

Analyze Case Study:

Improving pricing experience



Executive summary

A client within the Professional Services industry was having a hard time bidding for work due to their pricing, and they were not able to provide accurate fee estimates to clients due to discrepancies within their pricing model. The client approached Analyze Consulting to help them source a system that would enable them to price their offering better and derive pricing insights from previous proposals. This system also needed to provide their clients with more accurate and consistent fee estimates as required by industry regulations. Analyze Consulting successfully assisted the client by assessing the pricing processes, performing business analysis activities, and assisting with the acquisition and implementation of a machine learning-based pricing system.

Background

The client did not have a centralised pricing function, pricing guidelines and tools to assist when pricing new proposals. The client's principal focus was on creating a pricing function within the Finance department, developing appropriate pricing guidelines that met global standards and best practices, and acquiring state of the art systems to assist with the pricing process. As a result, we applied our expertise in business analysis and process analysis to formalise the business and process requirements, define necessary actions to be taken, and guide the acquisition of the pricing system, achieving compliance with changes in legislation.

Key business problems

-  Leakages on fees due to write-offs, write-downs and discounts
-  Inability to make strategic pricing decisions
-  Manual pricing process
-  Achieving compliance with changes in legislation

Key challenges

The pricing process had several issues such as:

1. Leakages on fees due to write-offs, write-downs and discounts

Leakage on fees had an impact on the client's profit margin. The client was losing revenue. Hence, they needed to put tools, policies, processes and procedures in place to better manage leakages on fees.

2. Inability to make strategic pricing decisions

The client's operational and executive committees did not have visibility on the pricing and profitability of proposals; therefore, they could not make informed decisions which would enable the client to improve profitability.

3. Manual pricing process

The pricing process was a manually driven process that relied heavily on the expertise of an individual. As a result, there was a critical dependency risk.

4. Compliance to changes in legislation

The client was facing the potential risk of being exposed to penalties, financial forfeiture and material loss due to the introduction of new industry laws and regulations, internal policies or prescribed best practices that they had not yet adhered to.

Our approach

Analyze Consulting developed a business analysis (BA) approach that focused on attaining the necessary pricing requirements. This process included:

- Business analysis planning and monitoring
- Business process analysis and improvement
- Requirements elicitation and collaboration
- Requirements lifecycle management
- Requirements analysis and design
- Test management

Furthermore, Analyze assisted with key tasks, which included:

- Solution system design
- Training and operationalisation

These activities led to the successful implementation of the pricing system.



Project outcome

Analyze Consulting successfully helped the client by:

- Assessing the root cause of the pricing process discrepancies
- Documenting the current state (as-is) and future state (to-be) processes
- Assisting the Procurement Manager with introducing an RFP process within the firm and the acquiring the pricing system
- Gathering pricing requirements that complied with the industry best practices and standards
- Implementing the system
- Introducing and creating formal reports (which were not available before) to better manage reporting
- Providing recommendations

Next steps

After the handover, we ensured that the client would be able to:

- Implement the recommendations given, resulting in a more efficient process
- Provide more accurate reports and information to Senior Management and Auditors
- Track proposal progress against set budgets
- Track, monitor, and analyse client and proposal profitability to drive strategic decision-making
- Create a database to store historical data and templates to enable the business to price business accurately and efficiently



- Build a competitor database to provide insights on market pricing
- Develop an effective process for negotiating with key clients
- Attract and develop the appropriate skills and support to ensure proposals are managed to budget and that variations are captured
- Increase awareness of business proposal performance

Need to solve complex business problems?

Get in touch: +27 21 447 5696 | info@analyze.co.za | www.analyze.co.za