



ELECTRICAL PRODUCTS MANUFACTURER TAPS INTELLIGENT AUTOMATED NEGOTIATION TO PROCESS 10,000+ QUOTES WEEKLY WITH 1.3 SECOND AVERAGE RESPONSE TIME

CASE STUDY



Challenges

- Pricing complexity paired with slow response to ever-fluctuating conditions resulted in inconsistent margins.
- Raw material cost volatility and tariff impacts rendered misaligned pricing that did not accurately reflect market conditions, customer expectations, or product value.
- Updating prices and responding to customer quote requests with manual tools was a timely and onerous task that could not keep pace with the increasing number of requests.



Key Outcomes

- Price optimization delivers years of consistent and predictable margin, revenue and pricing process benefit.
- Intelligent Automated Negotiation delivers sub-second price lookups and complex quote calculations to automate the negotiation process for customers within the online distributor portal.
- Customers enjoy faster quote turnaround times, sales reps see clear scoring for deal pricing, and the pricing team's quote backlog is significantly reduced, allowing them to focus on the most strategic deals.
- 50% of total quotes are now processed with Intelligent Automated Negotiation with a 1.3 second response time.

COMPLEXITY & COST VOLATILITY HINDER THE GLOBAL MANUFACTURER'S PROFITABILITY

Like many B2B companies, this electrical products manufacturer was facing an increasingly complex business environment. Tens of thousands of products, thousands of customers, hundreds of sales reps, multiple go-to-market methods, competitive pressures and cost volatility, put the company's centralized pricing team in the position of making thousands of pricing decisions each day. The team had been measuring price for a number of years and began to realize that pricing decisions were not offsetting the costs they were absorbing on raw materials and were failing to meet customers' expectations for competitive pricing.

THE CHALLENGE: MANUAL TOOLS FAIL TO SCALE

The centralized pricing team was aligned with the sales team by geography and modes of business, including contract agreement pricing, project pricing, configure-to-order pricing, and pricing for electrical contractors, OEMs and distribution. They had been relying on manual methods and hindsight analytics to set prices, but the large volume of decisions each day combined with many complex variables made getting competitive, deal-specific prices to field reps in hundreds of sales geographies nearly impossible.

The pricing team was typically only able to create a few price points per product and turnaround time was slow. Compounding the team's challenges were frequent swings in raw material costs. Manual methods to set prices simply could not keep up with this cost volatility, making recovering cost changes through price increasingly difficult.

GOOD TO GREAT PRICES

The leader of this electrical products manufacturer's centralized pricing team knew that by changing how his team made pricing decisions there was a substantial opportunity to improve prices to better meet customer expectations and business objectives. The pricing team was doing a good job setting prices, yet there was still potential to be great. The number of transactions was growing larger each day, so moving away from hindsight analytics and intuition-based decisions was the only way to stay competitive and improve the customer experience. They opted for a predictive approach to setting prices: price optimization.

After evaluating several potential partners, only one instilled the confidence in its optimization methods and demonstrated the business understanding and ability to execute his team needed to capitalize on the complexity in their business. They chose Zilliant **Price IQ**®, which uses a predictive model that quantifies the potential profit and revenue trade-offs as a function of price changes, maximizing financial results and minimizing risk and unintended consequences.

Using the Strategy Interface, the pricing team can now sit down with executives to review and interact with dynamic, real-world price models, that predict the P&L impacts of various pricing strategies before prices are in market to choose the strategy that best aligns with business objectives.

With years of Price IQ in place, the pricing team is now highly strategic in their use of the AI-based price optimization solution's ability to predict pricing outcomes. For example, the team uses the Strategy Interface weekly to analyze win rate data, pivot revenue and profit tradeoff price strategies, and explore geography-specific price strategies based on price elasticity.

INTELLIGENT AUTOMATED NEGOTIATION CHANGES THE GAME

Over time, this electrical products manufacturer's daily price quote request volume grew to a massive scale, with distributors requesting up to 40,000 price quotes per week. The quotes are anything but straightforward and are comprised of many complex project bids that include varying products, systems and services, many lines per quote, and complicated, sometimes competing, negotiations to navigate through various channels. This manufacturer needed a high level of automation to manage the volume while keeping pricing consistent and standardized. Knowing the benefits of the strategic partnership, this manufacturer again tapped Zilliant to reimagine and simplify the process of how quotes were received, reviewed, negotiated, and ultimately approved.

Working closely with Zilliant to tailor the right solution that could scale to meet this complex challenge, the company deployed Zilliant's capabilities for Intelligent Automated Negotiation. From a technology perspective, the approach connects Price IQ with the manufacturer's CRM and online distributor portal via Zilliant's **Real-Time Pricing Engine**™. The Zilliant Real-Time Pricing Engine is a robust REST-based API that calculates and delivers prices in real time.

The outcome is an automated approach that sets pre-defined rules on what prices can be auto approved without human intervention – giving sales reps and customers the flexibility to negotiate within a range of prices that still maintain necessary margin levels and escalate quickly and efficiently to the pricing team when needed.

Today, Intelligent Automated Negotiation has turned the manual and time-intensive process on its head. With automatic price lookups and complex quote calculations, customers and sales reps alike enjoy sub-second response for small quotes and response times of less than ten seconds for 1,000-line quotes. Today, 50% of the company's opportunities are automated, about 650,000 on an annual basis, with an average response time of 1.3 seconds

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