



INTEGRATING STRATEGY, PRICING OPTIMIZATION, AND WIN-LOSS DATA

EBOOK

A case study presented by the
Director of Business Analytics at
an industrial manufacturer.

 zilliant PRICE IQ





This global industrial manufacturer is regarded as a pricing thought leader by industry peers. A key factor in its success has been its ability to tap into the strategic potential of pricing software to align both its business drivers and organizational stakeholders.

Take for example the age-old question of, "Where should pricing reside within an organization?" Is it sales, product, marketing or finance?

The key isn't where it resides, but how it's integrated across the organization. Through a shared responsibility model, the manufacturer created an integrated pricing team with regular engagement and collaboration across all departments.

Instead of slipping into the siloed functions and goals that tend to persist in its industry, company leaders created opportunities to infuse pricing intelligence across business strategies.

Like all journeys, this one started one-step at a time.

THE IMPORTANCE OF MANAGING AND OPTIMIZING PRICING



~400,000 active part numbers



**~200,000 customers and distributors
served by ~300 sellers**



~15,000 items quoted per month

This company faced a difficult challenge due to the sheer size and complexity of its business. With over 400,000 products and 200,000 customers, it issues approximately 15,000 quotes per month or a quote every five-minutes per analyst.

Given this complexity, the manufacturer needed to better set up its people to positively impact the business and deliver a consistent customer experience. Price optimization was key to remove the guesswork from the pricing and quoting process.

As price optimization was viewed as a highly strategic aspect of its future-state business, the manufacturer conducted a thorough evaluation that involved both “build” and “buy” investment considerations.

The manufacturer sought a pricing partner that it could learn and grow with. Zilliant was the only company that checked each box.

Zilliant was selected due to its:

- Best-in-class price optimization capabilities
- Understanding of industrial manufacturing, the company’s specific business needs and proven ability to drive results
- Cloud-native, multi-tenant SaaS platform with successful enterprise deployments
- Market-leading time-to-value to show ROI to business leadership

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- ☒ Fit the manufacturer’s strategy
- ☒ Understood the business
- ☒ Is easy to implement
- ☒ Has proven track record with industry peers

TRANSFORMING FROM COST-BASED TO MARKET-ALIGNED, VALUE-BASED, AND OPTIMIZED PRICING



30X ROI SINCE START
40% WIN RATE GROWTH

Prior to working with Zilliant, pricing was loosely set based on cost inputs. **Zilliant Price IQ®** became the foundation for the journey to market-based pricing across the business.

Continued focus and investment in strategic pricing efforts drove significant financial impact. This business growth fueled subsequent investing into pricing capabilities.

Throughout this journey, the company has demonstrated how the power in pricing is more than just about creating profit. Through internal alignment, the pricing strategy is being used to inform other areas including:

- A better customer experience across eCommerce and the traditional sales quoting process
- An improved product strategy, by identifying product portfolio gaps and opportunities
- Increased competitiveness to win more business in previously lean areas
- Removal of time spent on non-value generating activities

MORE THAN JUST PROFIT!

Better customer experience. • Better product portfolio.
Less waste. • Easier to do business with.

“Zilliant and Price IQ® have been with us since the beginning.”

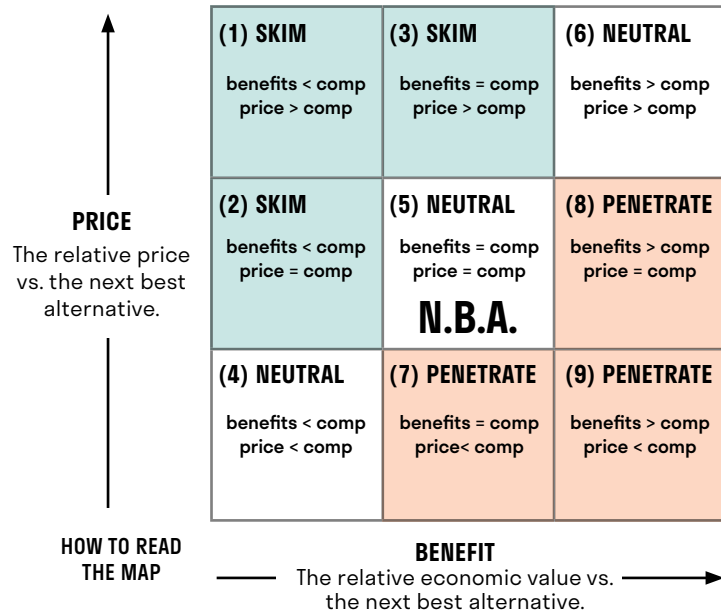
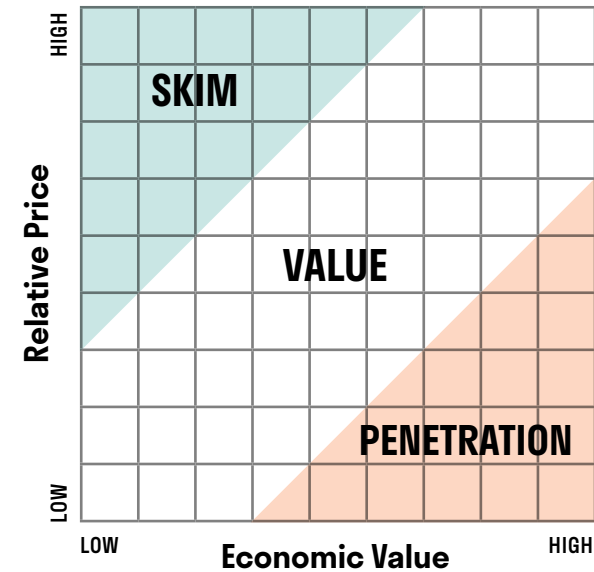


The company continued to evolve, by incorporating pricing strategies early on into new product roadmaps and overall product portfolio planning. This step proved crucial to create alignment around the right price, the right product and the right portfolio. The three basic pricing strategies are:

- **SKIM:** Price high relative to competition
- **NEUTRAL (VALUE):** Price close to competition (next best alternative)
- **PENETRATION:** Price low relative to competition

A pricing nine-box exercise created product alignment. In this exercise, every product is placed on a strategic grid compared to the next- best alternative (N.B.A.) – a baseline product or service that a customer might consider in place of the product under consideration. By understanding the economic value of a product compared to its alternative, and the strategic purpose of the product in terms of revenue and profit, it was easier to align on the right price.

The results of the nine-box exercise directly translated into product-pricing strategies that the pricing team was able to model, simulate and implement in market using PricelQ®. Products with skimming pricing strategy had prices optimized for profit, whereas penetration products were optimized for revenue and market share.



OPERATIONALIZING PRODUCT PRICING STRATEGIES

Begin by placing the competitor (or next best alternative [N.B.A.]) in position 5 (NEUTRAL).

Is your offering better or worse? Is your price higher or lower?

Products are positioned on a grid according to its pricing strategy:

- (1) **SKIM:** Profit aggressive
- (5) **NEUTRAL:** Balanced profit/volume
- (9) **PENETRATE:** Volume aggressive

Marketing objectives and external inputs can now determine the pricing strategy and focus.



IT'S ABOUT MORE THAN JUST THE RIGHT PRICING STRATEGY!



It's about continuous improvement.



It's about learning and refreshing.



It's about creating a sustainable process.

Previously, many of the manufacturer's pricing conversations revolved around opportunities to raise prices. But as pricing became more strategic in nature, these conversations became more nuanced and focused on continuous improvement.

Working with sales, the pricing team cross-referenced win-loss data along with its product-pricing-strategy.

Measuring opportunity win-rate when different products are quoted against their pricing strategies yielded considerable business insights. Key examples included:

- Opportunities to raise and decrease prices
- Training needs for sales
- Market awareness needs for specific products

The product pricing strategy made valuable win-loss data more actionable.

Like most B2B manufacturers, the questions driving pricing strategy were:

What amount of business are we losing because we're priced too high?

How much profit are we leaving on the table because we're price too low?

By combining optimization, price strategy, and win-loss data, this manufacturer's pricing team was able to answer these questions and execute. Price IQ® makes it easy to adjust pricing strategies and put new prices in the market to accelerate profitable growth.

CRITICAL AND COMPLEX DECISIONS ARE NOW BACKED BY SCIENCE

✓ **30x** profitable growth against pricing
(people, process, technology) investment

✓ **40%** growth in win-rate

Talk to us about how your business can benefit from incorporating AI-based guidance to accelerate profitable growth. Visit us at zilliant.com.

"This is how we do business now – pricing now has an integral role in the company strategy plan. We wouldn't be able to do this without Zilliant."

– Director, Business Analytics



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