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Maxager Survey Reveals That Many Operational Metrics Do Not Optimize Corporate Profitability

Time-based metric considered important, yet manufacturers still use a variety of metrics that do not maximize ROA

San Francisco, Calif., February 13, 2007 — Maxager Technology, the original provider of velocity-driven enterprise profit optimization solutions, today announced results from a recent survey, which revealed that while many manufacturers believe that it is important to measure the speed at which products are made, very few have systems in place to do so.

The survey conducted in Q4 2006 polled executives and managers at chemicals, metals, electronics and other complex manufacturers and found:

- 92% of respondents felt that the ability to analyze the speed with which the organization produces the most profitable products or serves profitable customers and markets was very to somewhat important.
- 71% do not have software or systems in place to analyze combined margin and production run-rate data.
- Only 5.7% of respondents use profit per minute to measure profitability.

Although respondents overwhelmingly (92%) believe that analyzing the speed with which they produced profitable products was important, 71% don't have software or systems in place to do so. The result is that very few manufacturers (5.7%) have the ability to use a metric that is aligned with ROA.

According to Michael Rothschild, Founder and CEO of Maxager, "The findings don't surprise me. Many of our customers realize the importance of incorporating the speed at which products are made along with margin in order to evaluate profitability. But they just haven't had the ability to be able to do this."

The survey also showed:

- Sales and marketing groups use revenues and sales as their primary metric (81% had it as their first choice).
- Production teams most often focus on costs (78%) with production speed (67%) second.
- Finance departments use both costs (86%) and margin-based profits (86%) as their primary metrics.

“The unavailability of a time-based operational metric that takes production run times into account has forced companies to use different metrics in each department, none of which are directly linked to return on assets (ROA), the profitability metric of most importance to shareholders,” said Rothschild. “In our experience, this results in lost profits worth 3-5% of revenue, not to mention numerous heated debates that result from the lack of a common metric.”

Combining production velocity with margin produces a profit-per-minute metric. Being time-based, this metric is directly linked to ROA. It can be used at an operational level to measure the profitability of individual products, customers, deals, markets, sales regions, salespeople and production facilities. Then, everyday decisions about which products to make, who to sell them to and where to make them can be made collaboratively to maximize annual corporate profits and ROA.

About Maxager Technology

Founded in 1996, Maxager’s patented enterprise profit optimization (EPO) solutions help leading **chemicals, metals, electronics** and other complex manufacturers such as Dow Chemical Company, Owens-Illinois, Siliconware Precision Industries and WCI Steel increase cash and profit worth 3-5% of revenue. Uncovering profit gain opportunities that are obscured by traditional “margin only” analysis, Maxager uses both margin and production velocity information to analyze history and generate realistic forward modeling that provides management teams an entirely new level of control over **Return on Assets (ROA)** — the key driver of shareholder value.

Ideal for manufacturers with a wide range of products, customers and assets, Maxager’s unique technology calculates precisely how fast each product, customer, or market generates cash and profit from the assets, allowing managers to truly optimize **product mix & customer mix** profitability, **sales & profit planning, strategic pricing,** and **production planning**. New customers typically begin reaping benefits within 60 days. Maxager is headquartered near San Francisco with offices in Europe and Asia. For more information, visit www.maxager.com or call +1.888.MAXAGER.

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