



the SOURCE

YOUR INDISPENSIBLE GUIDE TO LONESOURCING



Sunbelt Makes Inc. Magazine's List of Nation's Fastest Growing Companies

For the second year in a row, Sunbelt Office Products has made Inc. Magazine's list of the nation's 5000 fastest growing privately-held companies driving the U.S. economy's entrepreneurial engine. Recently acquired by Lonesource Inc., Sunbelt ranks 2,598 on Inc. Magazine's list with more than 140 percent revenue growth in the past four years.

"We are pleased to have acquired such a successful company that complements our strategy to serve the market for small offices and mid-size companies in addition to larger multi-location businesses," said Bradley King, CEO of Lonesource Inc.

Sunbelt was ranked 379 in the 2007 Southeast Inc. 500, a subset of Inc. Magazine's Inc. 5000 list, with revenues of \$18 million. Sunbelt credits its success to its expertly-run inside sales model. In the same year, it was ranked 96 in Top Companies in the Atlanta region and 97 in the Top Companies in Retail.

Lonesource Inc. acquired Sunbelt in July 2008 in order to reach small-to-medium businesses across the country with new services and sales capabilities. Sunbelt's nationwide network enables the company to deliver more than 30,000 products to businesses anywhere in the United States.

Lonesource Inc. Acquires Sunbelt Office Products, Quadruples Workforce



Sunbelt Office Products' Team
July 2008

On July 1, Lonesource Inc. acquired Atlanta-based Sunbelt Office Products, a business that expands Lonesource's ability to compete through new geographic markets, additional distribution channels and a proven, expertly-managed inside sales model. This foundational transaction allows Lonesource to offer distinct but complementary go-to-market entities that together serve the needs of small and large businesses.

"This acquisition advances our mission to be, 'The only source you need. Period,'" said Lonesource CEO Bradley King. "We are combining a wide range of products, expertise and resources that will provide even greater value to our B2C and B2B customers, employees and shareholders."

Sunbelt was founded in 1986 with a single goal: to provide the very best customer experience possible when ordering office

supplies and furniture. Over the past 22 years the company has enjoyed tremendous success in striving to achieve that goal – Sunbelt has a strong market leadership position in the Greater Atlanta area and has recently been featured in Inc. Magazine as one of the fastest growing companies in America.

Sunbelt brings innovative ideas, bright minds, strong relationships with customers, a proven track record of efficient cost structure and profitability to Lonesource. In addition, Sunbelt has a nationwide network of capabilities coupled with a state-of-the-art ordering system which enables the delivery of more than 30,000 products to businesses anywhere in the United States. Lonesource and Sunbelt share common operating philosophies that include a commitment to quality customer service.

"Lonesource recognized that Sunbelt's

Lonesource

The only source you need. Period.™

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Spend Management Strategies for 2009

It's not too late in the year to start putting together a spend management plan for 2009. A recent article in CFO Magazine, "Expense Management: Better Ways to Buy," discusses the trend of businesses electronically capturing and analyzing spending records.

According to the author, "Today companies can bring automation to bear on a wide range of sourcing and procurement tasks. Virtually every dollar a company spends, in fact, can be spent more wisely if the right systems are in place."

Below are three reasons to use spend management services in 2009:

- Support multiple business units or geographies.
- Monitor and analyze spend data.
- Easily identify opportunities to save money.

Lonesource performs a spend analysis on a new client and uses that information to roll out its solution. For the roll-out process, Lonesource automates the entire procure-to-pay process using its technology platform by:

- Developing custom and private catalogs
- Configuring electronic approval routing
- Logistics routing and shipment optimization
- Customizing real-time reporting
- Configuring the tracking and reporting of budgets
- Electronic invoice synchronization

While the roll-out takes place, system users are identified and training programs are implemented to ensure compliance and drive corporate standards programs. Within a few weeks, the new spend management solution is up and running.



continued — Sunbelt Acquisition

success to the SMB customer can be leveraged across major geographic areas targeting the 50- to 250-employee companies with a full complement of product and service categories," said Sunbelt Founder Jim Anderson. "This represents a tremendous growth opportunity for both companies."

Below is a brief summary of the three go-to-market entities that now make up Lonesource Inc.:

- The Lonesource solution is a hosted, Web-based service that Fortune 1000 companies use to optimize and manage spending across all corporate departments to increase profitability and dramatically simplify procure-to-pay processes.
- Business Supply is the company's retail Internet solution that serves the office supply needs of the small office/home office (SOHO) customers.
- And now, Sunbelt fills a gap by bringing new service and sales capabilities for small-to-medium businesses (SMBs) across the country.

As part of a go-forward strategy, Lonesource Inc. anticipates leveraging Sunbelt's proven inside sales model and replicating it in other cities across the country.

"Our goal is to provide customers with the best products and services available in the market, and we believe this acquisition will advance that goal," said King. "With this transaction, Lonesource Inc. combines its strengths with Sunbelt to create a larger, stronger business with a significantly enhanced market opportunity. Working with the company, businesses of any size can quickly and easily obtain the fundamental and operational products and supplies they rely on to do business each day."



CASE STUDY:



CommunityONE
Yes you can.® Yes we can.®

Lonesource helps CommunityONE overcome growing pains with streamlined purchasing process

THE CHALLENGE:

A rapidly-growing bank headquartered in Asheboro, N.C., CommunityONE has taken part in numerous mergers and acquisitions within the last few years. Today, the company has approximately 500 employees and 45 offices in central, southern and western North Carolina.

Like many small companies, CommunityONE took a “do-it-yourself” approach to operational logistics. This approach tends to be successful until the company enters a period of considerable growth. For many years, CommunityONE had its own centralized purchasing system consisting of a warehouse filled with office and banking supplies run by employees exclusively in charge of managing inventory. Utility Services Manager Thomas Slack supervised the warehouse system.

Slack has been with CommunityONE nearly a decade. When he was first hired, the bank had 12 offices and was in the process of closing one. In his position, Slack corresponded with two main office suppliers, but as CommunityONE grew, so did the number of suppliers. Soon he was put in charge of a new employee who was added to order supplies for all offices. This complex process involved compiling order forms from each office, looking up the prices of each product in the catalogs of the four main suppliers used by CommunityONE to find the best value, and placing orders – sometimes with all four suppliers. Once the supplies came in, the employee stocked the products and sent them to the various offices.

This procedure became burdensome as the company continued to expand. Furthermore, the acquisitions resulted in an increased distance between offices, making it more difficult for locations to quickly obtain supplies.

THE SOLUTION:

As the addition of branches increased demand for supplies, CommunityONE decided to implement a system that would manage the company's spending. It selected Lonesource to provide a standard purchasing process and greater financial control across all executive, department and branch offices.

“Lonesource stood out because of its ability to provide billing per cost center and quick turnaround on orders,” said Slack. “Those elements were important to our company, but we also connected with Lonesource's highly professional yet personable employees.”

Lonesource provides CommunityONE with consulting, training and automation technology to help the company streamline internal controls, more effectively monitor spending and decrease the costs associated with procure-to-pay processes. This solution enables all 45 locations to place their own orders through a custom catalog set up by Lonesource and the items are shipped quickly through UPS.

THE IMPLEMENTATION:

Lonesource created a Buyer Platform to establish uniform procurement practices throughout CommunityONE's offices. One person at each location is in charge of ordering supplies and two employees are appointed as backups. Supervisors and executive assistants also place orders and monitor spending.

During implementation of the Lonesource solution, the supply warehouse was eliminated and the inventory management employees at CommunityONE were transferred to other departments and are now adding greater value to the company.

“Quite a few employees were supporting our in-house inventory system but now we are making better use of their time. Our custom Buyer Platform provided by Lonesource is user-friendly and the end-users at CommunityONE caught on instantly,” said Slack.

THE RESULTS:

Working with Lonesource, CommunityONE has consolidated spending across multiple product categories into a single, pre-reconciled invoice and has removed its costly internal inventory system.

“Every department at our company has its own budget. With Lonesource, we have a clear view of what each department is spending, which gives us greater control and the ability to maximize cost reduction efforts,” added Slack. “Our company has seen significant cost savings on what we're buying and how we're operating using Lonesource's system.”

Lonesource's primary goal is to help its clients focus on their core business. Clients such as CommunityONE continue to offer proof that Lonesource's solution streamlines operations at high-growth companies by consolidating suppliers, invoices and time-consuming business processes.

Get the Most out of the Driving Range



Golf Tip



Golf enthusiasts spend hours at the driving range trying to perfect their swing. To make the most of these practice sessions, follow the tips below.

Before you go, study your favorite pro's swing on TV or the Internet. On YouTube, you can even find a video of Tiger at a driving range (<http://www.youtube.com/watch?v=e0mr8XsNBzY>).

Driving ranges with artificial mats are fine, but switch it up and visit ranges with real turf once in a while. If you grow accustomed to hitting off range mats, you'll require more adjustment when playing a game.

Use the mirrors if they're provided to analyze your form and identify bad habits you might not be aware of.

Bring a friend – preferably one better at golf than you. Observe each aspect of your friend's swing, from body positioning to motion, and don't be ashamed to ask for pointers.

Start with your wedges and irons and practice accuracy as you aim toward the targets. Once you're warmed up, use your driver to work on distance.

This probably goes without saying, but enjoy yourself. When hitting, focus on your targets, but when you stretch before and after practice, take in the stunning view.

News Briefs

LONESOURCE IMPROVES CLIENT SERVICES THROUGH INTERNAL REORGANIZATION

Lonesource recently completed an internal restructuring, better positioning them to support client needs. With the reorganization, each client-facing team now falls under the new "Client Services" department, and clients are assigned a Client Services Specialist. These specialists assist users in adopting the Lonesource solution set to best serve their company needs. The average time for complete user adoption has been cut in half with the new organizational structure. This allows the Lonesource clients to reap the benefits of their new solution immediately.

"Every client will notice improvements with our new internal structure," said David Ryan, Lonesource executive vice president and CFO. "As a result of these changes, we will be able to improve response times and streamline processes to help our customers."

Newest members of the Client Services team are Beth Cruess, Matthew Hall and Beth Shockley.

LONESOURCE WELCOMES NEW ENGINEERING FIRMS

Since Lonesource's inception in 2000, the company has increased its visibility around the nation with its engineering clients. From East to West, the newest additions to Lonesource's client roster include KCI Technologies, ECS Corporate Services, Pennoni Associates, GES, Volkert & Associates and Carollo Engineers.

Lonesource serves its clients with ideal solutions related to organizational spending including automatic reconciliation of spending to company general ledger codes, detailed, real-time monitoring capabilities and invoice consolidation. Its technology particularly aligns with engineering firms, which commonly have geographically dispersed, high-growth offices.

"In 2007 we reached record sales of \$142 million," said Don McConnell, vice president and CFO of KCI. "With our increasing revenues, we needed a system in place to maintain control of our operational purchases, including office and field supplies. Lonesource is helping us consolidate expenses so we can focus on our core business and remain a top-ranked engineering firm."

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