



Case Study

Vistaar Price Performance Management Solutions

High Technology

Challenge:

- Capturing value in pricing
- Manual pricing processes
- Heavy reliance on tribal knowledge
- Coordination between sales & finance
- Managing high volume of transactions
- Delays in deal turnaround time

Solution:

- Drive margin consistency
- Expedite the pricing review process
- Manage flexible discounting bands
- Create more profitable account plans
- Identify cross/up sell opportunities
- Enforce corporate pricing guidelines
- Prevent rogue discounting

Results:

- Increased revenue and profitability
- Increased productivity
- Smarter decisions
- Decreased revenue leakage
- More effective demand generation
- Improved deal negotiations

Vistaar Solution Powers Pricing for High Tech Companies

A high tech company's product portfolio has thousands of hardware, software and service components and it configures and bundles complete solutions for its account managers, distributors, resellers and customers. Due to short product lifecycles, aggressive competitors and the price sensitive nature of the market, the company recognized that it required more rigorous practices to better manage its highly complex product portfolio; finely tune its target market pricing strategies; and better enforce its pricing and discounting policies.

This global technology company operates in a dynamic and challenging environment. At any one time, it is managing more than 30 million order line items from its network of over 150,000 customers. Recognizing the need to not only impose tighter controls on its day-to-day sales transactions, the company also saw an opportunity to leverage this data to more aggressively bundle, configure and promote solutions to diverse markets around the world. As a result, it initiated a strategic pricing initiative in 2008. Subsequently, it selected Vistaar's price performance management solution to support the company-wide initiative.

Customer Challenge

Leveraging its robust product portfolio to build market-facing and highly differentiated solutions would allow the company to deliver value to its broad and diverse customer base. However, effectively managing the product components and market solutions presented a number of challenges to the business including:

- The ability to implement value oriented pricing strategies and tactics
- Strengthening governance by automating core processes and policies
- Improving pricing discipline by moving pricing from an art to a science
- Coordinating market and customer pricing strategies to increase bookings
- Empowering finance and sales to make smarter decisions with business intelligence
- Managing over 30 million unique transactions at one time
- Proving access to over 2 billion data points to support real-time analysis
- Shortening pricing and quote turnaround time to increase win rates

The executive team moved forward with the strategic pricing initiative by appointing a cross-functional project team to select and deploy a leading edge technology solution.

Our Solution

In 2008, the pricing project team established critical success factors to guide the selection of a solution that would enable the company to:

- Drive consistent margins across accounts
- Strengthen and expedite the pricing review process
- Establish and manage flexible discounting bands
- Create more profitable account plans and contracts
- Identify opportunities to cross sell and up-sell
- Enforce corporate pricing guidelines
- Prevent rogue discounting
- Support complex deal structures and negotiations
- Align commission rates with deal margins

Success Factors

After a rigorous evaluation process, the company selected Vistaar as its pricing partner due to product functionality, technical capabilities, pricing expertise, and the ability to work collaboratively to deploy the solution. Today the Vistaar solution supports day-to-day tasks and decision making by empowering finance, sales and pricing managers to:

- Determine effective bundles of products, services and support
- Set product normalization rules for relative price position
- Consistently support segment-specific pricing strategies
- Enforce discount thresholds to hold the line on profitability
- Enable access to one terabyte in-memory pricing data model
- Drill-down from highest level to line item detail
- Analyze sales results for multiple hierarchies
- Perform ad-hoc comparisons of win-rates, price indices etc.

Additionally, Vistaar is empowering executives to more easily analyze results, consider alternatives, and establish plans:

Sales Support:

- Facilitates a 360-degree account planning process including contract negotiations; what is the customer buying; how are specific discounts and margins trending; how much is being gained or lost to specific competitors over time.
- Analyze individual deal pricing by evaluating product and services discounts against benchmarks; empowers users with 'what -if' scenario analysis to measure impact on bookings and margins by changing discounts at the deal line-item level.

"We expect to generate an additional \$800 million in revenue and \$200 million in margin within the first year of implementation."

--Sr. Director Strategic
Pricing and Solutions

Financial Support:

- Facilitates pricing performance review with historical trends across the detailed steps of route-to-market and route-to-discount, with special on partner behavior, price performance and rebates.
- Determines the root cause to revenue and margin changes with margin driver analysis that drills into multiple business variables-like booking, volumes, discounts, rebates, costs, product mix.
- Supports regional P&L owners in making near-term improvements by providing visibility to which products, technologies, partners and competitors are driving customer profitability and account manager behavior; including peer group comparisons, and ranking best and worst performers based on growth, discount, competitive win-rate, and margin performance, etc.
- Analyzes business performance with detailed pocket price waterfall analysis; provides detailed visibility into over 70 granular buckets that illustrate all profits leaks from list price down to final pocket margin: contractual, promotions, trade-ins, competitive defense, rebates, non-standard discretionary discounting, accounting rules, etc.

Conclusion

Today, Vistaar is being used by finance, and sales to more effectively implement pricing strategies, orchestrate review and approval processes, and ensure adherence to governance policies. This solution is helping to deliver:

- Increased revenue from optimized pricing and promotions
- Improved profitability through better adherence to corporate pricing guidelines
- Better productivity through adherence to best practices
- Higher confidence from data utilization and collaboration
- Smarter decisions through multi-dimensional analysis
- Mitigation of customer and partner revenue leakages
- More effective demand generation

Improved deal negotiations with dynamic in-line analytics, allowing the deal desk to operate as a true partner to field sales staff; collectively making better deal decisions

High technology companies face a number of unique challenges including: short product lifecycles, complex product portfolios, competitive sales cycles, and unreliable historical data. The Vistaar price performance management solution incorporates data from internal systems and external sources to configure tailored pricing models that support real-time decision making. The Vistaar workflow proactively guides pricing, sales and finance managers through pre-defined pricing and approval processes. Vistaar helps high-technology firms maintain their pricing power in a cut-throat market by increasing their visibility into channel pricing activity and arming sales teams with the information they need to negotiate more profitable deals.

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