

"Most organizations are struggling to move beyond backward-looking performance monitoring..."

Gartner: The Next Wave of Process Improvement (Nov 2009)

pVelocity's Profitability & Cost Simulation Software performs product and customer segmentation in real time:

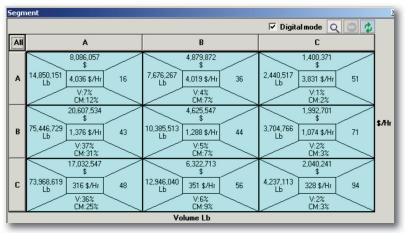
Customer & Product Profitability

Simulations for Product Cost and Customer Profitability Analysis

While there are a number of business systems and analytical tools that allow business users to perform backward-looking performance monitoring, simulation capabilities are required to anticipate the effect that future changes in material or component costs may have on product and customer performance.

pVelocity's sophisticated Profitability & Cost Simulation Software employs predictive capabilities built on actual cost data to simulate multiple, detailed alternative scenarios and assess their possible impact – answering questions like:

- What can be done about the "Top 10" profit destroying customers?
- How will next quarter's margins be affected by changing material costs?
- How much of a price increase, by market, customer, or product is needed to offset the cost to serve?
- Will my sales and pricing strategies produce the desired results?
- Where should I focus my investment strategy based on the relative profitability of markets and territories?



In this example, pVelocity's configurable segmentation tool shows the top 80% of products by pounds sold in column A broken into three groups by revenue per hour.

Drill down on the lower left cell to discover the details and identity of the lowest performing products and the customers who buy them.

Gain Immediate, Detailed Insight into Your Product and Customer Portfolio with pVelocity

- First identify your strongest and weakest performers in terms of profitability
- Then simulate alternatives, tactics, and strategies based on actual cost data
- Follow with the collaborative actions that will improve the contribution of the weakest members of the group

With Actual Cost Data, You Can Take Action On

- Pricing strategies based on fluctuating production costs
- Margin opportunities currently concealed in silos across the enterprise
- Product portfolio optimization and future product development
- Supply chain improvements materials, packaging, freight etc.
- Asset utilization, production processes, and planning

pVelocity



WHAT TO STOP



WHAT TO CHANGE



CORPORATE

Take Immediate, Corrective, and Strategic Action through Segmentation Analysis

Using pVelocity to drill further into your data, you can identify what products your low performers are buying, and segment them to reveal the best and worst performers in the portfolio. In addition, you could also dig deeper to retrieve the P&L of a low-profit customer and discover why its margin contribution is so low.

Whatever your path of discovery through pVelocity, segmentation will quickly uncover multiple insights and help key operational roles make informed decisions and create collaborative workflows that lead to margin building actions:

"Financial executives view their inability to measure customer and product profitability as their major technology constraint."

GARTNER, FINANCIAL EXECUTIVES INTERNATIONAL (FEI) TECHNOLOGY SURVEY, 2009

IMMEDIATE & CORRECTIVE STRATEGIC · Establish price points based on predictive Align strategy to focus on: cost analysis **PRODUCT & PRICING** Decrease or rationalize production of · Profitable lines of business **MANAGEMENT** unprofitable products · New market opportunities • Product Portfolio realignment Align prices with other similar customers · Expand business portfolio with profitable New Business expansion via pricing strategies customers by increasing account investment **SALES & MARKETING** consistent with product competencies and profitability targets Sell via distributors or leave to competitors to serve Adjust upstream service level agreements on Make vs. buy decision analysis delivery performance, return rates, etc. Initiate product engineering collaboration Optimize enterprise-wide internal routing, discussions with downstream and upstream **SUPPLY CHAIN** plant-to-plant transfers, etc. partners Seek competitive suppliers or renegotiate · Seek new material supply channels supply contracts for existing products Rationalize lot size and production schedules • Plan for production modifications that Modify production plans to reduce waste **PRODUCTION** enhance performance such as shifting to and scrap & ENGINEERING Reallocate production to underperforming other facilities or engaging third parties assets Create business cases for · Validate pricing on a customer, product and, · new product investments market basis

To learn more about how other companies have benefited from immediate, detailed insight into projected product and customer profitability, visit www.pVelocity.com for case studies and sample simulations.

Evaluate revenue, discounts, and costs that

influence profitability

plant expansion,

· geographic focus

acquisition or divestment decisions