

Big Data Omni-Channel Pricing Solution for Retailers

Clear Demand is the first software company to offer an Omni-Channel pricing solution architected on Big Data for retailers to compete more effectively across all channels; online, mobile and in-store.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: *Mr. Sills, what is Clear Demand?*

Mr. Sills: Clear Demand is a software company that helps retailers compete more effectively with intelligent pricing. Retail has really changed, shoppers have changed and so has technology. We bring the latest technology and innovations to help them solve their pricing problems for promotion, regular pricing and markdowns.

CEOCFO: *How are you helping and what are you providing in the software?*

Mr. Sills: We are the only software company that is able to respond and provide retailers with real-time pricing updates. Every day we are looking at competitive prices, how they are changing as well as how costs are changing for retailers. We then recommend prices that help them achieve their goals for profit and revenue.

CEOCFO: *What is it you are able to do that allows you to be the only company doing this?*

Mr. Sills: It is a function of Big Data and our unique architecture and software delivery model. Retailers have huge volumes of data; for example, their sales data could exceed terabytes. We are supplied their prices and costs for every product in every store over time. We are supplied competitive prices over time. We take all that data and process it every day, so when merchants arrive at work, there is an email in their inbox that alerts them to pricing exceptions where they are above or below the competition and/or where margins have fallen outside a prescribed range. When we publish these alerts, we recommend price updates for the products affected and also the products related through a brand relationship or size relationship.

CEOCFO: *Who is typically using Clear Demand?*

Mr. Sills: We serve the largest retailers and yet scale to even the smallest, again as a function of technology. We have Tier One retail customers in the top ten. We have Tier Two and we even have Tier Three customers, so even the smaller and medium sized retailers can benefit from our innovations. We also help retailers, which have a large online presence by providing intelligence and pricing for their online strategy. We are the only vendor globally that is able to effectively serve the online segment alone or in concert with the in-store channel for those retailers which function across channels (Omni-Channel). We are also helping CPG manufacturers in partnership with their retailers. For example, we help retailers and CPG vendors understand how shopper reaction to competitive prices will help drive more units through the supply chain.



James Sills
President & CEO

CEO CFO: Does the retail community know about Clear Demand?

Mr. Sills: We are just two years old. We have innovated in this area and we are actively marketing and providing content – webinars and white papers - to industry. We exhibit at leading retail trade shows and are about to enter a more aggressive marketing phase where we will leverage all the different marketing programs, including web and public relations. There is a community that is aware of us and a broader community that will soon become more aware of Clear Demand.

CEO CFO: When will be the right time?

Mr. Sills: I would say it is an evolution and not a specific moment in time. Business process and technology evolve over time and at different rates for different retailers. For innovators and early adopters (retailers), the right time is now, based on the benefits available through current technology: for other retailers, the right time will occur sometime in the near future. It really depends on where they are on the innovation curve, in adopting new technology. Now is the right time for Clear Demand to be introducing these innovations into this industry.

CEO CFO: When you talk to prospective customers, do they understand the value immediately?

Mr. Sills: Yes, because everyone is a shopper and everyone has gone into a store, opened their pocketbook and spent money on items. There are some products for which shoppers have a sensitivity to price and others not. We help retailers understand which products shoppers are sensitive to and what competitive price gaps shoppers are sensitive to - an innovation not seen before in retail. For the first time in retail, we are able to measure what is the sensitivity between a retailer's price and say a price at Amazon. For example, someone walks into a big box retailer with their smart phone in hand - Clear Demand is able to understand which products they are cross-shopping and at what tipping point (price) they walk out of the store or buy from Amazon or some other website. We measure that tipping point so we can provide retailers with intelligence to set prices relative to

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competitors’ in order to generate more profit and revenue. That is a much more informed and current approach

than what some retailers are now resorting to with across the board price matches or price discounts. Across the board price matches are not necessary or sustainable but rather a race to the bottom. Clear Demand offers an alternative approach which provides competitive intelligence and pricing strategy informed by shopper sensitivity to price and competitive price gaps.

CEO CFO: What are you planning for the next year or so?

Mr. Sills: We are ramping up our business with our retail partners and CPG partners and are taking on more partners, customers and projects. This is an exciting time and we are solving some problems for retailers that are really make or break. Some retailers out there today may not be here in two or three years if they do not solve current online and competitive pricing problems - we are helping them do that. For other retailers, they have a great business but they could do better - we are helping them do that. It is rewarding to put our innovations in the hands of these retailers, see them use it effectively, with their CPG partners, and ultimately deliver prices to customers that provide a consistent, rational shopping experience.

CEO CFO: What have you learned as you have developed the product and it has started to evolve?

Mr. Sills: This has been an evolution over the last ten years from a brick and mortar environment where shoppers are captive to one where they are shopping online and making fully informed choices. Shoppers today have much more control and much more information. They come into a retail store with a smart phone

and are shopping competitive prices from the aisle. This has been a dramatic change for retail. In addition to that, the partnership between retailers and their CPG vendors has changed. Now we are seeing a level of cooperation in sharing sales data that we have not seen before. If they work in partnership, they will be able to drive more revenue and profit through the retail channel than they would have before.

CEO CFO: *Will you be seeking partnerships or help with funding as you move ahead?*

Mr. Sills: One of the things that we are proud of is we were recently recognized by the largest business innovation competitions in the country, the Arizona Innovation Challenge (AIC), which included a grant. The AIC awards \$1.5 million twice a year to the top innovative companies doing business in Arizona. It is a nationwide competition and we were one of the winners for 2013. That was not only great recognition, but also a rigorous vetting of our business plan. The grant allowed us to accelerate our business plan. We are a profitable company today, we were profitable in 2013 and we are looking for opportunities to accelerate the business through partnerships and capital investment.

CEO CFO: *Why pay attention to Clear Demand?*

Mr. Sills: You have to pay attention to change. You either change or you pass into history. We are seeing some amazing changes in retail today; the shoppers have changed, the market has changed as well as the technology. Clear Demand is at the forefront of responding to those changes by delivering pricing innovations that are more relevant for retailers and CPG manufacturers', so they can compete more effectively. We are seeing our innovations being embraced by retailers and CPG manufacturers in a way that is helping them thrive in this new environment. It is an environment where shoppers are able to shop in the store, online or on their phone. We are helping retailers compete more effectively.

CEO CFO: *What might people miss when they evaluate Clear Demand?*

Mr. Sills: Return on investment. When retailers and CPG manufacturers invest in Clear Demand's pricing software, it is returning a multiple of ten to twenty times of the investment. In some cases, we have literally seen retailers adopt our technology and pay for it within six weeks of implementation - the financial return is substantial. Everyone understands that shoppers are sensitive to some items and not others. For retailers with razor-thin margins, a 1% increase in revenue can mean a 38% improvement in operating margins. That is the value of our pricing technology.

BIO: Jim Sills has extensive retail industry experience spanning 25 years with a proven track record building companies that deliver leading software solutions for retail. As CTO of Revionics he was responsible for managing teams throughout North America to develop price, promotion, and markdown solutions. He implemented standard methodologies for Product Management, Development, and QA to consistently deliver on-schedule, on budget, and on-quality. During his four-year tenure revenues grew by over 70% annually. He was previously VP of Retail Development for SAP and VP of Research & Development at Khimetrics. He has worked in Semiconductors and Wireless Communications at Intersil and Southwest Research Institute. He received his Ph.D. and Master's from Georgia Institute of Technology and his Bachelor's from University of Dayton (magna cum laude). He has published over 20 papers and holds six patents.

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