

Oracle® Retail Regular Price Optimization

Release Notes

Release 13.1.2

March 2010

Oracle Retail Regular Price Optimization (RPO) assists retail price managers in pricing hard-line and grocery items. It is suited for long lifecycle items with infrequent price changes. It recommends permanent prices and inventory volumes based on initial estimates of an item's total sales volume over a planning period, and on price-related sales of items and related items.

RPO includes grouping in its pricing analysis because it considers cross-item elasticities; that is, RPO considers how price changes for one item may affect the sales volume of other items that belong to the same demand group. Users can input objective functions and pricing constraints that define the optimization problem. Once these inputs are defined, the pricing optimizer recommends prices and associated volumes. What-if cases may also be created and evaluated side by side within the context of a pricing scenario. Once an analysis of the what-if cases and recommended prices is complete, the user can make a final decision to submit the recommended prices for the given set of merchandise items and locations.

Hardware and Software Requirements

See the *Regular Price Optimization Installation Guide* for information about the following:

- Hardware and software requirements
- Oracle Retail application software compatibility information

Functional Enhancements

RPO 13.1.2 includes the following functional enhancements.

Enhanced Item Handling

RPO now flags item that are not sold in a particular store. In addition, the solver can now handle items that have prices equal to zero.

What-If Enhancements

RPO users can now apply a what-if price to all items belonging to a price family. To make this possible, the what-if calculation uses the recommended or original price, rather than a price of zero, for items that have no price change.

Rule Prioritization

RPO users can now set priorities for every rule type. Users can override these priorities at the constraint level.

Implementation Options

RPO can be implemented in three different ways, allowing users to benefit from the various optimization capacities of RPO. These three options—rule management, price simulation, and full optimization—can be set in the Price Analysis workbook.

Rule management provides robust rules management capability. It does not consider price elasticities; it only satisfies the constraints set by the user.

Price simulation provides robust rules management capability and what-if simulation which shows the item volume/financial impact based on the item elasticity.

Full optimization builds on the functionality of price simulation, but it also considers cross-item elasticities in the what-if simulation and in the optimization. In a full optimization implementation, the revenue, gross margin, volume, competition price index, and combination of global goals can be employed. By using cross-item elasticities, RPO captures cannibalization and halo effects among items.

Linked Competitor Item Loading

Previously in the Price Analysis workbook, all competitor items were loaded, even if those items were not linked to items in the given demand group. Now users can choose to load only competitor items that are linked.

Message Handling

In the Price Analysis workbook, a new measure was added called Message. This measure provides a description of the constraint violation that occurred.

Technical Enhancements

RPO 13.1.2 includes the following technical enhancements.

Loading Price Families During Batch

Price families can now be loaded during a batch process. Previously, RPO users had to manually add items to price families. Now both options are available.

Reduced Dynamic Position Management (DPM) Dependency

Dynamic Position Management (DPM) usage has been reduced in 13.1.2. Previously all demand groups, item groups, scenarios, and planning scopes had to be created with DPM. In RPO 13.1.2, these components can be created with a periodic hierarchy load.

Performance Enhancements

RPO 13.1.2 includes the following performance enhancements.

What-If Calculations

RPO 13.1.2 can now calculate the impact of what-if prices in a special expression for performance and maintenance purposes.

Known Issues

The following table contains issues that have been identified for the current release. Note that some Known Issues/Defects do not yet have a defect number.

Known Issue/Defect	Defect Number
When performing optimization on multiple stores when some of those stores do not contain an item, an exception occurred. This issue has been fixed. Now the optimization works regardless of whether every store contains an item.	8771703
Running RPO in a very large domain yielded poor performance. This issue has been fixed.	8771758
When performing a price optimization with a minimum price constraint without a matching maximum price constraint at the item group level, an exception occurred. This issue has been fixed.	8865573
When running the optimize price custom menu option, a "connection dropped" error occurred on occasion. This issue has been fixed.	9109865
The solver has a known issue with HP-UX. This issue does not affect other platforms.	NA

Related Documentation

For more information, see the following documents in the Oracle Retail Regular Price Optimization 13.1.2 documentation set:

- *Oracle Retail Regular Price Optimization Installation Guide*
- *Oracle Retail Regular Price Optimization Implementation Guide*
- *Oracle Retail Regular Price Optimization User Guide*

Supplemental Documentation at My Oracle Support

The following document is available through My Oracle Support. Access My Oracle Support at the following URL:

<https://support.oracle.com>

Oracle Retail Regular Price Optimization Release 13.1.2 Configuration Specification (Doc ID 1072188.1)

This document contains configuration information for RPO 13.1.2.

For more information, contact Oracle Customer Support.

Copyright © 2010, Oracle and/or its affiliates. All rights reserved.

This software and related documentation are provided under a license agreement containing restrictions on use and disclosure and are protected by intellectual property laws. Except as expressly permitted in your license agreement or allowed by law, you may not use, copy, reproduce, translate, broadcast, modify, license, transmit, distribute, exhibit, perform, publish, or display any part, in any form, or by any means. Reverse engineering, disassembly, or decompilation of this software, unless required by law for interoperability, is prohibited.

The information contained herein is subject to change without notice and is not warranted to be error-free. If you find any errors, please report them to us in writing.

If this software or related documentation is delivered to the U.S. Government or anyone licensing it on behalf of the U.S. Government, the following notice is applicable:

U.S. GOVERNMENT RIGHTS Programs, software, databases, and related documentation and technical data delivered to U.S. Government customers are "commercial computer software" or "commercial technical data" pursuant to the applicable Federal Acquisition Regulation and agency-specific supplemental regulations. As such, the use, duplication, disclosure, modification, and adaptation shall be subject to the restrictions and license terms set forth in the applicable Government contract, and, to the extent applicable by the terms of the Government contract, the additional rights set forth in FAR 52.227-19, Commercial Computer Software License (December 2007). Oracle USA, Inc., 500 Oracle Parkway, Redwood City, CA 94065.

This software is developed for general use in a variety of information management applications. It is not developed or intended for use in any inherently dangerous applications, including applications which may create a risk of personal injury. If you use this software in dangerous applications, then you shall be responsible to take all appropriate fail-safe, backup, redundancy, and other measures to ensure the safe use of this software. Oracle Corporation and its affiliates disclaim any liability for any damages caused by use of this software in dangerous applications.

Oracle is a registered trademark of Oracle Corporation and/or its affiliates. Other names may be trademarks of their respective owners.

This software and documentation may provide access to or information on content, products, and services from third parties. Oracle Corporation and its affiliates are not responsible for and expressly disclaim all warranties of any kind with respect to third-party content, products, and services. Oracle Corporation and its affiliates will not be responsible for any loss, costs, or damages incurred due to your access to or use of third-party content, products, or services.

Licensing Note: This media pack includes a Restricted Use license for Oracle Retail Predictive Application Server (RPAS) - Enterprise Engine to support Oracle® Retail Regular Price Optimization only.

Value-Added Reseller (VAR) Language

Oracle Retail VAR Applications

The following restrictions and provisions only apply to the programs referred to in this section and licensed to you. You acknowledge that the programs may contain third party software (VAR applications) licensed to Oracle. Depending upon your product and its version number, the VAR applications may include:

(i) the software component known as **ACUMATE** developed and licensed by Lucent Technologies Inc. of Murray Hill, New Jersey, to Oracle and imbedded in the Oracle Retail Predictive Application Server - Enterprise Engine, Oracle Retail Category Management, Oracle Retail Item Planning, Oracle Retail Merchandise Financial Planning, Oracle Retail Advanced Inventory Planning, Oracle Retail Demand Forecasting, Oracle Retail Regular Price Optimization, Oracle Retail Size Profile Optimization, Oracle Retail Replenishment Optimization applications.

(ii) the **MicroStrategy** Components developed and licensed by MicroStrategy Services Corporation (MicroStrategy) of McLean, Virginia to Oracle and imbedded in the MicroStrategy for Oracle Retail Data Warehouse and MicroStrategy for Oracle Retail Planning & Optimization applications.

(iii) the **SeeBeyond** component developed and licensed by Sun Microsystems, Inc. (Sun) of Santa Clara, California, to Oracle and imbedded in the Oracle Retail Integration Bus application.

(iv) the **Wavelink** component developed and licensed by Wavelink Corporation (Wavelink) of Kirkland, Washington, to Oracle and imbedded in Oracle Retail Mobile Store Inventory Management.

(v) the software component known as **Crystal Enterprise Professional and/or Crystal Reports Professional** licensed by SAP and imbedded in Oracle Retail Store Inventory Management.

(vi) the software component known as **Access Via™** licensed by Access Via of Seattle, Washington, and imbedded in Oracle Retail Signs and Oracle Retail Labels and Tags.

(vii) the software component known as **Adobe Flex™** licensed by Adobe Systems Incorporated of San Jose, California, and imbedded in Oracle Retail Promotion Planning & Optimization application.

(viii) the software component known as **Style Report™** developed and licensed by InetSoft Technology Corp. of Piscataway, New Jersey, to Oracle and imbedded in the Oracle Retail Value Chain Collaboration application.

(ix) the software component known as **DataBeacon™** developed and licensed by Cognos Incorporated of Ottawa, Ontario, Canada, to Oracle and imbedded in the Oracle Retail Value Chain Collaboration application.

You acknowledge and confirm that Oracle grants you use of only the object code of the VAR Applications. Oracle will not deliver source code to the VAR Applications to you. Notwithstanding any other term or condition of the agreement and this ordering document, you shall not cause or permit alteration of any VAR Applications. For purposes of this section, "alteration" refers to all alterations, translations, upgrades, enhancements, customizations or modifications of all or any portion of the VAR Applications including all reconfigurations, reassembly or reverse assembly, re-engineering or reverse engineering and recompilations or reverse compilations of the VAR Applications or any derivatives of the VAR Applications. You acknowledge that it shall be a breach of the agreement to utilize the relationship, and/or confidential information of the VAR Applications for purposes of competitive discovery.

The VAR Applications contain trade secrets of Oracle and Oracle's licensors and Customer shall not attempt, cause, or permit the alteration, decompilation, reverse engineering, disassembly or other reduction of the VAR Applications to a human perceivable form. Oracle reserves the right to replace, with functional equivalent software, any of the VAR Applications in future releases of the applicable program.