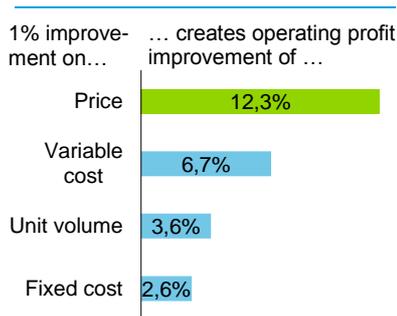


Deloitte Pricing
Analytics
Increasing profit
through pricing



Pricing has 3-4 times the effect on profitability than other improvement measures.



In today's economic climate downward pressures on pricing are decreasing margins. Good pricing practice is one of the most powerful ways to improve the operating profit.

A lack of transparency over pricing and margin information is one of the main challenges for improvements in pricing. Profits are not maximized because prices are not set at a level granular enough. Enforcement in the sales force also becomes an issue, leading to additional margin erosion.

While many other consultancies begin with high-level strategic approaches, we recommend that clients begin to work on pricing by developing a fact-based view of how price is set and executed today.

We recommend to begin work on pricing by analyzing the status quo of price setting and execution to identify improvement opportunities.



The detailed transactional pricing analysis provides an unbiased view into actual transactions and reveals core pricing issues and opportunities for improvement.

We will jumpstart the analysis with our previous work to accelerate identification of immediate improvement opportunities. The transactional pricing analysis typically lasts for 8-12 weeks, depending on data availability and quality.

The analysis will identify enough short-term pricing opportunities to offset its cost and to fund the next phase of pricing work. Sustainability is ensured by using Deloitte Pricing Analytics, a state-of-the-art BI tool that combines all pricing analyses and can be used after the project to track pricing improvements

Identification of pricing improvement opportunities is only the first step – our approach includes a proven framework to help the organization realize and sustain the identified benefits through the implementation of process improvements, change management and technology.

- ✓ Profit-maximized prices and conditions for all customer-product combinations
- ✓ Minimized profit leakage
- ✓ Empowered and enforced sales force
- ✓ Improved transparency and ability to respond to future market developments

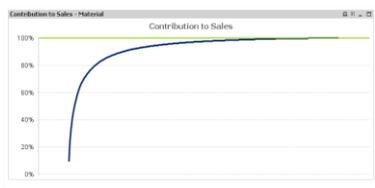
“Deloitte Pricing Analytics” combines all analyses into an easy-to-use Dashboard to identify, quantify and monitor transactional pricing opportunities.

Deloitte Pricing Analytics already incorporates best practice pricing analysis and can therefore be implemented in a very ambitious timeframe. The easy-to-use tool allows drilldowns on massive datasets to observe trends on aggregate level as well as zoom in to transactional data on the fly. The ability to combine various data sources in a plug-and-play fashion distinguishes Deloitte Pricing Analytics from more complex pricing solutions, together with its low cost of ownership.

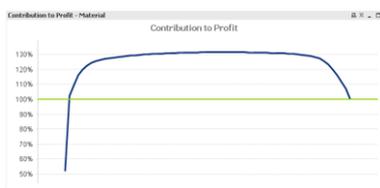
Built on QlikView
 QlikView is a new kind of BI tool that's driving spectacular results for companies worldwide. It empowers business users to stop guessing and start knowing how to make faster, smarter decisions. QlikView's simplicity lets anyone easily consolidate, search, visualize and analyze all their data for unprecedented business insight.



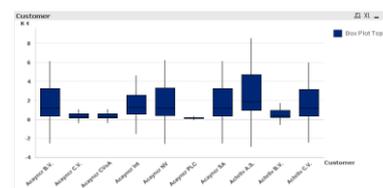
Pricing analyses give transparency over sales and contribution down to individual product, customer or transaction level. Price/profitability waterfalls and margin analyses facilitate identification of opportunities and tracking of their implementation success:



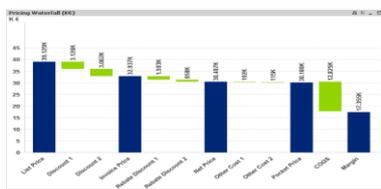
Velocity Analysis
 Focus on areas with highest impact



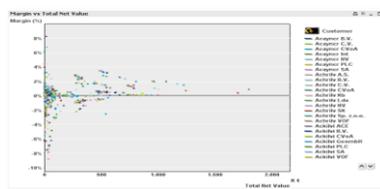
Contribution Analysis
 Stop margin leakage



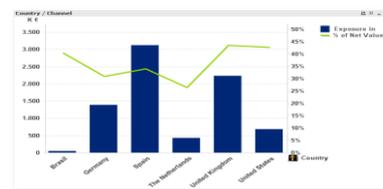
Price Band Analysis
 Increase prices for underpriced products and customers



Price/Profitability Waterfall
 Stop unprofitable price conditions



Margin Analysis
 Identify “fix-or-flush” transactions



Exposure Analysis
 Actively address price erosion risks

Using Deloitte Pricing Analytics ensures long-term sustainability of the pricing project:

- Creates an actionable solution, not just an analysis
- Trains and empowers internal resources in pricing analyses
- Provides reusable tool and metrics to measure performance

For more information, please contact:

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About Pricing

Deloitte's multiple-disciplinary pricing service offering addresses all required fields of expertise and demonstrates thought leadership through international knowledge exchange and publications on pricing. With pricing experience from numerous engagements in various industries, Deloitte's pricing experts cover all phases of the pricing lifecycle - from strategic advice to operational execution. Deloitte's repeatedly proven project approach delivers tangible results.

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