

Intalytics: Finding the perfect site

Principals use 90 years of experience to steer startup firm

BY NATHAN BOMEY

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As retailers big and small contract and some are swallowed by bankruptcy, it seems safe to assume no one is making a profit by helping retailers determine where to open new stores.

But one Ann Arbor startup company, led by former executives for once-Ann Arbor-based Thompson Associates, is successfully carving out a niche in the site selection research business.

Intalytics, which recently doubled its office space, exceeded its sales plan by 20 percent in 2008, said principal David Huntoon.

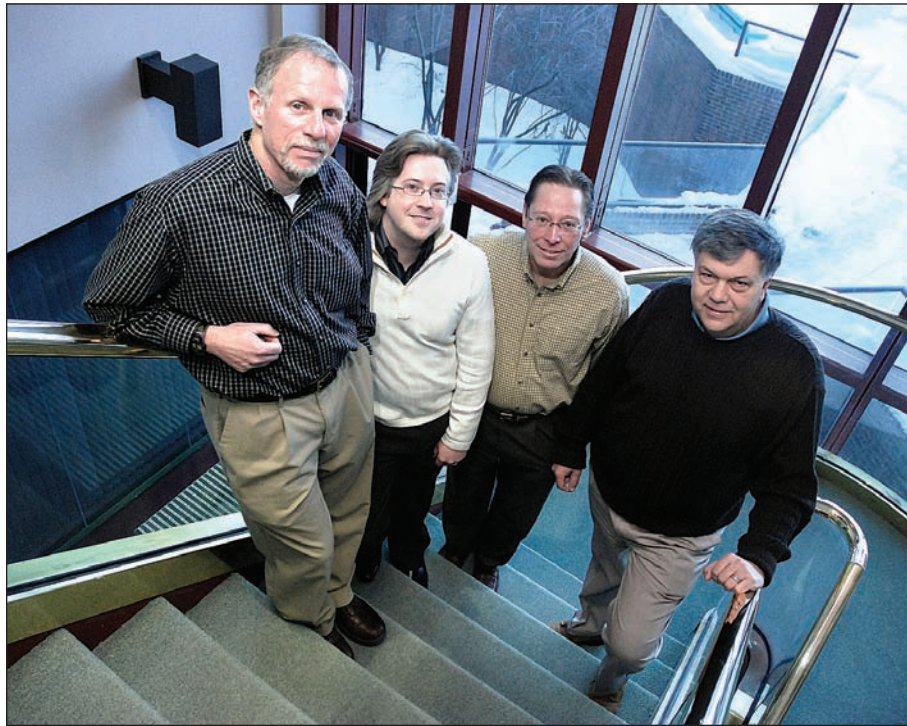
Huntoon – joined by principals Robert Kennedy, Robert Buckner and Jonathan Wilson – are steering the company through a suffocating economy by applying their combined 90 years of experience in site selection research and analysis.

Kennedy, Buckner and Huntoon have been working together on and off for about 30 years. Their experience dates back to Howard Greene & Associates and Thompson Associates, which was acquired by MapInfo in 2003. MapInfo, which still has an office at Domino's Farms in Ann Arbor Township, was in turn acquired by Pitney Bowes in 2007.

Kennedy, Buckner and Huntoon opted in fall 2007 to return to their startup roots by starting Intalytics. They've since added Wilson – whom Huntoon described as the “best statistical modeler in North America” – and consultant Seana Larson.

“It's a difficult environment for a new company to get started in,” Huntoon said. But “we have a lot of experience. The gray hairs and the learning you get from that are helpful. We have lived and worked through a number of economic upturns and downturns.”

The company is experiencing success by targeting a wide range of clients – including large corporations like Home Depot and small clients with as few as two locations. The medical sector – health systems considering new hospitals, for example – rep-



David Huntoon, Jonathan Wilson, Robert Buckner and Robert Kennedy. | ROBERT RAMEY

resents a strong growth point.

Intalytics' software tools and statistical analysis also apply to clients looking to cut costs by shuttering locations, Huntoon said.

“Our primary research is helping retailers determine their optimal store deployment,” he said. “What we do is evaluate what makes their successful stores successful and what makes their less successful stores not do as well.”

Intalytics determines “cannibalization” rates, for example – that is, whether a new store would steal sales away from an existing location.

Some retail experts attribute major site selection missteps to the downfall of Circuit City, for instance, and to profitability concerns at Starbucks.

Intalytics is latching onto successful retail players targeting a “segmented audience.” Niche clients include companies such as PGA Tour Superstores, which targets avid golfers, and Pharmaca Integrative Pharmacy, a 26-store homeopathic drug store chain.

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INNOVATION
Nathan Bomey



In this economy, revenue growth is newsworthy

Business news announcements come in all shapes and sizes. But lately, in the midst of perhaps the most frightening economic times in generations, I'm noticing the content of these announcements is shifting.

In the past, press releases largely focused on expansions, acquisitions, hires, discoveries or accomplishments.

Those are still shuffling into my inbox – albeit at a slower pace. But over the last couple weeks I've noticed a new trend: news releases issued solely to report strong revenue growth.

My first inclination upon receipt of these announcements was: How is this news? Historically, most journalists would discard such announcements as frivolous.

Then I realized that in this economy, growth is news. When the Big Three, Toyota, Nissan, Microsoft, Home Depot and countless others are forced to lay off tens of thousands of employees, you begin to place greater value on local startup companies that are managing revenue growth in this climate.

A few highlights worth noting:

- Cielo MedSolutions: The Ann Arbor health care software firm reported a 300 percent revenue boost in 2008 and a 400 percent increase in clinical users of its quality management software. The firm also experienced a 220 percent increase in the number of locations using its software.

The revenue growth isn't just a financial win for Cielo, but also a moral victory for CEO **Dave Morin**. Cielo was stung in November when it was forced to withdraw its application for \$2 million in low-cost loans from the Michigan Economic Development Corp.'s 21st Century Jobs Fund.

Cielo, a U-M spinout, was among several companies struggling to secure matching funds required to get the Jobs Fund financing. The firm eventually opted to withdraw its application.

Cielo chairman **Jim Price** said through a spokeswoman that the company is “moving on” and would continue to pursue expansion

Huntoon said Intalytics has built a roster of 15 to 20 clients.

“Some of the clients that we find are being most successful are the niche players, not necessarily the cookie-cutter national chains that are consistent from California to New York,” Huntoon said.

Despite Intalytics' success in site selection research consultancy, Huntoon said retailers should approach 2009 with an abundance of caution.

“In today's climate be very careful about expansion. 2009 is going to be a rough year for retailers. It's going to be tough all year,” he said. “I think right now the emphasis should be on controlling costs.”

Bill Milliken of Milliken Realty Co. worked with Intalytics as they signed a new lease in the Concord Office Center at South State and East Eisenhower, a building represented by Bart Wise of Swisher Commercial. Milliken has known Intalytics' executives for decades.

“To see them go through the success that they've gone through and still embrace this research idea and go back and start a brand new company again – it's an exciting thing that speaks so well of Ann Arbor that we can keep good ideas here,” Milliken said. “I've always been jealous of their site selection and their analysis.”

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