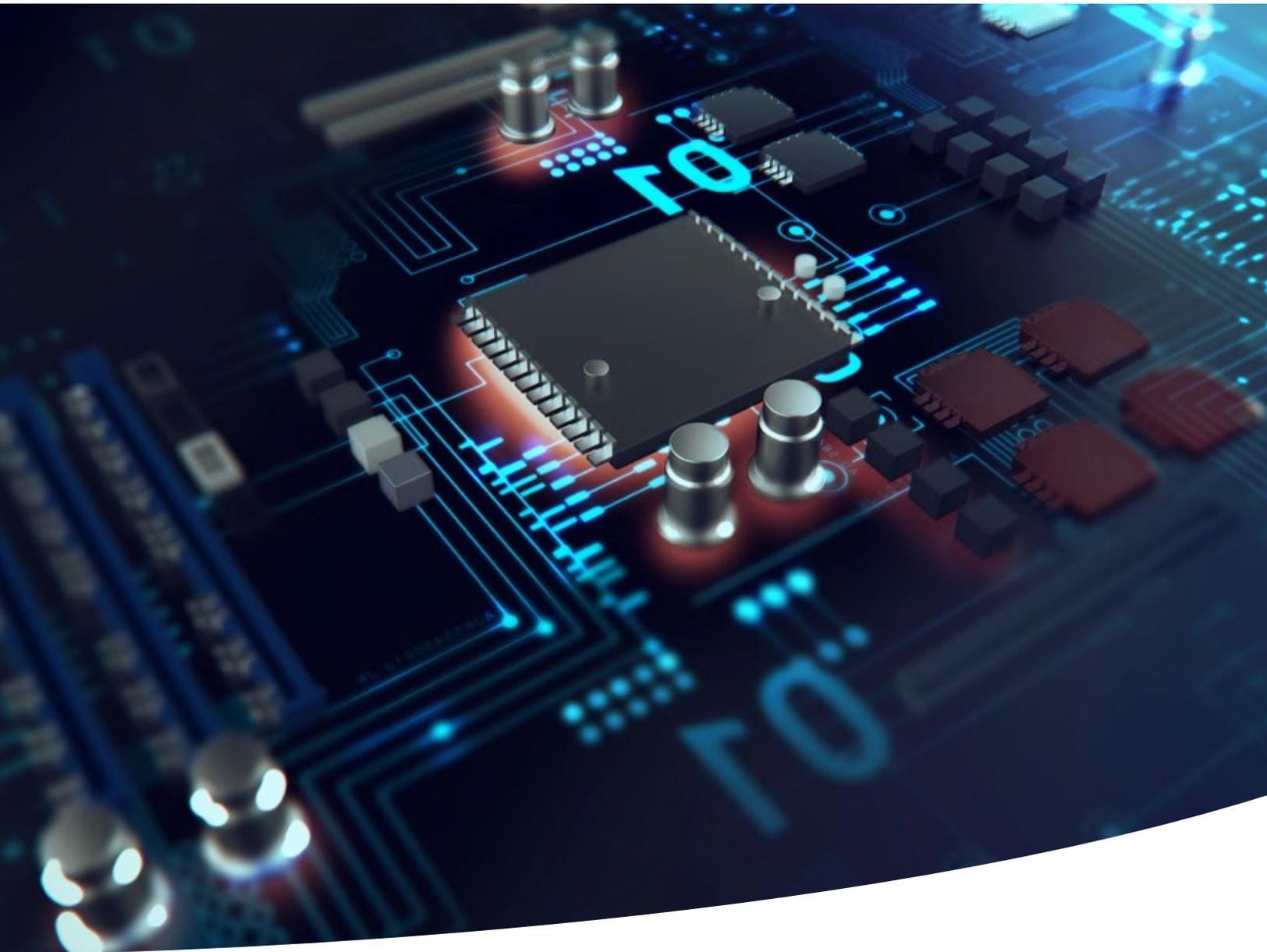


CUSTOMER SUCCESS STUDY

ELECTRONICS DISTRIBUTOR

IMPROVES PROFITS BY 230 BASIS POINTS



Realize Your Potential



SUMMARY

This multi-billion dollar global electronics distributor had been pricing their more than 30,000 parts using a patched-together framework of gut instinct and manual processes. As costs rose on the supplier side and price pressure mounted on the customer side, they quickly realized their ad hoc pricing strategy was costing them in time and profits.

Working with the PROS PricingPRO solution, this distributor was able to create a data-driven foundation for their price strategy that incorporated scientifically-generated guidance on their customers' willingness-to-pay. With this new system, sales people were enabled with floor, target, and stretch pricing guidelines that allowed them to reduce cycle times on their quotes and serve customers much more quickly.

With their integrated pricing strategy, this distributor was able to achieve improvements in revenue and profitability in the hundreds of millions of dollars.



CHALLENGE

This global distributor found itself facing the common conundrum of rising costs on the supplier side and downward price pressure on the customer side. Sales people were left rather empty-handed when it came to determining the market-appropriate pricing for their customers. Lacking insight on their customers' willingness-to-pay, sales reps used guesswork and trial-and-error to set pricing, which frequently left money on the table when higher cost-to-serve customers were quoted prices that were lower than what they were willing to pay for the value of this distributor's services. With an inability to incorporate market changes and segment-specific attributes into their price strategy in a proactive way, their ad hoc price corrections were leading to year-after-year of profit decline. Furthermore, the manual processes used to update pricing on their more than 30,000 electronic parts on a monthly basis were proving costly in time and resource. Executives noticed that this uncoordinated pricing process was leaving millions of dollars in profits on the table and moving their business in the wrong direction.



Executives noticed that their manual pricing process was causing them to fall further and further behind the market while it cost them millions in lost time, resource, and revenue.



SOLUTION

To get profits back on track, executives committed to make margin improvement a strategic corporate initiative and selected the PricingPRO solution to enable their teams to reach their new profit goals. With PricingPRO, science-based segmentation allowed this distributor to provide optimized price guidance directly to their sales teams, providing them with customer-specific floor, target, and expert price guidelines for their hundreds of thousands of clients and prospects. These guidelines helped them to effectively price every quoted deal utilizing data-driven expectations of their customer's willingness-to-pay, in coordination with margin improvement objectives, to achieve higher quote-to-close rates and more profitable wins.

With PROS, they were able to achieve several pricing goals:

- Develop actionable business insights into what each customer would be willing to pay.
- Gain better visibility into product and customer transaction history.
- Establish a consistent and profitable pricing strategy with speed and efficiency.

- Give sales reps the tools needed to quote profitable deals while shortening quote turnaround time.
- Enable sales representatives to focus on profitable, value-added, strategic selling.

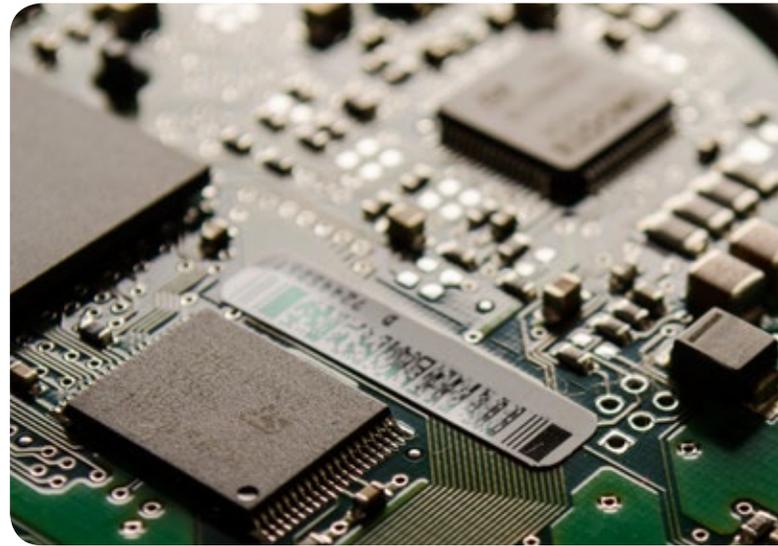
Utilizing PROS sophisticated science-based segmentation in coordination with the PricingPRO solution enabled this distributor to provide their sales teams with dynamic price guidance that updated with changing market conditions. With these tools and insights, it was easy to identify low-performing customers who required attention and correction to maintain profitability.



RESULTS

By participating directly in the segmentation process, experienced sales executives became champions of the new pricing process and helped to drive rapid adoption of the PricingPRO solution amongst the sales teams. As a result, this distributor was able to reduce their quote turnaround times while improving margins and win-rates across their customer base. Pleased with the results of the initial PricingPRO project, the team soon extended the solution to provide scientifically-generated price guidance for all products and customer segments across North America, driving significant results:

- Reduced the incidences of “below-floor” prices by more than 10 percent.
- Raised the number of invoices exceeding sales targets by more than 10 percent.
- Accelerated quote turnaround time.
- Increased gross profit by more than 230 basis points on commodity products.
- Increased revenues by more than two percent in individual segments.



With PricingPRO, the number of invoices exceeding target increased more than 10 percent, gross profit on commodity products grew more than 230 basis points, and revenue increased as much as 2.3 percent in individual segments.



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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