Greg Foster of Vizen Analytics

Speaker1: [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin and the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, many other investors for early stage and growth companies. I hope you enjoy this episode. Interested in learning more about investing in startups, launching a new startup need to raise funding to start funding espresso as a daily podcast and a short, concise format delivered to your inbox every day Monday through Friday, the time it takes to drink an espresso and to learn about startup funding to subscribe to Disconnect Dog and put your email into the Pop-Up Box. Hello, this is investor perspective and the host of Investor Connect, Martin, where we connect startups and investors for funding. Today, we have joining us Greg Foster, founder and CEO at Vision Analytics. Vision offers a fully managed cloud, a consumption based subscription service that maximizes forecast accuracy while reducing inventory, holding costs, enabling a better way to predict project product demand while preventing overstock waste and inventory. Stock out conditions that provide everything your business needs to succeed without making a significant digital IT investment. They do all the work, including historical data analysis that's presented in the Gorgeousness UI with an integrated SKU predictions. Greg, I like to record your thoughts on the manufacturing supply chain problem that we have coming up here. So with that, let's go ahead and look into it.

Speaker2: [00:01:33] Yeah, thanks for having me on the show. It's quite a pleasure. So I think I'd just like to maybe jump in and just say that even before we had our Black Swan event with covid, I think that we really serve the entire supply chain. We've chosen to focus in on primarily wholesale distributors, but we're right next door to manufacturers and retailers. And it's really the same challenge. Before covid-19 hit, they were still struggling with a lot of changes in product, SKU, CPG demand. And you've seen it in the industry and you've seen it in organic products and trying to be able to predict what a consumer's going to buy three, six, 12 months down the road. It's a big deal. Right. And then covid struck. And the reason why we picked wholesale distribution is primarily because it's a soft spot for me. So I've been in the industry 20 plus years working for different consulting and IT companies, and I've always come back to very large food manufacturing companies. Nestlé would be one of them and supporting their their distributors. And I've also supported a lot of other large manufacturers and their distributors. So I've been closely aligned to the supply chain industry and companies and and what they're

trying to accomplish. And it's all about can we guess what our consumers going to buy? How much do we need to make? And how best to manage the efficiency inside that supply chain? And so here are vision analytics. We know that these customers are looking at ways to increase efficiency. I call it prescriptive forsight. How could we read each other's minds and know what someone's going to buy at a store in three, six months or a year? And then we're told that happening it really shifted the whole curve. And I don't think it's coming back really any time soon, if it makes sense.

Speaker1: [00:03:33] Absolutely so so let's talk about the growth in the manufacturing supply chain segment, you know, we're coming out of covid. We hear a lot about manufacturing, reassuring, more robust supply chains and so forth. What do you think is going to happen in this space in the next 12, 24 months?

Speaker2: [00:03:51] And I think that's a really great question, I think we all really want to understand that answer. I think from our perspective, we we wouldn't necessarily call it growth. I mean, it is there's obviously a massive expansion happening, but we really look at it as a significant pivot, meaning, as I said earlier, these companies are looking at what's happening in their industry. And it was already happening. Right. Being able to predict how much, you know, how much do we need to keep in my warehouses so that I can source it, sell it and distribute it to the places that it needs to go. Right. So really taking a look at reassessing where they need to go with their strategies during this pandemic is just massive, being able to figure out what products they need to produce for what demand. And I think we're going to see in this, Tibbett, is that more warehouses, workers will be positioned closer to the consumer. And I think that that will make them more lean and more efficient, which makes it even more essential that they're able to manage that inventory and those holding costs

Speaker1: [00:04:56] More in addition to getting closer to the user with the warehouse. Where are the other trends you see coming up into this segment?

Speaker2: [00:05:06] Well, I would say that technology is a big one and it's something that has been really kind of a surprise to me as the higher and the wholesale distributors and manufacturers, they don't have as robust of the data science team as you might think. They're still relying on something called deterministic software. That's basically a fixed program you

upload and then you've got your ERP data and you're running in these very fixed algorithms that make predictions. And I think that before covid in this massive shift in consumer products, again, Moelis and all the organic products, I think they were getting by OK. I don't think they were great. I mean, our statistical numbers show the average customer is probably around sixty eight percent. Sixty five percent. Some are much lower and their forecast accuracy. So that means in order for them to be able to really hit that ninety nine point nine percent still rate that they're trying to make sure that they're never understocked their accuracy levels are off, so they're constantly having to overstock. So what they really need is new technology. They need to begin to embrace artificial intelligence as a way to find these patterns and look look into the future and make better decisions. And we do some of these challenges and see what role it is.

Speaker1: [00:06:23] Yeah. And what role does robotics and automation play into this?

Speaker2: [00:06:28] Well, and this is really the big thing, Paul, is that these companies don't have a huge budget for that. I mean, I have been in industry, you know, developing solutions in Iot, not necessarily robotics, but mobility solutions for fleet tracking and and getting from the manufacturers that the distributors so they can track and create better efficiency. But they've only got you know, if you're looking at a wholesale distributor, retail or two to three percent, not profits, and they just don't have a lot of time and money to put into Iot and robotics and frankly, candidly, the aureliano that it's not really been proven. I mean, if you're looking at like a Hyundai robotics makes tremendous sense. But if you're looking at a mid-market wholesale distributor, how do they fit that into their budget? But the other 30 things that they're trying to fit in. Right. So it's a challenge.

Speaker1: [00:07:20] Right. And so what's going to make for a successful company in this segment where they have to do to win the business?

Speaker2: [00:07:28] Well, as I indicated, I think they've got to focus on adopting technology. And I'll tell you what the biggest speed bump is. And there's a lot of these wholesale distributors and even some retailers, like if you look at Slater brothers and companies like that, they've been doing the same thing pretty well for a really long period of time. These are sometimes family owned companies. They've got very fixed territories and they've gotten very dependent on the telco gut instinct. You know, working with what I know and I want to make it

clear, we don't look at technology in any way replacing humans. Our system does not place orders. Our system makes advisory to help them make better informed decisions, taking external data sources and their data and really giving them better insight so they can make better predictions. And so I think for them to be successful, they're going to need to open up their minds to a new way of doing it without necessarily replacing people or changing any of their internal processes, just really investing to get better and insight and better information.

Speaker1: [00:08:33] So what's your participation in this segment so far?

Speaker2: [00:08:37] Yeah, no, that's a really great question. So we're obviously an early stage startup. We have had so many focus group conversations in this space and of course, with my background conversations over what is it going to take to be successful in this business, we've got a number of letter of intent from very large companies that are have and this is really kind of going back to the first part. They only got so much money to do so many IT projects. And so we're kind of taken no, let's wait in line and be able to get the insight that we're looking to get. But but I would just say that we're focused on the mid-market wholesale distributors. We just did a pilot for a very large retailer. They gave us about 10 stores and they gave us about eighty five million dollars in inventory to analyze over an 11 month period. We analyze that and we were able to take that data and it wasn't complete data. We didn't have all the metadata, but we were able to basically increase the accuracy by twenty four percent. We reduced errors for this sample by 40 percent and we save them over a million dollars in inventory. They don't need to purchase because we were able to shorten the curve, the cycle. And so we're out there. We're out there with we've got a number of strategic partners in the industry that are making introductions for us. As they indicated, we've got three or four letter of intent or that are in process right now. And we're building to be able to get even more proof of concepts up this year so we can really demonstrate the value. And I'm really confident that once we show this value that they're going to really see it.

Speaker2: [00:10:14] And the industry is really tight. It's very proprietary. It's their territory. They don't really compete with each other so much like you would see in other industries. We're going to make a lot of friends and we're going to really focus on the relationships and the people in this industry. And then they're going to tell two friends and we're going to have a very sharp growth curve. And I'll tell you why. I think that's because in all of the analysis, we've not

found a lot of companies. We've been validated by several investors and accelerators that are in this space. They don't see a lot of other companies like us. We're bringing the kind of solution and the on ramp to be able to get access to this business. So I think that they need to have an easy way to get access to the solution. And I just want to pause and say that what we provide is a digital onramp. So they've got that two to three percent bucket that they need to focus in on. We give them a chance to try our service with no upfront cost, and we don't start billing until we prove the case. And that's the way in. And that's why we've been able to get some of the traction, the interest. And I've had I've had CIO say, you know, we're a people oriented business. Technology is not our thing. But if you can give us an easy way to use this, it's kind of a no brainer. And that's what I got to my customers. So that's where we're at. And that's why we're super excited to support this segment.

Speaker1: [00:11:35] Right. So for investors, what should they be looking for to invest in this new manufacturing supply chain movement here?

Speaker2: [00:11:43] Well, I think the demand forecasting side and efficiency, we also see driver shortages, and I think that A.I. is something that can help look ahead like lead times that it's going to take to get from sourcing companies. Again, as we talked about earlier, it's you know, these wholesale distributors need to invest in their infrastructure to get closer to their customers, which means once again, they've got to have better insight into what's going into that inventory, what they're purchasing. They need to understand the customer better and they need to understand where their shipment is on the road. And so I think if I'm an investor, that's what I want to be, is in that space. How do I make customers leaner, more efficient and have greater insight at a cost effective process?

Speaker1: [00:12:28] Right. Well, what else should we know about this segment that we haven't covered so far?

Speaker2: [00:12:33] Well, again, I really think they're suffering a lot right now. I think one of the concerns that I personally have and again, having supported many of these wholesale distributors, is will they be able in the family run companies or will they be able to stay in business over the next 12 months? And I really going talk in the mid-market. The big boys, of course, they're not going anywhere. But if we're going to see a lot of consolidation in this

industry, if we don't see a lot of technology, adoption and insights to help them guide their way. So I guess I'm just really concerned about that. You've got Amazon as a threat out there. How do we make it easier for them so they can stay in business and keep doing what they do great, which is supporting our country.

Speaker1: [00:13:15] And so what changes do you expect to see in the coming 12 months?

Speaker2: [00:13:19] Well, I think there's a lot of trepidation, like if you're looking at the vaccinations that are taking place and some of the stimulus money that's coming in and the restrictions that are starting to get lifted, I think the question is, what's the new normal going to look like? I mean, we saw massive shifts from retail to consumer. We saw products that customers started changing their buying habits. And what we've known what we know from from previous types of situations, obviously never had a black swan like this, is that sometimes when you make a shift, you don't always go back to the way things were. And so if you understand chaos theory and this is why the reason why it's so important to have more information, we don't know what's going to happen over the next 12 months is a variant going to sneak in and we have another spike and it's slowed down again. So it's like how can we create a way to get that prescriptive foresight? How can we help them have that foresight so they can begin to make changes and be very adapted to the marketplace? I think that's really critical right now.

Speaker1: [00:14:23] The last thing is that we have here, what else should we cover that we haven't?

Speaker2: [00:14:28] You know, I think it's been a pretty surreal conversation, I really can't necessarily think of anything else if there's anything you think you'd like to ask me.

Speaker1: [00:14:36] Well, we hear a lot about supply chain visibility being a big issue that came up in the covid pandemic, not knowing where it was when it was coming and so forth. And then you hear a lot about automation and trying to covid proof the business. So if we're in lock down, you know, the machines still keep rolling and supply still keeps coming through. But what do you think is the secret sauce to making all of that work? Is it automation? Is it supply chain visibility? And how would you rank order those?

Speaker2: [00:15:07] Yeah, I really think it is. I think it comes down to operational efficiency and visibility, and I think, again, this is where the challenges is in the supply chain. There's not been a lot of innovation. People have talked, as you mentioned, robotics and Iot. But again, unless you're a really big manufacturer, I'm not sure that that's a really great play. Now, we've got driver shortages. Now we need to really know where our fleet is again, coming back to the lead times and being able to pick up from the sourcing company. So there must be a way that we can automate this. So, yes, it's absolutely automation and visibility, but again, not at the expense of the work or not at the expense of the people. That's how can we give them an easy to use system that they can start to be able to attract all of these different systems without having to spend a tremendous amount of money. Right. And the right infrastructure sounds good.

Speaker1: [00:15:58] Well, appreciate your taking time to join us today and hope to have you back for a follow up soon.

Speaker2: [00:16:03] Well, thank you so much for having me on the.

Speaker1: [00:16:11] Investor Connect helps investors interested in startup funding. In this podcast series Experience, investors share their experience and advice. You can learn more at Investor Connect. Doug Alti Martin is the director of Investor Connect, which is a 523 nonprofit dedicated to the education of investors for early stage funding. All opinions expressed by Hall and podcast guests are solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.