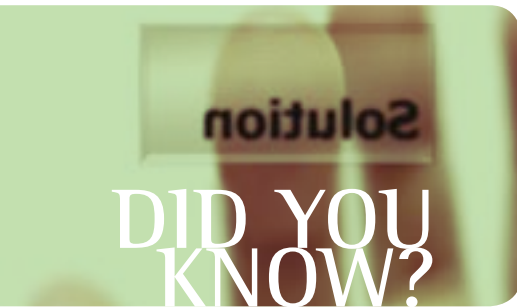







the SOURCE

YOUR QUARTERLY GUIDE TO LONESOURCING



LONESOURCE SOURCES AN ENDLESS ARRAY OF PRODUCTS FOR CUSTOMERS INCLUDING:

-  Rolatape Measuring Wheel (Surveying) for Kimley-Horn
-  Noise Canceling Headset/ Microphones for PPD
-  Replacement Battery for Motorola 2-way Radio for Carquest
-  Custom-Printed Round DVD Labels for The Pantry
-  7-pin Nylon Security Bags for New Century Bank South
-  Canned Fuel (Sterno) for PPD
-  24" Aluminum T-Squares for M.J. Soffe

Business Strategies for Finance Teams

By David Ryan, Executive Vice President - CFO, Lonesource

Gone are the days when chief financial officers (CFOs) and senior finance executives were regarded as accountants who only balanced the books. Their roles have evolved and expanded to meet the demands of internal and external stakeholders and the challenges of a global economy.

Today's ideal CFO is a strategic partner and trusted advisor to the chief executive officer. CFOs are required to create value and improve the financial performance of the company in addition to their roles as accounting experts who are marketing and technology savvy. They are also strategic business counselors, cost controllers, and overseers of performance measurement and analysis.

Senior finance executives must devote more attention to business strategies that enhance enterprise-level performance, specifically strategies that enable employees to focus on core aspects of the business and their critical job functions. Finance teams are most successful when they are collaborators in building value and creating great results for the organization.

Two recent studies by CFO Research demonstrate these qualities and their relation to procurement processes. The first survey, done in collaboration with SAP™, reveals what senior finance executives define as the best aspirations of CFOs and finance teams:

FOCUS MORE ON EXTERNAL ACTIVITIES.

One-third of respondents believe CFOs should spend more time with investors to understand their expectations, concerns and



needs regarding company performance and improve communication of critical internal information. More than one-fourth seek stronger relationships with customers to understand their markets and how their products and services are used.

BROADEN COMPANY-WIDE ACTIVITIES.

Sixty percent of respondents want CFOs to be more active in company-wide business unit strategy, focus less on tactics, and to be vocal leaders in strategy and change management. The majority emphasized that mergers and acquisitions (M&A) and cost control require more attention from finance executives to ensure that the company acquires only what it needs to execute its business and be productive at a known and managed cost.

GREATER CONTRIBUTION TO IT STRATEGIES.

The use of technology to achieve business goals is a major requirement. CFOs and



Q&A: Fidelity Bank


continued — Business Strategies

finance executives must understand the architectures, potential and limitations of particular systems in order to deliver flexible and useful measurement tools.

In response to management, boards of directors and investors demanding sustained performance improvement, finance teams will turn their attention to cost management and procurement to improve business performance. The second CFO survey, in collaboration with Ariba™, concludes that finance executives will look to external spending on direct and indirect goods, and not to headcount, employee benefits and facilities, as likely sources of cost and process improvement.

Respondents to this survey agreed their largest problem was the need for greater integration of the procurement function with the rest of the company. They want improved communication between procurement and the business as a whole and more communication between business units and functions, particularly finance and marketing. They cited shortcomings in vendor relations, including lack of optimal sourcing strategy with a complex supply chain, lack of proper pricing and volume discounts, and insufficient communication.

The survey shows that purchasing systems are seen as part of the solution, and companies that have adopted technology are more likely to source purchases through preferred vendors, find opportunity for cost savings and establish uniform procurement practices. Also, while many internal procurement processes are paperless, most companies manage external relationships with vendors through a combination of technology and manual processes. This suggests that many companies have the opportunity to improve relationships with vendors and suppliers in order to save money through procurement automation.

Lonesource can provide a valuable service to CFOs and senior finance executives. As you begin to formulate business strategies for 2008, consider the strengths and flexibility of our spend management solutions. We are a purveyor of tools that bring efficiency and clarity to internal procurement which help increase organizational growth and productivity. 

We asked Jennifer Mastrapasqua, vice president and marketing director for Fidelity Bank, about Fidelity's relationship with Lonesource.

How did you find out about Lonesource and its solution?

When I was marketing supervisor at another regional bank in North Carolina, they went through a full conversion to Lonesource's spend management solution. We selected Lonesource for many reasons including their robust capabilities in the buyer platform as well as the number of vendors available for a variety of services.

When did Fidelity Bank begin working with Lonesource?

We began working with Lonesource in February 2007. Our initial project implementation focused on building processes around our promotional item ordering and fulfillment. We use branded merchandise throughout our branch locations for customer gifts, employee incentives and marketing programs.

Who uses Lonesource across the bank?

The marketing department serves as the administrator and we have associates in each of our 69 branches who serve as buyers.

What value has Fidelity Bank seen since the February implementation?

Before using Lonesource, our marketing department spent too much time filling orders for promotional items. At one point we were receiving an average of 15-20 promotional orders each week from our branch locations. This volume was a distraction, not to mention, month-end general ledger, reconciliation and balancing processes were also very time-consuming. Now Lonesource keeps track of this for us, and we can spend time on other marketing projects and initiatives.

What feedback have you received on Lonesource's solution?

We are already receiving favorable feedback from the branches. Ultimately, we will measure success by increased productivity in the marketing department, improved financial processes and the accuracy of our year-end reports.

Engineering Firms Find Value in Lonesource

It's no secret that the U.S. engineering industry is on the upswing. Job opportunities are plentiful and aging infrastructures are in need of repair and replacement. In fact, an estimated \$1.6 trillion is needed over a five-year period to repair the nation's infrastructure, according to the American Society of Civil Engineers.

The continuous expansion of offices and the increasing number of mergers and acquisitions in the engineering industry have led engineering firms to take interest in new solutions that make day-to-day business management tasks easier and more cost effective. Companies across the nation are recognizing the value of implementing spend management technologies to simplify operational spending and to establish detailed, real-time visibility on organization spending, which may include multiple, geographically dispersed offices.

Engineering customers have had extremely positive results using the Lonesource spend management solution. Successes include companies such as McKim & Creed, an award-winning infrastructure design firm that offers comprehensive engineering, surveying and landscape architectural services to public and private sector clients throughout the United States, and Kimley-Horn, one of the nation's most comprehensive and well respected engineering and land planning firms.

As Lonesource employees address the unique needs of engineering firms, more firms are choosing the Lonesource solution. The most recent engineering firms working with Lonesource are Parkhill, Smith & Cooper (PSC), headquartered in Lubbock, Texas; Hull & Associates, headquartered in Dublin, Ohio; NTD Architecture, headquartered in San Diego; and CSA Group, headquartered in San Juan, Puerto Rico with offices in Panama and along the East Coast of the United States.

"When I investigated the Lonesource solution, I immediately realized the potential impact they could have on our company," said Mike Cartwright, CFO of PSC. "We started

LOOK FOR LONESOURCE AT THE EFCG CONFERENCE



Lonesource is a Partner Participant of the 18th Annual E/C CEO Conference Oct. 17-19, 2007 in New York, N.Y. Representatives at the Lonesource booth will be available to perform live system demonstrations and answer questions. Please take time to stop by!

the implementation process in June and Lonesource has already completed the roll-out process in all five of our offices. PSC has more than 220 professional, technical and support personnel, and a streamlined procurement process will allow each department to work more efficiently as we better position ourselves

for growth."

Lonesource offers a hosted, Web-based solution for companies to optimize and manage spending across all corporate departments to increase profitability and dramatically simplify procure-to-pay processes.

CSA Group is also pleased to be a customer of Lonesource. The company is the first Lonesource customer headquartered in Puerto Rico.

"As part of our business development plan, we are successfully expanding into the United States. We currently have more than 500 employees, including those gained in recent acquisitions, and a growing number are in the United States," said Jaime Ramirez, senior vice president and chief organization effectiveness officer of CSA Group. "Now that we have signed on with Lonesource, our offices will have more consistency in spend management and related financial reporting, and CSA Group leaders will be able to focus more on bringing in new engineering projects and opening more offices."

Lonesource consolidates hundreds or thousands of invoices into a single invoice, provides real-time visibility of every transaction across the entire company, automatically reconciles all spending to a company's general ledger codes and improves controls and service levels that dramatically reduce the workload for finance teams. Users can purchase a large array of products ranging from engineering supplies to marketing materials.

"Our company offers corporate spend management services to customers in many industries including banking and finance, retail, automotive and pharmaceutical, but our leading industry customer group is engineering," said Bennie Thomas, Lonesource senior vice president of sales. "I am pleased that we continue to gain momentum in that sector. There are thousands of engineering firms in the United States, and we are concentrating on getting our name out so that each firm will review the Lonesource solution to handle its spend management needs." 



Lee Ann's Golf Tip

Putting Pointers



The concept of putting seems simple, but golfers at all levels know that is far from the case. Putting is the biggest problem for many golfers and where most opportunities to post a good score are lost. Here is some guidance from start to finish:

Practice. Show up to your golf game at least twenty minutes early and practice your putting from various distances on the practice green. Try practicing with your eyes closed so that you can concentrate on your body movements.

The Approach. As you approach the green, be sure to study the topography. Get behind the ball and squat to “read” the green. Assess the contours and slopes and factor them in as you visualize your shot.

Putt and Hold. Your shoulders and putter should move like a pendulum as you hit the ball. Hold the follow through for at least six seconds – your putter face should still be square to your target and your body in correct form. A trick to holding your form is to look at the grass under the ball after you make the stroke. Because head movement opens the shoulders and causes your putter to cut across the ball, a downward-facing head is crucial to solid contact and consistent putting.

Lonesource is proud to sponsor Lee Ann Walker-Cooper on the LPGA Tour.

Just Lonesource it!

In addition to office supplies, technology products, printed and promotional products and all other office consumables, Lonesource sources industry-specific products. Popular manufacturer brands consistently used by Lonesource's engineering customers include:

| | |
|---|---|
| <p>WIDE FORMAT MEDIA SUPPLIES</p> <p>CadOne Media</p> <p>Sentinel Imaging – Graphix</p> | <p>ART DEPARTMENT SUPPLIES</p> <p>Krylon (matte spray fixatives)</p> <p>MacTac (adhesives and laminates)</p> |
| <p>WIDE FORMAT GRAPHICS EQUIPMENT AND SUPPLIES</p> <p>Océ</p> <p>KIP</p> <p>Xerox</p> <p>Epson</p> <p>Mimaki</p> <p>DuPont Fusion Inks</p> | <p>SURVEYING EQUIPMENT</p> <p>Crain</p> |
| <p>Encad</p> <p>Kodak</p> <p>HP</p> <p>Roland</p> <p>CalComp</p> | <p>ROTARY TRIMMERS/ SHEET CUTTERS</p> <p>Keencut</p> |

Announcements

MELISSA SHIECHEL joined Lonesource in May as an on-site account representative for engineering customer Kimley-Horn. Shiechel exclusively supports all 70 of Kimley-Horn's offices from its Phoenix office. Responsibilities include addressing customer inquiries regarding shipments, products and deliveries, entering phone and fax orders into the computer and assisting with product sourcing. Shiechel also conducts training for end-users, introduces new product categories of interest to Kimley-Horn and performs several additional tasks to aid employees. To stay up-to-date on the latest improvements and offerings from Lonesource, Shiechel takes monthly trips to Lonesource's headquarters.

MATT WELLS recently joined Lonesource as CTO. Wells has more than 14 years of infrastructure architecture and technology management experience. Prior to joining Lonesource, Matt was director of infrastructure engineering at R.H. Donnelley, where he was responsible for leading multidisciplinary teams designing and supporting a wide variety of enterprise solutions. He has a proven track record of successfully leading large implementations of system migration and integration initiatives. He is an experienced leader in architecture design, organizational performance, process development and technology evaluation.