

Local firm has big potential

By Bruce Johnstone, The Leader-Post July 11, 2009



Mickey Kupchyk is the CEO of Stonefield Software.

Photograph by: Roy Antal, The Leader-Post, The Leader-Post

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 Regina, Sask.

"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'?" Mickey Kupchyk said with a chuckle.

As CEO of Stonefield Software, 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 Kupchyk and his business partner and chief information officer Doug Hennig firmly believe the advantages of being based in Regina far outweigh the disadvantages. "Our plan is stay here in Regina and keep growing the company here in Regina," Kupchyk said. "Doug and I have no plans at all to leave Regina and go someplace else."

In fact, both Kupchyk and Hennig 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 Kupchyk, and a custom software development division, headed by Hennig.

But they noticed that businesses were having difficulty generating simple reports from their databases and required complex and expensive computer systems to access the information. That's why they created Stonefield Query in 1996 to allow business owners to access information -- about sales, accounts receivable, customers, etc. -- with one 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," Kupchyk said.

Say you wanted to see a demographic profile of your customers, Stonefield Query can access several different 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 -- somebody like you -- 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," Kupchyk 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, "like Wal-Mart," Kupchyk said. But that low-price strategy didn't generate much profit for Stonefield and its dealers, 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."

Now Stonefield Query sells for around \$2,400 or higher for the customized version of the software. For example, the Goodyear deal is worth roughly \$500,000 to Stonefield. But, if you're thinking Kupchyk and Hennig are getting filthy rich, think again.

About 40 per cent of the retail price goes to the dealer, while the remainder gets plowed back into product development, marketing and service improvements, Kupchyk said.

"We lost money for a number of years. Now we're break even or better ... Our plan now is to start

turning (Stonefield Software) profitable over the next few years."

With current sales of \$5 million a year and unit sales of around 220,000 a year, Stonefield Query is on the cusp of "exponential growth," Kupchyk says.

"We're looking over the next few years for (Query) to really break out ... We're looking at doubling revenue every year.

"Sure, we're up 40 per cent over last year. We'd like to be up 100 per cent over last year."

© Copyright (c) The Regina Leader-Post

Source: <http://www.leaderpost.com/technology/Local+firm+potential/1781541/story.html>