



## SignalDemand: 20 Million More Reasons Why the Pricing Application Market Is Hot

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**SignalDemand** announced today that it has received a \$20M investment from a group of venture firms led by a new investor, **InterWest Partners**. Existing investors **Hummer Winblad Venture Partners**, **General Catalyst**, and **Catamount Ventures** also participated. SignalDemand plans to use the funds to expand vertically and geographically, and to enhance the capabilities of its software-as-a-service (SaaS) profitability tools. SignalDemand's current customers include **Cargill**, **Farmland Foods**, **Hormel**, **National Frozen Foods**, **Rich Products**, **Seaboard Foods**, and **Ventura Foods**.

Traditionally, pricing vendors have offered their applications in a licensed deployment model. Now with more companies looking for a more cost-effective, fast way to reap the benefits of pricing solutions, vendors like **Symphony Metreo** are offering a hosted deployment model. Client inquiries about price management and price optimization have spiked at AMR Research in the past few months. **PROS**, **Model N**, **KSS Fuel**, Symphony Metreo, **Vendavo**, **Vistaar**, and **Zilliant** also compete in this hot pricing application space.

SignalDemand, however, offers one of the only SaaS profitability tools in this market. SignalDemand's application is unique in that it uses pricing as a demand-supply matching lever. Through its product, pricing is no longer a standalone black-box optimization engine that merely recommends the optimal price to maximize margins on every transaction. Rather, SignalDemand's applications optimize pricing in conjunction with the current supply and demand picture, including current buy-side prices, inventory levels, supplier availability, and channel demand forecast. AMR Research has long believed that this integration with supply chain management (SCM) is the only way to take advantage of pricing applications to improve profitability, given supply and demand opportunities and constraints.

To take full advantage of its competitive position and the new funds, AMR Research would like to see SignalDemand aggressively expand its presence to additional verticals—chemicals, oil and gas, high tech, and industrial manufacturing—as well as its customer base within food manufacturers. We believe that the ability to use pricing applications to profitably match supply to demand is a critical need across all verticals.

We also see that offering pricing applications in a hosted environment is a major growth opportunity. It puts pricing solutions within reach of the small and midsize businesses (SMBs) that could not otherwise afford the high license price tag associated with these products.

We believe that this venture capital funding announcement is another proof point that the pricing and profitability solutions are finally reaching long-awaited wider adoption. Just in the past week, Symphony Metreo introduced visualization and analysis to its price management application. In addition, **Oracle** announced Deal Management, a new tool that will help sales forces negotiate the best price on every transaction.

Next week, AMR Research is participating in the PROS Pricing annual user event, which has become one of the best-attended pricing industry events. All of these data points support AMR Research's bullish outlook on the price and profitability application market in 2008. Stay tuned.