

FINANCIAL POST

Prairie firm finds its markets

Software success

Bruce Johnstone, Canwest News Service



Stonefield Software may be Regina's best kept secret. Even some of Stonefield's biggest customers are surprised to find the developer of Stonefield Query -- a popular database reporting software system--is a little known company based in the Prairie city.

"When Goodyear bought our software -- we were up against three or four other reporting solutions before they bought Stonefield Query -- they actually said to us, 'Why have we never heard of you guys before?' " said Mickey Kupchyk, Stonefield Software chief executive.

Mr. Kupchyk knows all too well the downside of working in Regina, a small city distant from large markets and far from the epicentre of the business universe.

But he and Doug Hennig, his business partner and the chief information officer, said the advantages of being in Regina far outweigh the disadvantages. "Our plan is stay here and keep growing the company," Mr. Kupchyk said. "Doug and I have no plans at all to go someplace else."

They both grew up in Regina about three blocks from each other, although they didn't meet until 1989. They formed Stonefield Systems Group two years later, with an ERP (enterprise resource planning) division headed by Mr. Kupchyk, and a custom software development group, headed by Mr. Hennig.

Stonefield Query was created in 1996 after the noticed businesses were having difficulty generating simple reports from their databases and required complex and expensive computer systems to access the information. Now, business owners can access information about sales, accounts receivable, customers, etc. with a single piece of easy-to-use software.

"If you have a database of information and you want to pull information out of that database quickly and easily, that's what our product is designed to do," Mr. Kupchyk said.

If a business wanted to see a demographic profile of its customers, for example, Stonefield Query can access several databases and generate a report, complete with bar graphs, in minutes.

And you don't need a degree from MIT to use Stonefield Query. "We've done all the hard programming so that an end-user could learn to use it in half an hour. If you can count to six, if you can read and if you can click a mouse, I can teach you how to use Query," he said, referring to the six-step, user-friendly instruction system.

Not surprisingly, Stonefield Query started catching on with businesses, big and small. Initially priced below \$100, the company sold the software to mom-and-pop stores and multinationals alike. But that low-price strategy didn't generate much profit or cash flow to reinvest in the product. "At first, we were selling user-versions of our software at \$99. Then, we'd increase the price a little bit, and we thought sales will probably drop ... but the opposite happened, units sales went up and dollar volume went up. So, as we kept increasing the price, we really weren't getting any backlash."

Stonefield Query now sells for \$2,400 or higher for a customized version, such as the one for Goodyear, worth roughly \$500,000 to Stonefield. About 40% of the retail price goes to the dealer, while the remainder gets plowed back into product development, marketing and service improvements, Mr. Kupchyk said.

"We lost money for a number of years. Now we're breaking even or better ... Our plan is to start turning [Stonefield Software] profitable in the next few years."

With average sales of \$5-million a year and unit sales of about 220,000 a year, Stonefield Query is on the cusp of "exponential growth," Mr. Kupchyk said. "We're looking at doubling revenue every year. Sure, we're up 40% over last year. We'd like to be up 100% over last year."

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