



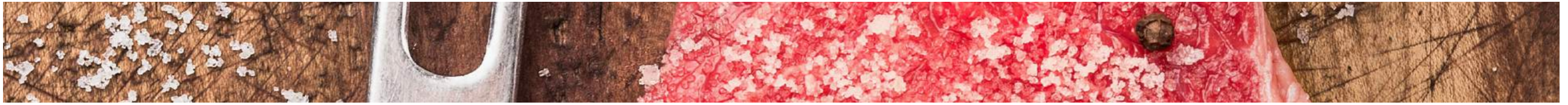
Ingredients of a Successful Pricing Project in the Food Industry

BRF's Search and Deployment of a New Pricing Solution



PROS®

UNLOCK YOUR DATA. UNLEASH YOUR SALES



Growth and Complexity Require Fresh Approach

Through the 2012 acquisition of two industry leaders and continued business growth, BRF (formerly Brasil Foods) has emerged as the world's seventh largest food company and number one in its home market, Brazil.

With \$15 billion of revenue in 2014 across 110 countries, 2000 SKUs and 10 distribution channels, the leader in frozen and processed foods, chicken and natural foods has generated sales growth from product innovation.

However, exciting new products and vast international growth has brought significant business complexity including a global list of over 200 million prices for its 155 branches. And with this complexity, the time to complete price changes grew to exceed two weeks.

Adding to BRF's pricing challenges was an increased urgency to sell products as their expiration dates approached and their value dropped.

Fortunately, BRF's pricing team was experienced, had established processes and ample access to a broad range of data from SAP. But the team relied on aging analytical

systems that lacked the flexibility and features to keep pace with their dynamic market.

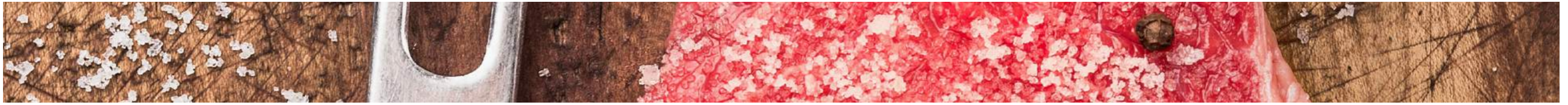
BRF was in need of a fresh approach to pricing and a price optimization solution that could help drive the next wave of business growth.

Addressing the Unanswered Questions

Since the 2012 merger of Perdigão and Sadia, BRF's pricing systems had multiplied and now included 10 homegrown solutions, each with unique algorithms. Master data resided in SAP but pricing analysis was commonly performed in spreadsheets.

While data access and quality was sufficient, the pricing team was challenged to extract knowledge from the volumes of information available. This left too many unanswered questions:

- › Are discounts effectively correlated to product age?
- › How well do retail customers price the product?
- › Does price reflect brand position and channel?
- › Which customers are meeting volume goals?



And most important to BRF's senior managers, how can the company significantly reduce the time to change prices and embrace a new culture of business agility?

Was there one solution that could address all these unanswered questions? The time had come to conduct an extensive search and make a transition from their aging systems to a new price optimization solution that would meet the needs of their complex food manufacturing and go-to-market framework.

Immediate Value from Proof of Concept

In early 2014, Fabio Freitas, Manager, Pricing, BRF, took charge of the pricing solution search. Because of the project's importance, he sought best-in-class advice from industry colleagues, analysts and solution vendors across the globe.

After dozens of inquiries and interviews to gain knowledge and narrow down the field, Freitas placed the PROS solution on his short list to replace existing systems.

After an invitation from PROS to conduct a proof of concept (POC), he headed to their company headquarters in

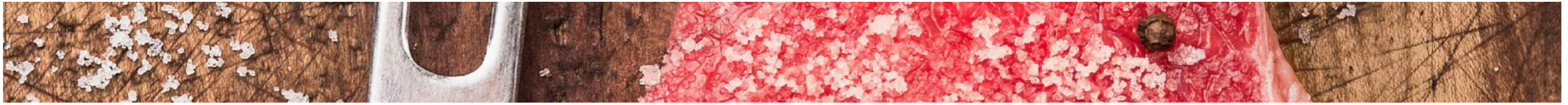
Houston, Texas, with six months of sales data from one BRF product in a single geography.

After completing a successful POC, BRF implemented PROS Scientific Analytics. After deployment, the BRF pricing team started receiving valuable knowledge that was previously too complex to achieve from SAP and too large to analyze in spreadsheets.

The knowledge BRF received from the price structure optimization analysis alone was immeasurable. From this data, the company has the ability to vastly reduce manual price inputs.

"The PROS team of consultants took the time to really learn our business before conducting any analysis. Then once underway, after just one week we had four powerful reports from the data supplied. I actually learned from my own data, because they gave me reports that I could never have before."

– Fabio Freitas, Manager, Pricing, BRF



Benefits gained shortly after the Scientific Analytics implementation include:

1] Accumulated Commercial Discount (Discount Bin)



Description

Price discounts by product age

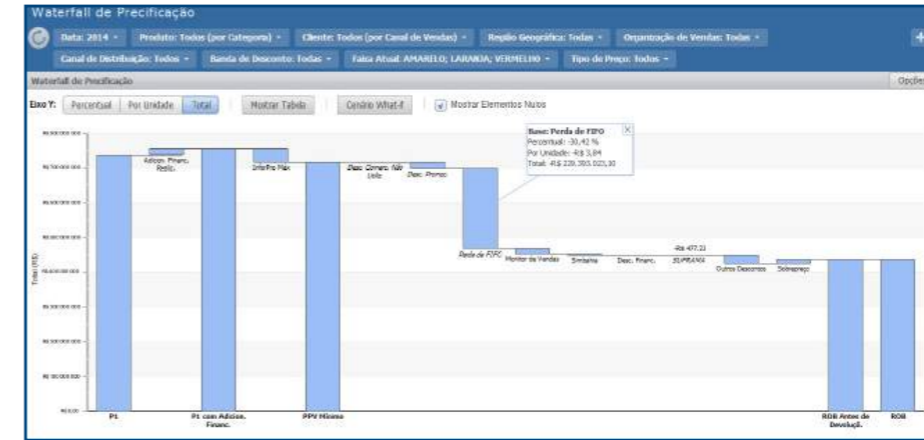
Exposed

Over 1000 'green' products discounted at more than 50 percent, some as much as 95 percent

Benefit

Ability to set maximum discounts by product age and improve product margins

2] FIFO Loss Annual Target



Description

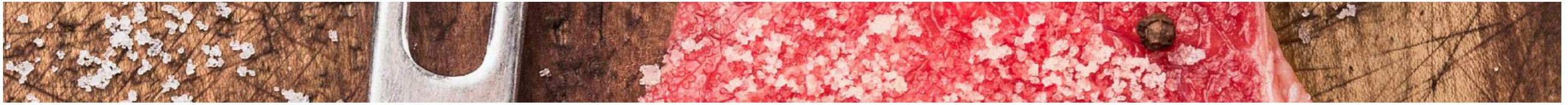
Financial losses through expiration discount (FIFO Sale, First In, First Out)

Exposed

Large calculation discrepancies versus existing business intelligence systems

Benefit

Improved accuracy to calculate potential losses from aging products



3] Discount Approval Tracking



Description

Individual tracking of all discounts and promotions granted through their lifecycles

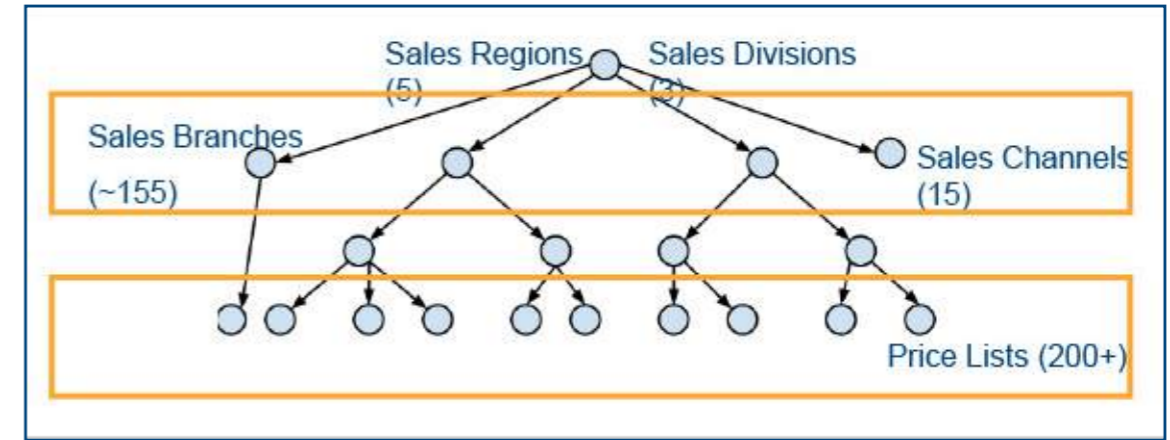
Exposed

Success of discount and promotion programs that were not previously available

Benefit

Increased accountability and ability to apply penalties and adjust future allocated discounts

4] Price Structure Optimization



Description

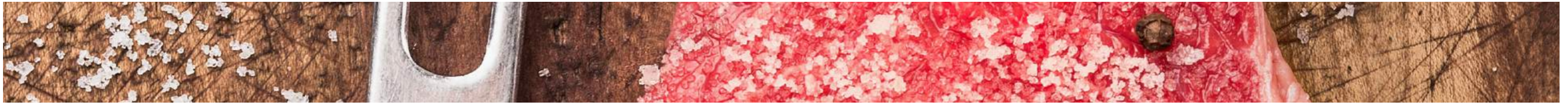
Analysis of price structures in SAP to determine unused prices lists

Exposed

98 percent of prices in SAP are for seldom used quoting scenarios

Benefit





Reduced SAP price input (from 10 full time staff) due to decreased manual pricing inputs



Better, Faster Reporting and Research

From PROS Scientific Analysis for Pricing, Freitas and his team at BRF have increased the speed, accuracy, and automation of pricing analysis. And they now have a single source of truth underlying these calculations. As a result, the associated benefits are significant.

After applying the four reports received from the proof of concept across all products sold in Brazil, BRF has achieved:

-  **Lower Operating Expense** – freed up 98 percent of IT capacity for 5 million unique price requests daily
-  **Increased Margins** – lower discounts on 'green' products
-  **Improved Agility** – 70 percent faster pricing cycles
-  **Forecast Accuracy** – quick comparisons of plan to actual sales

Furthermore, Freitas and his team are now able to quickly and accurately provide critical business analysis to product marketing and sales teams around the company.

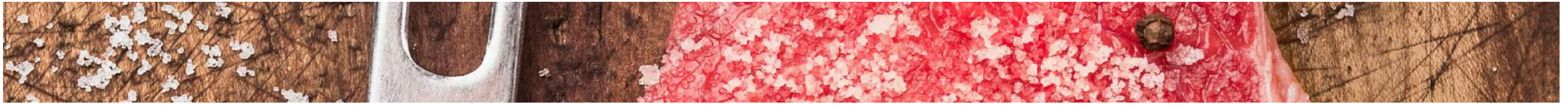
“By modifying our price structure, we’ve reduced price changes from 17 days to three and significantly increased price entry automation. These gains have considerably increased operating efficiency and the ability to move quickly in our dynamic market.”

– Fabio Freitas

Within a few meetings after the POC, Freitas opened up PROS Scientific Analytics (SA) on his laptop and was able to provide valuable analysis that really advanced the business discussions. Now leaders from many divisions are coming to ask him for analysis to aid their regional planning.





It was becoming very clear that BRF was realizing more than pricing efficiency; the company was gaining valuable business knowledge to improve business outcomes due to their increased pricing agility.

While originally envisioned as a pricing project, the intelligence provided made management start seeing it as something with more far-reaching business impact. That is



the point when the pricing team received full support to expand the scope of the original deployment.

Other expected gains from the PROS Sales Analytics deployment include:

-  › Aligning prices with brand positioning and channel placement
-  › Measuring return on investment from new advertisements
-  › Tracking retailer mark up and price elasticity
-  › Margin visibility that includes investments, costs and discounts

As a result of the new price optimization solution, BRF is able make better and faster business decisions from powerful reports and research.

Completing the Journey

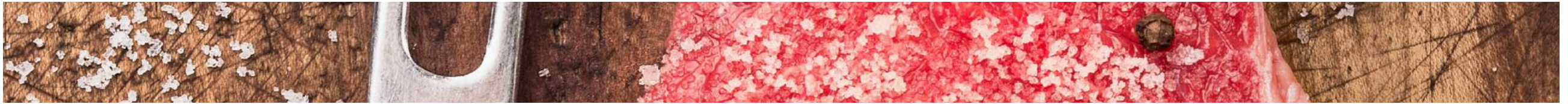
Already, others in the company are asking when the PROS solution will be used for their division or geography. And soon the solution will be available globally for the entire company's benefit.

BRF now plans to expand its PROS Scientific Analytics deployment to include all geographies. And the team will begin use of PROS Price Optimization in mid-2015.

In just a short time, BRF has addressed a range of limitations within an extremely important business function in the food industry — pricing. And the results are already positively impacting their bottom line.

“It’s amazing how fast and flexible PROS Scientific Analytics is. It’s really made a huge impact on the business. And we look forward to expanding its usage and realizing more benefits.”

– Fabio Freitas



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 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 cloud solutions to optimize sales, pricing, quoting, rebates and revenue management across more than 40 industries. PROS has completed over 800 implementations of its solutions in more than 55 countries. The PROS team comprises more than 1,000 professionals around the world. To learn more, [visit www.pros.com](http://www.pros.com).