



GLOBAL DISTRIBUTOR SOLVES FOR COST INCREASES & SALES COMMUNICATION CHALLENGES WITH DEAL MANAGER™

CASE STUDY





DYNAMICS OF PRINT, PACKAGING AND FACILITIES INDUSTRY

Packaging suppliers and distributors have a wide variety of customers to satisfy and an increasing number of varied products to sell. For the biggest distributors, every function of the organization – pricing, sales, inventory management, operations – must be done at scale. There are hundreds of thousands of SKUs, broad customer lists and an ever-growing number of suppliers to manage. Additionally, with much of their business transacted via contracts, distributors often struggle to keep up with a mountain of customer-specific agreements. These complexities would be troubling enough on their own, but the frequency and intensity of cost changes in recent years have only made the pricing and agreement management processes exponentially harder. These cost changes need to be quantified, managed and communicated to sellers quickly and clearly in order to pass higher prices on to customers effectively without losing purchase volume. Distributors that are still managing cost changes and price lists manually are at risk of falling behind the curve.

COST CONSIDERATIONS POSE A GROWING THREAT TO THIS DISTRIBUTOR

Such dynamics ring true for this global print, packaging and facility solutions distributor. Particularly troubling are the seemingly non-stop supplier increases. Cost increases are an expected fact of life for a massive company with thousands of suppliers. The frequency of supplier cost increases had rapidly gone up, in addition to other cost factors such as operations, transportation, tariffs, and more.

These myriad cost considerations are very difficult to keep up with and understand for internal teams, let alone for the company's end customers. In order to weather the storm and thrive in an era of uncertainty, the pricing team must figure out how to address the cost problem at scale and gain a clear view into each of their customer agreements. Only then can they confidently answer questions like, "What do these cost increases mean for our customers? Our sales reps? Our prices? What is the health of each customer?"

Above all, it was determined that in such a dynamic market, the company would need to increase its ability to get price change and agreement guidance data to sales reps accurately, efficiently and much faster.

SOLUTION APPROACH

As a longtime Zilliant customer, this distributor was in a better position than most when externalities caused a steady increase in costs. The ability to measure the price elasticity for each customer, as a function of Zilliant's **Price IQ®** price optimization platform, gave the company an edge as supplier costs began to rise.

However, it had become apparent that communications between pricing analysts and sales reps (and eventually customers) needed to improve. The incumbent manual process worked well enough for communicating and justifying price changes to a single sales rep in the context of a single large, important customer. But the scale at which the company operates makes everything more challenging in practice. With so many combinations, cost considerations and price movements, a SaaS software solution to manage agreements and seller communications was needed. The distributor chose to implement Zilliant **Deal Manager™** to improve in these areas.

When it comes to managing cost pass-through for more than 1,000 reps, thousands of customers, and thousands of vendors in an environment in which about a million lines per month are transacted, a straightforward approach became the chief weapon against complexity.

The distributor worked with Zilliant to identify three key steps that would need to be successfully executed as part of the Zilliant solution design.

- 1. Identify cost changes** – Despite the fact that a clean list of SKUs and price movements are rarely available, the new solution would allow the pricing team to gain a holistic view into supplier cost changes. Data science had to be applied in order to figure out what the cost changes are before price moves can be made.
- 2. Determine how much to move a price** – Apply Price IQ and **Price Manager™** to identify and orchestrate acceptable price increases, taking into account customer size, relationship, unique price elasticities, specific contract terms and other considerations.
- 3. Execute price changes** – Deliver the specific guidance out to a large sales team and across different channels expediently and with confidence in a closed loop system to support accurate attainment measurements.

Step three is where the rubber meets the road. It was an extremely cumbersome process for the pricing organization to communicate changes to a large, dispersed sales organization across such an expansive scope of agreements. The pricing team relied on massive spreadsheets and email correspondence to communicate campaigns back and forth with sellers. This created a lot of manual work, with very little visibility into the end result of price changes.

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SUCCESSFUL DEAL MANAGER DEPLOYMENT TRANSFORMS LEGACY PROCESS, INCREASES ACCOUNTABILITY

In early 2020, the distributor launched Deal Manager, as a complement to Price IQ and Price Manager, in order to solve the price execution dilemma. Prices generated from Price IQ are automatically fed into agreement lines in Deal Manager, while Price Manager is used to scope and run campaigns designed for pinpointed price actions. Deal Manager allows for immediate communication between pricing analysts and sellers, and automation of said campaigns. It also empowers the organization to conduct a multitude of campaigns across millions of contract lines and scale it across different warehouses, regions and sales leaders.

Some of the campaigns the distributor runs through Deal Manager include:

- Cost pass-through campaigns, across a variety of strategies, in which cost increases trigger an automated price increase.
- Targeted underpricing campaigns, in which the system identifies product categories to target for specific customer categories that are underpriced and pushes through price increases.
- Strategic one-off campaigns, that can now be automated and have their progress and success rate tracked.

Deal Manager also provides real-time scorecards, so that sales ops and pricing teams gain visibility into sales and customer behavior metrics. Tight integration with Zilliant **Visual Analytics** provides a dynamic user experience, a vast improvement over the homegrown reporting mechanism within the company's CRM that was previously used. Now, when the pricing team publishes a campaign, it can easily track what was acted upon versus rejected or partially accepted, at any campaign stage. Insights gleaned from initial scoping to mid-campaign to post-campaign allow operations managers to react and adjust strategy as needed in real-time.

Gone are the individual emails and bulky spreadsheets. What once was done through an on-premise legacy system is now automated and scaled via a flexible, SaaS pricing and sales suite of applications running on dynamic data updates. Zilliant's API service connects the dots between Zilliant applications and the distributor's traditional business systems.

"We are committed to understanding our customers' needs and providing solutions that add value. The Zilliant platform helps our team deliver AI-enriched guidance to sales representatives that is customized to the unique circumstances of each customer interaction," said the company's vice president of field initiatives and sales enablement.

BUSINESS TRANSFORMATION DRIVES SIGNIFICANT BENEFIT

Deal Manager is now the company's system of record for agreement prices and its seller interface for accepting or rejecting agreement updates and campaigns. This transformation has made the process of creating and managing agreement pricing, mass updating agreements, passing through costs and tracking sales team performance/adoption more straightforward than it's ever been.

The cloud-native architecture behind Zilliant's solution has driven significant gains in process efficiency and price execution, which the operational teams at the company can now quickly quantify thanks to built-in Zilliant Visual Analytics scorecard reporting.

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These capabilities are a game-changer in a high-volume environment in which even a 10 basis point improvement due to price drives a huge amount of bottom line difference.

For more information, visit www.zilliant.com