

CUSTOMER SUCCESS STUDY
BIDVEST 3663
USER ADOPTION

FOOD DISTRIBUTOR DEMONSTRATES IMPACT OF PRICING TECHNOLOGY ON MARGIN GROWTH AND CATEGORY MIX

CHANGE MANAGEMENT PROGRAM MEASURES
SALES ADOPTION AND PERFORMANCE RESULTS.



Powering Modern Commerce
with Dynamic Pricing Science

PROS®



EXECUTIVE SUMMARY

COMPANY

- Bidvest 3663: Major UK Food Service Distributor

CHALLENGE

- Accelerate adoption and measure impact of new centralized pricing strategies/technologies with a highly autonomous field sales force.

PROS SOLUTIONS

- Scientific Analytics
- Price Optimizer
- Sales Optimizer
- Change Management Program

BENEFITS

- Gained an accurate estimate of realized value from adoption and use of centralized pricing solution by autonomous sales force.
- Established reliable metrics that quantify unrealized potential value from pricing solution.
- Confirmed and communicated the value of pricing strategies and technologies to enhance adoption by sales and facilitate continuous improvement.

RESULTS

- Increased margins per item within the first six months.
- Demonstrated value of investment in pricing technology to sales and executive management.
- Showed that new pricing technology adopters were selling on average 400 more items per month than those sales people who did not fully adopt or use the technology.
- Allowed sales management to target sales training efforts among different regions to enhance adoption and increase sales performance.

THE BUSINESS CHALLENGE

Over the past decade, Bidvest 3663 has successfully grown its business, which encompasses three geographic regions. In the course of its growth, each region had operated independently, and the company culture had encouraged autonomy among the regions' management and sales forces.

The company had been using a manual pricing system that, over time, had become cumbersome and unworkable for the distributor, its sales force and its customers. In addition, competitive market forces in the midst of a recession were creating pressure to lower margins. Recognizing these challenges, the management team knew it had to find a better approach to pricing.

Bidvest 3663 partnered with PROS, a leader in big data pricing solutions, to deploy an automated pricing strategy solution that would be much easier to understand and would help improve margins and customer relationships at the same time. PROS provided a centralized, software-driven solution that resolved many of Bidvest 3663's

pricing challenges by properly segmenting customers and helping to determine realistic price lists that would be delivered in an automated, timely manner. The PROS solution then provided Bidvest 3663 salespeople full visibility into each customer's "buying patterns," cross-sell opportunities, as well as insights during the negotiation process to manage discounts and improve margins.

Bidvest 3663's leadership team was, however, concerned about how the new technology-based pricing system would be accepted by its 150+ highly autonomous sales managers located across three regions. The majority of these sales managers had come to their sales roles from positions as chefs or cooks in the restaurant industry. Some had never even used a laptop computer---a necessity for properly implementing the pricing strategy and guidance directed from the distributor's national headquarters.

Initially, Bidvest 3663 implemented the new pricing system by issuing each sales manager a new laptop computer. Login information was tracked for each user to see which

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sales people actually used the pricing software. However, little or no activity detail was collected to help identify how each individual was actually using the system to prepare for customer meetings. For example, it was difficult to determine whether the salesperson was merely using the system to generate tenders or if he/she was analyzing customer's past buying patterns to determine cross-sell and upsell opportunities. User surveys were also conducted among sales managers to get feedback and gauge adoption but results were inconclusive.

Over time, it became clear to management that changing behaviors of experienced sales managers would require more than a state of the art pricing solution and shiny new laptop computers. One sales manager expressed initial skepticism of the new pricing approach like this: "I've been selling food for 25 years. Now you're forcing me to use a laptop computer, and telling me how to do my business?"

THE PROS SOLUTION

To help ensure deeper and wider adoption of the new pricing system and its associated technology among all sales people, PROS and Bidvest 3663 developed a change management program that would demonstrate the value of the pricing system. It was designed to not only gain acceptance of the individual sales managers, but to get them to embrace the new approach and also measure the sales performance impact of specific training and communication methods.

As might be expected, newer sales managers appeared to embrace the new pricing technology much more readily than their more seasoned counterparts. To gain wider adoption across the entire sales force, PROS and Bidvest

3663 developed a program that ties user adoption to the financial performance of the individual sales managers. In other words, sales managers would need to understand and see for themselves how the guidance and customer behavior analytics provided on their laptops could increase sales volume, revenue, and their own incomes.

PROS took the first step by developing benchmarks to assess current levels of user engagement. This involved analyzing user log data to monitor frequency of usage as well as the type of content the sales managers were accessing. A user proficiency score was developed through analysis of activity associated with each customer.

SALES PEOPLE RANKED BY PROFICIENCY WITH NEW TECHNOLOGY

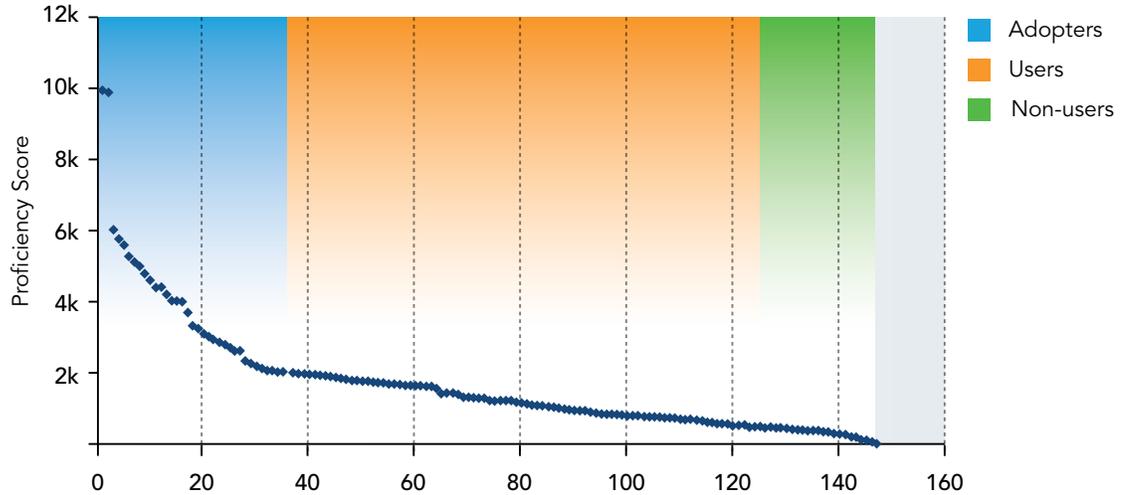


Figure 1: The change management program ranked sales people by their proficiency with the pricing technology, categorizing them as Adopters, Users and Non-Users.

Based on observed behavior, sales managers were grouped as: “adopters” – those who embraced and used the new technology most frequently, a majority of “users” exhibiting much more limited use of the technology, and “non-users” with minimal or no use of the technology solution. See Figure 1.

With a benchmark profile of the sales managers established, PROS was able to conduct further analysis to see exactly how sales performance varied among the three major user groups. Adjusting for seasonality influences and other factors, Figure 2 illustrates how much better the pricing technology adopters performed compared with the users and non-users. In fact, adopters were found to be selling on average 400 more items per month than non-adopters (users and non-users).

AVERAGE MONTHLY SALES VOLUME BY ITEMS

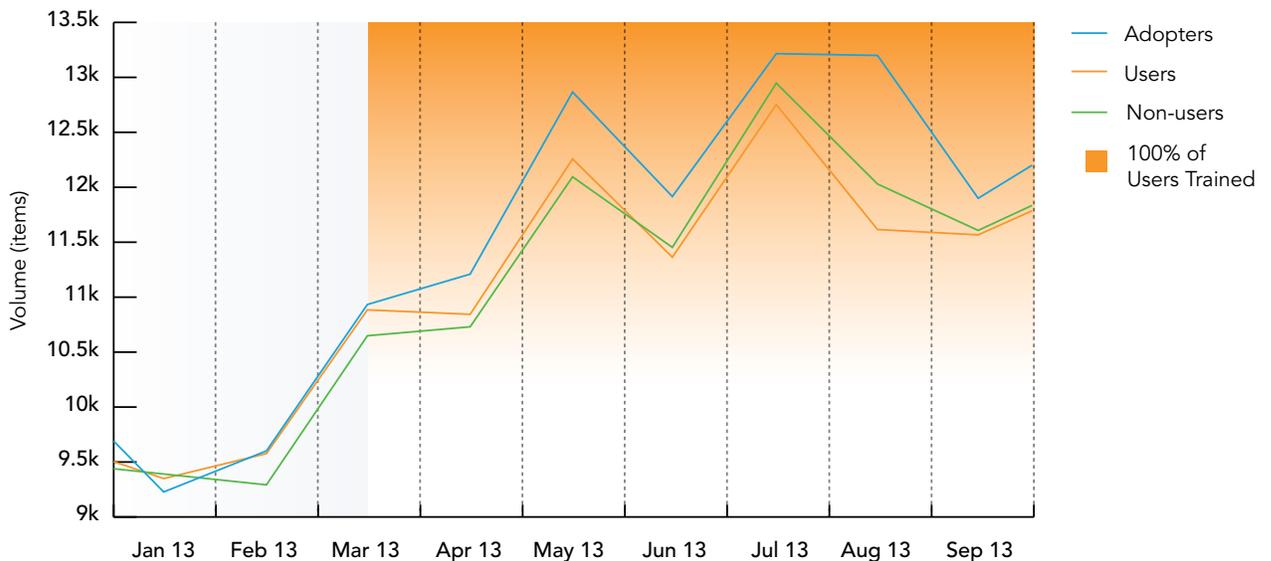


Figure 2: Average monthly sales volumes showed that technology Adopters outperformed Users and Non-Users.

THE BUSINESS BENEFITS

The results of the PROS adoption analysis was shared with executive management as an estimate of the incremental realized value from adoption of the new technology and centralized pricing system. Not only did the sales performance user comparison report help justify the investment in the new pricing solution, it provided an objective metric to help quantify the unrealized potential of the pricing system for users and non-user sales managers.

Armed with insights from the analysis, sales management

was able to better understand user behavior and target its communications and training to enhance adoption rates. Over time, sales teams accepted the solution as a powerful tool that would help them improve their sales performance and compensation.

One regional sales manager expressed the turnaround in his perception and attitude toward the pricing solution: "I really see this tool giving the sales team independence. We will be able to sell more, at a better margin, using real-time data."

IDENTIFY AREAS TO IMPROVE PROFICIENCY WITH NEW TECHNOLOGY

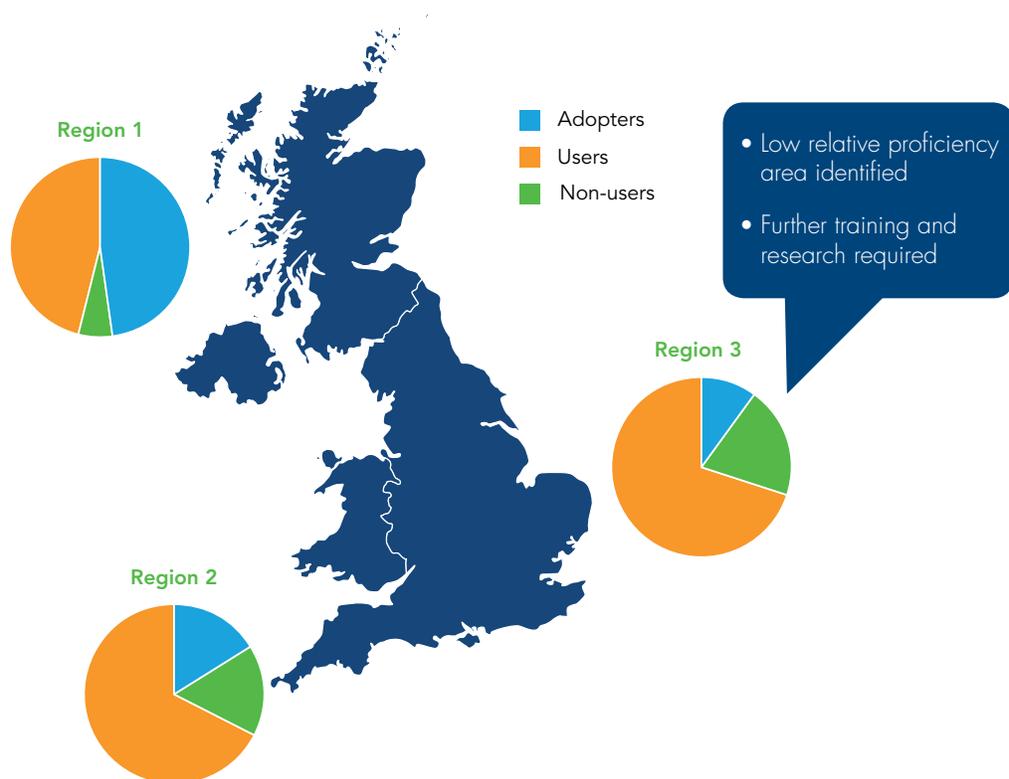


Figure 3: The change management program helped Bidvest 3663 to identify areas of opportunity where they should focus training activities on improving proficiency with the new pricing technology.

SALES ADOPTION AND PERFORMANCE RESULTS

While technology adoption and sales training activities continue with Bidvest 3663's sales force, results to date have shown significant increases in margins and volume from those who fully engage and exploit the pricing technology in the PROS Solution. According to one sales manager, "This isn't just a tender program. It's a whole new way of working, which has increased my margin per item during the last six months."

By identifying and quantifying the impact of change management activities on sales adoption, Bidvest 3663 management has also been able to make regional

comparisons and identify the most cost-effective training efforts. This allows them to target resources in specific regions in order to close the gap between actual sales performance and unrealized potential value.

Most importantly, the PROS change management solution has demonstrated a clear, quantified answer to the question, "How do we know we wouldn't have gotten these results anyway?" In demonstrating the added value with increased adoption, Bidvest 3663 and its entire sales force is on the path to higher sales volumes, better margins and more satisfied customers.

AUTHORS

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MG has 10+ years of experience in pricing & revenue-management, leading analytics teams in implementing data-driven solutions across various industries.

At PROS, MG leads the Strategic Services practice in EMEA helping customers build organizational capabilities in their journey towards pricing excellence.

Prior to PROS, MG held various positions with Capgemini, Rapt and Microsoft with an emphasis on delivery of pricing and demand-forecasting solutions.

MG began his career as a data-scientist at Khimetrics (SAP-Retail), following his thesis on applications of non-linear pricing. He holds a degree in Mathematics from College of Wooster, USA and an MBA (Decision-Sciences) from INSEAD.



JEFF COLLINS, PH.D.

Director, Value Engineering, PROS Pricing

Jeff has over 16 years of experience working with companies to quantify the ROI of proposed investments. Over the last 3 years, he has worked with over 80 companies seeking to quantify the impact of improved pricing and pricing processes on financial and business performance.

Jeff also works with companies to insure the realization of potential value from a pricing project through the development of pricing performance management systems, as well as effective change management planning and execution that have resulted in up to 3x gains from investments in pricing capabilities.

Jeff earned his Bachelor Degree in Economics from Colorado State University and his Ph.D. in Economics from the University of Tennessee -Knoxville College of Business Administration.





About PROS

PROS Holdings, Inc. (NYSE: PRO) is a revenue and profit realization company that helps B2B and B2C customers realize their potential through the blend of simplicity and data science. PROS offers cloud solutions to help accelerate sales, formulate winning pricing strategies and align product, demand and availability. PROS revenue and profit realization solutions are designed to allow customers to experience meaningful revenue growth, sustained profitability and modernized business processes.

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