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US Beverage Net awarded second U.S. Patent for draft beer monitoring technology

System helps restaurants and concessionaires reduce beverage losses and increase profits

Syracuse, NY – September 1, 2010 – US Beverage Net (USBN), Inc. today announced that it has been assigned U.S. Patent 7,779,099 B2 for “Distributed Intelligent Systems and Methods Therefor.” The unique technology is currently being applied for draft beer monitoring at restaurants, bars, and concessions operations around the country. The technology platform helps hospitality operators maximize their beverage alcohol profits by reducing draft beer losses. This is the second patent that USBN has been awarded for its technology platform.

Draft beer is one of the most profitable product categories for restaurant and concessions operators. However, since draft beer is poured out of kegs that contain almost 2000 ounces of beer, it is an inventory management nightmare for managers due to the lack of visibility. It is estimated that close to 25 percent of all beer volume poured at restaurants and bars is lost due free drinks given away or wastage caused by bad equipment or poor pouring techniques.

USBN’s technology is aimed at resolving this problem for the hospitality industry. The system contains flow meters installed in each draft line that are attached to the bevBOX, a proprietary device that computes the flow data collected and sends it to the company’s secure servers via the internet. The flow data is then matched to the sales data collected from the restaurant point-of-sale (POS) system to check if each beer poured is being paid for. All this information is available for managers to view in real-time on the company’s website that can be accessed remotely from any internet connection.

The real-time information delivered via text message, email alerts, or accessed via USBN’s website helps managers identify problems immediately as they occur and resolve them ‘on the spot.’ This powerful feature is key to managers’ success in reducing losses as it maximizes the value of the data generated. Timely and actionable information supports quick decision-making in the fast-paced restaurant environment where managers are always strapped for time. The impact on results has therefore been much greater compared to manually collected data or reports that provide information on a deferred basis.

Customers using USBN’s services include major national chains such as Hooters, Buffalo Wild Wings, Rock Bottom Brewery, and Old Chicago as well as high-volume local concepts such as Cask ‘n Flagon and Game On in Boston and Heartland Brewery in New York. The company has customers in over 20 states as well as in Canada. USBN charges its customers a one-time setup fee and monthly subscription fees for its services. The fees include installation and maintenance of equipment, customer support, and access to the company’s web-based software.

Benefits of USBN inventory management system include not just reduction in losses, but also improved inventory carrying costs and more staff accountability. “The system has made all our staff involved more cognizant of waste and has helped define accountability in terms of waste control and cost of goods sold,” says Randy McNamara, VP of Operations for Heartland Brewery. Trey Woessner, President of Buckeye Restaurant Concepts Inc. (a Buffalo Wild Wings franchisee in Colorado) shares more quantifiable results. “Our pour costs were 24.5% through Feb 2008 and reduced to 21.5% in 2009 with the system in place.”

Although there have been other companies following the footsteps of USBN within this market niche, the two patents reaffirm USBN's leadership when it comes to draft beer monitoring technology. "Applying a new technology to the mature hospitality industry can be quite a challenge," says Mark Young, founder and CEO of US Beverage Net. "We have not only pioneered the technology platform as endorsed by our patents, but by working closely with our customers, we have also established leadership in the implementation and best practices involved in making the system profitable for our customers."

While there are clear benefits for restaurant and bar operators, the data collected by the USBN system also provides real-time insights to beer manufacturers and distributors to help them make informed marketing decisions. Consumption data has been available to manufacturers and distributors in the form of scanner data from off-premise retailers such as convenience stores, grocery stores, and mass merchants. However, such information has thus far been unavailable for the restaurants, bars, and concessions segments. Young says his company's technology is aimed at bridging this information gap within the hospitality industry at all three levels – retailers, beverage distributors, and manufacturers.

Although the initial application of USBN's patented technology is within the draft beer and soft drinks business, the patents have a much wider coverage. The two patents awarded - "Distributed Intelligent Systems and Methods therefor" and "Distributed Meter Networks and Systems for monitoring same" – essentially protect the "system" of collecting and distributing data over a network using metering devices, and not any specific "products" or "hardware" used in doing so. While the company remains focused on extending its leaderships within the hospitality business, Young does not rule out the application of this technology to other industry segments in the future.

About US Beverage Net, Inc

US Beverage Net is a data-management company that offers real-time web-based inventory control and marketing solutions to a customer network consisting of bars, restaurants, concessionaires, and beer distributors and manufacturers. The company has developed a patented technology that monitors every ounce of draft beer poured and compares it with product sold at the cash register. By tracking actual product movement in real-time, US Beverage Net's technology helps restaurant and bar owners reduce losses from theft and waste of beverages. The data collected by US Beverage Net also provides cost effective inventory management to beverage distributors and previously unavailable marketing information to beverage manufacturers.

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