

SETTING UP A WINNING PRICING STRATEGY

KEY BENEFITS OF ORACLE POLICY AUTOMATION

- Deployment of a consistent, agile pricing strategy covering all types of products, clients, markets and geographies
- Increase of customer satisfaction and margin at the same time
- Automation of customer pricing rules and discounting policies across customer touch points and related devices and systems
- Rapidly transform complex pricing logic into executable rules maintained in Microsoft Word and Excel
- Record a complete audit trail of how pricing decisions are reached
- Manage, adhere to and enforce all operational pricing and discounting policies to ensure governance and compliance
- Reduce the time and cost to implement system-wide modifications resulting from changes to operational pricing requirements
- Enable detailed analysis to project the impact of proposed pricing policy changes
- Empower business users and pricing experts to amend pricing policy rules which control the core administration system without the need for lengthy IT development cycles
- Support of international deployments due to multiple language capabilities

The big challenge that many companies are facing all over the world is finding the right way of putting in place a consistent and agile pricing strategy which spans tailored pricing based on both the transactional reality and the customer situation. A valid pricing solution complementing the pricing strategy needs to be able to cover customer values, market & competitive positions and other determinant elements. Most often pricing strategies, methodologies and processes are closed books to organizations and require lots of manual hard work from both Business and IT areas. Setting up or adapting such a comprehensive pricing solution requires in many cases a significant investment, a long time to market, and often causes operational issues and increased risk at execution level.

Challenges in pricing

Putting in place an effective pricing strategy is one of the most complex processes for most organizations, as multiple departments and people within have to get involved just to define the overall pricing approach.

Putting in place a tailored pricing strategy requires a phased approach, including tools, strategy, policies, rules, methodologies and processes which culminates with the organization reaching the level of “Pricing Excellence”.

The questions many companies ask themselves are:

- How can it be done in an efficient and risk-free way?
- How to leverage the potential that “Pricing Excellence” brings to an organization?
- How to generate the substantial increase of margin, higher close rates and better customer experience “Pricing Excellence” generates for an organization?

“Pricing is the most important lever for profit in an Organization. For most of the Companies, 1% improvement in Price means “around” 10% increase in Bottom Line”

Source: Jean-Gabriel Gaultier, GE Pricing Operations Leader
During a conference for leading European Organizations
(Organized by Oracle & Pricing Solutions)

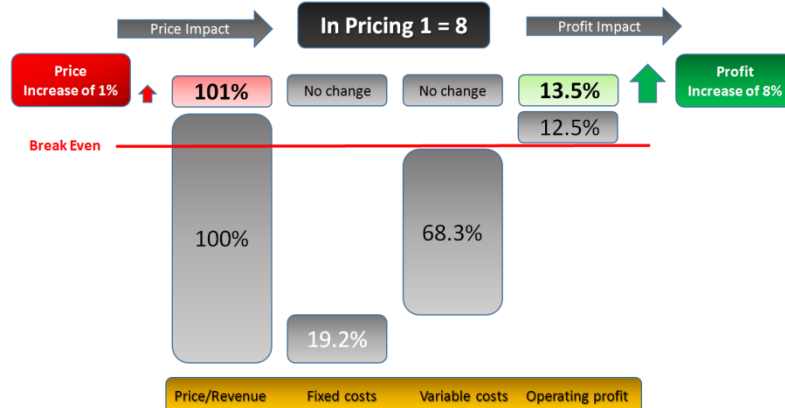
Setting up a pricing strategy

A combination of Pricing Solutions’ deep Pricing Expertise and the use of Oracle Policy Automation as a tool for modeling underlying pricing and discounting rules in natural local language allow organizations setting up their tailored pricing strategies, methodologies and processes seamlessly.

KEY BENEFITS OF PRICING SOLUTIONS

- Deep understanding of pricing strategies, methodologies, processes and deployment models (change management)
- Deployment of consistent, agile pricing strategies covering all types of customers, markets and geographies
- Increase of customer satisfaction and margin at the same time
- Long term domain expertise across industries
- Enablement strategy for business and IT-users managing and maintaining their pricing solution over time

This effective combination enables companies to leverage all of the operational benefits that “Pricing Excellence” generates and engenders demonstrable increases in bottom line profitability for the organization that no other lever can achieve, including the standard and often depressing cost cutting activities.



Source: Compustat – McKinsey Analysis of 1500 top S&P companies

Graphic: High Level Price to Profit Impact Calculation

How to implement the final pricing solution

Successful implementations of pricing policies and discounting rules require a combination of domain expertise, execution model and easy to implement, use and adapt tools.

The combination of Oracle Policy Automation’s natural local language policy modeling and automation capabilities and the business user enablement model of Pricing Solutions avoid long term dependencies. Our joint strategy for setting up a valid and easy to adapt pricing solution is to help organizations implementing their individual, Best in Class pricing strategy while empowering business users to take control in parallel. Maintenance and changes of the pricing strategy and the underlying pricing solution will be done by business users in a fully autonomous way.

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“A joint pricing solution
for your success”

“The single most important decision in **evaluating a business** is **pricing power**. If you’ve got the power to raise prices without losing business to a competitor, you’ve got a very good business. If you have to have a prayer session before raising the prices, then you’ve got a terrible business”

Source: Warren Buffet