PROS AI FAQ

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At PROS, we are committed to responsibly designing, building, and using AI technologies with our products. This FAQ is intended to help you better understand PROS AI technology and provide answers to frequently asked questions about AI and data usage.

1. How does PROS use AI in its products?

PROS leverages AI to enhance our products by automating tasks, providing predictive and prescriptive analytics, and improving user experience. AI helps us deliver smarter, faster, and more efficient solutions to our customers. Some examples of how our products use AI are detailed below.

- **Predictive and Prescriptive AI:** Products like *PROS Smart Price Optimization & Management, PROS Revenue Management, PROS Group Sales,* and *PROS Dynamic Ancillary Pricing* use both predictive and prescriptive AI models to categorize datasets, produce a product or price recommendation, or deliver a forecast prediction or optimization result. Models are often combined to solve a particular use case or improve the models' output.

- **Generative AI:** Features like *AI Data Mapping, PROS AI Agents,* and the *PROS Connect Chatbot* rely on generative AI large language models (LLMs) leveraging Microsoft Azure OpenAI. In contrast to predictive AI models, these models work to generate new content or data and allow for greater efficiencies and overall improved user experience. Some common examples include:

    - <u>Conversation</u>: support natural language inputs and questions from users.

    - <u>Summarization</u>: summarize content and data into a digestible format, including charts, graphs, and visualizations.

    - <u>Explanation</u>: surface results in easy-to-read natural language, including translation into local language.

    - <u>Automation</u>: combine multiple, manual steps into an automated flow to help users achieve a goal or desired outcome. For example, suggest multiple products based on user specifications and add to a quote.

    - <u>Data Translation</u>: accelerate the translation of data from one system to another, e.g. customer master data from SAP to PROS.

2. What data do you collect for AI training and AI Agent usage?

We collect data that is essential for the functionality and improvement of our AI models and AI Agent interactions. This includes:

- **User Interaction Data:** How you use our products, feature usage, and navigation patterns.

- **Transactional Data:** Transaction files, which, depending on the use case and product, may include customer and product data. This data is used to train your algorithm so it can provide recommendations specific to your customers and use case. It will not include Personal Data or otherwise incorporate data in a form that could identify any individual.

- **Feedback and Support Data:** Your feedback, support requests, and any interaction with our customer support team.

For additional details about Personal Data collected by PROS, please see your Data Processing Addendum with PROS and our Privacy Notice available at https://pros.com/privacy/privacy-policy/.

3. Do you use the data I submit to the PROS Subscription Service to benefit your other customers?

No, our proprietary AI models are trained on each specific customer's dataset only. This allows the PROS solution to provide recommendations which are specific to each individual customer and each individual customer's business case.

When enhancing our proprietary models, we will often review those enhancements across different customer datasets to validate the model is handling unique data conditions accurately. However, this will not involve the sharing of data across customer environments.

In summary:

- your data will NOT be shared with other PROS customers;

- your data will only be used to train your specific model;

- model training takes place within your environment and is not shared or used to train models for other customers;

- models trained on your data will NOT be used to score or provide recommendations to other PROS customers; and

- PROS customers will NOT have access to or benefit from any other customer's trained model.

4. How does Microsoft Azure OpenAI use my data?

We leverage the Microsoft Azure OpenAI Service to power our AI Agents. These Agents, including any token inputs, do not alter or train any back-end LLMs.

Your prompts (inputs), completions (outputs), embeddings, and training data:

- are tokenized before transmission to and from Azure OpenAI Service;

- are NOT available to other customers;

- are NOT available to OpenAI;

- are NOT used to improve OpenAI models; and

- are NOT used to improve any Microsoft or 3rd-party products or services.

The Azure OpenAI Service is fully controlled by Microsoft; Microsoft hosts the OpenAI models in Microsoft's Azure environment and the Azure OpenAI Service does NOT interact with any services operated by OpenAI (e.g. ChatGPT or OpenAI API).

5. How do you ensure my data is secure?

Any data used to train PROS AI models or facilitate AI Agent workflows will have the same protections as Customer Data in our Subscription Services. PROS maintains a comprehensive, written information security program that contains administrative, technical, and physical safeguards designed to ensure that Customer Data remains secure and is handled in compliance with all regulatory requirements applicable to PROS and the Subscription Services. For more details, refer to the PROS Security Exhibit, https://pros.com/pros-security-exhibit.

6. Does PROS comply with its regulatory obligations in its use of AI, including the EU AI Act?

PROS' commitment to compliance with applicable laws and regulations is documented in your Subscription Agreement with PROS. PROS AI features are developed with privacy and security in mind, ensuring PROS compliance with its regulatory requirements as an AI system provider and a data processor. Please reach out to PROS if you require any assistance or have any further questions regarding how we ensure compliance with our regulatory obligations.

7. What is the classification of PROS products under the EU AI Act?

Depending on the PROS product and features, our products qualify as either minimal or limited risk AI systems under the EU AI Act.

8. Who can I contact if I have more questions about AI and data usage?

For any additional questions or concerns, please reach out to your customer success manager if you are a current PROS customer or through the Contact Us page on www.pros.com.