

MARKET

Petroleum companies face a growing number of challenges. Commodity markets are increasingly volatile, where 5 to 10 cent gasoline price swings are common. A previously stable fuels product offering has grown significantly with the introduction of new cleaner, distillate products and ethanol blends, adding further stress to existing pricing systems. Another complicating factor is the vast differences in business practices and pricing processes across these downstream organizations:

- Fuels
- Lubricants
- LPG
- Bitumen

Pricing and pricing systems in organizations have long been neglected or viewed mainly as a means to achieve organizational volume goals and maintain refining margins. But this approach has left many organizations with volume-driven targets that deteriorate margins and lead to inconsistent volumes.

CHALLENGES

In downstream petroleum organizations, pricing strategies, processes, and technologies often do not align with market realities and business objectives. As a result, pricing decisions may fall short of a company's strategic objectives, mainly due to a lack of information for pricing decision makers. Although companies have made significant investment in enterprise systems that capture large amounts of data, they often fail to turn it into consolidated information that's usable when pricing decisions are made. Many downstream organizations grapple with the same issues:

- Understanding the volume and margin impact of pricing decisions when they are being made
- Availability and accessibility of relevant pricing data competitor data, customer history, spot data, and inventory to make pricing decisions
- Market volatility causing prices to be out of market
- Achieving profitability targets rather than just volume targets
- Systematically analyzing available data to understand competitor pricing behaviors and drivers.

By enabling tools and processes to address these challenges, PROS has helped several organizations grow their top and bottom lines.



By utilizing PROS pricing analysis software, customers gain insight into pricing strategies, identify detrimental pricing practices, optimize pricing decisions, and improve business processes as well as financial performance.

**THE WORLD LEADER IN
ENTERPRISE PRICING SOFTWARE.**

SOFTWARE SOLUTION

PROS' solution addresses the challenges of very different businesses within downstream petroleum, using historical data and scientific capabilities to forecast information used to optimize prices in any given situation. This enables you to tailor your solution by product and market.

PROS optimizes prices using specific strategies for each downstream business. For example, in the US branded fuels market, PROS combines competitor price forecasting with sophisticated strategies that take into account market position, brand strength, rack and street margins, and differentials to unbranded prices. This approach ensures fair and profitable prices for the branded rack channel. In the lubricants business, PROS segments customers, products, and transactions to identify revenue and margin opportunities and provide pricing guidance to capitalize on those opportunities while supporting complex, long-term contract negotiations that include multiple rebates, account investments, and product group discounts.



BUSINESS RESULTS

As a result of using the PROS Pricing Solution Suite, our customers have achieved significant improvement in top-line revenue growth and profits. One customer, which realized a 45 percent net-profit improvement within the first year of going live with PROS, decided to evaluate the ongoing impact of the PROS solution. After conducting a joint analysis with PROS, the customer found that, in the five years since the PROS system was first deployed, it has added more than \$10 million annually to its bottom line.