

Local Tech Company Lures Big Clients by Refining Workflows

by Tony Quesada, Staff Writer

When John Burkhardt acquired the corporate account to manage product packaging for Sysco Corp. he began looking for ways to solve the "huge workflow problems" he identified in the Houston-based Fortune 100 company.

Inefficiencies in the way data was accessed and shared were contributing to delays in developing and implementing packages for products sold by Sysco, the leading food service industry supplier.

Little did Burkhardt know that a large part of the answer to such problems at the \$29 billion company would be found at a start-up in Jacksonville called Logix3 Inc.

Burkhardt, an account manager for Louisville, Ky.-based Southern Graphic Systems, a part of Alcoa Inc., recalled discussing his goals for Sysco (NYSE: SYY) three years ago with an acquaintance who mentioned Logix3.

The company had developed an Internet-based application to manage product information for retailers who market their own store brand products, known in the industry as private label.

Burkhardt, with a background in computer programming and packaging, had seen many asset management programs but was quickly convinced that Logix3's approach was revolutionary.

"What I saw impressed the hell out of me," said Burkhardt, who works in his company's Dallas office. "I saw an eagerness and hungry attitude at Logix3."

Logix3 co-founders Bruce Kern, John Young and Don Ladson started the company in January 2001 with a goal of creating a virtual library for storing data on every component of every product a company brands.

The system also would include an application that everyone associated with those products, including suppliers and third-party service providers, could use to manage work processes, such as modifying the ingredients in a product to comply with new regulations.

Using mostly their own money, with an unspecified infusion of capital two months ago from an angel investor, Kern, Young and Ladson have grown Logix3 into a \$1 million a year company that is poised for growth as Sysco plans to introduce Logix3 to its 3,000 suppliers.

Store brand products account for about 20 percent of supermarket sales, compared with 3 percent in the 1980s. With profit margins on store brands higher than with brand name products, private labels with high customer acceptance can be a market differentiator.

"Retailers have become huge [consumer packaged goods] companies," Kern said.

Such retailers and traditional consumer packaged goods companies face a daunting task every day of making sure almost immeasurable amounts of information are accurately documented on product packages, said Ned Dunn, who as president of Harris Teeter Inc. from 1989 to 1997 oversaw the grocer's expansion of its private label product line.

"What you're constantly worried about is making sure the ingredients are what they're supposed to be and that the list of ingredients is precisely what's on the package," said Dunn, who now heads Dunn Consulting in Charlottesville, Va.

Logix3's first client was Jacksonville-based Winn-Dixie in 2002 and the grocer remained the company's biggest client until Burkhardt introduced Kern and Young to Sysco.

Together, Logix3 and Southern Graphic Systems spent about a year and a half expanding on Logix3's product data management application to create a program that would help Sysco streamline product introduction, a process that is often slowed by delays in packaging.

The system was introduced in-house in 2004, and about 125 to 150 Sysco employees now coordinate their work on the system, said Philip Orosco, the company's senior manager for packaging and labeling.

"It really has sped up moving products to market many times," Orosco said, adding that the system helps eliminate the disparate data that often exists between the marketing and packaging departments. "The system has melded the two. It's kind of like the ATM of packaging and marketing."

The next phase will be to include Sysco's 3,000 suppliers. Orosco said that while the company doesn't want to mandate adopting Logix3, he said, "We feel we'll be able to show them it's good for them."

Burkhardt, who deals with many of Sysco's suppliers to ensure their packaging meets its standards, agreed Logix3 will find strong acceptance among suppliers.

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