

# Automotive News

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## Suddenly, Arkona's a key software player

DealerTrack union gives it access to clients, resources

Ralph Kiesel  
rkiesel@crain.com

A year ago, Arkona Inc. was just a bit player in a field of auto dealership management system companies dominated by two behemoths.

Then, in June, DealerTrack Holdings Inc. bought Arkona for \$58.9 million.

Since then, Arkona's growth has picked up. It is poised to become a significant player, for three reasons:

1. The takeover gave Arkona immediate legitimacy, access to DealerTrack's larger user base and deep pockets to support its expansion.
2. On April 1, the two brands will share DealerTrack's Web site and offer integrated products.
3. Arkona offers an open IT system, allowing dealers to combine it with other systems in ways that the two giants' closed systems don't.

DealerTrack is used by 22,000 new- and used-car dealers to submit credit applications and electronic contracts to lenders. It also offers other finance and insurance products.

Before the takeover, Arkona had about 650 dealership customers for its Web-based dealership management system, software necessary for dealers to run their business. It now has about 1,000. It is adding as many as 25 dealerships a month.

### Boost from Asbury

In October, Arkona got a huge lift. Asbury Automotive Group, the sixth-largest U.S. dealership group, switched its 93 dealerships from three other systems to Arkona's.

"That's a significant endorsement, but we also have a number of very large billion-dollar operations running Arkona" as their dealer management system, says Rich Holland, Arkona general manager.

Asbury's dealerships have been using systems from ADP Dealer Services, Reynolds and Reynolds Co. and the former Universal Com-

puter Systems Inc. Last year, Universal acquired Reynolds and took the Reynolds name. Reynolds and ADP are the two giants of the industry.

Starting April 1, Arkona and DealerTrack will offer their combined services through one Web site, dealertrack.com, a key goal of the acquisition. Dealers now access Arkona and DealerTrack on separate Web addresses.

The Arkona dealership management system will be integrated with DealerTrack products. For example, dealers no longer will have to manually rekey data from an Arkona system into a DealerTrack product.

"We're not selling the DMS any-



Arkona's Rich Holland: "A number of very large billion-dollar operations (are) running Arkona."

### Arkona pumps up

Arkona, a vendor of dealer management systems, is growing in part because of backing from DealerTrack. Here are 3 factors fueling its expansion.

1. DealerTrack's large user base gave Arkona added credibility.
2. Arkona and DealerTrack will integrate platforms on April 1.
3. Open systems — Arkona's approach — will be pushed by new-entrant Microsoft.

more. We're selling a platform that's totally integrated," says Raj Sundaram, senior vice president of DealerTrack's dealer solutions group. "From a dealer work-flow standpoint, once they log onto Arkona, they're already logged onto DealerTrack."

### Open system

Even as an integrated platform, Arkona will remain an open system that gives dealers the option to use other software.

In contrast, Reynolds sells a closed system. Dealers with a Reynolds system can use a third-party software vendor, but Reynolds must certify

that vendor. So far, 115 vendors have completed Reynolds' rigorous certification program. An additional 20 are in the final stage of certification.

Microsoft Corp. soon will join Arkona in touting the merits of open systems.

Microsoft will test its own open dealership management system this year with about 100 dealerships. Arkona and DealerTrack welcome the new competitor.

"If they do come, I think it's going to be great," says Sundaram, "because I think finally it starts to give the dealers a sense of there are alternatives out there." ■