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WHY LEADING SAP COMPANIES CHOOSE PROS BIG DATA APPLICATIONS FOR PRICING AND SALES EFFECTIVENESS



As an SAP HANA OEM partner, PROS further extends the capabilities of SAP's next-gen big data platform, HANA, enabling companies to focus their businesses on achieving big sales growth.

SAP enterprise resource planning (ERP) and customer relationship management (CRM) systems provide enormous power and range in managing critical data. With the introduction of SAP's new big data platform, HANA, now companies can dramatically increase the return on investment from these platforms by leveraging "connected data." Further adding SAP-certified big data applications from PROS harnesses the pricing and sales management potential of these systems to significantly improve revenues, margins, profits and even sales team performance. It's no wonder SAP companies around the world rely on PROS game-changing solutions to further unlock the power of their data to optimize pricing and sales, so their sales teams can sell far more

effectively. In today's ultra-competitive, business-to-business marketplace, few enterprises can afford to ignore this potential.

This paper describes how integrating pricing and sales effectiveness software from PROS with your SAP system can empower your company to take faster, more informed actions that drive growth and help you outperform in your markets.

AN UNTAPPED ASSET JUST WAITING TO BE EXPLOITED

With PROS and SAP, companies everywhere are able to leverage their existing investment in SAP to realize what big data can mean for their pricing and sales performance. That's because these internal

business systems are collecting an incredible amount of pricing- and transaction-related data every day – an untapped asset just waiting to be exploited. Combining SAP transactional data with other internal or external data can lead to prescriptive insights and actions to compete more effectively. And, with the newest option for customers to have their PROS solutions run on the SAP HANA platform with its real-time, in-memory analytics, customers can take even faster, more informed actions to drive their growth and business performance.

While SAP offers a Sales & Distribution (SD) module and a CRM application, these tools simply obtain a price from condition tables that can then be applied to quotes, orders or invoices. However, they don't take into account whether or not the price in the tables is the best price for you or your customer. And they don't guide salespeople to help them match the right offers to the right customers that will most likely win business. For companies looking to achieve sophisticated pricing and selling capabilities, it's necessary to take a step back and consider these questions:

- How do you select the right price to put in those SAP condition tables in the first place?
- Do those prices reflect recent market trends?
- Are they the most profitable prices to set? When should you change your prices?

Many companies negotiate prices with customers, raising other questions:

- Do the prices take into account a customer's specific needs and willingness to pay?
- How do salespeople get insights to determine discretionary discounts?
- Are off-invoice factors such as rebates and promotions taken into account?
- And what discount is most appropriate to maintain margins and profits?

In addition, maintaining prices for products in condition tables does nothing to support and guide the salesperson who is constantly questioning:

- What customers should I prioritize because they are likely to buy?
- What products should I sell to which customers?
- What offers are likely to incent the customer to purchase?
- Which customers am I in danger of losing?
- What additional products should I suggest for a given order?

PROS addresses these critical price-setting and sales effectiveness questions to significantly improve margins, revenue and profits. As a result, you're able to move beyond traditional 'rule of thumb' pricing methods or the intuition of your sales or marketing people, and evolve your pricing capabilities to work much smarter than ever.

On April 25th 2013, PROS and SAP expanded our partnership, becoming only the second software vendor invited to be an SAP HANA OEM partner. Integrating SAP HANA with PROS solutions provides businesses greater flexibility, speed and data science capabilities for optimizing pricing and sales. Learn more at www.pros.com.

IMPROVING PRICING AGILITY AND SALES EFFECTIVENESS

SAP is not alone in recognizing the value that pricing technology brings to an organization. Gartner, the leading provider of research and analysis in the global information technology industry, has recognized the pricing software category as a growing industry with specific benefits for global business-to-business manufacturers and distributors. (See Gartner - MarketScope for Price Optimization and Management Software for B2B, 2011 www.prospricing.com/Resources/Analyst-Reports.aspx)

Gartner analyst Michael Dunne has written, "New initiatives are being pursued because of mounting interest among enterprises for improving margins and revenue, increasing responsiveness to market volatility, and extracting greater efficiencies and impact from pricing activities within sales and marketing processes." * With pricing software's margin and profit improvement potential, it's not surprising that more SAP customers than ever before are exploring their options for using pricing software technology to their advantage.

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– Gartner analyst Michael Dunne

PROS RATED "STRONG POSITIVE" IN GARTNER MARKETSCOPE REPORT*

Gartner recently rated PROS a "strong positive" in a report entitled, "MarketScope for Price Optimization and Management Software for B2B, 2011" authored by analyst Michael Dunne, published July 2011.*

*Gartner - MarketScope for Price Optimization and Management Software for B2B, 2011, Michael Dunne, ID Number: G00214538 <http://www.prospricing.com/Resources/Analyst-Reports.aspx>

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MOVING BEYOND PRICING MANAGEMENT TO PRESCRIPTIVE GUIDANCE

How is PROS different? Unlike other third-party pricing software vendors, PROS is unique because it delivers prescriptive analytics and real-time data science to help you identify sales opportunities that are most likely to close, offers that are most likely to sell, and prices that are more likely to win. PROS complements SAP systems by enabling you to target better prices using functionality that other pricing software vendors simply can't match. With PROS, you're able to:

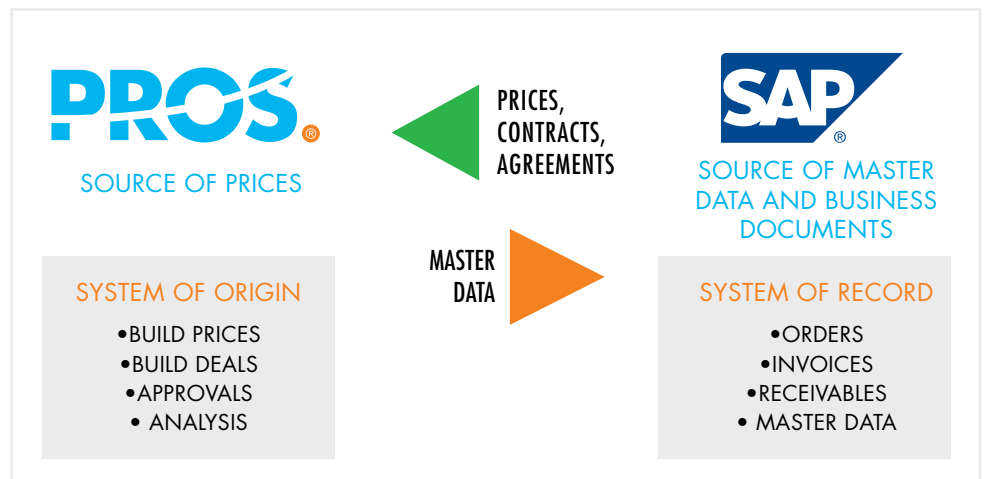
- Determine individual customer profitability and suggested pricing.
- Set optimal book prices or channel prices.
- Derive prices through proven strategies which you can build and maintain.
- Scientifically segment your customer base and establish floor/target/stretch prices for each segment.
- Provide support to salespeople when negotiating new business, such as modeling the economic attractiveness of a deal.
- Understand the effect of complex rebate and trade spend agreements on profitability.

- Perform impact analysis or scenario modeling of book, channel or customer-specific pricing actions.

Selling on facts not assumptions. Through its practical, prescriptive nature, PROS software is able to answer the challenge of determining the right price to enter into SAP condition tables and right price and product to enter into sales quotations. In addition, a user-friendly interface

enables your corporate pricing teams and field salespeople to be guided when adjusting prices to reflect recent market trends and a customer's specific needs, while at the same time maximizing revenue and margins. Perhaps most importantly, salespeople will get the information and insights they need to negotiate deals based on facts not assumptions, using recommended pricing, rather than their best guesses.

Figure 1 – PROS + SAP Integration: Innovative real-time pricing capabilities, outstanding return on investment



Achieving sales effectiveness: PROS pricing software creates optimized prices, discounts and margins for your price books, list pricing, contracts, pricing agreements and spot deals. The software also provides process refinements that make mass price updates, contract renewals, policies and approvals much faster and more efficient.

DECADES OF EXPERIENCE HELPING COMPANIES OUTPERFORM

No other SAP third-party pricing vendor has more experience or success with deploying B2B pricing and sales effectiveness solutions. This depth of solution integration and experience with SAP systems is

one of the many reasons customers continue to choose PROS. For nearly three decades, we've integrated our big data applications with SAP systems around the world. In fact, more than half of our B2B customers

run SAP. This has enabled us to develop a robust, simplified approach that works time and time again to provide a fast, smooth integration of PROS pricing software with your investment in SAP.

SAP CUSTOMERS CHOOSE PROS



AND MANY MORE...

Greater flexibility & choice.

PROS and SAP have recognized that the full potential of big data pricing and sales effectiveness solutions can only be realized when it is made as approachable as possible to all users. The integration of PROS leading solutions with SAP ERP, SAP CRM and SAP HANA offers more choices and flexibility for optimizing pricing and sales.

World-class service.

One of the key advantages PROS offers is a team of subject matter experts in our Strategic Consulting, Professional Services, Product Management and Product Engineering groups. They are seasoned experts in the application of pricing technology, whose expertise has been earned through years of front-line engagements with SAP users across the world, ensuring that our customers receive world-class service.

Lower total time to value.

PROS also has a dedicated team of SAP development and integration experts. For the past seven years, we have consistently made investments

that provide SAP customers with a shorter time to value and lower cost of ownership, with the goal of setting the standard for seamless integrations.

Fully supported, fully packaged, 100% native integration.

PROS provides rich out-of-the-box integration with SAP solutions, and is committed to long-term improvements encompassing the latest releases of SAP NetWeaver and other SAP initiatives. When there's a change to a price condition record, for example, the PROS system automatically understands this, which makes integration easier. What's more, we have made a large commitment to ensuring our applications remain ahead of the curve. In fact, our dedicated SAP R&D Group is responsible for ensuring that PROS is connected to all of the latest updates at SAP before you are. Our ongoing commitment to innovation and providing seamless integration with SAP is one of the reasons we were selected to be an SAP HANA OEM partner and an integral component in SAP's big data for sales space.

SAP-certified integration.

PROS has the most up-to-date certifications of any pricing vendor for SAP including Process Integration NW-XI-CNT 7.1, NetWeaver JAVA-EE ADV 7.3, and ABAP Add-On for NetWeaver Application Server 7.0.

Easy access to SAP solutions.

PROS also participates in the SAP® EcoHub solution marketplace, a community-powered site that makes it easier for SAP customers to discover, evaluate and purchase partner solutions that complement their SAP applications. Through an intuitive user interface that works best for their installation of SAP solutions, the SAP EcoHub integrates community input, user feedback, ratings and partner demos, enabling a more educated selection of solutions. In addition, PROS has joined the SAP PartnerEdge™ program as an SAP software solution partner. Through the program, PROS works closely with SAP to develop and certify the technical integration of its solutions with SAP software. The program is designed to extend, complement and add value to SAP solutions through integrated partner applications.

CONCLUSION: UNLOCK THE VALUE OF BIG DATA TO MAXIMIZE PROFITS, EFFICIENCY AND INNOVATION

You have an incredible opportunity to enhance your SAP solutions with advanced pricing and sales effectiveness technology. So how do you get started? Given the complexities inherent in enterprise application deployments of both pricing and SAP software applications, it is critical to evaluate options in third-party software and select a partner with proven experience and expertise. Below is a CIO checklist of critical areas:

- **IT Agility** – Do your pricing and sales big data applications conform to your IT standards? Do they have SAP-certified integration? Most enterprises have highly diverse and complex IT environments. Your big data application vendor should have the flexibility to work with all major hardware platforms, operating and database systems, as well as application servers.
- **Rich Business Capabilities** – Do your pricing and sales applications meet and exceed your business needs? They should provide detailed segmentation, price/negotiation guidance, list price optimization, deal/contract optimization, demand forecasting, sales and customer performance dashboards and charts, opportunity analysis and ranking, efficient quoting, line item and deal scoring, customer attrition analysis, automated bid response, centralized rebate creation and management, and automated bid and tender response. Your applications should work with multiple business units and lines, complex transactions involving large waterfall structures, and enable users to become self-sufficient in configuring interface and functionality.
- **Science Strength** - Does the vendor have a track record of over 28+ years with a dedicated staff of more than twenty (20) Statistics, Operations Research and Industrial Engineering PhDs with proven success in delivering pricing and sales software with rigorous mathematical optimization techniques?
- **Business Agility & Total Cost of Ownership** – Are the applications easily configured for your business? Once deployed, updates and customization should not require programming. Configuration should be easy to understand and tailored by business users.
- **Expertise** - Look into the skill set required to configure the solution. Be aware that some vendor configurations include Java coding. Will your IT group get the source code? Will you have to pay a costly change order to make changes or upgrades to take on new functionality?
- **Application Architecture** – Do the big data applications you are considering have a robust architecture? Your solution should feature modern, open technologies, service-oriented architecture, minimal preinstall requirements and web-based Internet applications that are easy-to deploy and user-friendly.
- **Integration** - How well does the solution integrate with your existing systems? They should work with multiple ERP systems, versions and non-ERP systems. It should incorporate standards such as XML files and HTTP/SOAP web services, and should support your selected data integration tools such as SAP PI/XI.

- **Sales Support Integration** - Explore how the solution will integrate with your sales support tools, such as SAP CRM and Salesforce.com, and with mobile devices.
- **Performance & Scalability** - Can the solution being evaluated scale to your current and future business size? You'll want the ability to conduct detailed pre-deployment capacity planning and platform recommendations, re-tuning and re-sizing support, as well as load balancing and tuning options to keep pace with changes and growth.
- **Implementation Services** - Does the vendor have the implementation team expertise to ensure your success? There's no substitute for experienced professional services with a proven solution delivery framework, a dedicated project lead, integrated project plan, early data validation and training workshops. Expect impeccable references and agile deliverables that allow users early access to the solution.
- **References** – Are references available in your industry? Can you find references that have gone through an upgrade without the vendor's involvement? Can you find references that went through a major version upgrade over a weekend?
- **Partnership** - Is the solution provided by a pricing vendor with proven long-term pricing commitment and experience with SAP systems? Look for a partner, not just a vendor. Expect executive-level involvement, periodic accountability measures and stellar references.

To learn more about PROS prescriptive big data applications for sales and pricing and our easy, flexible integration capabilities with SAP, visit our website at www.pros.com or contact us at info@pros.com.

PROS + SAP Partnership:

- Real-time data science and prescriptive guidance – leading solutions for both pricing and sales effectiveness.
- More choices for SAP customers - Integration with SAP ERP, SAP CRM and SAP HANA.
- Fast and easy integrations - 100% native connectivity to SAP-recommended protocols, or existing investments in SAP NetWeaver PI.
- Experienced professionals - The most up-to-date certifications of any third-party pricing vendor with a dedicated R&D group focused solely on SAP.

CUSTOMER CASE STUDY

Analyzing vast amounts of cost and customer data, and using that information to improve pricing margins and profitability was a significant challenge for a global chemicals company.

While the company had access to large amounts of data through its SAP ERP system, the sheer volume of information made it difficult for the finance department, product management, pricing and sales management to analyze and gain meaningful insights that would help determine appropriate pricing.

By partnering with PROS, this manufacturer has been able to maximize revenue and margins, implement sustainable, automated, and integrated pricing processes, and make use of best practices with PROS Pricing Solution Suite. The manufacturer relied on the PROS Professional Services team to become self-sufficient as quickly as possible in developing pricing strategies and solutions for multiple business units.

Phase 1 - The PROS solution was initially implemented in a single business unit, going live in less than three months. During this phase, the manufacturer’s pricing and technology teams gained experience and expertise from PROS through hands-on knowledge transfer.

Phase 2 - With the successful implementation of new pricing strategies in phase one, the manufacturer’s team rolled out pricing solutions for five global business units over a 24-month period.



Steve Dietrich

Steve Dietrich leads the Pricing Product Engineering organization at PROS, works closely with PROS partners and customers to ensure customer success. He has held software engineering positions from lead developer to consultant to manager in a variety of industries including oil and gas E&P, energy trading and derivatives, investment banking, and software.



Andy Dysart

Andy Dysart has over 30 years of experience in the software development field, and is currently a member of the PROS Architecture Team. Andy works closely with the PROS Development, Product Management, and Professional Services teams to help PROS customers achieve pricing excellence with the quickest time to value and highest return on investment in the pricing software field.



About PROS

PROS Holdings, Inc. (NYSE: PRO) is a big data software company that helps customers outperform in their markets by using big data to sell more effectively. We apply 27 years of data science experience to unlock buying patterns and preferences within transaction data to reveal which opportunities are most likely to close, which offers are most likely to sell and which prices are most likely to win. PROS offers big data solutions to optimize sales, pricing, quoting, rebates and revenue management across more than 30 industries. PROS has implemented more than 600 solutions in more than 55 countries. The PROS team comprises more than 700 professionals around the world.

To learn more, visit www.pros.com.

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