DemandTec Acquisition Close

Purpose
The purpose of this document is to address particular questions and provide additional insight about IBM's acquisition of DemandTec. To view the full press release, go to: http://www.ibm.com/press.

Q. **What are you announcing today?**
On February 15, 2012, IBM announced that the acquisition of DemandTec, Inc. has closed, and DemandTec is now an IBM Company.

DemandTec is a leading provider of cloud-based price, promotion and assortment solutions for retail and consumer packaged goods enterprises.

Q. **Who is DemandTec? What do they do?**
Founded in 1999, DemandTec provides cloud-based price, promotion and assortment optimization and related solutions that enable businesses to make better, more informed decisions with respect to key merchandising and marketing strategies.

DemandTec is an industry leader, with a vision to revolutionize how pricing, promotion, and other decisions are made by retailers and Consumer Product manufacturers -- helping leaders in these industries to be more targeted, more digital, more integrated (i.e. Smarter).

These solutions help businesses generate superior profit margins while simultaneously maintaining a highly competitive market position by understanding and anticipating customer behavior and needs through customer insights across multiple channels.

DemandTec has an established install base of approximately 500 retail and consumer products companies worldwide, including world leaders such as Wal-Mart, Target, Best Buy, and General Mills, has 31 patents awarded so far for optimization science and related technologies, and has a significantly tenured and motivated team of professionals.

DemandTec's solutions help businesses better understand, predict, and shape consumer demand in order to meet financial and customer loyalty objectives, with demonstrated benefits including:
- Helping Retailers:
    - Better understand their customers, including segment by segment differences in shopping behavior, preferences, and demand
    - Increase sales dollars, unit volume, and profit, all while becoming more competitive on overall prices
    - Increase profit by using price to direct demand to higher margin goods
    - Simulate and analyze promotions to determine best use of merchandising funds
    - Decompose volume and profit actuals to understand from the source of gains or lost opportunities
    - Gain insight into segment buying behavior, price elasticity, promotion effectiveness, etc. with modeling that can be done on segmented loyalty/customer data
    - Analyze market basket patterns and determine product affinities, allowing them to build the most profitable promotion and assortment strategy
- Helping Consumer Product manufacturers:
    - Better understand their customer's customer, the shopper, including segment by segment differences in shopping behavior, preferences, and demand
    - Revolutionize sales and marketing decision-making by making annual planning more continuous and responsive to market changes
    - Optimize trade plans that include every day price and promotions and increase ROI on the trade dollars spent to fund those plans

- o Optimize the broader marketing mix to best allocate funds to traditional media, new media and channels (e.g. social), trade vehicles, etc.
- o Better collaborate with retailers to ensure trade plans are executed
- Help improve collaboration and coordination between Retailers and Consumer Product manufacturers to drive better business results

Q.   Why did IBM acquire DemandTec?
The acquisition of DemandTec extends IBM Smarter Commerce solutions with cloud-based pricing, promotion and assortment solutions that enable merchandising, sales and marketing professionals to gain insights on today's empowered consumers, and to improve profitability based on the ability to market, sell and deliver the right product at the right time, the right place, and at the right price.

Smarter Commerce is a smarter way for companies to buy, market, sell, and service their products by integrating operations and enhancing interactions through community, collaboration, process, and analytics—all within an industry context. This new initiative of Smarter Commerce is focused on helping companies swiftly adapt to rising customer demands in today's digitally transformed marketplace. IBM's new software and services offerings, supported by global sales and marketing resources, address the spectrum of enterprise commerce activities—new ways to buy, sell and secure greater customer loyalty in the era of mobile and social networks.

The combined capabilities of IBM and DemandTec will help our clients extend the "customer centric value chain" by enhancing merchandising systems and enabling sales, marketing and merchandising executives to increase revenue and profitability through improved product, price and promotion strategies, decision management and execution.

Setting and executing the right pricing, promotion, and assortment across online and offline channels is a key competitive advantage for businesses. DemandTec's ability to bring science and agility to price, promotion, and assortment optimization to enterprise commerce activities within a broad context of retail, B2C, and consumer packaged goods is unmatched in the industry.

Like Smarter Commerce, DemandTec's offerings are customer focused and enable companies to:
- o Understand and anticipate customer behavior and needs based on customer insights across multiple channels
- o Market, sell, and fulfill the right product and service at the right price, time and place
- o Service customers flawlessly, predict and drive customer loyalty
- o Adapt sourcing based on customer demand and optimize supplier interactions across extended value chains

Q.   How does DemandTec fit within the IBM software portfolio?
The DemandTec products are part of the Industry Solutions portfolio within IBM Software Group. The combined capabilities of IBM and DemandTec will help our clients increase revenue and profitability through fact-based decisions about pricing, promotion, assortment, and related marketing strategies. DemandTec's solutions will support and expand IBM Smarter Commerce to form the most comprehensive commerce optimization offerings.

Q.   How will DemandTec clients benefit?
DemandTec clients will benefit from the combined technologies and skills of both companies, including increased investment, global reach, industry expertise and support available from IBM, along with IBM's commitment to innovation in general.

Consistent with IBM's Smarter Commerce strategy, IBM will continue to support and enhance DemandTec's technologies and clients while allowing them to take advantage of the broader IBM portfolio, including Coremetrics, Unica, Sterling Commerce, Cognos, Netezza, and other Smarter

Commerce solutions, as well as enhanced service options from IBM Global Services and increased international support (people, product localization, etc.).

Q.   **How will the acquisition affect DemandTec Business Partners?**
IBM intends to extend and grow with the skilled Business Partner community that has helped make DemandTec successful. As IBM works hard to deliver portfolio enhancements based on DemandTec technology, DemandTec Business Partners are encouraged to get started now. To find out more about establishing a deeper relationship with IBM, visit IBM PartnerWorld - IBM Software Value Plus

Q.   **How does the DemandTec team fit organizationally within IBM?**
DemandTec is now part of the Industry Solutions business, lead by Craig Hayman, General Manager, IBM Industry Solutions, within IBM Software.