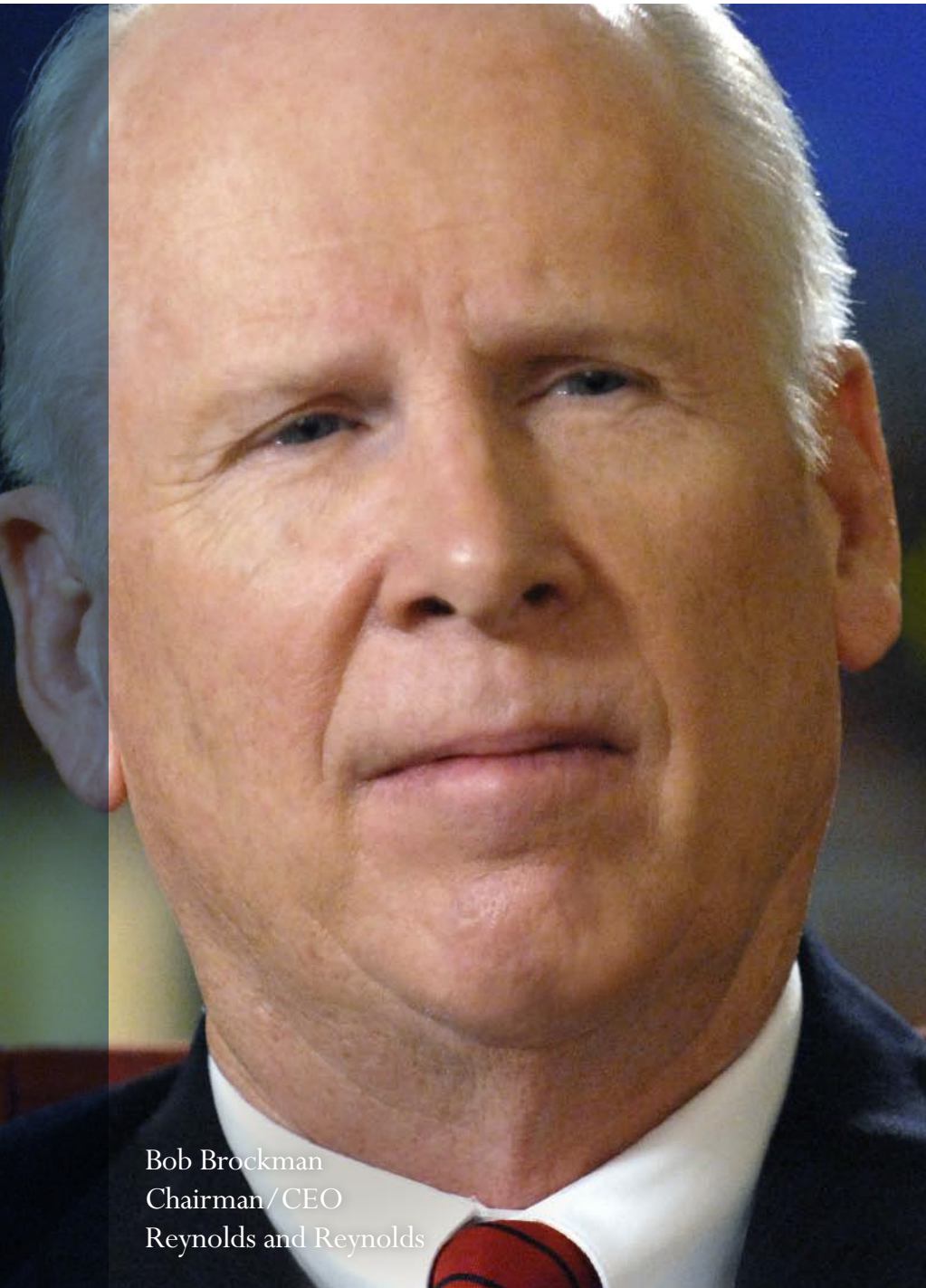


Brockman and Fortier

On the Record

“What should dealers expect moving forward?”

Tough Questions. Straight Answers.



Bob Brockman
Chairman/CEO
Reynolds and Reynolds



Wayne Fortier
Certified Public Accountant
Dixon Hughes

“Reynolds is going to be Reynolds, period. It wouldn't be wise from a business standpoint to make major changes.”

On Emerging Market Competitors

Fortier: How do you feel about companies like Microsoft* and SAP entering the DMS market?

Brockman: Those companies are interested in high growth. The DMS marketplace is not growing rapidly. There will be new applications, but not dynamic growth. It's now much more of a service business as opposed to a software business, and service is a big piece of what we provide.

SAP has been marketing automotive software at least five years in Europe and has minimal penetration—five or six customers. They have a core accounting package, then resellers provide what they call wrap-around software. We think applications for parts, service, sales, finance, etc. should be integral.

Microsoft also sells through resellers. These are very small organizations, typically twenty, thirty people. They don't have the resources, at least not on any kind of scale, to develop the full suite of DMS software that wraps around the central Microsoft core.

When you see an announcement that Microsoft is setting up a thousand person development lab and has committed a couple of billion dollars to put out a DMS product, that'll be time to sit up and take notes.



Bob Brockman is the Chairman and CEO of Reynolds and Reynolds. He has worked extensively in the automotive DMS business for 37 years as founder and CEO of Universal Computer Systems, Inc. (UCS), leading up to the merger of UCS with Reynolds and Reynolds in 2006. Wayne Fortier is a recognized retail automotive industry authority. He is a member of Dixon Hughes PLLC and its automobile consulting division.

On Market Leadership

Fortier: For the first time, you've become a public person. Why now?

Brockman: Well, by nature I'm a private person. UCS was a small niche provider and didn't require a public image of the leader of the organization. Now the situation's completely different—Reynolds is by far the dominant provider in this industry. We're also the number two player in the U.K. and the number one player in France and Germany. Organizationally we're over six thousand employees. You can't have a CEO that doesn't want to be interviewed or won't have his picture taken.

Our customer advisory boards have been very open about telling me to be more visible. After the first customer advisory board meeting we had post-merger, we had a wrap-up session. The person that delivered the summary must have drawn the short straw—it was really kind of humorous in a way, and really quite truthful. This person said, “Coming into this meeting I had real apprehensions, and they were about you Bob. But, after talking to you and listening to your plans for the organization, what your background is, things you've done in this business, we really think, you're kind of okay.” And, I thought to myself, “Hallelujah, I'm okay.”

On Market Expectations

Fortier: What should dealers expect moving forward?

Brockman: Reynolds is going to be Reynolds, period. It wouldn't be wise from a business standpoint to make major changes. I've been asked this by many customers and I've said, “Look, merging with Reynolds is very much like owning a small dealership on the edge of town, and there's this monster dealership in the center of town that is beloved, and has a huge customer base, great personnel, and a great reputation in the community. When you merge with that monster dealership the last thing you want to do is change it. You want it to keep on. You want to help it where it needs a little help”.

To watch the full story, visit www.reyrey.com/interviews



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