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AccountMate®

Automation Components Distributor Dramatically Improves Profit Reporting Accuracy With AccountMate Software

PETALUMA, CA— (Marketwire - June 24, 2008)—Located in New York, Empire Automation Systems provides sales, technical support and engineering services to the automation industry. Since 1989, the company has expanded from a full line pneumatics distributor to a major automation supplier with their comprehensive product offering in all major pneumatic component categories such as air preparation, motion control, valves, electrical components and accessories.

Since doubling sales revenue from 2003-2007, Empire continues to expand their selection of pneumatic inventory, strategically leveraging the use of stock and non-stock inventory items. With over 40,000 items in stock, the company also distributes tens of thousands more non-stock inventory which are drop shipped directly from vendors.

At one point accurately identifying, managing and reporting stock and non-stock inventory was a significant business challenge. The Controller and CPA regularly made large journal entry adjustments to the inventory and cost of goods sold accounts to resolve discrepancies. "Inventory values would swing up to \$20,000 each month causing significant variances in profit," recalls Don Davis, President of Empire Automation Systems. "With so many adjustments on a monthly basis, I didn't trust the numbers."

Consequently, Empire wanted to solve their inventory discrepancies and accurately report company financials without significant manual intervention. To resolve the situation, Empire turned to Innovative Software, an Elite AccountMate Solution Provider.

Innovative Software capitalized on AccountMate's Accrued Received Goods capability to separate stock and non-stock inventory within the financials. This enabled accurate reporting of profits and inventory valuations on the income statement. Empire is able to report accurate, up-to-date financials and inventory valuations in real-time with minimal human resources. With stock and non-stock inventory averaging \$750,000, the company plans to increase non-stock inventory as their

business grows. Drop shipping orders from vendors directly to customers also decreases shipping lead times, company overhead and inventory management.

Another big benefit of using this capability is that it provides company-wide checks and balances. For example, if an item price is entered incorrectly or not received properly on a Purchase Order, Accrued received Goods assures the data is entered accurately or else the system will not let Empire employees proceed. In addition Innovative Software developed a critical audit report to show incorrect values posted to the accrued received goods and both inventory accounts. This report turned out to be the final piece needed to allow such accurate inventory balancing.

Within three months, Empire and Innovative Software worked together to develop the necessary audit tools and disciplines needed to not only meet company goals, but exceed them. Since these changes were implemented, Empire has been able to reconcile the Stock Inventory with the General Ledger inventory control account to within pennies, all without a single journal entry.

"Doug Johnston has proven time and time again, what an invaluable member he is of our team, by continuously making recommendations and developing solutions to our problems. Today our reports are very black and white. We can depend on the AccountMate system and rely on the numbers without question," says Davis.

About AccountMate

Founded in 1984, AccountMate develops and markets fully modifiable business accounting software. Systems range from single user versions to those that support over hundreds of users simultaneously. AccountMate software is distributed exclusively through a worldwide channel of authorized Solution Providers. AccountMate can be reached at (800) 877-8896 or at www.accountmate.com.

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