

## Partner Spotlight



Veltys is a French strategy consultancy firm for general management, specializing in data and artificial intelligence (AI).

**Location:** Europe

**Use Cases:** Pricing

**Website:** veltys.com

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## Results

- Up to 10% increase in gross margin for clients
- Significantly less manual work, deeper visibility, and ability to adapt quickly to market changes

**“Gurobi has enabled us to quickly and consistently solve complex optimization problems, allowing us to address multiple customer needs simultaneously thanks to cloud-based licensing.”**

**Sandra Nevoux**

*Project Manager, Veltys*

# Veltys: Optimizing Apparel Pricing with a Streamlined Sales Solution

With Gurobi, Veltys helps apparel brands maximize their performance during critical sales periods while achieving increased profitability, accurate forecasting, and greater operational efficiency.

**F**or clothing and apparel brands, promotional periods are critical to profitability. In an increasingly saturated and inflationary market, these discounts—such as mid-season sales and markdown events—can be a strong differentiation tactic.

To accurately forecast the outcomes of these promotions and streamline the decision-making processes behind them, data-driven solutions are essential.

By leveraging advanced mathematical optimization and data analytics, Veltys, a French strategy consultancy firm, helps apparel brands optimize their promotional period planning to increase gross margins and achieve operational efficiency gains.

## Forecasting Performance with Limited Resources

Promotional periods are often implemented hastily, relying on intuition and manual processes. This can introduce cognitive biases.

Relying on business expertise and instincts alone might lead operational teams to incorrectly assess a discount's impact on sales, rather than considering the optimization problem as a whole.

In addition to this risk of inaccuracy, Veltys's clients often face the following pain points:

- **Forecasting Performance:** When implementing promotions, brands must anticipate how their overall sales performance will be impacted—which can be extremely challenging without econometric modeling.

- **Predicting Outcomes for All Possibilities:** The possible combinations of discount rates for each product and markdown period can reach the thousands. Brands must choose the combination that maximizes their defined objective while also respecting many constraints for both in-store and online sales.
- **Limited Time and Resources:** Using manual processes and Excel-based approaches to handle constraints can be very time-consuming for operational teams, who often have limited resources.

## Optimizing the Planning Process with Gurobi

To help their clients overcome these challenges, Veltys developed a predictive intelligence tool: a sales optimization solution that integrates econometric modeling, Gurobi-powered optimization, and a user-friendly interface provided by Revenue Studio (an AI-based platform for discount rate management).

This solution helps apparel brands anticipate sales performance, determine optimal discount strategies, and seamlessly implement them.

Here's how it works:

### 1. Forecasting the True Impact of Promotions

Using advanced econometric modeling, Veltys analyzes historical data to estimate the true impact of discounts on sales and margins—often revealing a 0.5x-3x greater effect than what traditional methods predict. This approach removes subjectivity and provides brands with accurate forecasts.

## 2. Optimizing Discounts with Gurobi

Veltys then employs Gurobi's mixed-integer linear programming (MILP) solver to determine the optimal combination of discount rates for each product and markdown period. The model considers:

- Business constraints (such as inventory limits or category-level requirements)
- Revenue, margin, and sales flow objectives
- Multiple scenarios across different market conditions

With Gurobi, Veltys can efficiently solve these highly complex problems, accounting for thousands of SKUs, discount levels, and time periods.

## 3. Seamless Strategy Implementation with Revenue Studio

Veltys delivers these optimized discount strategies to their clients via an intuitive SaaS platform developed by Revenue Studio. Operational teams can:

- Access recommended discount rates for each product
- Review forecasts for sales, revenue, and margin impact
- Easily implement strategies without manual intervention

This interface streamlines workflows, saving operational teams significant time by eliminating the need to manage discounts manually in Excel.

## Higher Accuracy Leads to Bigger Profits

Veltys became a Gurobi partner in 2021 to overcome the limitations of open-source solvers and address the scale and complexity of their optimization models. With Gurobi, Veltys has been able to achieve:

- Consistent, Scalable Solutions: Gurobi systematically solves Veltys's large-scale optimization problems, which involve numerous dimensions (including products, discount rates, and time periods).
- Faster Results: Gurobi accelerates solution times, enabling Veltys to



quickly generate optimal discount strategies.

- Cloud-Based Scalability: By leveraging Gurobi's cloud-based licensing, Veltys has scaled its solution to serve multiple customers simultaneously, handling increasing demand with ease.

"Gurobi has enabled us to quickly and consistently solve complex optimization problems, allowing us to address multiple customer needs simultaneously thanks to cloud-based licensing," said Sandra Nevoux, Project Manager at Veltys. "In addition, Gurobi has always provided us with outstanding technical support, allowing for continuous improvement of our solution."

Veltys's clients have also benefitted from the Veltys approach to optimizing sales, boosted by Gurobi:

- Clients have achieved up to a 10% increase in gross margin during sales periods, while maintaining sales flow.
- Reliable predictions have reduced uncertainty, providing brands with visibility into margin, revenue, and sales outcomes.
- Brands can apply alternative strategies—such as relaxing constraints or modifying the sales calendar—to adapt quickly to market changes.

- With significantly reduced manual work, teams can focus on strategy rather than execution.

"The results Veltys provides perfectly meet our objectives. Moreover, our relationship matures over time and is associated with ever increasing accuracy, gains, and innovation," said one product manager who utilizes Veltys's solution.

By combining data science, econometric modeling, and Gurobi-powered optimization, Veltys empowers apparel brands to maximize their performance during critical sales periods, all through a single user-friendly, scalable solution.

## Experience Gurobi for Yourself

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- Free model tuning services
- Free access to our world-class technical guidance and support

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