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About PROS

PROS (NYSE: PRO) is a world leader in profitability management and optimization software solutions. With our software your company can increase revenues, market share, and profitability by removing uncertainty from complex pricing processes and decisions.

Our market-leading, science-based software provides you the ability to precisely and efficiently analyze, optimize, and execute prices to meet your strategic financial objectives. PROS is known for delivering rapid and significant value to our customers, with ROI that increases over time, and low total cost of ownership.

Founded in 1985, PROS has implemented more profitability management and optimization solutions than any other market provider. We draw from decades of experience and an ongoing investment in R&D to deliver the world's top pricing software solutions across a diverse set of industries.

PROS provides pricing and revenue optimization solutions to companies in the manufacturing, distribution, services, hotel and cruise, and airline industries. PROS operates globally, with world headquarters in Houston, Texas, and European headquarters in London, UK.

I HAVE **BIG DATA** AND I KNOW HOW TO USE IT



6 Case Studies
That Leverage
Big Data for
Sales Growth

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Unlock Your Data • Unleash Your Sales



Big Data for Sales Growth

As these cases prove, the right big data strategy, focused on sales growth, can produce amazing results.

The study of historical buying patterns enables you to identify attributes that influence customers' willingness to pay. The result is predictive analytics that enable salespeople to

spend their time on customers similar to those who have purchased in the past. By analyzing pricing and win rates for each segment of customers, PROS recommends prices targeted to the needs of each specific buyer.

Armed with big data that have been channeled to reveal useful

customer attributes, these six companies – and many more – are facing their competition with new strength. Find out how PROS can help you conquer the competitive dragon.

Gartner defines "big data" as high-volume, -velocity and -variety information assets that demand cost-effective, innovative forms of information processing for enhanced insight and decision making.



Case Study

Big Data for Pricing Analytics

The aftermarket parts division of a major carmaker is using PROS software to calculate pricing for its OEM parts.

In this market, the division cannot charge different prices to different dealers, but can segment its pricing according to the competitive situation for each part. Before PROS, the division couldn't adequately consolidate the avalanche of competitive information and determine the best pricing strategy for a particular part.

Without this information, some parts were being undersold because they were priced too high. Meanwhile, some parts did not realize their revenue potential because they were priced too low.

By mining and integrating competitive part and pricing information, the division could deliver useful pricing intelligence to its part-category managers. After PROS, it could analyze even huge volumes of data in a matter of seconds,

compared with days, weeks ... even months ... before.

PROS analytics show managers every element of profitability – from list price to the contribution margin – for every part they sell. PROS delivered the software in just 30 days, and the customer began almost immediately identifying quick wins in the marketplace. Within 30 days of delivery, it had found \$5 million in opportunities.

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Imagine a salesperson meeting with a customer to discuss an impending order. The salesperson's computer tablet recognizes the customer's location, automatically calling up the customer's account information, historical sales data and current opportunity. When the customer describes his need, the salesperson generates a quote on the spot, offering related information on historical prices paid by this customer, as well as alternate offers for added or subtracted features. What could be easier – or more effective?

Introduction

Sales executives worldwide are seeking new avenues to grow sales. Faced with procurement departments that negotiate with no mercy, competitors who stop at nothing to win, and salespeople who do not have the insight they need to sell and negotiate effectively, sales leaders are looking for answers to where next year's sales growth is going to come from.

At the same time, today's technology has created a flood of data about customers, products and markets – data that can transform sales efforts and bring a continuing surge of new business. Many executives realize that their data represent an underutilized asset. But most, without expertise in data science, are not sure how to turn that data into an asset that drives sales and profits.

In the October 2012 edition of the *Harvard Business Review*, in the article "Big Data: The Management Revolution," the author writes, "... the big data of this revolution is far more powerful than the analytics that were used in the past. We can measure and therefore manage more precisely than ever before. We can make better predictions and smarter decisions. We can target more effective interventions, and can do so in areas that so far have been dominated by gut and intuition rather than by data and rigor."

Is data-driven decision making a tool that can increase sales and profitability at the same time? We have hundreds of customers who will tell you that it does.

“...the big data of this revolution is far more powerful than the analytics that were used in the past.”

Harvard Business Review
October 2012

PROS is a big data app that gives sales professionals a competitive selling advantage by leveraging data to help determine where their team should direct their efforts. This white paper offers six examples of how companies across a wide range of industries are using PROS data science and technology to outperform their markets.

Case Study

Big Data for Supplier Negotiations

Big data applications aren't just for customer data. A food-service company asked PROS to develop software for the demand side of its business, using big data to guide its negotiations with suppliers.

This customer wanted more transparency in its product purchases. The problem was that, when the company wanted

to purchase a new product or renegotiate a contract, it was unable to compare products and vendors adequately. The result was inconsistent purchasing practices and poor negotiation of buy-side discounts and programs.

PROS supplies the necessary visibility by benchmarking purchases within and across

categories. This gives procurement professionals the intelligence they need when negotiating with vendors.



Case Study

Big Data for Cross-sell & Upsell

At a major entertainment-provider call center, taming the big data beast means having customer information at hand, in real time, to improve call conversions.

Phone customers will call in and often request unique vacation packages with a combination of hotel, activities and destination tours. Answering agents must move quickly to compile the information they need to make an offer that is compelling to that particular customer.

This entertainment provider's big data included all kinds of products – and all kinds of data about its customers, who tend to return again and again: people who book far ahead of time or just before they travel; people with children or adults only; people who stay for a few days or a week-plus.

PROS factored all of these data into the key offers that the sales agent sees on his or her computer screen. By asking a series of questions about the customer's needs and then having the system segment that customer along with other customers who have made like requests and searching inventory availability information, PROS is able to provide the sales representative on the phone with real-time access to the offers that will appeal to that particular customer – and close the sale.

The result has been a dramatic increase in conversion rates – with a \$40 million annual return.

Case Study

Big Data for Sales Negotiations

A global, high-tech electronics distributor has a complex portfolio of products and tens of thousands of customers. That complexity, without the systems to mine it for actionable insight, led salespeople to quote based solely on their selling instincts and experience. Customers would take advantage of the situation by calling multiple distribution locations, price-shopping location vs. location. Not surprisingly, margins were dropping.

PROS stepped in and began by analyzing the company's existing customer, product and transaction data. Previously, the distributor had used classic market segmentation – annual spend, industry and sales geography – to differentiate its pricing. PROS, instead, developed segmented information about hundreds

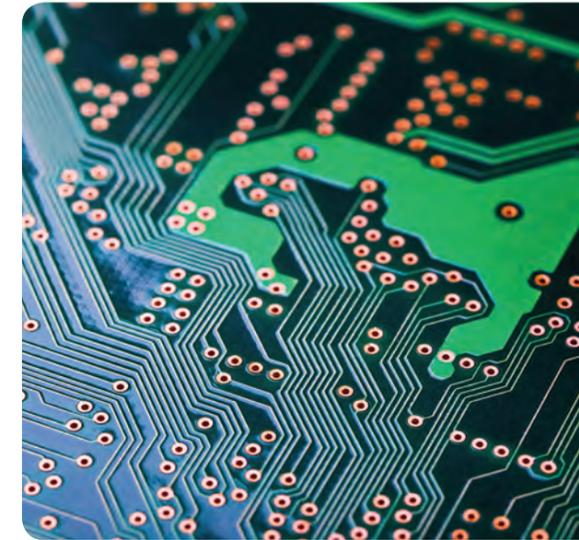
of thousands of customers, products and transactions, revealing the attributes that drove customer willingness to pay. Their executives learned that the keys to their sales were:

- 1) total available customer spend, as opposed to just their share of customer spend;
- 2) how the product would be used, in a commodity or a speciality product; and
- 3) if the order required overnight delivery.

By analyzing the purchasing and pricing patterns in each of these microsegments, PROS produced targeted pricing recommendations – floor, target and expert prices – to guide salespeople. Within 30 days, this new negotiation guidance increased the company's

margins among low-performing customers in each peer group, while ensuring that high performers continued their high profitability.

Because they contributed to the development of the new system, experienced sales executives championed its rapid adoption by sales teams. The new system also helped reduce prices below established floors, even as it increased the number of invoices that exceeded sales targets, boosting gross profit by more than 230 basis points.



Case Study

Big Data for Sales Analytics



After decades of margin growth, a wholesaler experienced seven years of declining profits. Managers were at a loss about what to do, since their business model did not include a direct sales force, but instead a network of dealers who resold their products. This meant that the company not only had little control over its sales, but also lacked access to the data it needed to reverse the declines.

Its solution was to offer customer analytics to its buyers – in the form of competitive pricing information and price and cost trends – in return for their point-of-sale information, such as volumes and net prices. The buyers received data about the items that were selling best, as well as trend and competitive-pricing information – data that they

couldn't otherwise afford. The wholesaler received full visibility across the supply chain.

Through the first half of 2012, dealers who use the customer-analytics system have increased their sales by 4.3 percent, with their gross margin up 40 basis points. Those who did not use the system have watched their sales continue to decline – by 0.9 percent, with gross margin down by 70 basis points. For the \$5 million dealer, this difference represents \$260,000 in sales and \$120,000 in gross profit annually.

Case Study

Big Data for Quoting

Since Nexidia's founding, its sales-support team had maintained pricing in a custom spreadsheet. Each time its pricing strategy changed, it likewise changed those prices in the spreadsheet. That same spreadsheet also served as the quoting tool for its sales team. When pricing changed, the company sent a new spreadsheet to its sales team.

When the team was small, this process worked fine. But, as the company expanded and updated spreadsheets were distributed to more and more salespeople, the risk of quotes based on old rates increased. Nexidia also was moving all of its sales processes to Salesforce, so replacing its spreadsheet and moving that process into Salesforce made sense.

Product	Quantity	UoM	List Price	Promotion	Markup	Suggested Discount	Net Discount %	Net Price	Revenue	Score
20" Flat Screen TV	1.00	Each	\$ 550.00	4%		Not Selected	4.00	\$ 528.00	\$ 528.00	
3x5' White Board	15.00	Each	\$ 200.00			Target - 6.00%	6.00	\$ 188.00	\$ 2,820.00	
Cherry Desk	5.00	Each	\$ 950.00	10%		Floor - 15.00%	25.00	\$ 712.50	\$ 3,562.50	
Commercial Color Laser Printer	2.00	Each	\$ 900.00			Not Selected	20.00	\$ 720.00	\$ 1,440.00	
Drink Vending Machine	1.00	Each	\$ 1,150.00	4.5%		Stretch - 5.00%	5.50	\$ 1,086.75	\$ 1,086.75	

Nexidia selected PROS Quote2Win™ to integrate its pricing, quoting and account-management processes, ensuring the most up-to-date pricing for every quote generated by the sales team out of Salesforce. With consistently up-to-date prices, Nexidia could ensure better pricing and discounting discipline throughout the

organization. And, no longer required to search for the most recent pricing spreadsheet, Nexidia salespeople had more time to sell.