CHEMICALS & PROCESS

Use Case Catalog

Prepared by

If we show this document to a customer, please delete this page

Prologue

This document is intended to be utilized broadly by revenue team. The primary goal is to provide training and a baseline for key demo value workflows for chem/process industry. All presales team members should become familiar with the use cases and workflows along with the manufacturing-chemicals demo partition.

Please note this document in the "Tools Released Versions" should not be modified. If you have changes you would like to make please reach out to the Industry team for access to the work in process version.

Table of Contents

Industry Overview

CHEMICALS & PROCESS DESCRIPTION

Chemical companies produce a wide variety of base chemicals, plastics, and fibers from many different types of raw materials. In most cases these manufactured products are "downstream" derivatives of crude oil and natural gas. As output from these companies is dependent on their technologies and positions in key raw materials, customers are often suppliers and competitors. Specialty chemical companies are distinguished by differentiated technology positions and improved understanding of customer needs.

Most products from major producers are processed further downstream before reaching end customers. The nature of the business is usually B2B. Distributors are used in this industry to break down bulk shipments into smaller package sizes and to provide logistics and storage support.

Pricing indicators or indices are publicly available for many commodity products. Raw material, packaging, freight, warehousing and distribution costs are important factors for this cost sensitive industry.

- General pricing strategies used by the industry:
    - This is dependent on the nature of the product and markets served, and the acumen of the company doing the price setting.
    - In general, four types of pricing strategies:
        - Cost plus and inventory based (spot) – a pricing strategy based on adding margin targets on top of cost to produce. This strategy is typical for commodity products.
        - Market based – pricing strategy based on a goal of achieving a certain price position vis a vis a defined customer set. This strategy is often used for both commodity and specialty products. The more highly branded products, the more likely to use a market based strategy.
        - Inventory based – pricing may change based on current or future inventory levels in order to clear volumes or hold volumes for the highest value customers. This is common for products that come directly from a plant and where storage space is limited, or spoilage potential is high.
        - Value based – more typical for sellers of specialty products who have a strong command of end use applications in downstream markets and can accurately estimate value in use that corresponds to differing customer willingness to pay.
- General transaction mechanics:
    - List prices – they exist but are not usually valid indicators of market pricing. Most chemical companies set customer pricing individually; not based on discount from list.
    - Price change mechanisms:
        - Mass price changes - applied to all customers in a product, market, customer industry, and/or geography.
        - Formula and index-based price changes – most often on a monthly or quarterly basis are driven by changes in publicly available information on raw material or

finished product price levels and trends. Formula pricing is most often used in commodity product areas. Formulas are typically defined as part of a sales agreement of at least one year in duration.
    - Market price changes are agreed between suppliers and buyers. Changes can be part of a long term (1 year or longer) sales agreement or simply done on a routine transactional basis.
    - Spot or inventory-based pricing (pricing NOT based on a contract), changing as needed to move excess quantities of product out of inventory.
    - Price changes are frequently announced to the public with 30-90 day advance notice before becoming effective. This can serve to create an orderly competitive marketplace.
- Industry Channel models:
    - Direct sales – typically handled by field sales personnel with buyers. In some cases, inside sales personnel will cover smaller accounts that are judged to be too large to give to distributors. Rebates are commonplace, and generally are focused with the direct customer.
    - Distribution sales – through an assortment of multinational, national, and regional distributors. Annual rebates, usually on a volume basis, are typical for producers to drive sales through distribution. Manufacturing companies will frequently utilize distributors to manage their "long-tail" customers who are too small to serve directly.
    - Tolling – this is a specialized arrangement where one manufacturer utilizes the capability or favorable location of another firm to process their goods. One company provides raw materials or semi-finished goods to a 3rd party provider who complete the manufacturing process on their behalf. This is typically used when a company wants to sell in another geographic region but does not want to or is unable to ship product in a cost effective manner to that region.
- Marketing plans:
    - Companies with more specialized products may have sufficient insight on downstream markets and buying processes to establish pull-through rebates with 3rd party customers.
- Supplier network depth:
    - This varies by product area, normally through barriers to entry like control of technology and capital intensity required to invest in capacity. Products made with technology that is readily licensed or beyond patent life tend to have more suppliers and be more commoditized in nature. Those products with technology protection, no licensors of technology, and high capital barriers to entry are more likely to have a very small number of suppliers, or alternatives that are unlike products.
- Aftermarket products or services required (vs original)
    - This is atypical for the industry. There are some instances where products are used by customers for extended periods of time (e.g., catalysts and heat transfer fluids) where opportunities exist for aftermarket (refill) sales or selling a service (e.g., enabling production rates or certain levels of heat transfer) that would allow for alternative pricing approaches.

Use Case Portfolio

Pricing practitioners in the chemical industry typically execute the following activities in which pricing software applications can help drive value.

PRICE SETTING

1. Improve long-term agreement profitability by automating complex formula-based pricing
2. Improve contract renewal performance and long-term visibility via analytics KPIs (analytics extension of CHEM-PS-1)
3. Improve spot price target achievement with real-time market/cost/value pricing models
4. Improve spot margin performance vs. margin/volume forecast via analytics KPIs (analytics extension of CHEM-PS-3)
5. Improve price realization by simulating impact of mass price change scenarios
6. Improve profitability due to better cost recovery via cost-to-serve analytics KPIs
7. Improve price effectiveness by monitoring market feedback via realization analytics KPIs (analytics extension of CHEM-PS-3)
8. Identify and eliminate underperformance via customer/product insights analytics KPIs

QUOTING

9. Improve margin, speed, and quote win rate with guided selling and decisions support
10. Reduce unnecessary discounting by evaluating competitive price match requests
11. Improve seller performance and governance effectiveness via quoting analytics KPIs (analytics extension of CHEM-Q-9 and CHEM-Q-10)

REBATES

12. Eliminate unearned discounting by utilizing automated rebates with accruals and payouts
13. Improve rebate performance with complete financial visibility via analytics KPIs (analytics extension of CHEM-R12)

OPTIMIZATION

14. Achieve margin/revenue/volume goals with optimized pricing guidance and guardrails (map to v1.1 UC 10)

15. Optimize Margin for an Integrated Product Portfolio for Projected Changes and Constraints in Supply, Demand, and Costs (map to v1.1 UC 10)

16. Address customer choices under constrained supply (map to v1.1 UC 11)

17. Improve margins by recommending price changes based on forecast changes in demand (map to v1.1 UC 12)

1. Price Setting: Improve long-term agreement profitability by automating complex formula-based pricing

Situation Description *(Map to v1.1 scenario #7)*

User Role: Pricing Analyst/Manager

Business Objective: Contract pricing is utilized to lock-in a margin % by using a formula that tracks the changes of product cost or market price against a fixed margin base. This eliminates risk and volatility for the chemicals manufacturer because the price will increase and decrease with the periodic changes in cost and market pricing. Automating this process eliminates human errors and time-consuming manual processes. New contract pricing is automatically generated per the contract triggers (e.g. change in raw materials, market index, or other costs).

Complication:

- Pricing formula library needs to be created / maintained
- Variations in formula calculation are often requested by customers or product managers
- New contract pricing occurs frequently (daily/weekly/monthly) per contract terms
- 3rd party reference data needs to be updated (daily/weekly/monthly)
- Calculating and communicating updated pricing is time-consuming and error-prone
- Companies can have 100's to 1,000's of contracts needing frequent updates based on updated market, cost, cost to serve, and related variable elements

Capability Needed:

- Flexible contract pricing templates - one formula model can address many customers
- Real-time pricing updates based on new input triggers and recalculation logic
- Connection to 3rd party market, cost, and cost-to-serve data
- Impact modeling based on updated data, forecasts, and other scenario modeling
- Connection to ERP or other system to publish/execute updated customer contract pricing

Benefit:

- Increase efficiency faster contract pricing creation, re-negotiation process, and regular customer pricing updates via automation and process simplification
- Increased margin with contextual decision support and profitability forecast modeling
- Reduced margin compression with reduction in manual errors and timely pricing updates

KPI:

- Margin inputs recency: days/$ of lost margin due to old/incorrect pricing inputs
- Efficiency and error reduction: cost of manual errors, process costs

Calculations:

- Margin input recency = average monthly cost increase * days pricing out of sync
- Labor savings & error reduction = hrs./mo. contract calculations * analyst rate

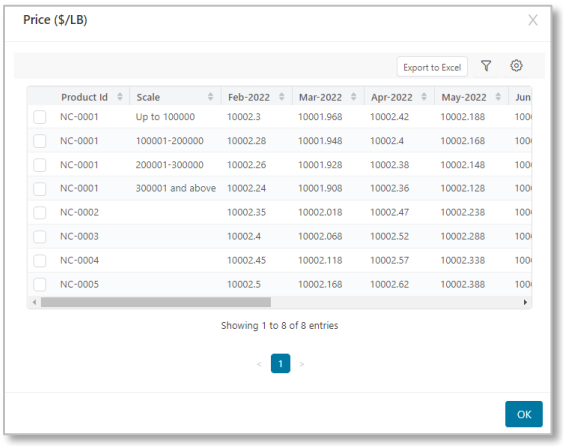
Value projections

Parameters (Value Case #32)			General Assumptions (sample)		Projected Annual Impact (for sample)	
Calculations	C-State	F-State				
Implement Formula or Index Price Strategies and Evaluate Their Impact						
Percent of Portfolio with Cost Change/simulation (per increase)	10.0%		RUM	100M	Direct	205.5k
Nr of price annual increases applied to that portion of portfolio	50		Margin%	10%	Indirect	57.7k
Average % Cost Change per product	2.5%		BA salary	150k/yr		
Days to excute Price adjustment	7	1				
Margin retained due to faster price change execution						
Labor Hours to update/simulate prices from 1 resource chg	6	2				
Number of price resources	1,000					
Number of Cost Changes per resource per year	2					
Labor Savings per year ($)						

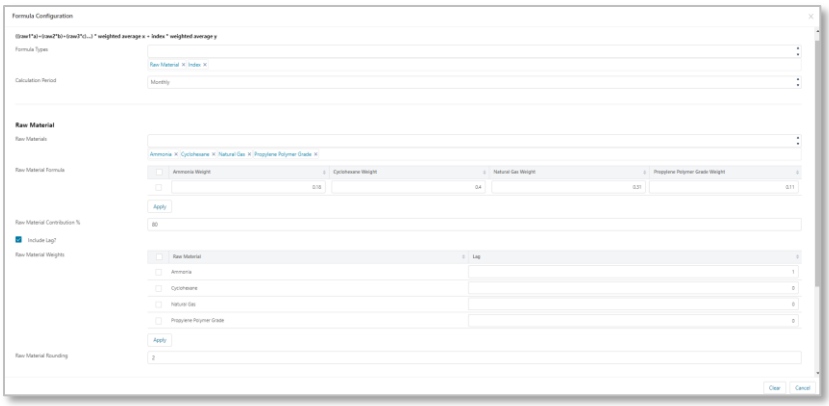
Value

Destination Image / Value Image

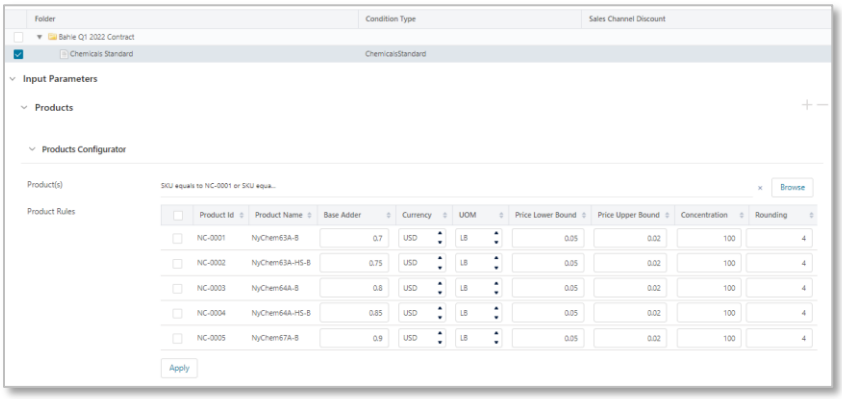
Calculation results (product pricing results – current month and forecast)



Formula config (select formula elements e.g. raw materials, index, extra adder)



Product config (select base margin, $/UofM, scales, bounding and rounding rules)



Demonstration Script

<<< Opening >>>

Show a completed contract with result price, calculation visibility, and analytics

- Set up
  - Start demo with a current contract opened already on the items tab
- Provide context
  - Give a lay-of-the-land by explaining contract templates, inputs, results
- Focus on results
  - Show customer price USD/LB… Euro/KG (result price)
  - Show formula detail (how price was calculated)
  - Explain that raw materials, market index… imported via API
  - Explain that pricing is auto updated based on new inputs
  - If needed show parameter tables for raw materials / market indexes

*Consider starting at the contract renewals dashboard for a renewal workflow

**Consider showing the XLS version of a contract as a contrast before starting demo workflow

***Show parameter tables as needed for raw materials / indexes (source or real-time updates)

****Show inline-analytics as needed – specifically the customer insights dashboard

<<< Supporting Demo Workflow >>>

Header level detail

- Set up
  - Use the same draft contract (start from scratch with new contract if needed)
- Provide context
  - Explain the workflow using “bread-crumbs”
    - Three step process… a) customer and effective dates, b) products and calculation inputs, c) collaboration and workflow
  - Give a lay-of-the-land by explaining effective dates and master data
- Focus on customer / product selection
  - Add customer (explain customer hierarchy – ship to / sold to…)
  - Add products (can do on items page if preferred)

(Review the contract inputs “formula pricing” in as much detail as necessary)

Items level detail

- Provide context
  - Explain input parameters noting that “Everything is configurable…”
    - Product selection

- Product rules
    - Base adder (margin)
    - Scale pricing (volume price tiers)
    - Concentration (% of primary material vs. filler)
    - Bounding (min/max price change OR FX change allowed)
    - Rounding (decimal rounding)
- Formula selection
    - Formula elements (materials, market index, adders)
    - Calculation period (monthly, quarterly…)
    - Raw materials, weighting, lag, and rounding
    - Indexes, weighting, lag, and rounding
    - Contribution weighting (e.g. 20% raws / 80% market index)
- Calculation output format
    - Currency and unit of measure (USD/LB, EUR/KG….)
- Surcharges
    - E.g. fuel, freight, duties

* Show common PFX functionality as needed:

- governance rules
- approval workflow
- document exports

2. Price Setting: Improve contract renewal performance and long-term visibility via analytics KPIs

Situation Description *(analytics extension of CHEM-PS-1 – no previous documentation)*

User Role: Pricing Analyst/Manager (primary) / Sales, Commercial, Finance leaders (secondary)

Business Objective: Contracts pricing is typically negotiated for 1 year but can sometimes extend to multi-year agreements. See Price Setting UC 1 for detail on contract pricing. Contract renewals offer an important opportunity for long-lasting business improvement. The goal of sales and commercial teams is to improve contract margin, volume, and mix. They will do this when armed with market and renewals trends, seasonality, and visibility into underperformance.

Complication:

- Limited negotiation timeline
- Seasonality (e.g. high percentage of renewals and year-end… other high/low cycles)
- Limited visibility into market trends and recent outcomes for similar renewal accounts
- Limited visibility into underperformance and recommendation for price improvements

Capability Needed:

- Time series view into when each contract expires; count-rev-vol at risk by month
- Tracking and alerting for agreement expiration dates and draft review progress
- Force ranking by category of high/low performing customers and products

Benefit:

- Reduce possibility of missing a renewal deadline & delay in price/margin increase
- Increase margin with contextual decision support
- Increased alignment between pricing and sales teams

KPI:

- Same as Price Setting UC 1

Calculation:

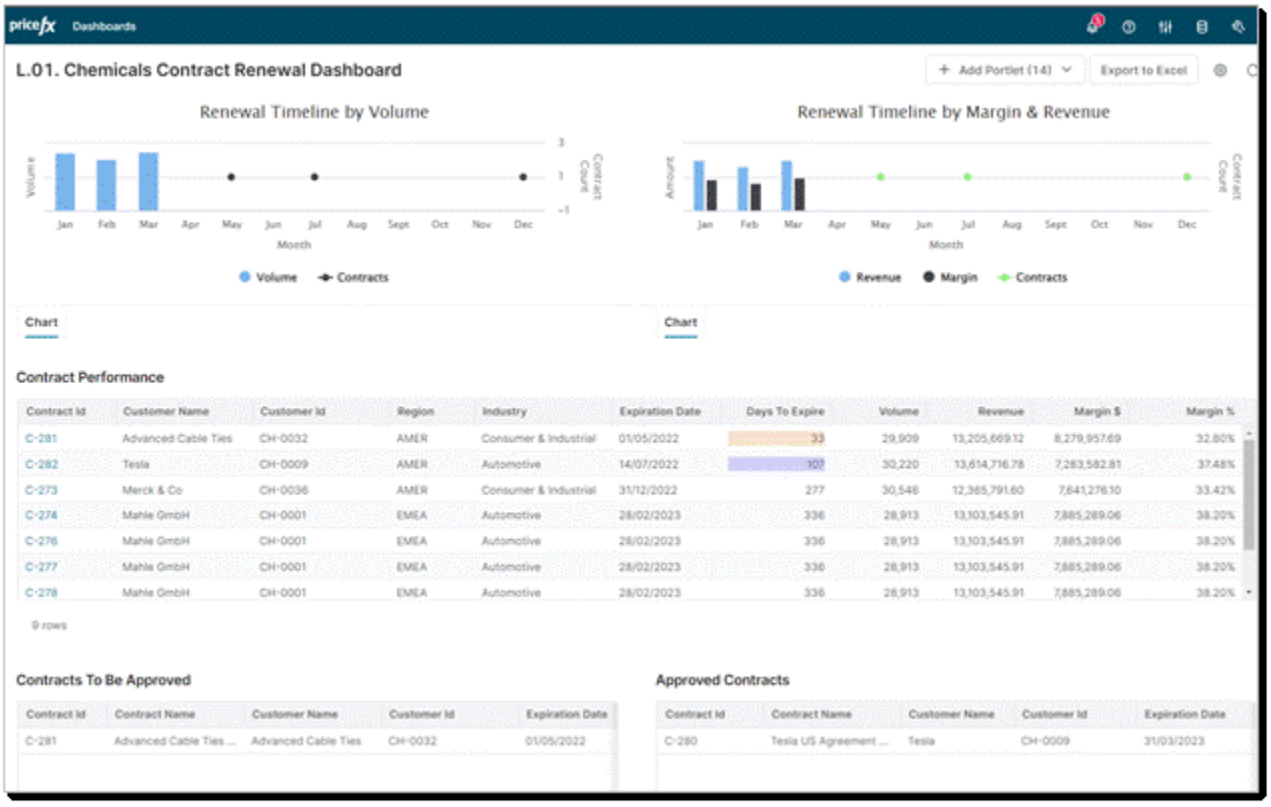
- Same as Price Setting UC 1

Value projections

Parameters (Value Case #33)			General Assumptions (sample)		Projected Annual Impact (for sample)	
Improve contract renewal performance and long-term visibility via analytics KPIs						
Percent of Portfolio with contract adjustments/renewals (per increase)	10.0%		RUM	1,000M	Direct	1,644.0k
Nr of price annual contract adjustments/renewals applied to that portion of portfolio	50		Margin%	10%	Indirect	285.5k
Average % price adjustment per contract	5.00%	7.00%	BA salary	150k/yr		
Days to excute contract adjustment/renewal	7	1				
Margin retained due to faster/better contract change execution						
Labor Hours to update 1 contract	6	2				
Number of total conttracts annually	1,000					
Labor Savings per year ($)						

Destination Image / Value Image

Contract value, performance, and renewal tracking



Demonstration Script

<<< Opening >>>

Navigate to the “Contract Business Summary Total”

- Set up
  - Select products > “Industry: chemical”
  - Select dates > “2020/2021 to 2 years forward”
- Provide Context
  - Dashboard allows sales and pricing teams to do two things 1) track the health of the contract portfolio over time and 2) actively manage the contract renewal cycle from identifying agreements that will expire, to priority, to status.

<<< Supporting Demo Workflow >>>

Walk through the baseboard top to bottom… finding outliers and showing how to take action

- Call out summary at top of page

- Review Contract Business Summary
  - Filter by margin and note a low performing category (e.g. Automotive America)
- Margin / Revenue Pie Chart
  - Expand the low margin quadrant – call out one outliner (e.g. Tesla)
- "take a step back" by showing the region and industry contract mix
  - Note that the region and industry "mix" looks good by hiding and showing elements on the chart key
- Go back to looking at quality by looking at volume / revenue and margin time series
  - Note that frequently contracts can be "lumpy" or have seasonality… call out the upcoming renewals show as dots
- Call out any contracts in "contract performance" that have conditional formatting – where renewal is coming up in 30, 60, 90… days
  - Note some might already be in "contracts to be approved status' – if this is the case they are moving the right direction
  - If not… and they are renewing soon (e.g. 30-60 days) note that you can clilck on the contract ID and open… copy… and start work on a renewal

3. Price Setting: Improve spot price target achievement with real-time market/cost/value pricing models

Situation Description *(Map to v1.1 scenario #2)*

User Role: Pricing Analyst/Manager

Business Objective: Spot pricing is utilized for customers who a) do NOT have a long-term pricing agreement (e.g. smaller customers or companies who do not need to guarantee supply) or b) who do have an agreement but are purchasing outside of their contract (e.g. buying products not covered by a contract / buying quantities above their negotiated volume).

Spot customers negotiate a short-term (e.g. monthly / quarterly) price and quantity schedule based on a "spot-price." This business is planned out using an annual operating plan (AOP). Financial forecasts are created based on selling at defined volume / price / cost (margin) assumptions. Periodic price changes occur during the year based on market conditions (cost changes), market demand (supply vs. demand vs. alternatives), and other factors.

As changes in business conditions create a gap between expected and project earnings performance chemicals manufacturers evaluate and implement pricing actions per portfolio, geography, customer segment, and competitive status, so performance meets or exceeds financial targets.

Complication:

- Spot price changes occur frequently (daily/weekly/monthly) per market segment
- 3rd party reference data needs to be updated frequently (daily/weekly/monthly)
- Calculating and communicating updated pricing is time-consuming and error-prone
- Notification requirements and price protection rules are complex and time-consuming
- Evaluating potential impact to price actions is complicated and requires scenario tools

Capability Needed:

- Flexible spot pricing interface accounting for margin by product, market, and geography
- Real-time pricing updates based on new input triggers and recalculation logic
- Connection to 3rd party market, cost, and cost-to-serve data
- Impact modeling based on updated data, forecasts, and other scenario modeling
- Connection to ERP or other system to publish/execute updated customer contract pricing

Benefit:

- Increase margin due to more frequent and faster spot price updates
- Increased margin with decision support, simulation, and profitability forecast modeling
- Reduced margin compression with reduction in manual errors and timely pricing updates

KPI:

- Higher margin improvement and price realization due to more frequent price changes
- Margin improvement due to more effective targeting of mass price changes

Calculations:

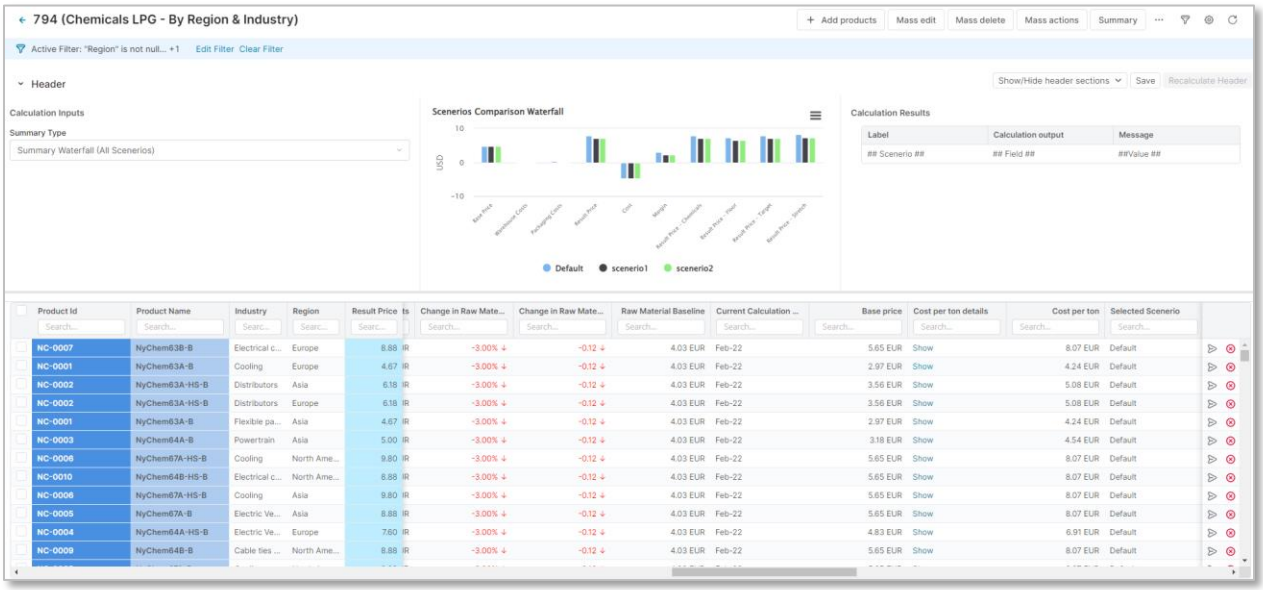
- Margin improvement = CM2 (new pricing) – CM1 (old pricing)

Value projections

Parameters (Value Case #34)			General Assumptions (sample)		Projected Annual Impact (for sample)	
Calculations	C-State	F-State				
Improve spot price target achievement with real-time market/cost/value pricing models						
Promoted avg price $/case			RUM	100M	Direct	100k
Average Margin			Margin%	10%		
Percent of Portfolio with spot price exposure	100.0%					
Nr of DAILY price price changes applied to that portion of portfolio	96					
Highg end of % price adjustment per activity	0.50%					
hours:min to excute contract adjustment/renewal	0:05	0:02				
Margin retained due to faster/better execution						

Destination Image / Value Image

LPG – **live price grid** for monthly spot pricing updates (by region and industry)



LPG – **monthly raw material cost changes** (Parameter Table drives cost+ calc changes)

Raw Material	Month	Value (per metric ton)	Currency
Ammonia	Sep-22	454	USD
Natural Gas	Sep-22	2.07	USD
Propylene Polymer Grade	Sep-22	906	USD
Ammonia	Oct-22	490	USD
Natural Gas	Oct-22	1.96	USD
Propylene Polymer Grade	Oct-22	923	USD
Cyclohexane	Nov-22	1,204	USD
Natural Gas	Nov-22	1.83	USD
Propylene Polymer Grade	Nov-22	919	USD

LPG – **negotiation guidance** (calculated fields - adjustment from "list" for QC sales guidance)

Product Id	Product Name	Industry	Region	Result Price	Margin (%) - Stretch	Margin - Stretch	Result Price - Stretch
NC-0001	NyChem63A-B	Cooling	Europe	4.67	65.19%	1.93 EUR	4.90 EUR
NC-0001	NyChem63A-B	Flexible packaging films	Asia	4.67	65.19%	1.93 EUR	4.90 EUR
NC-0001	NyChem63A-B	Electric Vehicles	Europe	4.67	65.19%	1.93 EUR	4.90 EUR
NC-0001	NyChem63A-B	Distributors	Europe	4.67	65.19%	1.93 EUR	4.90 EUR

LPG – **cost to serve** (typical cost recovery items include warehouse, freight, packaging, services)

Product Id	Product Name	Industry	Region	Result Price	Total Variable costs	Packaging Costs	Warehousing Costs
NC-0001	NyChem63A-B	Cooling	Europe	4.67	3.22 EUR	0.20 EUR	0.05 EUR
NC-0001	NyChem63A-B	Flexible packaging films	Asia	4.67	3.22 EUR	0.20 EUR	0.05 EUR
NC-0001	NyChem63A-B	Electric Vehicles	Europe	4.67	3.22 EUR	0.20 EUR	0.05 EUR
NC-0001	NyChem63A-B	Distributors	Europe	4.67	3.22 EUR	0.20 EUR	0.05 EUR
NC-0001	NyChem63A-B	Cooling	Asia	4.67	3.22 EUR	0.20 EUR	0.05 EUR

LPG – **raw material cost** change inline analytics

Scenerios Matrix

Export to Excel

Scenerio	Cost per ton	Base Price	Change in Price	Change in Price (%)	Raw Materials Price	Change in Raw Mate...	Change in Raw Mate...	Warehousing costs	Packaging costs	Total Variabl
Default	4.24	2.97	-0.04	-1.30%	4.03	-0.13	-3.00%	0.05	0.21	
scenerio1	4.24	2.97	-0.04	-1.30%	4.03	-0.13	-3.00%	0.08	0.05	
scenerio2	4.24	2.97	-0.04	-1.30%	4.03	-0.13	-3.00%	0.08	0.05	

Cost per ton details

Export to Excel

Raw Material	Quantity	Month	Baseline	Cost	Previous Month	Previous Baseline	Previous Cost	Change in Baseline	Cha
Ammonia	0.3	Feb-22	0.32	0.10	Jan-22	0.24	0.07	0.08	
Cyclohexane	0.7	Feb-22	0.31	0.22	Jan-22	0.09	0.06	0.22	
Natural Gas	1	Feb-22	2.34	2.34	Jan-22	3.14	3.14	-0.80	
Propylene Polymer Gr...	1.5	Feb-22	1.06	1.58	Jan-22	0.68	1.02	0.38	
TOTAL				4.24			4.30		

LPG – **mass price change simulation** results on line-item level

Product Id	Product Name	Industry	Region	Result Price	Change in Base Price (%)	Change in Base Price	Calculation Results
0001	Search...	Search...	Search...	Searc...	Search...	Search...	
NC-0001	NyChem63A-B	Cooling	Europe	4.67	-1.33% ↓	-0.04 ↓	
NC-0001	NyChem63A-B	Flexible packaging films	Asia	4.67	-1.33% ↓	-0.04 ↓	
NC-0001	NyChem63A-B	Electric Vehicles	Europe	4.67	-1.33% ↓	-0.04 ↓	
NC-0001	NyChem63A-B	Distributors	Europe	4.67	-1.33% ↓	-0.04 ↓	
NC-0001	NyChem63A-B	Cooling	Asia	4.67	-1.33% ↓	-0.04 ↓	
NC-0001	NyChem63A-B	Cooling	North America	4.67	-1.33% ↓	-0.04 ↓	
NC-0001	NyChem63A-B	Flexible packaging films	North America	4.67	-1.33% ↓	-0.04 ↓	

Demonstration Script

<<< Opening >>>

Show a completed LPG with spot pricing for chemicals by region & industry

- Set up
  - Start demo with LPG open
- Provide context
  - Give a lay-of-the-land by explaining how a LPG works / master data / inputs / outbound finalized pricing to ERP
- Focus on results
  - Show "live price" by industry and region combination (filter on a single SKU)
  - Show filter views
    - Pricing overview
    - Negotiated sales guidance
    - Cost to serve
    - Raw materials
    - Simulation results (See separate demo workflows for simulation)

*Create a new price list from scratch if needed

<<< Supporting Demo Workflow >>>

Live update of pricing – RAW MATERIALS (what would occur via API)

- Set up
  - Use the same LPG
- Provide context
  - Explain PP table connection to LPG – especially for monthly raw materials updates
  - Explain the monthly cycle of updating raw materials (costs) and possible revisions to margin targets (margin expansion goals per annual operating plan)
- PP table change
  - Change on raw material input to the current month
  - Recalculate LPG

    (Recommend recalculation for 1-5 SKUs only – for speed of results)

Live update of pricing – MARGIN TARGETS (typical review of monthly target updates)

- Set up
  - Use the same LPG
- Provide context
  - Explain PP table connection to LPG – margin inputs impact on LPG pricing
- PP table change
  - Change on margin inputs for current month
  - Recalculate LPG

    (Recommend recalculation for 1-5 SKUs only – for speed of results)

4. Price Setting: Improve spot margin performance vs. margin/volume forecast via analytics KPIs

Situation Description *(analytics extension of UC3 – no previous documentation)*

User Role: Pricing Analyst/Manager (primary) / Sales, Commercial, Finance leaders (secondary)

Business Objective: Spot pricing is typically updated on a frequent basis (weekly, monthly, quarterly), or ad-hoc as market, competitive, and internal annual business plans require. See Price Setting UC 3 & UC 5 for details on spot pricing. The goal of the sales and commercial teams is to improve short-term spot pricing (non-contract customers) based on specific monthly margin, revenue, and volume goals (per the annual operating plan / forecast). They will do this when armed with real-time pricing tools that allow for frequent pricing changes du to regular cost and market index changes, margin expansion goals, and other competitive forces.

Complication:

- High frequency of underlying market cost changes
- Limited time to update data, complete models, review, and react
- Limited visibility into impact on margin and volume due to market cost changes
- Limited visibility into underperformance and recommendation for price improvements

Capability Needed:

- Detailed view of spot revenue, margin, volume performance over time by region/segment
- Trending detail on spot revenue, margin, volume performance against financial plan
- Force ranking by category of high/low performing customers and products

Benefit:

- Reduce possibility of margin compression by failing to pass on market cost changes
- Increase margin to stay in alignment with financial planning
- Increased alignment between pricing and sales teams

KPI:

- Same as Price Setting UC 3

Calculation:

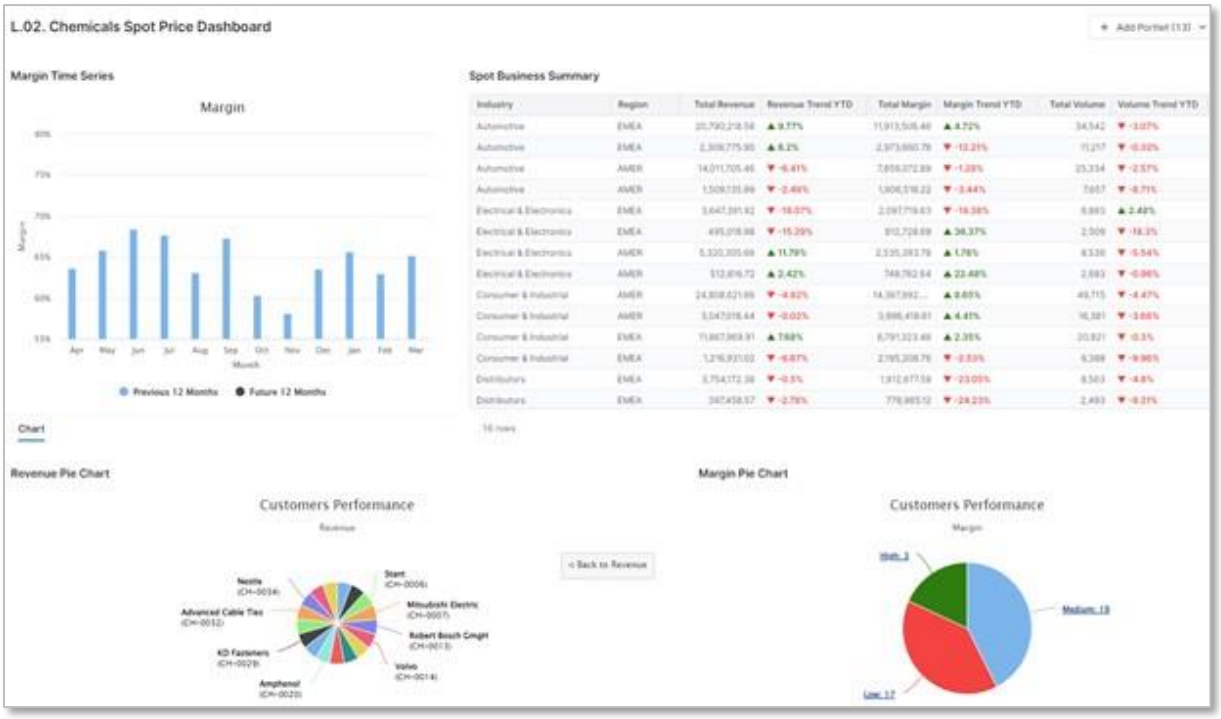
- Same as Price Setting UC 3

Value projections

Parameters (Value Case #34)			General Assumptions (sample)		Projected Annual Impact (for sample)	
Calculations	C-State	F-State				
Improve spot price target achievement with real-time market/cost/value pricing models						
Promoted avg price $/case			RUM	100M	Direct	100k
Average Margin			Margin%	10%		
Percent of Portfolio with spot price exposure	100.0%					
Nr of DAILY price price changes applied to that portion of portfolio	96					
Highg end of % price adjustment per activity	0.50%					
hours.min to excute contract adjustment/renewal	0:05	0:02				
Margin retained due to faster/better execution						

Destination Image / Value Image

Spot Margin Trending



Demonstration Script

<<< Opening >>>

This dashboard is something that a pricing analyst or manager, commercial leader, and even sales leader might look at on a frequent basis. Chemical companies that have non-contract pricing will frequently track spot pricing to make sure they are keeping volume and margins in line with expectation from an annual operating plan / forecast.

- Set up
  - Products > “industry: chemicals”
  - Start date > 1/1/22 – 12/31/2025… a more narrow time should work but usually want to do at least a full calendar year

- Walking down the dashboard
  - Focus on overall summary at top of page – focus on spot business summary
    - Spot business summary is a core need for nearly any chem company – it shows volume, margin, revenue and trending – these are 3 key metrics that will be tracked weekly, monthly, quarterly to make sure annual numbers are achieved.

<<< Supporting Demo Workflow >>>

- Show “spot business summary” – filter on low margin or decreasing margin
  - Show one low performing quadrant in pie chart
    - Go to the month guidelines by region
      - Select the radio button for one of the low performing segments
      - Show “customer month guidelines” that will call out individual customers that should be reviewed for low margin.

5. Price Setting: Improve price realization by simulating impact of mass price change scenarios

Situation Description *(Map to v1.1 scenario #2)*

User Role: Sales, Pricing, or Product Manager or Analyst

Business Objective: Our business seeks to keep performance at or above the business plan for the current year. However, changes in business conditions, for example increases in costs for raw materials, transportation, or distribution, have created a gap between expected and projected earnings performance for the remainder of the year. An immediate need exists to evaluate and implement pricing actions across an entire product, market, and/or geographic sector to bring expected business performance back on or above target for the year.

Complication:

- Targeting price changes at a granular level can be challenging
- Limited time to update data, complete models, review, and react
- Limited visibility into impact on margin and volume due to market cost changes
- Limited visibility into underperformance and recommendation for price improvements

Capability Needed:

- Evaluate options for price changes quickly
- Mass price change simulation including product, market, geography
- Connection to ERP or other system to publish/execute updated customer contract pricing

Benefit:

- Improved margins due to frequent/smart revisions on price setting vs. forecast planning
- Reduced margin compression with reduction in manual errors and timely pricing updates
- Increased margin with decision support

KPI:

- Margin improvement due to more effective targeting of mass price changes

Calculations:

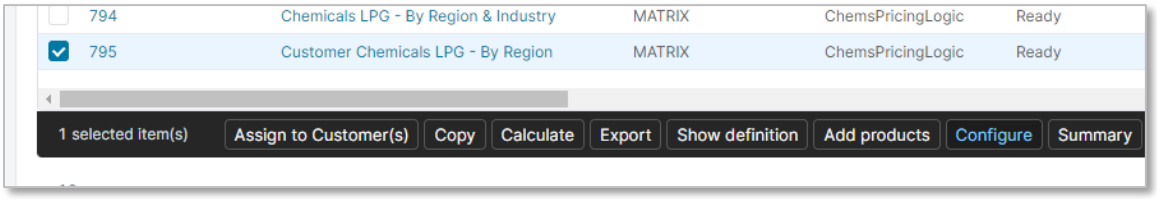
- Margin improvement = CM2 (new pricing) – CM1 (old pricing)

Value projections

Parameters (Value Case #6)		General Assumptions (sample)		Projected Annual Impact (for sample)	
Calculations	C-State				
Perform Mass Price Change due to cost or market changes (w/ simulation) - A		RUM	100M	Direct	426.3k
Percent of Portfolio with Cost Change (per increase)	50.0%	Margin%	10%	Indirect	288.5k
Nr of price annual increases applied to that portion of portfolio	12	Vendors	1,000		
Average % Cost Change per product	2.50%	Annual cost changes/vendor	2		
Days to excute Price Change	10				
Margin retained due to faster price change execution					
Labor Hours to update prices from 1 vendor cost chg	6				
Labor Savings per year ($)					
Days between price notifications	30				
%Changes that miss price notification window	10.0%				
Margin lost from additional time between windows ($ annually)					

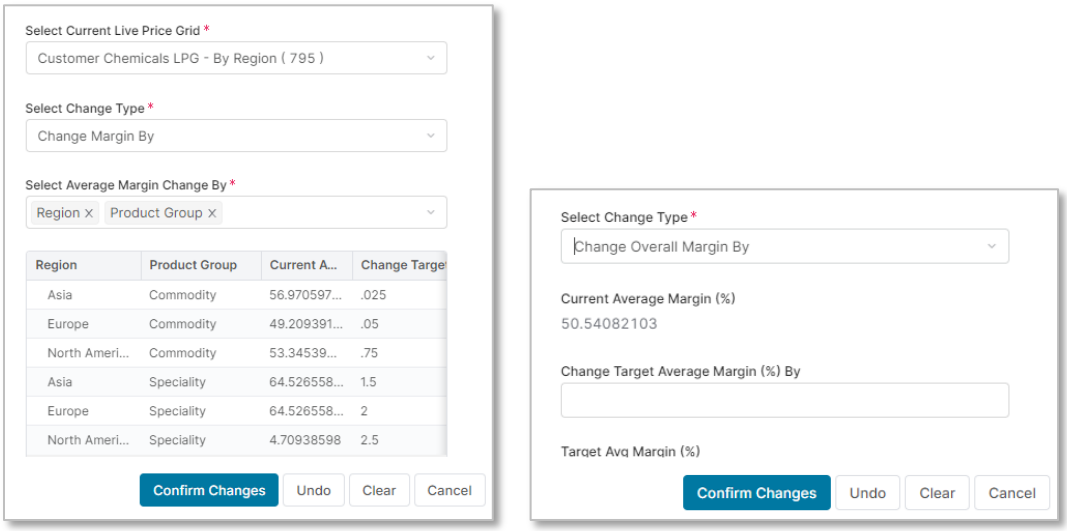
Destination Image / Value Image

LPG – Simulation (select price list and configure)



LPG – Simulation (open configure target average margin)

LPG – Simulation – a) targeted margin change per hierarchy, b) mass margin change



Demonstration Script

<<< Opening >>>

Show a completed LPG with spot pricing for chemicals by region & industry

- Set up
  - Start demo with LPG open
- Provide context
  - Give a lay-of-the-land by explaining how a LPG works / master data / inputs / outbound finalized pricing to ERP
- Focus on results
  - Show "live price" by industry and region combination (filter on a single SKU)
    - Show summary view (margin at region/market level)
    - Show summary view (up-right corner of LPG header analytics)

*Note the need to simulate margin for spot price updates (based on need by financial plan OR based on other competitive or market forces)

<<< Supporting Demo Workflow >>>

Show simulation in LPG – model mass price update

- Select price list
- Choose "configure" option
- Choose button at bottom of page "configure target average margin"
  - Confirm correct LPG
  - Choose 1 of 2 options
    - Mass change to all products "overall"
    - Targeted change by category "change by"
      - Choose target categories
      - Choose actual target amount
      - Confirm changes and recalculate price list

6. Price Setting: Improve profitability due to better cost recovery via cost-to-serve analytics KPIs

Situation Description *(Map to v1.1 scenario #8)*

User Role: Pricing Analyst/Manager (primary) / Product or Finance Manager (secondary)

Business Objective: Chemicals companies closely track their customer cost-to-serve (CTS). The core elements of this are freight, warehouse, packaging, and services. If a customer requires value-added services (e.g. special packaging) they need to pay for this extra cost (also called cost recovery). These costs change over time, but they are not always actively managed. Pricing teams will look to decrease margin compression by actively seeking out underperformance in cost-to-serve elements across their portfolio.

Complication:

- Availability of cost-to-serve data at a customer/transaction level
- Visibility of cost data (e.g. data table, comparative waterfall, or heatmap)
- Visibility at a ship-to level (e.g. freight cost understanding requires ship-to detail)
- Timing of receipt of cost data so it is accurate and allocated correctly
- Ability to move to action immediately once issue identified

Capability Needed:

- Dashboard
  - Data table with customer level ship-to CTS details (outliers / trending)
  - Time series at individual customer ship to and product category level (trending)
  - ~~Comparative waterfall (showing average to single customer)~~
  - Heat map (showing CTS variation by product group, region, market…)
  - Pie chart – negative margin impact of each CTS category

Benefit:

- Reduce margin compression over time with out-of-date CTS adjustments/costs
- Increase margin by identifying underperformance / action on high CTS customers
- Establish norms for cost recovery for future price setting processes

KPI:

- Cost recovery (total, by CTS category, by product/customer/region category)

Calculation:

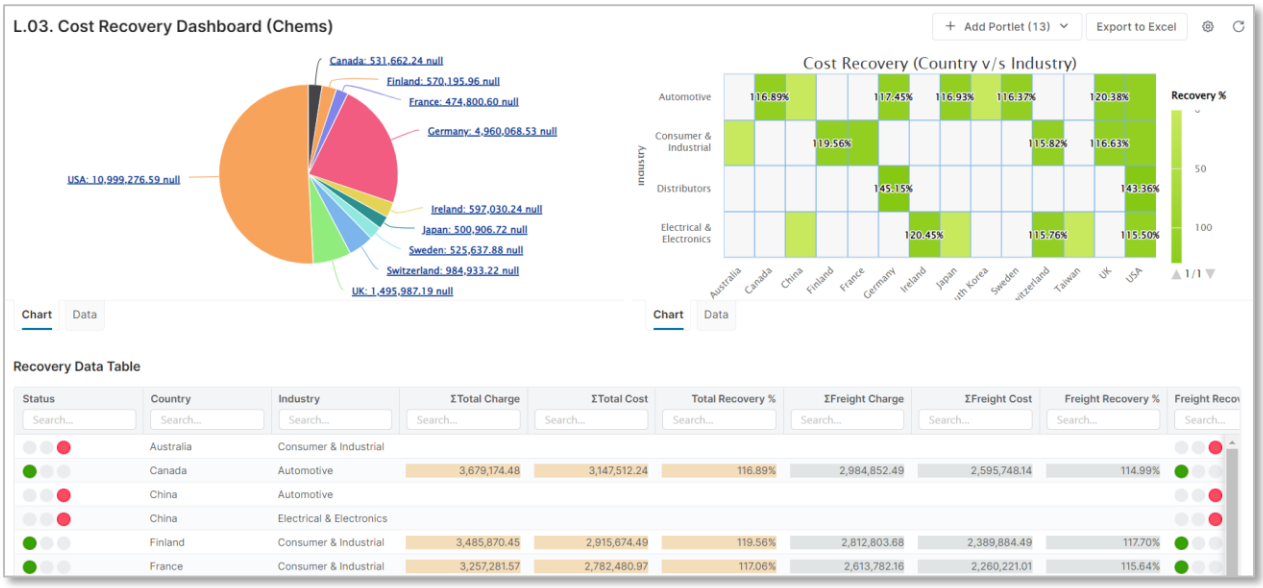
- Cost recovery = CTS adjustments – CTS costs

Value projections

Parameters (Value Case #26)			General Assumptions (sample)		Projected Annual Impact (for sample)	
Calculations	C-State	F-State	RUM	100M		
Labor Savings from Reduced Cost to serve			Margin%	10%		
Hours to match vendor cost files with internal products (per file)	8	1	Customers	2,000	Indirect	1,194.1k
Hours to enter new prices into customer portals (per customer)	3	1	Vendors	1,000	Potential	100k
Labor Costs for cost updates / price updates			Avg annual salary …			
Hours to complete a deal	8		BA	150k		
Additional Revenue from extra time available for sales ($)			Sales person	250k		
Time to create New Item in NIF (hours)	2 1/4	1 1/2				
Time to analyze retail promo (hours)	3 3/4	1 1/5				
Number of NIF per year	1,000					
Number of Retail Promos requiring analysis	500					
Reduced costs from tedious workflows						
Labor Hours to process Vendor change requests or topics (per request)	6	2				
Labor Savings per year ($)						

Destination Image / Value Image

Cost recovery (freight, packaging, services) by product category and region



Demonstration Script

<<< Opening >>>

Cost to serve is a large “margin leak” opportunity for chem companies. Help them to measure “cost recovery” by looking by regions, business lines, and down to customer if necessary.

Set up

- Add 1 or more industries (select all for complete view)
- Add 1 or more view recovery by (recommend country and industry)
- NOTE: Other filters may have mixed results in terms of filtering success (updates to these were not noted as critical for MVP go-live)

Working down the dashboard

- Focus time on the heat map – expand into pop up window – note areas that have lower than expected recovery
- Go down into the recovery data table… and show specific customer breakdown of recovery by type: freight, packaging, warehouse… and totals

7: Improve price effectiveness by monitoring market feedback via realization analytics KPIs

Situation Description *(analytics extension of UC3 – no previous documentation)*

User Role: Pricing Analyst/Manager, Product Manager

Business Objective: Chemicals pricing and product teams will make decisions that require review and long-term tracking. When price changes occur based on costs, market changes, competition, and other factors, analyst and management teams will want to understand the impact.

Complication:

- Lack of visibility into impact of price changes
- Lack of visibility into category and SKU/customer basis
- Difficult to have a single view of direction of business/customer health

Capability Needed:

- High level customer health scoring and trending
- Detailed understanding of customer level waterfall
- Realization impact of price changes
- Long-term tracking of volume, price, margin

Benefit:

- Real-time visibility into price action results
- Customer level / category level insights

KPI:

Contribution margin (preferred) or gross margin change. This can be measured at the account level, or at higher levels in the enterprise (product, market, geography, or total business).

Calculations:

Contribution margin = revenue – variable cost of goods sold

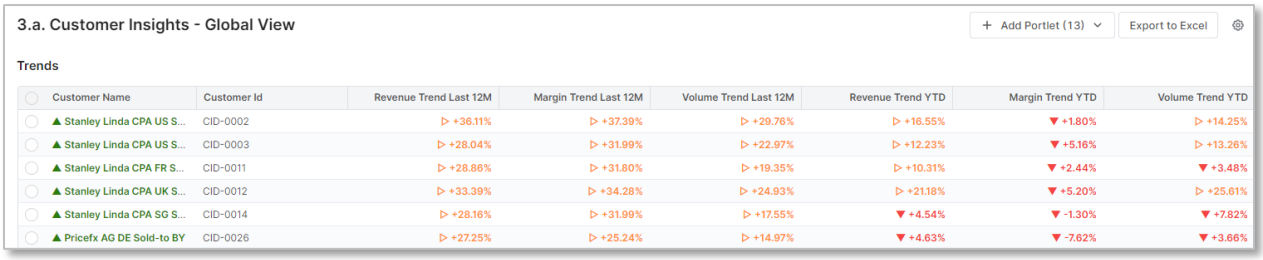
Gross margin = revenue – total cost of goods sold

Value projections

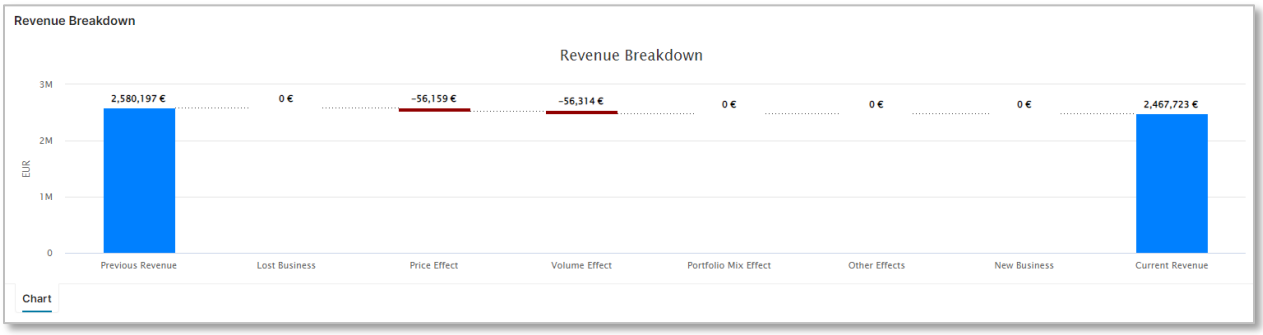
Parameters (Value Case #2)			General Assumptions (sample)		Projected Annual Impact (for sample)	
Calculations	C-State	F-State	RUM	100M		
Assess / Evaluate the effect of price changes; Improve price effectiveness via realizati			Margin%	10%	Direct	151.2k
Percent of Portfolio with price change exposure/investigation	50.0%					
Nr of weekly price price changes applied to that portion of portfolio	20					
Highg end of % price adjustment per activity	3.00%					
hours:min to excute contract adjustment/renewal	0:50	0:02				
Margin retained due to faster/better execution						

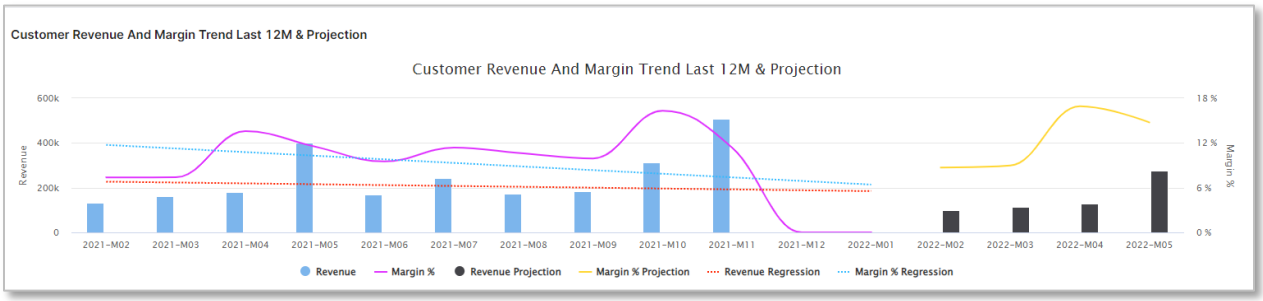
Destination Image / Value Image

View trending for top/bottom performing accounts (3a - global)

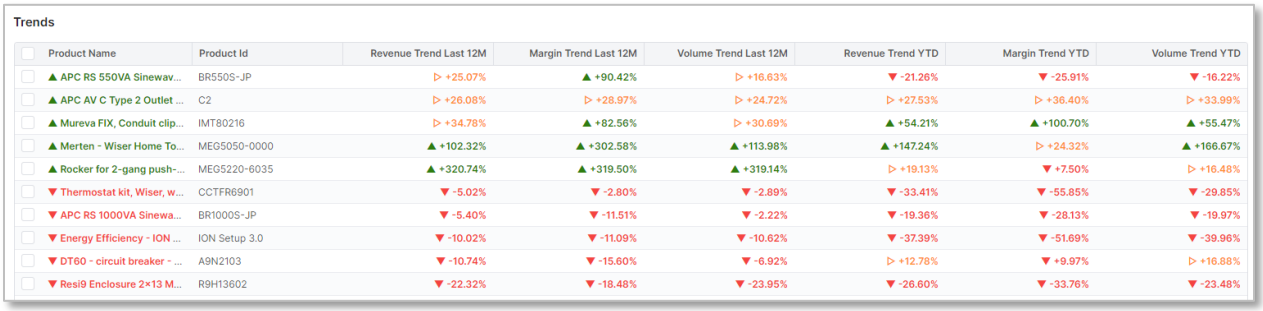


Price change realization via margin mix waterfall / revenue margin trending (3b - customer)





Product level trending (3c - customer)



Demonstration Script

<<< Opening >>>

Start in C.01 – customer insights

- Set up
  - Show health scoring
  - Show trending
- Next
  - Explain how these elements are configurable
  - Set the stage that this is a global view and based on underperformance you can drill down into the underlying data
    - Select a customer from the trends section to open op the next dashboard (customer insight)

<<< Supporting Demo Workflow >>>

Customer Insight

- Show the margin/mix waterfall
  - Explain the impact of the waterfall – that it shows the impact of a price change – including price realization
- Show the customer-specific waterfall
  - Expand out the discounts section
    - Explain that this discretionary discounting can account for the reduction in price realization
- Show additional details on margin revenue trending
  - Click on the view customer product portfolio button

Customer Insight

- Show opportunities for improvement by price changes and additional product that can be sold

8: Identify and eliminate underperformance via customer/product insights analytics KPIs

Situation Description *(Map to v1.1 scenario #1)*

User Role: Pricing Analyst/Manager, Product Manager

Business Objective: Our business strives to maintain prices and sales processes that generate sufficient margin from each of our customers. Our pricing and our discounting processes take into consideration product costs, customer volume commitments, customer cost to serve, rebate scenarios, and other cost items to generate an expected margin. Our goal is to have all customers and products meet certain margin thresholds, sometimes based on volume, but also absolute values of margin.

Complication: During sales negotiations, we sometimes give outsized discounts to certain customers, resulting in lower-than-expected margins. Monitoring systems today are not capable of quickly identifying margin performance of a customer or product against their peers or against plans or expectations for that customer or product group. Additionally, even when problems are uncovered, it is not straightforward to know what actions to take or specifically how to execute those quick actions.

Capability Needed: Analytics capabilities that analyze margin performance against the other customers and products and against the plan for that customer or product that is linked to an execution system that can change parameters.

Benefit: Company overall margin will improve.

KPI: Contribution margin (preferred) or gross margin change. This can be measured at the account level, or at higher levels in the enterprise (product, market, geography, or total business).

Calculations:

Contribution margin = revenue – variable cost of goods sold

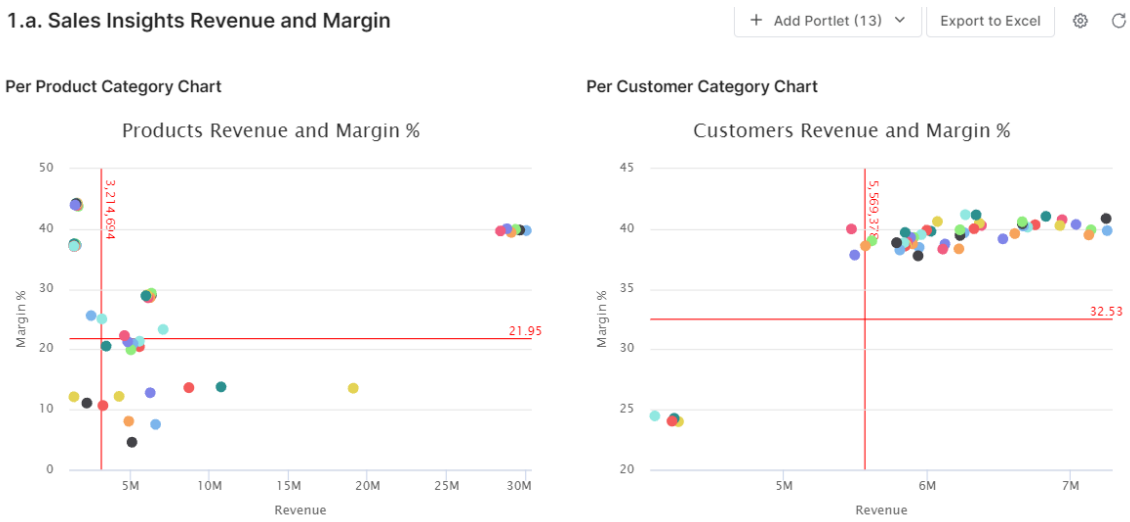
Gross margin = revenue – total cost of goods sold

Value projections

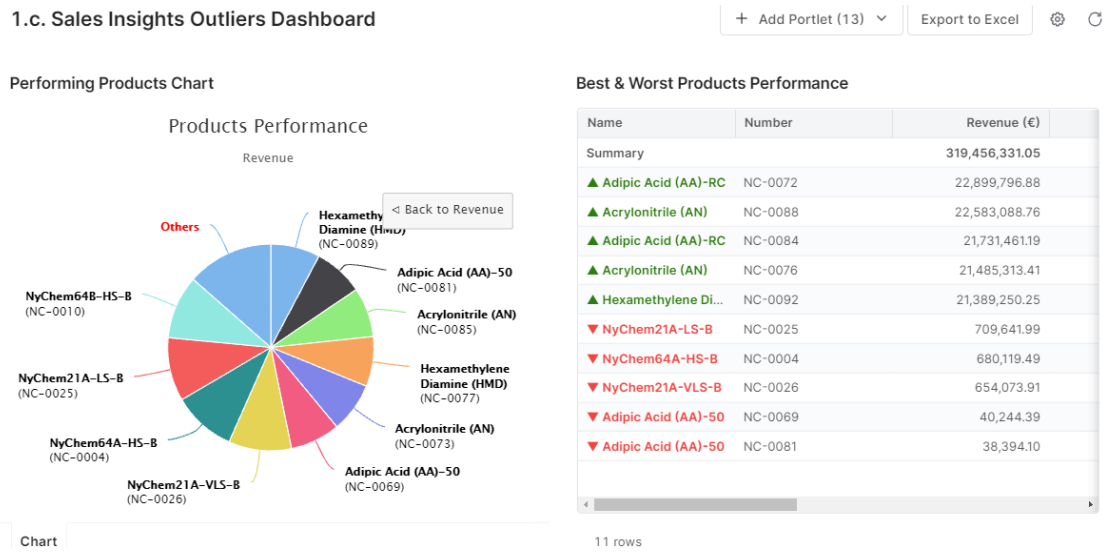
Parameters (Value Case #1)			General Assumptions (sample)		Projected Annual Impact (for sample)	
Calculations	C-State	F-State	RUM	100M		
Identify and correct low margin or mispriced customers and products						
Avg Margin Deviation across Customer/Product Quartiles	50.0%	40.0%	Margin%	10%	Direct	81k
% of Revenue from lower margin tier customers (or products)	15.0%					
Gross Margin in Lower Tier ($)						

Destination Image / Value Image

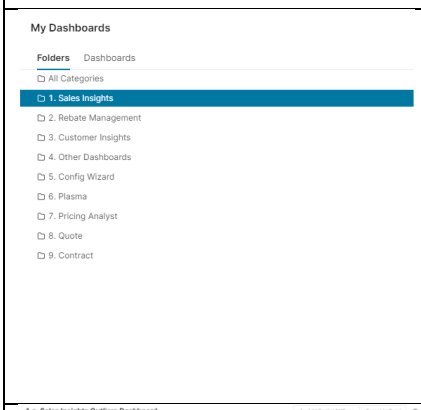
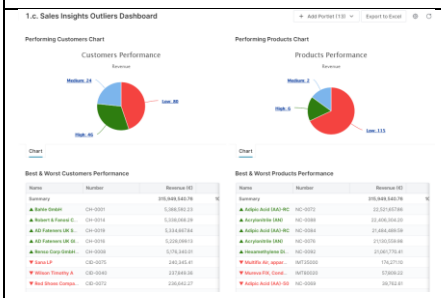
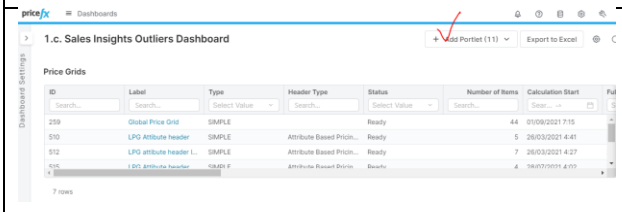
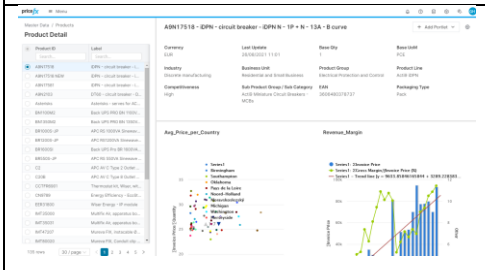
1.a Sales Insights Revenue and Margin (identify underperformance by 4-box-model)



1.c Sales Insights Outlier Dashboard (identify underperformance by quartile)



Demonstration Script

Screenshot	Clickstream	Talk Track
	Starting at the homepage – navigate to “my dashboards” and find “Sales Insights” category. Select “1.C – Sales Insights Outlier Dashboard”…	As a pricing analyst, it is difficult to identify underperforming products and customers. Pricefx has out-of-the-box capability in the for of accelerators to help perform the most common and impactful price analysis.
	Go to filter and select “Chemicals” and apply filter settings… Click on pie chart to show low performers… Review force rank list of customers and products… <<<END>>>	In this case, you are looking for the top 5-10 worst performing product and customers… so you look at your outliers dashboard.
	IF THEY ASK… about taking action from the analytic… add a portlet (price list or price grid)	The next step is taking actions, so you can include a “portlet” that shows you all of the relevant price lists, so that you can review any possible changes required.
	IF THEY ASK… about detail for any customer of products… go to product master or customer master… “show detail” for a single product or customer	Another next step you should take is to review in detail the product or customer you see as underperforming… here you can see absolutely every factor impacting profitability – from guidance, discounting, to rebates and more.

	ALTERNATE PATH… select “1.a Sales Insights Revenue and Margin”… go to filter and select “chemicals”…and apply filter setting… Drag and select the bottom right quadrant of product category chart… hover over a dot to show what product it is.	In this case, you are looking for the quadrant of underperformance where there are high revenue customers who are also low margin. Each quadrant of the chart shows the performance characteristic of the segment.

9: Improve margin, speed, and quote win rate with guided selling and decisions support

Situation Description *(Map to v1.1 scenario #4/5)*

User Role: Sales Account Executive / Sales Management

Business Objective: Our business receives inquiries from customers throughout the year for quotes on potential purchase of quantities of products we produce. These inquiries reflect at least two different purchase scenarios: (1) a quotation for product purchases for an upcoming fiscal year, which often results in execution of a sales contract, or (2) a one-time spot purchase of product for a project or to fulfill a short-term need. We need to respond to the customer in a timely manner on these requests, with pricing that is realistic considering the products, markets, and respective volumes involved in the quote.

Complication: The quote proposals are usually received by our sales team via email or direct interface with a customer's purchasing site. These need to be fed back to our teams responsible for proposal management, evaluated for pricing and volume commitments, approved internally, and then transmitted by sales back to the customer. There are a lot of handoffs in the process that consume considerable time, potentially impacting win rate if there is delay replying to the customer. Additionally, it's difficult to quickly perform appropriate analysis to determine the right price for the customer considering current and projected market conditions. Linkage with other systems like ERP and CRM sound interesting but are difficult to manage.

Capability Needed: A quick, integrated way to receive, evaluate, and respond to customer quotes that provides the right price to the customer and allows us to win the business.

Benefit: Company volumes, revenues, and margins will improve.

KPI: Cumulative win/loss percentage on quotes.

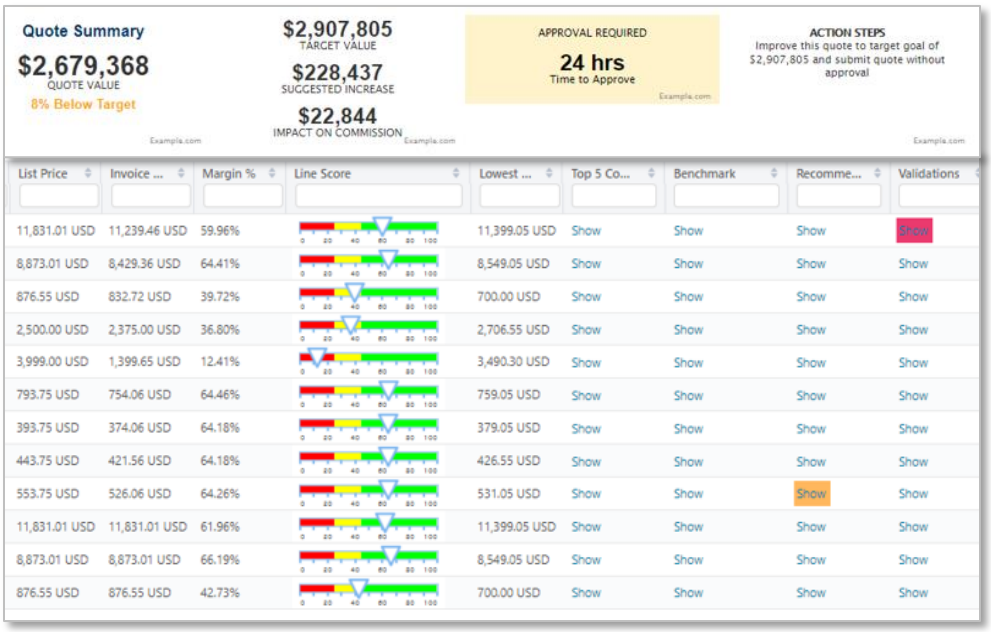
Calculation: Win/loss percentage = (Total deals won / Total opportunities) * 100

Value projections

Parameters (Value Case #13)			General Assumptions (sample)		Projected Annual Impact (for sample)	
Calculations	C-State	F-State				
Improve time to quote (sales efficiency)						
% of business subject to quoting	42.0%					
Estimated Win Rate - closed quotes to created quotes	73.0%	75.0%	RUM	100M		
Average Time to Create a quote (hours)	2 1/2	1 2/5	Margin%	10%	Direct	120.3k
Annual Cost to generate existing quotes			Quotes/mth	1,000	Indirect	1,586.5k
% of saved time used for additional quoting		10.0%	Avg annual salary …		Potential	330.0k
Margin gained due to ability to create more quotes ($)			Sales person	250k		
% of the 270 Lost Quotes lost due to "too slow" response	10.0%	2.5%				
Margin lost due to "too slow" response						

Destination Image / Value Image

Completed quote – pricing guidance – analytics and decision support



List Price	Invoice ...	Margin %	Line Score	Lowest ...	Top 5 Co...	Benchmark	Recomme...	Validations
11,831.01 USD	11,239.46 USD	59.96%		11,399.05 USD	Show	Show	Show	Show
8,873.01 USD	8,429.36 USD	64.41%		8,549.05 USD	Show	Show	Show	Show
876.55 USD	832.72 USD	39.72%		700.00 USD	Show	Show	Show	Show
2,500.00 USD	2,375.00 USD	36.80%		2,706.55 USD	Show	Show	Show	Show
3,999.00 USD	1,399.65 USD	12.41%		3,490.30 USD	Show	Show	Show	Show
793.75 USD	754.06 USD	64.46%		759.05 USD	Show	Show	Show	Show
393.75 USD	374.06 USD	64.18%		379.05 USD	Show	Show	Show	Show
443.75 USD	421.56 USD	64.18%		426.55 USD	Show	Show	Show	Show
553.75 USD	526.06 USD	64.26%		531.05 USD	Show	Show	Show	Show
11,831.01 USD	11,831.01 USD	61.96%		11,399.05 USD	Show	Show	Show	Show
8,873.01 USD	8,873.01 USD	66.19%		8,549.05 USD	Show	Show	Show	Show
876.55 USD	876.55 USD	42.73%		700.00 USD	Show	Show	Show	Show

Demonstration Script

<<< Opening >>>

Start with a completed draft quote

- Set up
  - Show complete quote
  - Quantities and prices
  - Pricing guidance
- Header decision support
  - Discuss quote summary (above or below target
  - Requirement for approval
  - Open and show recommendations

<<< Supporting Demo Workflow >>>

Make changes or start from scratch

- Focus on price change and recalculation
  - Base changes on viewing scatter plot or other analytics
- Workflow and approvals
  - Explain workflow process, exporting, and other communication details
  - Change workflow path if necessary
  - Kick off and show email approvals if necessary

10: Reduce unnecessary discounting by evaluating competitive price match requests

Situation Description *(Map to v1.1 scenario #3)*

User Role: Sales or Pricing Analyst, Sales Representative, Pricing or Product Manager

Business Objective: Our business has numerous customers who are priced on a market basis for a product, and many of them split their business across multiple suppliers. From time to time, competitors may seek to take business from us by lowering price in situations where like products are being sold. We need a way to evaluate these situations quickly for proper customer response to retain business.

Complication: When a customer calls our sales representative presenting a competitive price challenge, they expect us to know our business and markets and to be able to provide an immediate response. Sales must present the situation via phone or email to our pricing and product teams, and it seems to take forever to get a response, sometimes costing us valuable business when the customer gets impatient and moves on to do business with the competitor. Delays on our end occur due to many factors, including lack of comparative pricing data, availability of people, and things just getting lost in messaging and communication systems.

Capability Needed: A way to submit a price request that will get a rapid response by providing automated analysis of the competitive situation, using relevant pricing data from similar customers, and getting the immediate attention of any needed approvers.

Benefit: Existing business will be retained at appropriate pricing levels.

KPIs: For these situations, (1) a measure of total volume, revenue, gross margin, or contribution margin at risk (for the specific deal, and cumulatively), and (2) cumulative win/loss percentage.

Calculations:

(1) Total volume = Total pounds., kilograms, Metric Tons, square feet, or gallons from sales records
(2) Total revenue = Sum of volumes * selling price
(3) Total gross margin = Total revenue – rebates – total cost
(4) Total contribution margin = Total revenue – rebates – total variable cost
(5) Win/loss percentage = (Total deals won / Total opportunities) * 100

Value projections

Parameters (Value Case #13)			General Assumptions (sample)		Projected Annual Impact (for sample)	
Calculations	C-State	F-State	RUM	100M		
Improve time to quote (sales efficiency)			Margin%	10%	Direct	120.3k
% of business subject to quoting	42.0%		Quotes/mth	1,000	Indirect	1,586.5k
Estimated Win Rate - closed quotes to created quotes	73.0%	75.0%	Avg annual salary …		Potential	330.0k
Average Time to Create a quote (hours)	2 1/2	1 2/5	Sales person	250k		
Annual Cost to generate existing quotes						
% of saved time used for additional quoting		10.0%				
Margin gained due to ability to create more quotes ($)						
% of the 270 Lost Quotes lost due to 'too slow' response	10.0%	2.5%				
Margin lost due to "too slow" response						

Destination Image / Value Image

Same as UC 1

Demonstration Script

Same as UC 1

- Focus on price change request
- Show competition data
- Show break even chart
- Show force rank of customer volumes / margins
- Show scatter with rollover

11: Improve seller performance and governance effectiveness via quoting analytics KPIs

Situation Description *(analytics extension of Quote UC 1 and 2 – no previous documentation)*

User Role: Sales Manager, Team Leader

Business Objective: Sales teams leaders have regular checkpoints on performance management with their teams with the goal of coaching individual sales reps. Regular tracking of performance metrics is a critical element of the sales management role specific to pricing.

Complication:

- Limited visibility into data
- Lack of repeatable process and dashboards
- Missing context around underperformance or KPI specific targets

Capability Needed:

- Robust dashboards and reporting based on win-loss, governance and compliance, and similar KPIs and benchmarks over time

Benefit:

- Increased margin / improved sales performance / sales team retention and morale / fast resolution of issues of governance or alerting to underlying competitive or pricing issues

KPI:

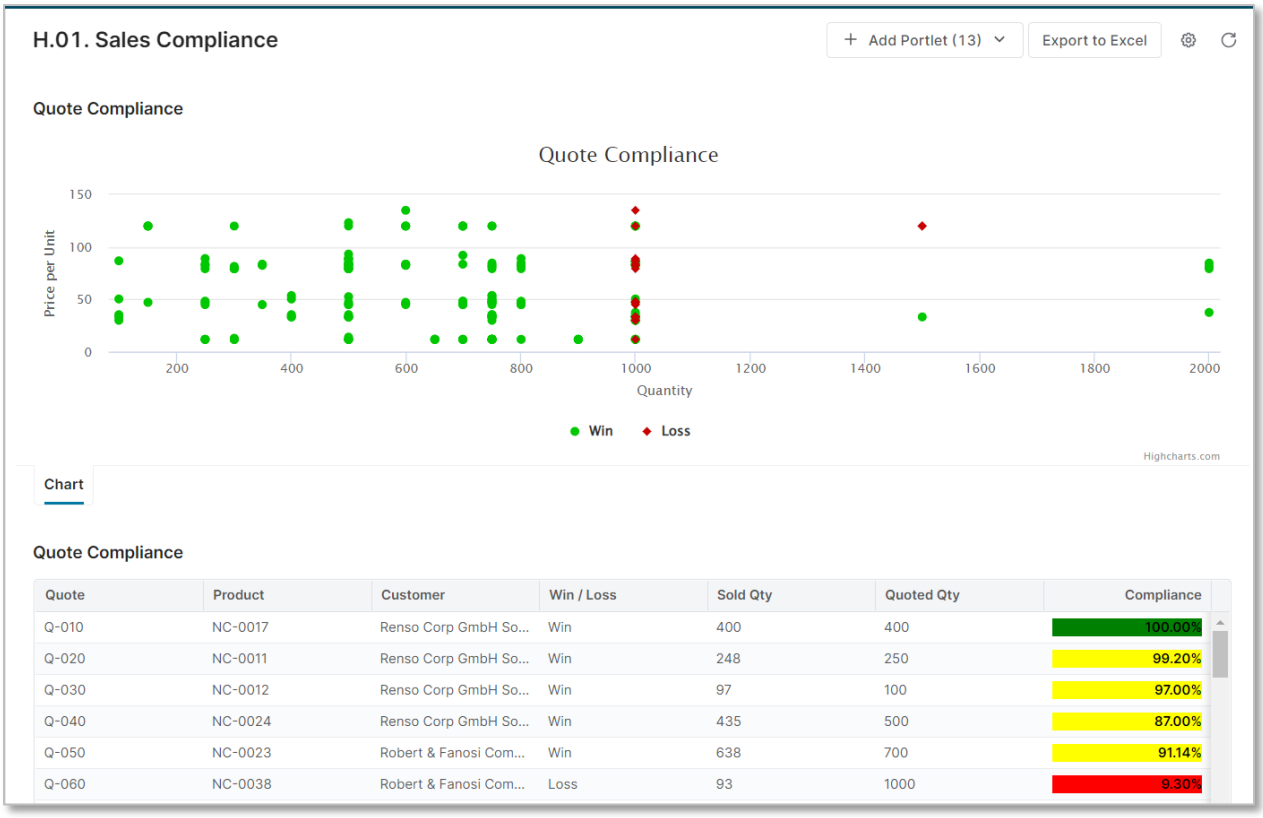
- Cumulative win/loss percentage on quotes
- Adherence to guideline / reduction in quotes needing approvals
- Sales team retention and improvement in team morale

Calculation:

- Win/loss percentage = (Total deals won / Total opportunities) * 100

Destination Image / Value Image

Connecting quote governance to compliance tracking and win-loss



Demonstration Script

Show the following accelerator dashboards:

- Sales Compliance
- Quoting Dashboard
- Quote win/loss Dashboard

12: Eliminate unearned discounting by utilizing automated rebates with accruals and payouts

Situation Description *(Map to v1.1 scenario #6)*

User Role: Sales or Pricing Analyst

Business Objective: Our business wants to support overall business objectives for volume growth, or business retention by utilization of rebates with specific customers. Implementing such rebates requires agreement internally and with the customer on the rebate mechanism and amount, documenting the rebate, setting up rebate accruals, monitoring performance, and issuing payouts when earned.

Complication: Establishing, monitoring, and paying out rebates can be a difficult and time-consuming process involving many parties. Sales and pricing or product teams must come to agreement on the specific terms of a rebate and secure internal approvals while also getting customer agreement on the rebate plan. The rebate may be part of a sales contract, or separately documented between the parties in a signed letter. Once established, finance gets involved by setting up accruals to cover the amounts payable to the customer if the rebate is earned. All the parties mentioned have an interest in monitoring performance during the rebate period to see if it is working as planned, and to understand if a payout will really be made. Finally, once the rebate period is completed, if the customer has earned the rebate, finance must issue a payment to the customer within the prescribed time window or return accrued monies to earnings. All these activities can be disconnected from each other, requiring a lot of interaction to ensure the process is working well internally and for the customer.

Capability Needed: An integrated framework to oversee establishment and approval of the rebate, preparation of documentation for execution by the customer to verify agreement on the rebate terms, setup of rebate accruals, monitoring of rebate performance throughout the agreed up on time period, and payout of the rebate to the customer once earned.

Benefit: Achieving or exceeding performance on the targeted goal (volume growth or business retention).

KPI: Rebate performance versus targeted objective (volume, revenue) or rebate effectiveness

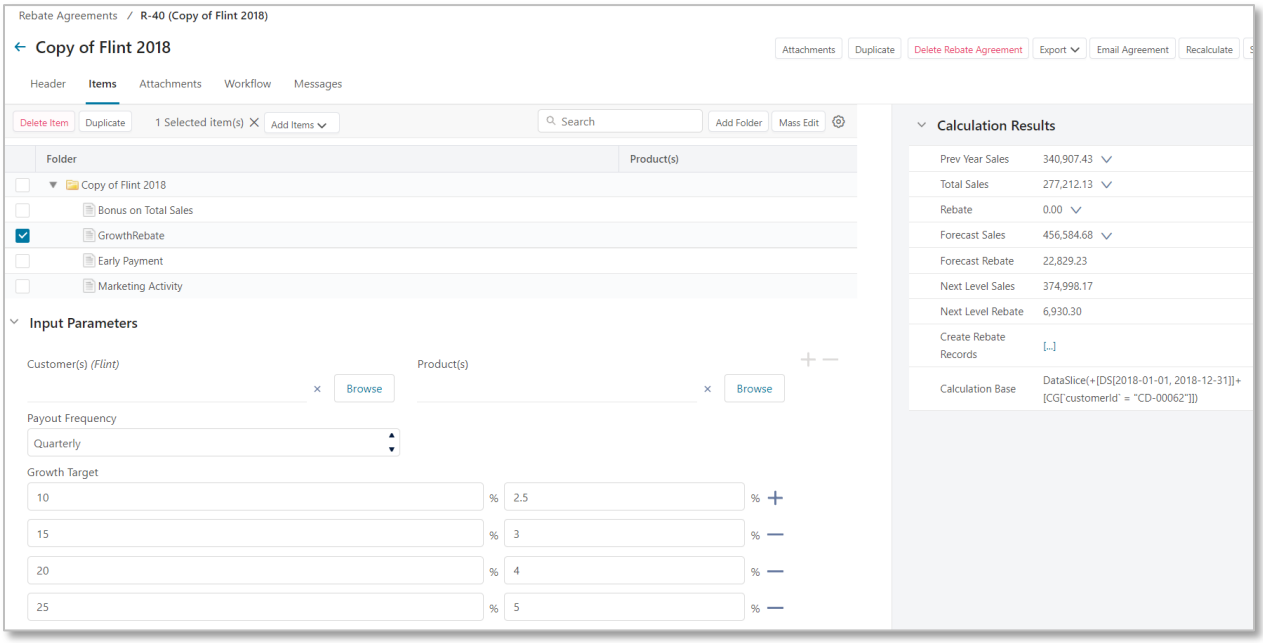
Calculation:

Rebate performance = (YTD performance / targeted performance) * 100 on the desired metric (volume, revenue)

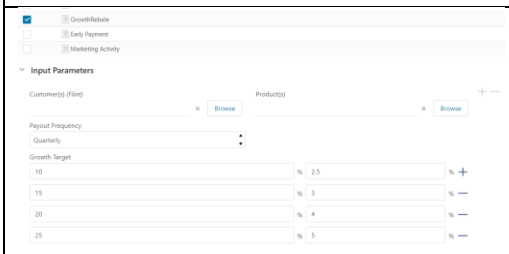
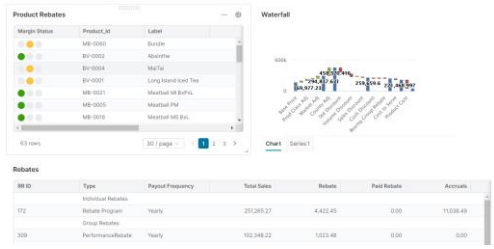
Rebate effectiveness = [(Sum of absolute value of (actual – goal) for all time periods in rebate) / number of time periods in rebate] * 100

Destination Image / Value Image

Volume tier rebate



Demonstration Script

Screenshot	Clickstream	Talk Track
	Navigate to rebates – filter to “flint” – show inputs step for a rebated building up the growth rebate element… on the approved version of “flint” rebate show the inline analytics.	When you create a rebate program, you can take advantage of multiple templates… for example the growth rebate. The input parameters control all aspects of the rebate from tiers, to payout frequency, to customer and product inclusions
	View inline analytics (e.g. previous volume vs. forecast volume)	When creating a rebate – you have access to decision support in the form of analytics – for example volume history and trending, simulation, and more…
	View “Customer Rebate” dashboard. Show product/program performance, cumulative impact of on-off invoice discounts including group rebates, and view data table to see progress of accruals, payouts, and next level sales.	Call out rebate performance… show cumulative impact on waterfall, and show finance view (forecast, accrual, payout) and sales view (next level sales)
	IF THEY ASK… rebate templates	
	IF THEY ASK… show accrual/payout files	

Summary statement following clickstream… focus on value, try and quantify value for the customer.

13: Improve rebate performance with complete financial visibility via analytics KPIs

Situation Description *(Map to v1.1 scenario #9)*

User Role: Sales Executive, Manager, or Analyst; Pricing or Product Manager or Analyst

Business Objective: Our business establishes rebates to incent growth or sustain business at targeted accounts. For the sake of achieving the business objectives, our sales and business teams need to be able to monitor progress on sales versus the rebate objective throughout the rebate period. This helps us remind the customer of progress toward attaining the rebate payment and maintains targeted business levels. It also helps us understand the likelihood of making the rebate payout at the end of the rebate period.

Complication: Once a rebate is established with a customer, viewing sales performance data against the rebate target is not easily done. Data on sales volume or revenue must be obtained for the product(s) involved in the rebate and must be updated on a monthly basis. Graphs or tables of this data must include a view of the target apportioned across the time periods where the rebate is in effect to show progress versus the goal. Additionally, automated calculation of a metric of effectiveness is needed to allow sales to see if progress versus the goal is consistent or "lumpy", where it is likely preferred for planning purposes to have sales evenly spread across the rebate period instead of catching up with large chunks of sales volume close to the end of the rebate period.

Capability Needed: The ability to generate views of current sales revenue or volume for the rebate time period against the rebate goal for the product(s) covered under the rebate agreement.

Benefit: Understanding customer performance and enabling higher realization of rebate goal outcomes.

KPIs: Revenue or volume versus target; rebate effectiveness

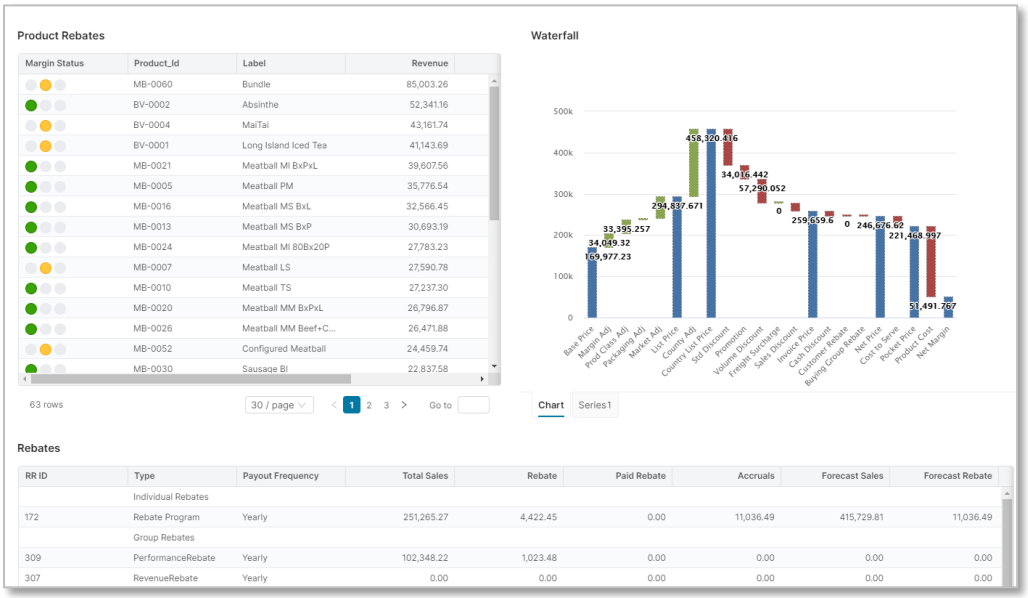
Calculations:

Rebate effectiveness = [(Sum of absolute value of (actual – goal) for all time periods in rebate) / number of time periods in rebate] * 100

Destination Image / Value Image

No image currently available

Volume tier rebate



Demonstration Script

<<< Opening >>>

- Product rebate ranking
  - Show that rebates ROI and performance is tracked and can be forced ranked
- Show waterfall
  - Point out that we can track cumulative impact of buying group and customer rebates. Also show the cumulative impact of discounts and rebates
- Go into detail on the rebates table
  - Finance focus: show forecast vs. actual / payouts and accruals
  - Sales focus: show next level rebate and amount

<<< Supporting Demo Workflow >>>

- Show rebate record in detail if needed

14: Improve margin, speed, and quote win rate with guided selling and decisions support

Situation Description *(standard optimization)*

User Role: Pricing Manager / Pricing Scientist

Business Objective: Provide segmented optimized pricing guidance

Complication: No science capabilities

Capability Needed: segmentation, optimization

Benefit: improved margin

KPI: margin %

Calculation:

*** This is a standard segmentation and optimization workflow. Chemicals products can be sued to show this, however there is no special criteria for chemicals or process optimization***

15: Optimize Margin for an Integrated Product Portfolio for Projected Changes and Constraints in Supply, Demand, and Costs

In this use case, a portfolio of products sharing common raw materials or production resources is forecast to incur changes in costs, as well as changes or constraints on supply and demand. Our business wants to model these changes to develop optimized margin scenarios and resulting price and volume for the product portfolio.

Situation Description *(Map to v1.1 scenario #10)*

In this use case, a portfolio of products sharing common raw materials or production resources is forecast to incur changes in costs, as well as changes or constraints on supply and demand. Our business wants to model these changes to develop optimized margin scenarios and resulting price and volume for the product portfolio.

User Role: Product, Pricing, or Finance Manager

Business Objective: Our business has a portfolio of multiple products utilizing the same precursor chemical or raw material. We desire to model the optimal margin for the portfolio with respect to forecasts for cost changes (e.g., raw material, logistics, currency) and constraints on supply, manufacture, and demand. The outcome of the modeling should lead to a view of expected prices and volumes for each product in the portfolio.

Complication:

- Complexity of understanding and modeling a full portfolio of products
- Automating input of forecast data to model
- Applying the forecast data for costs, supply, and demand
- Addressing any constraints on usage of raw materials, production capacity, or demand
- Running and revising models can be laborious and time consuming

Capability Needed: The ability to quickly generate optimized scenarios of margin, price, and volume for a portfolio of products utilizing common raw materials and production facilities in consideration of changes in costs and constraints in supply, manufacture, and demand.

Benefit: Maximizing margin outcomes and projecting optimal price and volume scenarios.

KPIs: Total projected gross or contribution margin

Calculations:

Gross margin = Revenue – rebates – total costs

Contribution margin = Revenue – rebates – variable costs

16: Address Customer Choices Under Constrained Supply

In this use case, supply of a product or group of products is constrained due to restrictions in availability of raw materials or production capacity. Decisions must be made about which customers to supply, considering the best margin opportunities available.

Situation Description *(Map to v1.1 scenario #11)*

User Role: Pricing or Product Manager

Business Objective: Our business has situations arise when product supply is constrained and decisions must be made about which customer business to accept, particularly with respect to spot or inventory-based sales. We want to understand which sales will enable higher margins in the business.

Complication:

- Calculations of comparative economics can be difficult and time-consuming
- Comparing unlike products using the same raw materials or production facilities adds to the complexity of the analysis and often is not attempted due to the difficulty
- Quickly pulling together related information on product sales and customer importance is difficult

Capability Needed: A means to quickly evaluate the economics of a specific sales opportunity in contrast to other spot business for the same product or unlike products that use the same raw materials or production facilities.

Benefit: Increased margins for the business in times of constrained supply.

KPIs: Gross margin or contribution margin.

Calculations:

Gross margin = Revenue – rebates – cost

Contribution margin = Revenue – rebates – variable cost

pricefx / 12

Use Case 11: Address Customer Choices Under Constrained Supply

User Role: Pricing or Product Manager

- Business Objective: Situations arise when product supply is constrained and decisions must be made about which customer business to accept to enable higher margins, particularly with respect to spot or inventory-based sales.
- Complication:
  - Calculations of comparative economics can be difficult and time-consuming
  - Comparing unlike products using the same raw materials or production facilities adds to the complexity of the analysis and often is not attempted due to the difficulty
  - Quickly pulling together related information on product sales and customer importance is difficult
- Capability Needed: Quick evaluation of the economics of a specific sales opportunity in contrast to other spot business for the same product or unlike products that use the same raw materials or production facilities.
- Benefit: Increased margins for the business in times of constrained supply.
- KPIs: Gross margin or contribution margin

Destination Image / Value Image

Insert screenshot here from the product

<<<There is no good way to demo this today in Demofx. We do have an example in a PoC partition.

Demofx.pricefx.com / empty-playground-2 / garth>>>

Live Price Grid – shows the ability to produce different products (alternatives) on the same production line or with the same raw materials. It shows the alternatives to a price reduction.

Alternative Matrix: what if... I produced different products... or sold to different customers?

KPI	Option1	Option2	Option3
Grade	PD-3146-BP	PF-0118-F	PF-0118-F
Parent Customer	Federal Polymers Inc	Imaflex Inc	Performance Materials NA, Inc
Rolling 12 Volume (lbs)	4346039	1592068	1546455
VWA Net Price (cpp)	0.78	0.77	0.8
VWA Freight (cpp)	0.1	0.3	0.2
Volume Override	0	0	1000000
Net Price Override (cpp)	0	0	3
Freight Override	0	0	2
CM	2955306.52	748271.96	1000000
HCM (CM/hr)	todo	todo	todo
HCM Rank	todo	todo	todo
Net Revenue	3389910.42	1225892.36	3000000
EBITDA	todo	todo	todo

Compare Contribution Margin

In a Quote – this shows the alternatives to a price discount or price change by showing which customers are taking given a single raw material or a single production line. It force ranks the customers more important to deliver product to versus the least important (in terms of margin and volume)

Force rank: historical product volume... by product... based on production alternatives

	Number	Sold To Customer	Grade	Volume	VWA Price	HCM	HCM Rank	HCM Improvement	EBITDA
	1	Federal Polymers Inc	PD-3146-BP	4,346,039			3.86%	31,558.00	2,163.00
	2	Performance Materials NA, Inc	PF-0118-F	1,546,455			4.15%	31,098.00	766.00
	3	Imaflex Inc	PF-0118-F	1,592,068	0.77	54,042.00	4.61%	30,334.00	777.00
	4	Colortech Inc	PF-0218-F	1,899,412	0.78	51,822.00	5.65%	28,115.00	922.00
	5	St. Johns Packaging	PF-0118-BP	1,586,711	0.77	51,330.00	6.39%	27,622.00	734.00
	6	M. Holland Co	PF-0118-D	1,472,688	0.77	51,106.00	7.00%	27,398.00	679.00
	7	Hymopack Ltd	PF-0118-B	1,094,154	0.73	51,046.00	7.37%	27,339.00	503.00
	8	Emmerson Packaging	PF-Y821-BP	1,002,442	0.76	49,425.00	9.04%		
	9	M. Holland Canada Co	PF-Y818-FX	2,024,335	0.72	49,113.00	9.65%		
	10	Crayex Corporation	PF-0118-C	1,115,188	0.75	49,094.00	9.92%	25,386.00	493.00

Prioritize high order volume history...

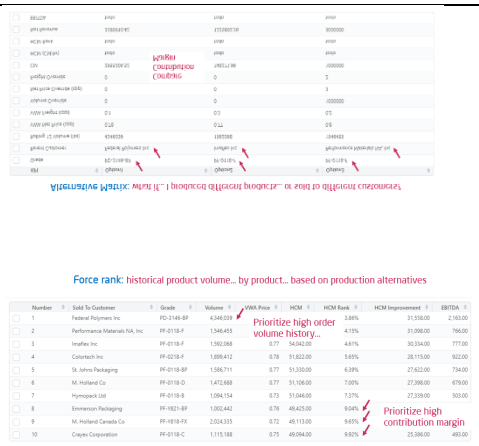
Prioritize high contribution margin

Demonstration Script

Insert clickstream from the product to get from the landing place to the destination image. The clickstream should contain a screenshot of each step, instructions for the demo professional on where to click and what parameters to set when clicking, and finally a talk track recommendation that matches with the data in the demo as well as the business functionality that is being demonstrated.

Demofx.pricefx.com / empty-playground-2 / garth

Screenshot	Clickstream	Talk Track
	Start in live price grid "layout test"… show that there are three products…. You can change the product, net price, freight, and other assumptions in the model… each scenario will show the contribution margin and rank of how good the economics of each deal could be.	In this example we can see how three alternate products that are run on the same reactor schedule, same raw materials, or accounting for the same volume can be compared in terms of which has the best contribution margin and which has the best "margin ranking" given possible limitations in materials or other constraints

	Move to Quote Configurator – P-2 – new quote… show the “alternative matrix” and “historical HCMs by market” in-line analytics. These extend the LPG concept as they show an alternate view of the scenarios and also a force rank of which customer should be allocated which product volumes based on constrained volume.	Extending this concept in a quote… you can see how you might visualize the an alternative margin/volume matrix… and also how you can specifically weigh the decisions of price and volume changes on which customers could be impacted.

Summary statement following clickstream… focus on value, try and quantify value for the customer.

<<Pricefx allows for very complex price and volume trade-off analysis. In the case of a simple customer price reduction request, you can see what the impact will be to contribution margin and volume, and decide if you should make the change or if you can allocate that customer volume better to another customer at a higher margin.>>

17: Improve margins by recommending price changes based on forecast changes in demand

In this use case, product and pricing teams recognize upcoming changes in demand and determine price changes that optimize profitability in the business.

Situation Description *(Map to v1.1 scenario #12)*

User Role: Pricing or Product Manager

Business Objective: Our business receives updated forecasts of market demand for products from various sources. Once these have been converted into an official demand forecast, alternatives for the use of common raw materials and production facilities for derivative products can be evaluated. In the case demand is constrained for some of these products by limitations on raw materials or production capacity, we need to determine the pricing levels for each impacted product to optimize our profitability.

Complication:

- Accessing a valid demand forecast for related products
- Integrating understanding of production economics for derivative products utilizing same resources
- Translating future demand scenarios into pricing plans that optimize margins

Capability Needed: A quick, integrated way to evaluate updated demand scenarios across multiple products to determine pricing that will optimize margins.

Benefit: Company margins will improve.

KPIs: Gross margin or contribution margin

Calculation:

Gross margin = Revenue – rebates – cost

Contribution margin = Revenue – rebates – variable cost

pricefx / 14

Use Case 12: Recommend Price Changes to Reflect Forecast Changes in Demand

User Role: Pricing or Product Manager

- Business Objective: Once updated forecasts of market demand are converted into an official demand forecast, options for the use of common raw materials and production facilities for derivative products need to be evaluated. If constraints exist for some products, we need to determine the pricing levels for each impacted product to optimize our profitability.
- Complication:
  - Accessing a valid demand forecast for related products
  - Integrating understanding of production economics for derivative products utilizing same resources
  - Translating future demand scenarios into pricing plans that optimize margins
- Capability Needed: A quick, integrated way to evaluate updated demand scenarios across multiple products to determine pricing that will optimize margins
- Benefit: Company margins will improve
- KPIs: Gross margin or contribution margin

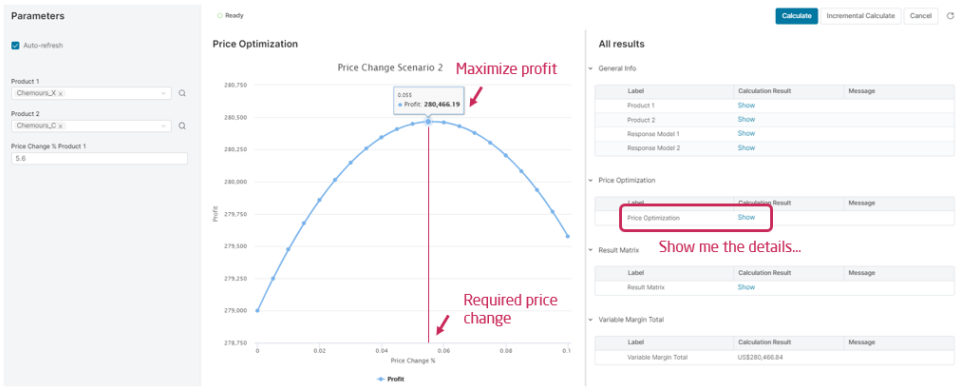
Destination Image / Value Image

Insert screenshot here from the product

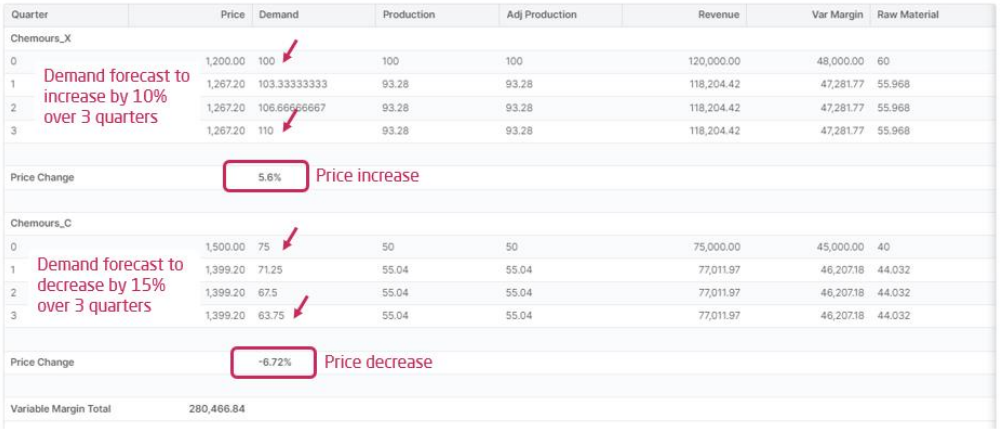
<<<There is no good way to demo this today in Demofx. We do have an example in a PoC partition.

demo.pricefx.com / chemours_demo / admin.>>>

Point of where to change your price to maximize profit (given multiple products that utilize the same raw material).



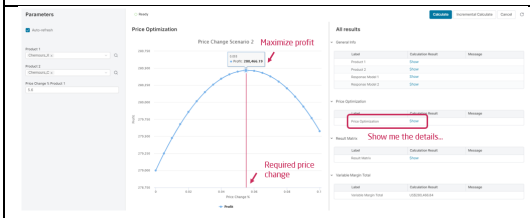
Detail showing increase demand (expected in forecast) of 10% for product 1 and 15% for product 2.

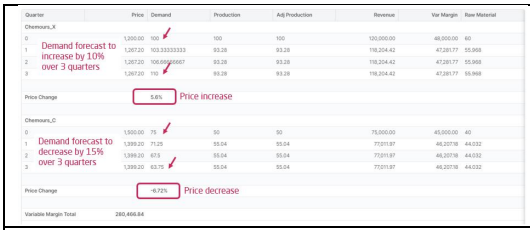


Quarter	Price	Demand	Production	Adj Production	Revenue	Var Margin	Raw Material
Chemours_X							
0	1,200.00	100	100	100	120,000.00	48,000.00	60
1	1,267.20	103.33333333	93.28	93.28	118,204.42	47,281.77	55.968
2	1,267.20	106.666666667	93.28	93.28	118,204.42	47,281.77	55.968
3	1,267.20	110	93.28	93.28	118,204.42	47,281.77	55.968
Price Change		5.6%					
Chemours_C							
0	1,500.00	75	50	50	75,000.00	45,000.00	40
1	1,399.20	71.25	55.04	55.04	77,011.97	46,207.18	44.032
2	1,399.20	67.5	55.04	55.04	77,011.97	46,207.18	44.032
3	1,399.20	63.75	55.04	55.04	77,011.97	46,207.18	44.032
Price Change		-6.72%					
Variable Margin Total	280,466.84						

Demonstration Script

Insert clickstream from the product to get from the landing place to the destination image. The clickstream should contain a screenshot of each step, instructions for the demo professional on where to click and what parameters to set when clicking, and finally a talk track recommendation that matches with the data in the demo as well as the business functionality that is being demonstrated.

Screenshot	Clickstream	Talk Track
	Starting at “calculation step” in “scenario 2” in price optimizer models… note that there are two or more products with expected change in demand (+10% and -15%) per user input… given the demand forecast change show to peak of the curve that shows the price change that will result in the highest profit.	As you can see the top of the curve is the optimized solution to the change in forecast between two potential products to be sold into the market next year.

	Details for inline analytics (show me the details)	Based on the increase/decrease in demand, there is a recommend price change for each product shown.

Summary statement following clickstream… focus on value, try and quantify value for the customer.