

PROACTIVE PRICING FOR COMMODITY FOOD PROCESSORS



PROACTIVE PRICING FOR COMMODITY FOOD PROCESSORS

You and the Food Processing Market

Are you in a price taker market? Are you being pressured to reduce prices even when your costs are rising? Do you feel limited in your ability to change prices? Are your large customers dictating most the terms? Are you forced to react to the market and to demanding customers rather than drive the best deal on YOUR terms?

Most Food Processors feel this way. Whether it's constantly changing commodity prices, rising energy costs, powerful customers or ever-present competitors, your pricing strategy and margins are under constant pressure. Innovative food processors such as Cargill Meats, National Frozen Foods, and Ventura Foods are

taking back the reins and applying a new, proactive approach to their entire pricing process.

Using the SignalDemand solution and its detailed understanding of the demand for our products, we are able to provide customers with fair prices and better manage our inventory, translating into higher customer satisfaction and improved performance.



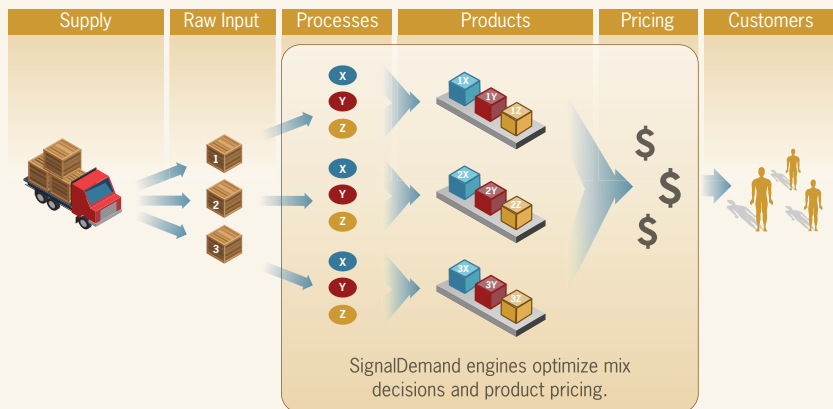
SignalDemand's mission is to help food manufacturers create a proactive pricing process that will deliver millions in value to the bottom line. With SignalDemand, Manufacturers can improve their bottom line by 1 to 3% of sales. To illustrate, a typical manufacturer with \$1 billion in revenue, could improve margins by \$30 million. In addition to the

immediate financial benefits, adopting a more proactive pricing process will lead to improved customer relationships and more predictable earnings.

SignalDemand helps manufacturers look for pricing opportunities created by the inherent complexity of the business environment.

Supply Issues

- Fluctuating commodity costs
- Commodity prices visible to your customers
- Long term supply contracts
- Variable ingredient options
- Capacity utilization concerns



Demand Issues

- Price impact varies across products, channels, and customers
- Large customers are more powerful than ever
- Price and supply are tightly linked
- Long term contracts are hard to evaluate
- Discounts and trade deals add to complexity

A few of the questions that are very difficult to answer with existing systems and processes include:

- Q:** What is the most profitable ratio between long term and short-term contracts? Is a specific contract a good deal for my company? How can I evaluate the value of incremental business?
- Q:** What is the impact of a price change? Will I sell more at lower prices? What if I raise prices?
- Q:** What other products in the category will be affected by a price change? Will I sell more or less of those products?
- Q:** What is the impact of my supply costs on profitability? Can I pass through rising costs to my end item prices? Should I change my product mix?
- Q:** What should I promote this week to drive more profits for my company? Can we fulfill the increased demand? Can I increase sales with different pricing strategies?

“The frozen vegetable business is low margin and extremely competitive, requiring us to continually examine where we can improve our performance. SignalDemand’s software allows us to directly connect our production decisions to up-to-date demand realities... allowing us to serve our customers better.”



A More Proactive & Profitable Approach

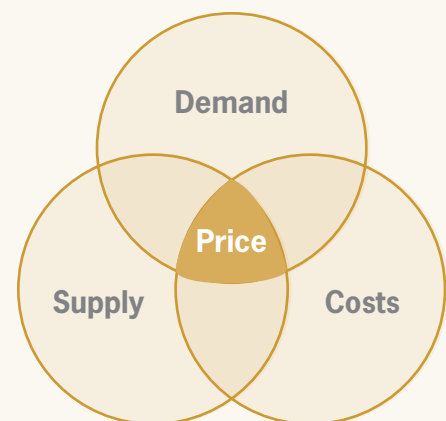
Pricing is one of the last disciplines where major decisions are made with gut feel, intuition, and spreadsheets. While pricing and sales professionals are making the best decisions possible with existing tools and information, SignalDemand can help. SignalDemand solutions help manufacturers make better decisions across the entire pricing process, by dynamically supporting decisions such as:

- 1 **Setting Initial List Prices**
- 2 **Pricing Strategic Contracts With Large Customers**
- 3 **Negotiating Trade Discounts And Promotional Events**
- 4 **Tactically Optimizing Short Term Spot Or Market Prices**

SignalDemand Puts You Back in the Driver’s Seat

SignalDemand’s customers have the advantage of being able to:

- **Analyze every item**, daily, to understand which price drives overall profitability and sales
- **Understand customers’ reactions** and sales impact to the pricing actions of every item
- **Adjust prices dynamically** to account for shifts in underlying commodity prices, changes in market conditions, and up to date supply information
- **Highlight opportunities** for price adjustments, trade deals, and other promotions by having more visibility into supply and inventory
- **Know what adds value to the business**, whether its deals, discounts, or promotions



SignalDemand helps manufacturers look for pricing opportunities created by the inherent complexity of the business environment.

SignalDemand Delivers Results to Commodity Food Processors

SignalDemand is the first company to address the unique pricing challenges of Commodity Food Processors and is focused on helping food companies achieve higher sales and margins through detailed, repeatable, analytical decision making. To address the total solution to this problem, SignalDemand offers the integration of analytical, PhD level talent, CPG and Food Manufacturing expertise, and specific supply chain domain knowledge. These combined factors provide the unique foundation required to solve these complex problems within the Commodity Food Processing industry.

1 Supply Chain Experience

- Constraint based optimization experience
- Knowledge of formula based manufacturing
- Innovative techniques to understand product profitability

2 Analytical Expertise

- Expertise in price analytics, elasticity, cannibalization, and other complex customer responses
- Expertise in determining best fit mathematical algorithms for handling complex functions

3 Food and CPG Manufacturing Knowledge

- Knowledge of industry issues
- Critical understanding of decision processes and approaches
- Understanding of unique organizational and process constraints

As with most companies, we know that there is probably business we are doing that we should just not take. SignalDemand will allow us to more consistently and accurately price based upon our true costs to serve, market movements and our quantified understanding of our customer demand.

 Ventura Foods, LLC

Companies that have put a strategic focus on how prices are set, negotiated, and managed have seen up to 10% improvement in revenues.

 AMR Research.



About SignalDemand

SignalDemand's solutions help manufacturers fine-tune demand and supply, leading to dramatic improvement in their financial performance. Commodity food processors and consumer goods manufacturers use SignalDemand to optimize a wide range of pricing and promotion decisions while understanding the impact on supply costs and inventory. SignalDemand uses patent pending econometric models, optimization algorithms and activity-based costing techniques. Customers include Cargill Meat Solutions,

National Frozen Foods, Rich Products, and Ventura Foods. To learn more or to request information, please visit www.signaldemand.com.

©2007 SignalDemand, Inc. All rights reserved. SignalDemand and the Signal Demand logo are registered trademarks of SignalDemand, Inc. All other companies, products and services mentioned herein are the property of their respective owners and should be treated as such. Product or service names mentioned herein are trademarks of their respective owners. 07/07