

Your pricing technology journey Knowing how to get there

Are you thinking about pricing technology for your company?

If you are confused when seeking the pathways from interest to scoping, budgeting to software selection, implementation to actual benefits, and the cat-herding that is managing expectations of multiple constituencies (ok, everybody), you are not alone. There are a multitude of questions that need to be answered or at least considered now and as your trek unfolds. This vertigo of choices can be described in one phrase: Price touches everything and everything touches price. So when adding technology to an ascent team that also relies on strategy, sales, profit tuning, data, process and organization alignment, experience teaches that there are many paths up the mountain, each having their own advantages and pitfalls. As you start plotting your own adventure into pricing technology, here are six things to consider.



1. Understand your pricing maturity

Companies with less pricing maturity may first have to think about having a vision and refining pricing strategy, processes and governance before deploying a solution; while those with a highly mature and seasoned pricing function might struggle with challenges around changes to pricing processes, people and tools/technologies. All too often, companies make the mistake of launching a technology project with little to no rallying point such as a statement of strategic or competitive intent. There are others where technology is not a welcome change catalyst but rather the spark for operational upheaval. Here are some of the key questions that you should ask to assess whether you are ready for a pricing solution:

- What does “good” look like, regardless of technology solution?
- Is there documented pricing strategy or statement of strategic intent?
- Is there an established pricing organization and how do you expect it to change as a result of the new technology?
- What systems, processes, policies and tools do you currently employ for your pricing decisions and actions?
- What are your competitors and customers doing?

These are just sample questions to help you get started in your assessment. These questions set the stage: understanding where you stand is key to understanding where you need to go.

2. Target business value

Pricing technology solutions typically pay for themselves in 3–6 months following implementation and provide recurring benefits thereafter. However, it is important to target where you expect the value to come from and clearly define the business case before you begin the journey. This will help align stakeholders that can take action and lead the program to success.

- What are the benefit areas? Where will the tangible and intangible benefits come from?
- How much benefit do you expect from visibility vs. control vs. efficiency? How would you quantify that?
- Who will own the business case? Who are the key stakeholders to make the final decision? What is the best approach for their sign-off?

Asking the software vendors for a quote on cost of ownership is helpful, but quantifying where the value comes from and how is likely even more impactful. We have seen companies deliver benefits of 1–3% of top line as a result of pricing solution implementations, but benefit sources vary—and yours will be specific to your solution, your pricing maturity, your culture, and who is leading the charge.

3. Understand your data challenges early

As you evaluate what it's really going to take to deliver the project, keep in mind that the effort required to produce complete and accurate data has almost never been underestimated. Pricing technology implementations require typically 30–200+ data entities sourced from different systems with their inter-relationships, dependencies and hierarchies making the landscape even more complex. When evaluating the data and system implications of pricing technology, here's what you should be thinking about:

- What is my data size? How clean is my data?
- How many systems will I need to pull data from? Should I be going to the source or BW?

- How many different systems does the data need to go back to?
- Are there any resource/time constraints for ETL processes?
- Are there any software-specific capabilities around inbound/outbound integration?

The software vendor will expect you to provide clean and complete data per their specifications to begin the project. Will your data team become a bottleneck?

4. Assess the solution that best suits your needs

With an increasing number of technologies available in the market, selecting the best solution is both time consuming as well as a complex task. Some software packages may be a better fit for your industry than others. However, the real deciding factor boils down to how well the solution fits your business needs. In light of your specific needs, you should evaluate things such as the balance between customization and configuration.

- What are my prioritized requirements? Can any one tool fulfill all my requirements?
- Are there any custom needs that must be met for my organization?
- What is the vendor strategy around a "one-size-fits-all" product road map?
- What is the tool integration capabilities with CRM and ERP?
- Who are the major pricing technology vendors in my industry sector? Should I do something different?
- Who will take ownership of the tool and manage it? Will it be IT or the Business?

It's important to place the correct value on each requirement when comparing against pricing solution capabilities. This is a decision that can influence your pricing outcomes for years. Look out for must-haves that are really red herrings.

The success mantra for any pricing implementation should be plan value, scope right, build strong, test enough and manage the change.

5. Assess organization readiness and prepare for change

Before you launch into open waters, you'll need to map out your voyage and confirm that the crew is willing to row in your direction. There are too many companies that deliver pricing technology that is seldom used or quickly decommissioned. Also, preparing for change is not about writing end user training manuals, it is about a new way of doing things that is supported by culture, process and organization. Since effective projects typically devote 30–40% of total project effort on org readiness and change, take the time to think over a few key considerations that help drive success:

- Where would I like to go as an organization with this pricing solution?
- What are the key benefits that I am expecting to achieve? Are they aligned with my broader corporate strategy?
- Do I have a full buy-in from leadership to support the change?
- How do I condition the organization to position for success?
- What is the appetite both within and outside the organization to absorb the change?

This is an area most organizations take too lightly. Remember, pricing is one way you differentiate yourself in the marketplace. Do not delegate this large effort to junior resources—lead it with a visible and trusted exec.

6. Get a journey partner

Pricing projects are not intuitive. Therefore, insights and coaching are necessary all along the way. Value hides in places where you don't expect it to be; so do roadblocks and pitfalls. When considering a partner for this journey, ask yourself the following questions:

- What kind of advice am I going to get from our implementation partner?
- Do they have enough experience and expertise in the pricing space?
- What are the success stories and lessons learned from their experience?
- How can I achieve short-term and long-term benefits with the solution?
- How do I build a road map to develop a sustainable long-term solution?

Partners Matter: Hillary and Norgay; Armstrong and Aldrin; Lennon and McCartney; Jordan and Pippen; Page and Brin; even Solo and Chewbacca... who do you have?

The success mantra for any Pricing Implementation should be Plan value, Scope right, Build strong, Test enough and Manage the change. We have seen that pricing solution implementation is a journey typically filled with many twists, turns and pitfalls and the first step in this journey usually starts with thinking about these six considerations and asking yourself these questions.

Do you want to talk to someone with experience in tackling these questions?

Contact

Ranjit (Jit) Singh

Principal
Deloitte Consulting LLP
+1 202 427 6689
ransingh@deloitte.com

John Norkus

Principal
Deloitte Consulting LLP
+1 847 224 1970
jnorkus@deloitte.com

Ramesh Billa

Senior Manager
Deloitte Consulting LLP
+1 586 420 5219
rbilla@deloitte.com

Todd Mueller

Senior Manager
Deloitte Consulting LLP
+1 313 324 1352
tomueller@deloitte.com

Manish Prabhu

Senior Manager
Deloitte Consulting LLP
+1 312 486 4843
mprabhu@deloitte.com

Bhupinder Singh Arora

Manager
Deloitte Consulting LLP
+1 571 265 3185
bharora@deloitte.com

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