



RENTAL COMPANY SIMULTANEOUSLY IMPROVES RATES, REVENUE, AND UTILIZATION

CASE STUDY



Challenges

- Manual rate-setting/updating was time-consuming and rates lagged behind the market
- Rate misalignment across customer size, cat class and duration dimensions
- Major regional rate differences were difficult to reconcile
- Excessive rate variation, customer confusion and over- and underpricing

Key Outcomes

15%

INCREASE IN TOTAL
REVENUE YEAR-
OVER-YEAR



RATE INCREASES EACH
QUARTER WHILE MAINTAINING
OR INCREASING UTILIZATION

9%

IMPROVEMENT IN
AVERAGE RENTAL
RATES

EQUIPMENT/BUILDING RENTAL DYNAMICS

The commercial process inside a typical rental company is a constant balancing act. On the one hand, corporate planners and sales teams are motivated to keep equipment highly utilized at all times, rather than letting them accumulate dust and cost in the warehouse. On the other hand, sales must hit stated rate targets in order to grow revenue and return value for shareholders. To do so, they must be able to negotiate with confidence. The trouble is that the back-office pricing teams are often drowning in complexity. The rate-setting process, often a manual one, has to consider the ideal alignment between daily, weekly and monthly rates for each cat class, subcategory and good-better-best relationship in inventory. Finally, rates must make sense for each unique customer situation. It's not uncommon for irrational rate structures to form, causing quoting delays and underpricing or over-pricing mistakes.

MANUAL PRICING A LIMITING FACTOR FOR RENTAL COMPANY

A rapidly growing B2B rental company felt these commercial challenges, as its spreadsheet-based pricing process lacked the scale and accuracy to keep up with revenue targets. Requests for unique quotes come in frequently and close rate is dependent on the speedy turnaround of rational rates.

Traditionally, price lists at this company were periodically updated and delivered to sales reps via spreadsheet, containing a range of rates for each item. These new rates were published semi-annually, but the pricing team lacked a way to govern them. It was difficult to track whether sales reps were using the latest version or not, which led to rate variation. Without market-aligned rate guidance available at the time of quoting, cases of underpricing and over-pricing and rate misalignment increased.

Moreover, the price lists provided were not differentiated enough from region to region, where acceptable rates often varied greatly due to geo-specific competitive factors. Contract renewal was also difficult, as the sales team did not have reliable customer-specific pricing guidance to lean on during re-negotiations of the company's many large agreements.

COMBATTING THE STATUS QUO

Over the years, a maxim had developed throughout the company that only the seller could accurately price each deal. The reasoning was that with so many different factors influencing each specific price, only the person closest to the customer could figure it out. In addition to the widespread rate variation this caused, this approach often led to customer confusion. Without a common language to help customers understand how utilization, configuration, and other deal-level details influence price, sales reps could only rely on their own ability to determine rates and hope customers would take their word for it.

This dynamic made it nearly impossible to integrate the company's evolving business strategy into pricing habits in the field. Recognizing these headwinds, the rental company's commercial leaders decided to investigate several different pricing solutions available in the market.

ENTER ZILLIANT Price IQ®

Given both the technical and cultural challenges, executives at this company knew it needed a best-in-class provider that could bring to bear the right software and implementation approach. The Zilliant team quickly stood out by working to fully understand the business and its unique challenges.

In addition to this expertise, the company recognized that only Price IQ's price optimization approach, powered by world-class AI and data science, could move its teams beyond rate-setting via spreadsheets and tribal knowledge. Price IQ is the industry-leading price optimization solution due to its ability to set optimal pricing for every selling circumstance while simultaneously ensuring rational alignment to business rules and price relationship requirements through constraint-based optimization. For companies that rent equipment or other items like buildings, Price IQ can help avoid the hazards of conflicting rules by providing relevant rate guidance to branch reps that takes into account the customer relationship, competitive region, cat class and rental duration of each unique rate. Additionally, Price IQ is delivered via cloud-native software architecture, giving B2B companies a highly scalable, flexible and agile solution that can grow with the business while evolving as quickly as the market changes.

The company now enjoys a new level of sophistication into rate determination and the processes behind rate-setting, customer-specific rate contracts and sales execution. Now, this rental company can price its products and services with newfound speed, scale and accuracy. Price IQ uses AI to measure price elasticity, producing a Start/Target/Floor deal envelope for each quote line that is both market-aligned and fine-tuned to meet rate and utilization targets.

Rate recommendations generated by Price IQ are available to sales reps directly within their quoting tool, allowing for more informed, confident negotiations driven by rate transparency. When rates need to move, the company's pricing team can adjust quickly and communicate those changes to sales reps in real-time. The company is also able to generate customer-specific pricing with Price IQ to expedite the contract renewal process and retain more long-term customers.

DEDICATION TO CHANGE MANAGEMENT

Leadership at this rental company knew that the sales team's entrenched pricing habits would not reverse course overnight, even with the best price optimization software on its side. That Zilliant's emphasis on adoption and change management matched its own became another key point of synergy in the success of this effort.

Undergirding the adoption strategy was the belief that change management is most effective when it's driven by the individuals most affected by the change. The company took a rigorous, holistic approach. This included:

- Recruiting project champions from the sales and executive teams
- Letting sales reps vent their current pains in a constructive manner
- Educating all stakeholders on the software and the new process
- Motivating sales by tying their compensation to the pricing strategy
- Facilitating ongoing communication throughout the implementation and beyond

Change management continues to this day, as stakeholders work regularly with their Zilliant customer success manager to make strategic adjustments based on the Key Performance Indicator (KPI) reporting and opportunity heat maps inside Price IQ's Visual Analytics.

TRANSFORMATIVE SOLUTION DRIVEN BY EXCELLENT SALES ADOPTION

As a result of this focus on change management and quick wins coming out of Price IQ's optimized rates, sales team adoption has been very strong. In just the first 12 months, 80% of rates were priced above the target. This adoption enables the rental company to immediately bring a nuanced pricing strategy to market. Recent reporting shows a total revenue increase of 15% year-over-year primarily driven by a 9% improvement in average rental rates. There has been a price improvement each quarter since Price IQ began putting rates into market.

Beyond the financial benefits, notable process enhancements include:

- Streamlined quoting process that includes visual analytics and workflow improvements
- Real-time optimized rates are now available to sales reps within the company's CRM system
- Improved sales enablement, including automated approvals and better price list compliance
- Deep insight into business performance has increased the capacity to plan for the future

Access our [Price IQ resource center](#) for more information.

For more information about how Zilliant helps rental companies conquer complexity, please visit our [industry page](#).