

RETHINKING COST-CUTTING

Why CFOs Should Invest
in Pricing Software



Introduction

In today's challenging economic environment, companies are retrenching. Cost-cutting, expense prioritization, and reduced capital expenditures dominate the agenda, often led by CFOs tasked with ensuring short-term financial health. In this climate, initiatives perceived as discretionary, such as investments in pricing software, frequently face resistance. The familiar objections—"there is no budget" or "it's not a priority right now"—become roadblocks for pricing professionals advocating for tools that can drive immediate margin improvements.

Yet, the irony lies in the fact that pricing software is not just an investment - it is an essential tool for enabling cost efficiencies, protecting margin and addressing hidden profit leaks. By streamlining pricing processes and preventing margin erosion, it aligns directly with cost-cutting and profitability mandates, both addressing short-term savings and long-term financial resilience. Let's explore how to address these objections head-on and build a compelling case for pricing software as an essential investment, even during cost-cutting cycles.

Pricing as a Strategic Cost-Saving Tool

The initial step in engaging CFOs is reframing pricing software not as a discretionary expense but as a necessary strategic tool for cost savings and margin protection. Many CFOs view pricing initiatives as forward-looking, requiring long-term horizons to deliver value. However, pricing software can create immediate impact by addressing margin leakage, optimizing discounts, and ensuring pricing consistency across channels.

Margin erosion, often invisible in the absence of sophisticated tools, is a silent killer for profitability. Inaccurate price adjustments, excessive discounting, and misaligned pricing strategies result in millions of dollars left on the table. An overabundance of manual price overrides or price exceptions is also a drain on resources, and often results in further margin leakage without a defined process for such exceptions. Pricing software solves these issues by providing real-time analytics and recommendations, enabling organizations to eliminate leakage, enforce pricing discipline, and capture lost value quickly.



This focus on immediate, measurable financial benefits resonates with CFOs managing short-term financial pressures. By emphasizing that pricing software directly contributes to the bottom line within months, not years, you align the investment with the CFO's current priorities.

Addressing the “No Budget” Objection

The objection that “there is no budget” often stems from a perception that pricing software is a high-cost, high-effort initiative.



Overcoming this requires shifting the conversation to return on investment (ROI) and payback periods. Pricing software should be viewed as a cost reduction, margin growth, and revenue growth tool.

For example, CFOs are often highly attuned to the costs of poor pricing practices, such as underpricing, unstructured discounting, or failure to respond quickly to cost changes. By presenting specific, quantified examples of how pricing software can address these inefficiencies, you demonstrate that the investment pays for itself. A pricing platform that improves margins by even 1% generates significant incremental profit while simultaneously delivering operational efficiencies.

This positions pricing software as an essential tool for both cost improvement and margin enhancement —far outweighing the cost of the software.

There are further efficiency gains from consistency in pricing; with inconsistent pricing practices or disparate prices across channels, many customers will “shop around” your various channels, looking for the best price. Some may even churn because of inconsistent pricing, favoring a competitor who may not even have a better price, but at least offers the consistency that prevents the exercise of shopping around.

Additionally, highlighting flexible pricing models for the software, such as subscription-based solutions, helps reduce concerns about upfront costs. Many platforms offer scalable implementations, enabling organizations to start small and expand as benefits materialize. Framing the investment as manageable and low risk makes it more palatable in a tight budget environment.



Aligning Pricing Software with Cost-Reduction Initiatives

One of the most effective ways to engage CFOs is by aligning pricing software with cost-reduction initiatives already underway. CFOs are naturally skeptical of investments that promise revenue growth but prefer projects that deliver immediate efficiencies. Pricing software, when positioned to streamline operations, minimize manual errors, and reduce labor-intensive processes, becomes a tool for operational excellence rather than a discretionary project.

In many organizations, pricing decisions are managed manually, often using error-prone spreadsheets. This not only consumes significant time but also creates inconsistencies and inefficiencies across teams. Pricing software automates these processes, reducing reliance on manual inputs and freeing up teams to focus on more strategic work. The resulting time and resource savings add to the business case, appealing directly to the CFO's focus on productivity and cost control.

Moreover, pricing software eliminates the hidden costs of outdated pricing strategies. For example, many businesses struggle with maintaining consistent pricing across regions or customer segments, leading to unnecessary discounts or loss of margin. A pricing platform can identify these gaps and recommend adjustments that optimize pricing across the board, further contributing to cost savings.

Besides efficiency improvements and benefits from structured pricing, there are other pricing initiatives that can bring short-term savings:

- 01 Customer segmentation as a cost cutting mechanism**
- 02 Customer cost-to-serve analysis**
- 03 Detailed waterfall analysis to identify profit leakages**
- 04 Restructuring discount levels and conditions**
- 05 Reducing the number of concessions with structured approval processes**

Pricing professionals must be much more strategic in front of CFOs during cost-reduction efforts. They must focus on 90-day impact and dig deep into cost cutting opportunities using pricing software. The pricing council then becomes the vehicle to track cost improvements.

Overcoming “It’s Not a Priority Right Now”

The objection that pricing software is “not a priority right now” often reflects a misunderstanding of its immediate impact. CFOs driving cost-cutting initiatives may view pricing improvements as secondary to operational savings or workforce efficiency efforts. The key to overcoming this resistance is demonstrating how pricing directly supports the company’s broader cost-reduction goals.

Unfortunately, it’s not often as simple as referring to the various studies that show how even a 1% increase in price can have a much greater impact on the bottom line than a 1% decrease in variable costs. (See [McKinsey – The Power of Pricing](#)). Despite readily available information on the topic, convincing the CFO requires proving your case based on what will draw attention today.

In the current climate, where supply chain disruptions and inflationary pressures are squeezing margins, pricing agility is more important than ever. Pricing software allows companies to respond dynamically to changes in costs, market conditions, and competitive pressures. For example, when input costs rise, pricing tools can quickly model and implement price adjustments, ensuring that cost increases are not absorbed by the company. Similarly, the software can identify opportunities to strategically increase prices in areas where the market will bear it, capturing additional margin without risking customer loss.

By linking pricing improvements to the company’s ability to navigate current economic challenges, you shift the conversation from “nice to have” to “need to have.” Pricing software becomes a tool for resilience, helping the company weather financial pressures while positioning itself for growth when conditions improve.



Speaking the CFO's Language

CFOs are data-driven decision-makers who prioritize clear, quantifiable outcomes. When advocating for pricing software, it's crucial to frame your argument around short-term impact—focusing on numbers, efficiency, and risk mitigation. Avoid abstract benefits or technical features; instead, emphasize immediate, tangible results.

Short-term Focus is Key

When CFOs design cost-cutting targets, they typically organize opportunities into a tracker divided into short-, mid-, and long-term initiatives. Their immediate attention is directed at short-term actions, making it essential for the pricing team to engage financial professionals early. Providing timely input ensures that pricing optimization is recognized as a short-term opportunity in the CFO's cost-cutting tracker.

Engage Early for Quick Wins

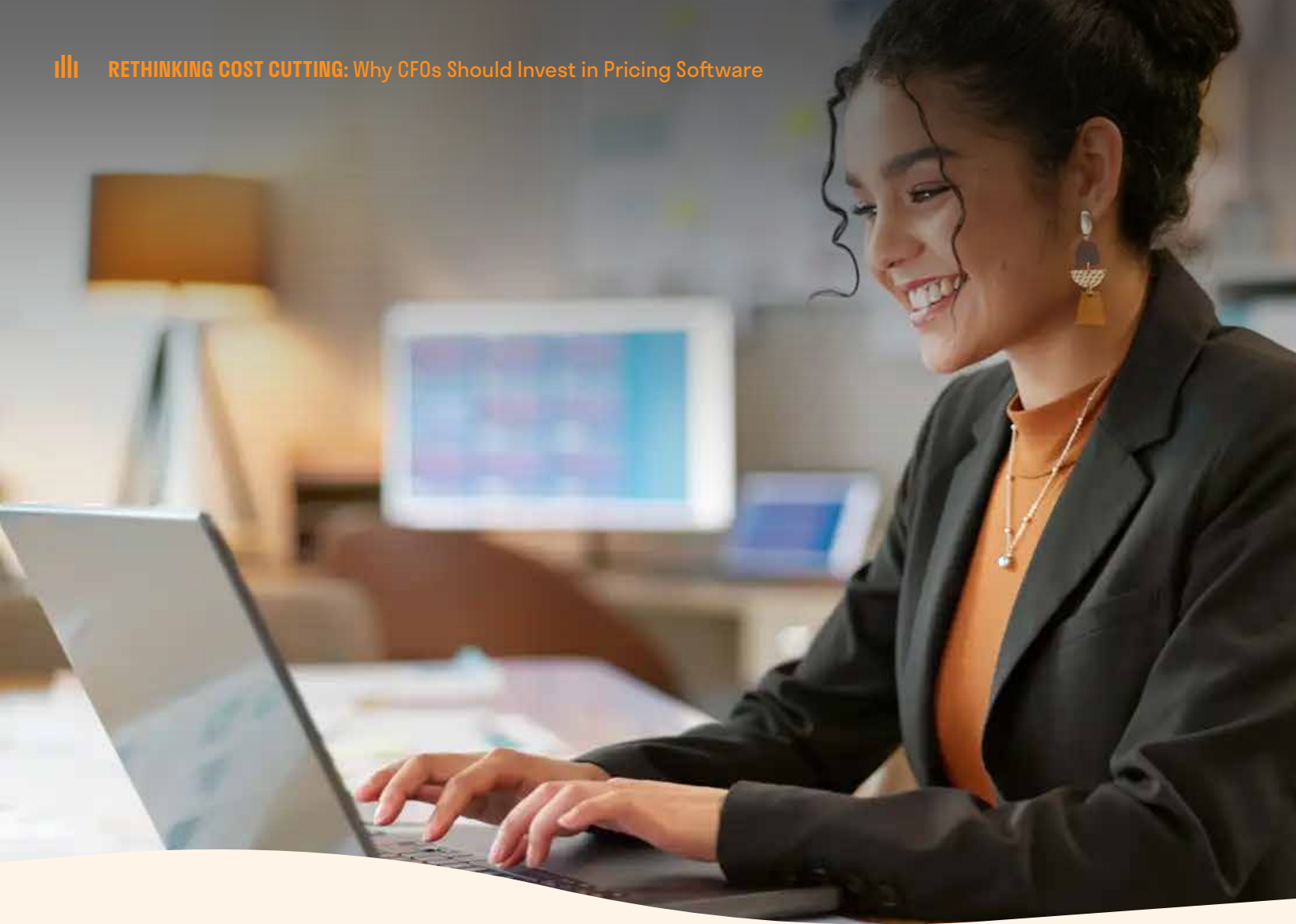
This creates a limited window of opportunity and missing it could mean losing the chance to demonstrate how pricing software can deliver quick, measurable results aligned with financial goals. The pricing team must act decisively to align with the CFO's priorities and timelines.

Showcase Proven Success

Additionally, pricing professionals must present case studies or benchmarks from similar companies that have implemented pricing software and achieved short-term measurable results. Highlight specific metrics, such as percentage improvements in margin, reductions in discounting, or time saved on pricing administration. If possible, provide a customized ROI calculation for your organization, showing the expected payback period and financial impact.

Highlight Risk Reduction

Risk mitigation is another powerful lever when engaging CFOs. Manual pricing processes introduce significant risks, from compliance issues to lost revenue due to errors, and margin leakage due to delays in price updates. Pricing software reduces these risks by standardizing processes and providing audit trails. Emphasizing the risk reduction angle makes the investment even more compelling, particularly for CFOs focused on financial governance.



The Time to Act

In periods of retrenchment, the natural instinct is to delay investments and focus on cost-cutting. However, pricing software defies this logic by offering a rare combination of short-term impact and long-term value. For CFOs, the decision to invest in pricing software should not be seen as an expense but to achieve their core objectives: optimizing costs, improving margins, and building financial resilience.

For pricing professionals and leaders, the key to success lies in reframing the narrative. Pricing software is not a future-focused initiative—it's a present-day solution to the financial challenges companies face. By aligning the conversation with the CFO's immediate priorities and providing clear, quantifiable evidence of its benefits, you can break through the usual objections and secure the investment your business needs to thrive.

The cost of inaction is real, as margin erosion, inefficiencies, and lost opportunities compound over time. In today's economic climate, the question isn't whether pricing software is worth the investment—it's whether companies can afford to operate without it.



About Zilliant

Zilliant helps businesses put pricing at the heart of their business by managing the entire pricing lifecycle with leading CPQ, price management & optimization, and Revenue Intelligence applications. Zilliant's data science, cloud-native software and passion for customer success deliver the highest ROI, fastest time to value and highest customer satisfaction. **[For more information, please visit zilliant.com](https://www.zilliant.com)**



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