



EVOLVING PRICING PRECISION FROM A TO Z(ILLIANT)

EBOOK

A case study presented by the Director
of Financial Planning and Strategy at a
global services company

 **zilliant** PRICE MANAGER

 **zilliant** PRICE IQ



PRICING CHALLENGES



Gross margin trend line descending



Lacked the ability to make granular changes to customer-specific agreements



Lacked visibility into price performance, sales rep behavior, and how price increases impacted volume/sales



Lacked price elasticity calculations to make granular price updates

HOLDING THE LINE ON MARGIN IS CRITICAL

Services is a highly competitive industry with complicated dynamics. While companies can charge a premium for value-add services, the margins are usually thin and gross margin is the key financial indicator.

One global services company that served multiple industries with more than 70,000 customers across North America alone started to feel the pressure when its gross margin trend line was going in the wrong direction. The company was also feeling additional pricing pain points, including the inability to make granular changes to customer-specific agreements, as well as a lack of visibility into how prices were performing, how sales reps were discounting, and how a price change affected volume.

PRICING PAIN POINTS

The director of financial planning and strategy started to closely examine the company's pricing processes and uncovered some troubling details. Pricing strategy and processes were mainly ad hoc and lacked rigor and focus. In fact, there was no science involved at all, and gut feel was still the primary pricing driver. The company would make blanket increases regardless of history or price elasticity. For example, with a price goal of 5%, the company would push out a 6% increase spread across its entire customer base to reach financial goals.

In an effort to implement a more scientific approach to pricing, it worked with a consultant. Although this slightly helped the company to move in the right direction, it was still overly reliant on manual processes and spreadsheets. These manual processes did not account for customer attributes – customer size, buying patterns, etc. Over time, however, this spreadsheet-based model became even more problematic.

A PRICING PARTNER IN ZILLIANT

The company developed a plan for what was needed to turn around gross margin performance: a steadfast scientific approach to pricing, a system to handle high transaction volume, comprehensive pricing analytics, and a continuous improvement process. Eventually, the company engaged Zilliant to help turnaround its pricing processes.

The decision to go with Zilliant hinged on two main qualifying factors: the ability to handle a high transaction volume business and dashboard analytics. The company understood that Zilliant was accustomed to high transactional volume and could crunch copious amounts of data to provide digestible information. Likewise, the division's leadership team embraced Zilliant's use of dashboard reporting. The key was having analytics the company could utilize to alter pricing to be more aggressive or conservative and instantly see results. Overall, the team was confident that Zilliant was the right partner for the company's long-term digital transformation journey, which included becoming more scientific and more self-service oriented.

The company expected it to take months to produce this granular pricing guidance, but instead, output was published within two days.

THE TRANSFORMATIONAL JOURNEY

The partnership with Zilliant started when the company implemented **Price IQ®** in 2017. The market-leading price optimization solution became an essential cog in the company's overall digital transformation. With each annual price increase, the services company used Price IQ® to update its yearly model to match margin goals to company strategy. In 2021, the company also implemented **Zilliant Price Manager™** to provide recommendations for base price increases.

Before utilizing Price IQ® and Price Manager™, this company received pricing guidance only once or twice a year in the form of customer-specific pricing and lacked any warehouse-specific segmentation guidance. As a result, Zilliant recommended it consume prices at the warehouse level. The company expected it to take months to produce this granular pricing guidance, but instead, output was published within two days.

Additional outcomes from implementing warehouse-level segmentation guidance included:

- Automated Price IQ® export in Price Manager™ where users can select specific warehouse-level guidance
- Start/Target/Floor guidance that can be easily adjusted within workbooks
- The ability to analyze how prices are being consumed in the market



WITH PRICE IQ™ & PRICE MANAGER™:



Increased gross margin
40-50 basis points over time



Adoption/Stick Rate increased
from 60% to 90%



Customer Retention
improved to 90%

DATA-DRIVEN ACTION FROM ZILLIANT

With data-driven, actionable insights from Zilliant, the company discovered the power of price optimization and management software and how it helps inform better business decisions. The company now has tools and analytics to help understand what customers are not buying and why, improved and science-driven pricing processes, and the ability to adjust pricing strategies quickly and intelligently.

It did not take long before the company started to see eye-opening results from the partnership with Zilliant. Its gross margin not only stabilized, but it increased 40 to 50 basis points over time. The company's adoption rate also increased from 60% to 90%, and customer retention improved to 90%.

ON THE PATH TO LONG-TERM SUCCESS WITH ZILLIANT

More powerful pricing was just the first phase of a Zilliant-enabled digital transformation journey. A Zilliant-led transformation of other systems and business units is already planned. The company is looking to solve inflationary pressures by improving the functionality of its existing systems by seamlessly integrating them with Zilliant systems via the **Real-Time Pricing Engine™**. The company is also planning an effort to tackle the customer lifecycle using Zilliant Sales IQ™ and Campaign Manager™ to better understand when defection starts, how to recover lost purchase volume, and deliver guided talk tracks for sales reps. When it came to evolving pricing precision, this services company found a partner in Zilliant to not only address the challenges of today but ensure long-term success.

“Zilliant fit into our long-term digital transformation journey and was instrumental in getting us to where we needed to be. I’m excited about continuing our digital transformation of systems and other business units informed by Zilliant pricing intelligence.”

– Director of Financial Planning and Strategy

Contact us today to learn more about how Zilliant can evolve your pricing and enable your digital transformation journey.



AUSTIN | LONDON | WALLDORF | PARIS • 1.512.531.8500

EBOOK

© 2022 ZILLIANT INCORPORATED