neighboring retailers in New Hampshire and New England also heard about it and signed up.

To market the program nationwide, Alosa and Schneider created DealerScope Software LLC. Alosa says 125 dealerships nationwide, about half car and half truck, have installed the tool.

He will not say how much he earns from the startup.

Buyers pay a per-store fee for the software - \$4,750 for the first store, \$500 for each additional store - and download it from the Internet to their in-house computer systems in about 20 minutes. DealerScope then works with the dealership to fine-tune it to the individual store. Monthly support fees run \$50 for the first store, \$10 for each additional store.

DealerAlert has been available only to dealerships using ADP dealer systems. But this summer, Alosa adapted it to work on systems from the other major retail industry software vendor, Reynolds and Reynolds Co.

"We wanted it to do two things," Alosa explains. "It had to enable you to stop mistakes from happening. But we also want it to notify you when there's a profit opportunity."

For example: A customer walks into the dealership for an oil change. The service department enters the customer's name into a computer. The software system red-flags the person because there are only four more payments on his or her car loan. This may be an opportunity to sell a new vehicle. DealerAlert immediately sends the sales manager an e-mail explaining the situation.

### **Good and bad**

"The critical thing was to make sure you didn't just get an e-mail you couldn't do anything about," Alosa says of his idea. "It has to be an e-mail that tells you everything you need to know in order to act - good or bad."

On the good side: The system might alert store managers that a customer has just scheduled his fifth repair appointment of the year. Is there an opportunity to sell a new vehicle?

On the bad side: Managers might receive an alert that a parts department employee is allowing certain customers to buy parts at below cost.

"Dealers we talk to at first always want to keep the e-mails all to themselves," Alosa notes. "They don't want to share the information. But then after a while, they'll make sure that the notices are going to their managers throughout the organization. It becomes a tool to improve operations."

Business managers already inundated with

e-mails, fear not. By channeling problems to the appropriate person, the software typically keeps the volume of mail low, perhaps three or four e-mails a day per manager, Alosa says. At a big-volume store, it could be seven or eight e-mails.

"The problem at dealerships isn't getting too much information," Alosa says. "It's getting it fast enough."

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