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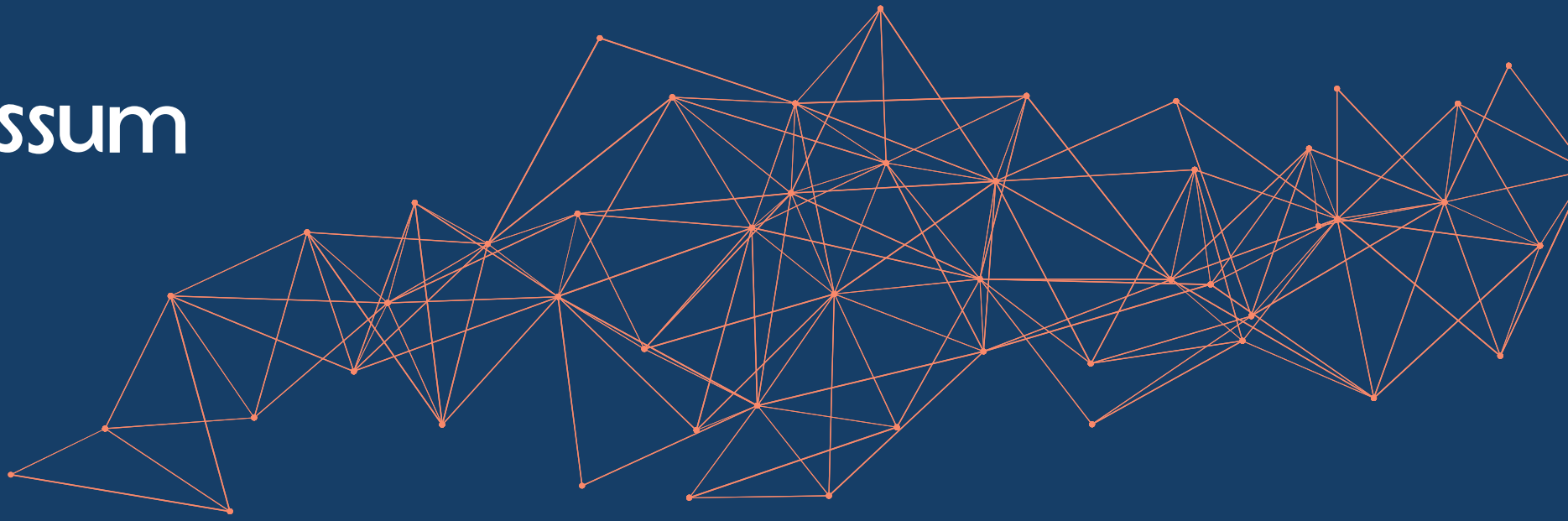


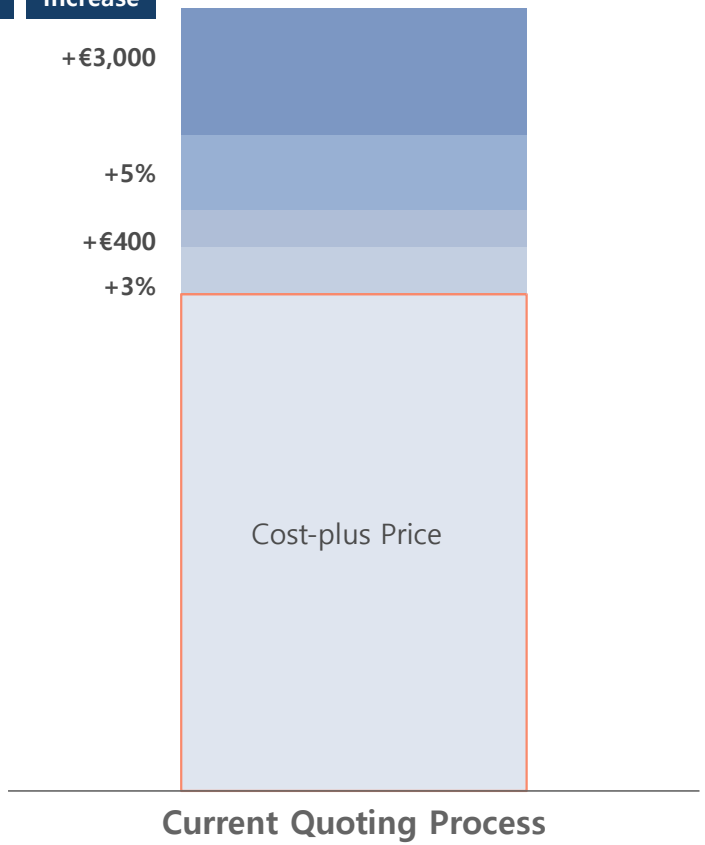
Dynamic Value Based Pricing & Selling

- for Quoted business -

Customer Case

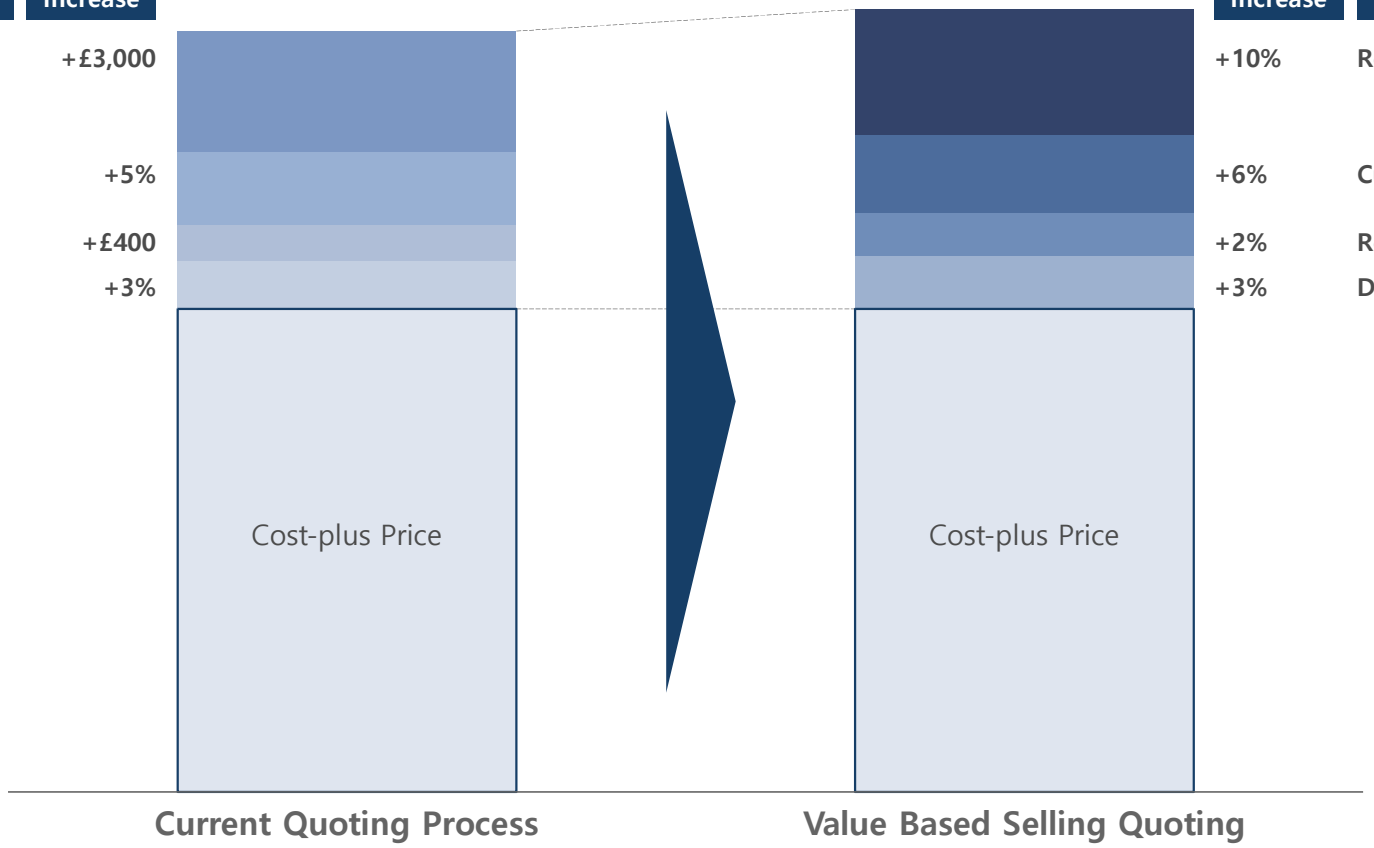
Many businesses do include price uptakes for additional value, however it is mainly unstructured and subjective adjustments based on feelings …

Reason	Increase
"MD" factor	+€3,000
Subjective adjustment	+5%
Personal bias factor	+€400
Risk cushion	+3%



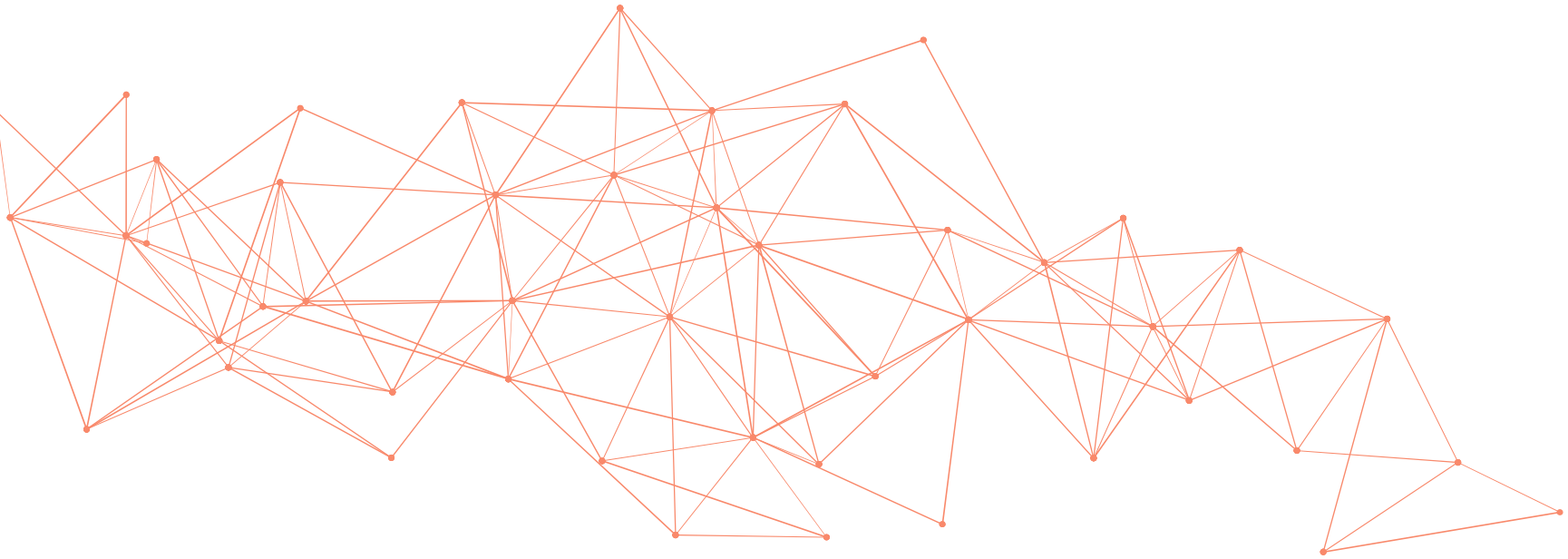
… Our solution is transforming that gut feel into a driver structured approach that also allows us also to analyze these drivers strategically

Reason	Increase
"MD" factor	+£3,000
Subjective adjustment	+5%
Personal bias factor	+£400
Risk cushion	+3%



Increase	Driver	Level
+10%	Relationship Strength	Extensive
+6%	Customer intensity	Moderate
+2%	Repeat business	Moderate
+3%	Delivery speed	Accelerated

Our solution



Value based pricing & selling allows to provide the optimal service solution and price based on customer needs driving satisfaction

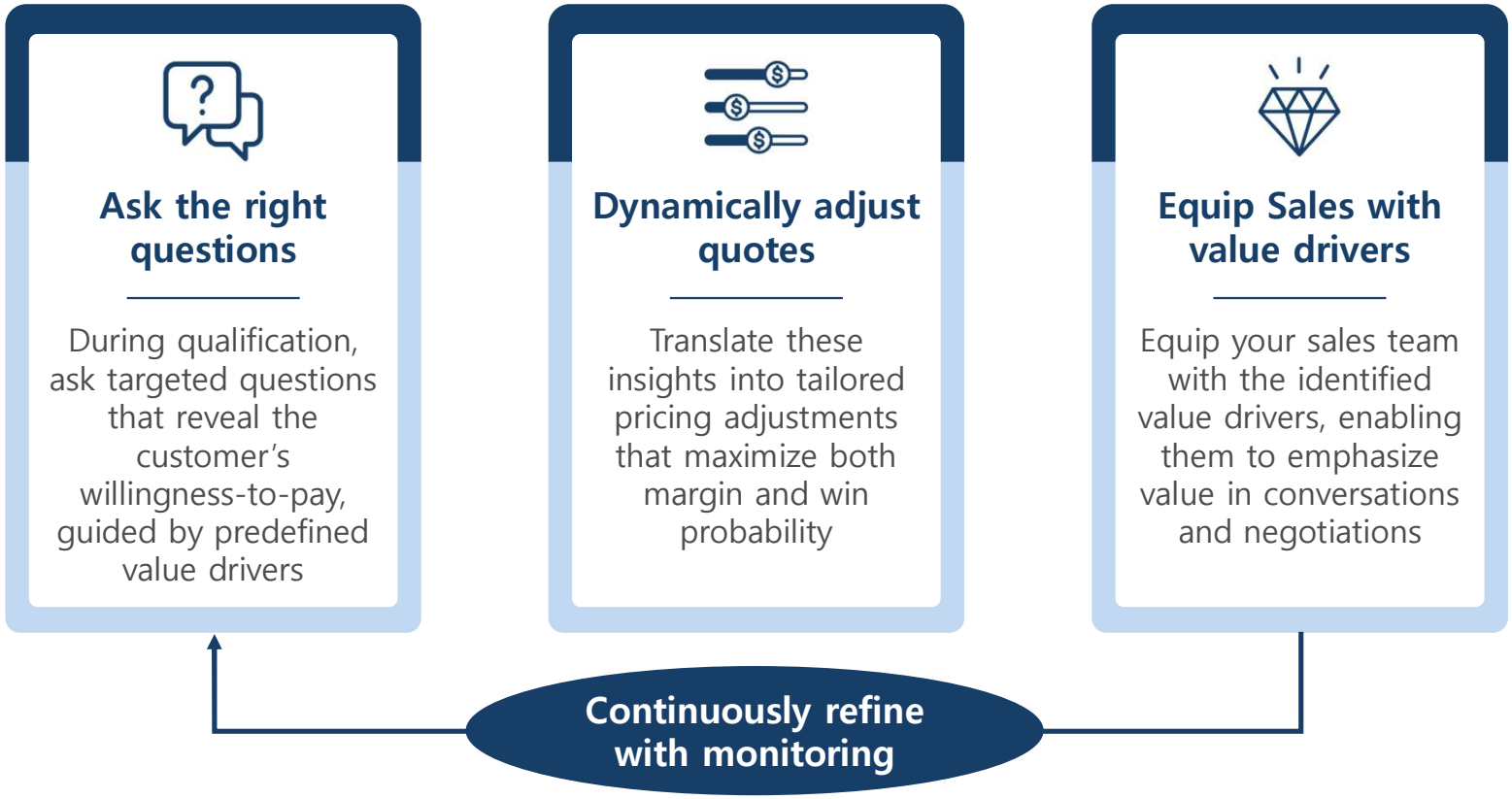
Some key advantages of value-based selling…

Sell and price based on customer needs and value, ultimately **increasing margins**…

… Enable teams to **understand and communicate the relevant value** to the customer…

…Learn, and improve continuously to **drive customer satisfaction** and **business value**

Dynamic Value Based Pricing & Selling asks the right qualification questions, adjusts the price and then equips sales to argue based on Value



How does this work in practice: Sales is supported to pitch the optimal price and to be able to communicate the value well

Price Quote

These drivers are processed in the pricing tool and a price is determined that matches the delivered value

Negotiation

If a customer wants to negotiate, sales can now negotiate based on delivered value and thus positively influence customers and/or achieve a better margin

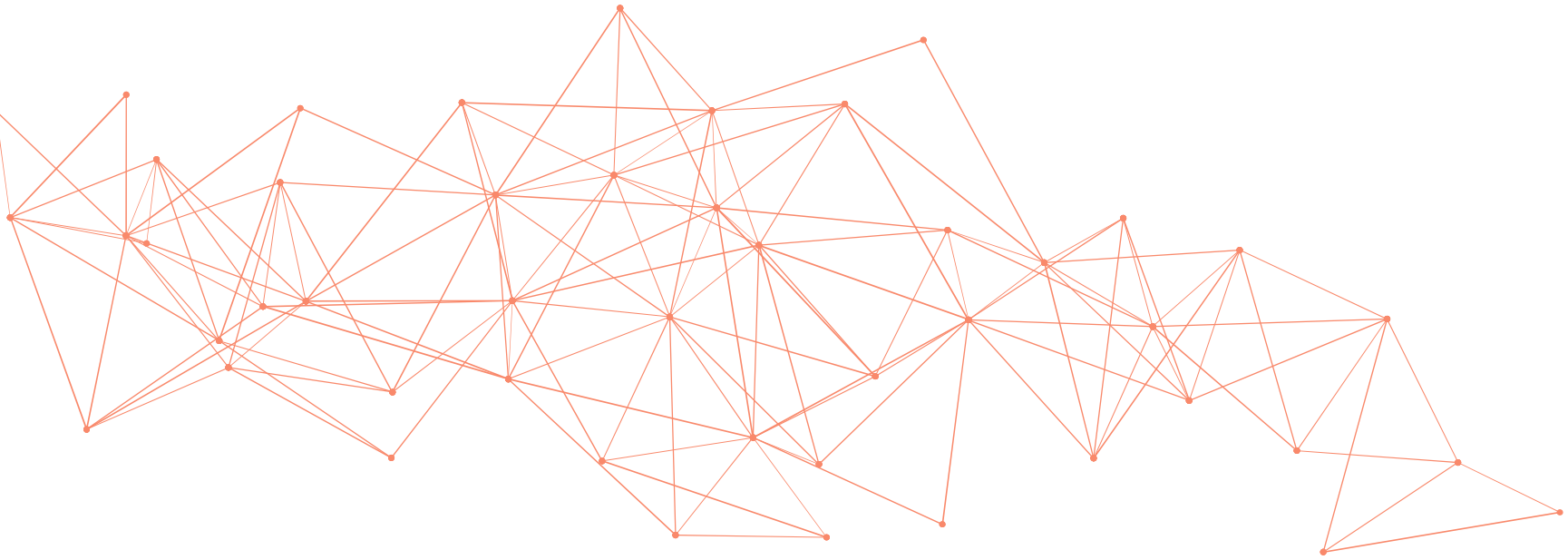
Qualification

Sales speaks with the prospect/customer and identifies the value the customer is looking for

Communication

Sales can use the selected value drivers in the communication to the customer for "Value Selling"

How do we approach a project?

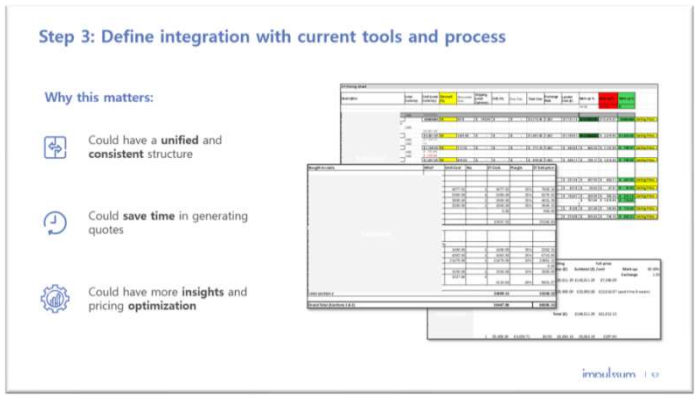


Approach: Steps from a first long-list of drivers, to initial implementation

Step 1:
Define long list & prioritize

Step 2:
Define levels & inputs per driver

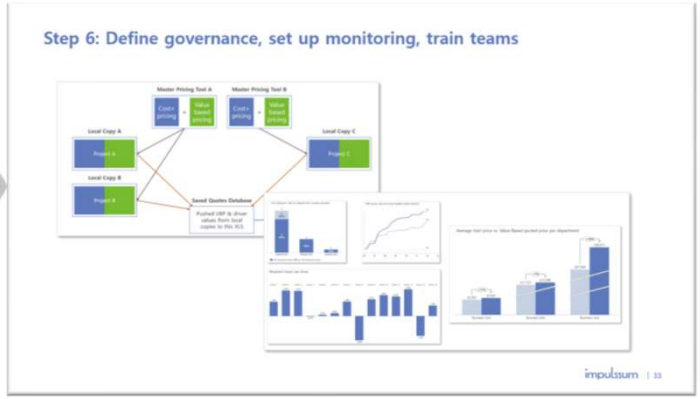
Step 3:
Develop tool inputs where necessary



Step 4:
Analyse drivers internally & externally

Step 5:
Define value sales arguments, pricing logic & impact

Step 6:
Define governance and learn from monitoring



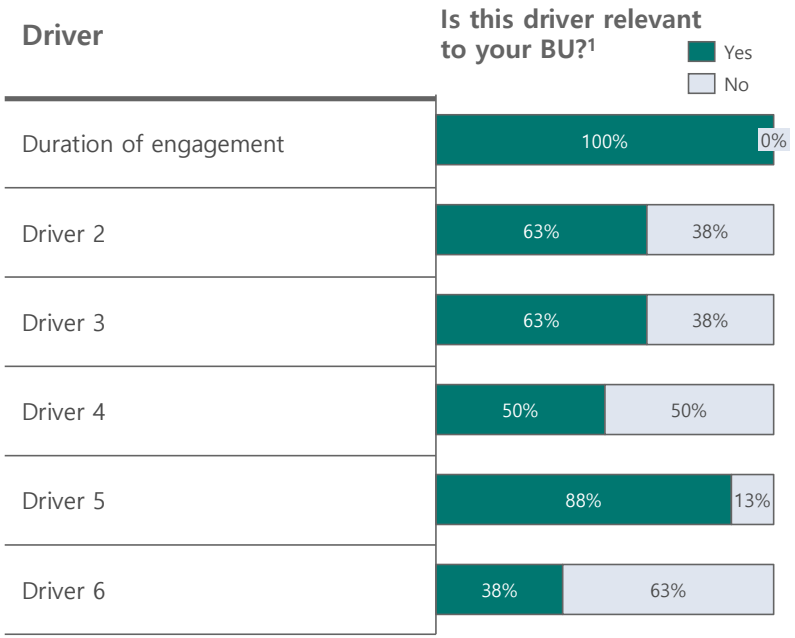
Step 1: Define and prioritize an initial list of Value drivers

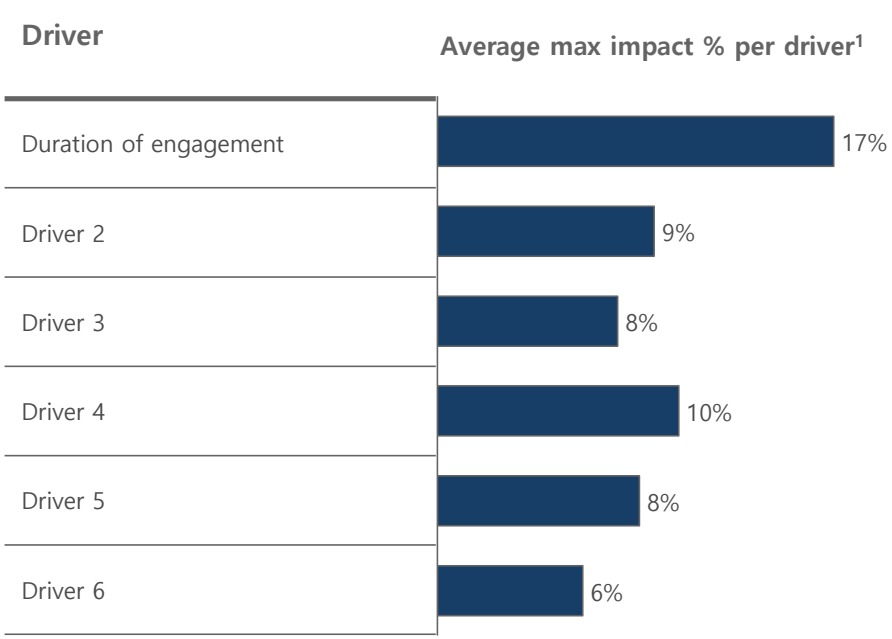
Importance	Nr.	Value Drivers	Hypotheses	How to verify hypotheses? **Internal data**	How to verify hypotheses? **External data**
	#1	• **Duration of engagement**			
	#2	• **Driver 2**			
	#3	• **Driver 3**			
	#4	• **Driver 4**			
	#5	• **Driver 5**			
	#6	• **Driver 6**			
	#7	• **Driver 7**			
	#8	• **Driver 8**			
	#9	• **Driver 9**			
	#10	• **Driver 10**			
	#11	• **Driver 11**			
	#12	• **Driver 12**			

Step 2: Define levels per driver (example)

	Duration of engagement	*Driver 2*	*Driver 3*	*Driver 4*	*Driver 5*	*Driver 6*
	Level Uplift %	Level	Level Uplift %	Level Uplift %	Level Uplift %	Level Uplift %
Level 1	**6+ months**	**Level 1**	**Level 1**	**Level 1**	**Level 1**	**Level 1**
Level 2	3-6 months	**Level 2**	**Level 2**	**Level 2**	**Level 2**	**Level 2**
Level 3	<3 months	**Level 3**	**Level 3**	**Level 3**	**Level 3**	**Level 3**
Level 4			**Level 4**		**Level 4**	

Step 3: Ensure Value Based Selling logic can be used across BUs or products





Step 4: Evaluate the importance of pricing drivers internally & externally through internal and customer interviews

Step 4: Driver summary – #8 Order size

Include in Wave 1:
Yes

Hypothesis:
- Small quantities = higher pricing

"Cost for leftover material need to be build it into the price. Customer won't understand separate charge for this."
Account manager 1

Confidence

Inputs & Sources:
Parameter Size comes from CRM

Levels & Pricing Upcharge:

Large	Medium	Small
Level 1	Level 2	Level 3
-x%	0%	+x%

Internal data

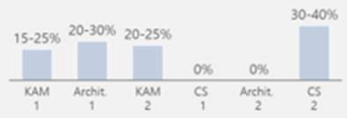
Historical internal data shows:

Smaller orders generally yield higher prices & margins

Internal interviews

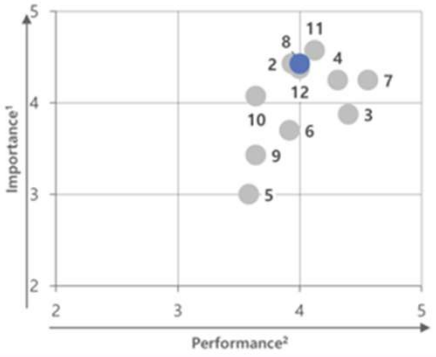
Percentage of people to agree with: hypothesis

Internal view on max % increase



Customer interviews

Performance score: 4.0
Importance score: 4.4



Smaller order quantities are important. Provider *is better than competition*
Customer 1

Strong in order sizes and flexibility
Customer 2

Flexible but Provider *cannot offer every quantity*
Customer 3

1. Actual question: How important is it you that customer offers both big and small quantities?
2. Actual question: Do you order both small & big quantities from customer ?

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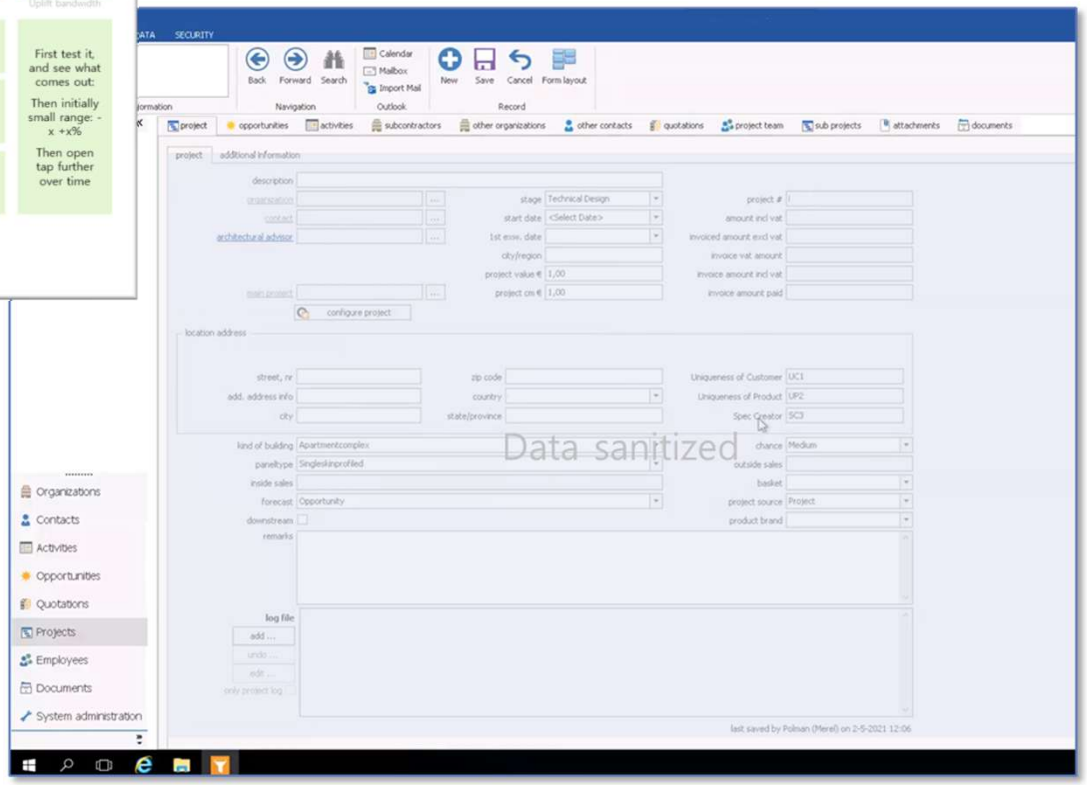
Step 5: Analyse and build 'model' for pricing & Value argumentation
→ Basic = Better (to be refined and advanced on ongoing basis)

	Duration of engagement		*Driver 2*		*Driver 3*		*Driver 4*		*Driver 5*		*Driver 6*		*CAP*
	Level	Uplift %	Level	Uplift %	Level	Uplift %	Level	Uplift %	Level	Uplift %	Level	Uplift %	Uplift bandwidth
Level 1	**6+ months**	+x%	**Level 1**	+x%	**Level 1**	+x%	**Level 1**	-x%	**Level 1**	+x%	**Level 1**	0%	First test it, and see what comes out: Then initially small range: - x +x% Then open tap further over time
Level 2	3-6 months	+x%	**Level 2**	+x%	**Level 2**	-x%	**Level 2**	0%	**Level 2**	+x%	**Level 2**	x%	
Level 3	<3 months	+x%	**Level 3**	+x%	**Level 3**	0%	**Level 3**	x%	**Level 3**	+x%	**Level 3**	+x%	
					Level 4	+€x/m2			**Level 4**	+x%			

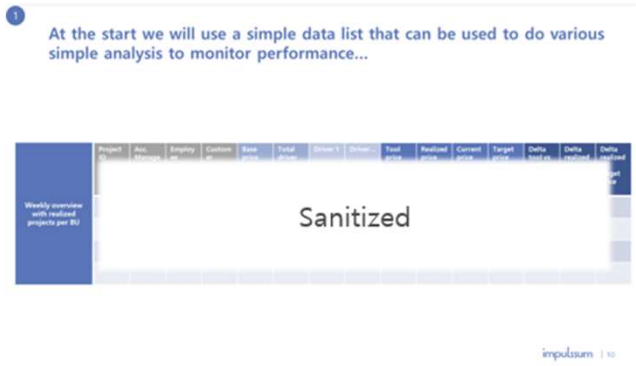
Step 6: Implement the model in the existing pricing quotation tool …

	Duration of engagement		Driver 2		Driver 3		Driver 4		Driver 5		Driver 6		CAP
	Level	Uplift %	Level	Uplift %	Level	Uplift %	Level	Uplift %	Level	Uplift %	Level	Uplift %	Uplift bandwidth
Level 1	Customer is a loyal customer from the start	+x%	Level 1	+x%	Level 1	+x%	Level 1	-x%	Level 1	+x%	Level 1	0%	First test it, and see what comes out: Then initially small range: - x +x% Then open tap further over time
Level 2	Firm has been a customer for 3-4 years	+x%	Level 2	+x%	Level 2	-x%	Level 2	0%	Level 2	+x%	Level 2	x%	
Level 3	Firm has been a customer for 1-2 years	+x%	Level 3	+x%	Level 3	0%	Level 3	x%	Level 3	+x%	Level 3	+x%	
					Level 4	+€x/m2			Level 4	+x%			

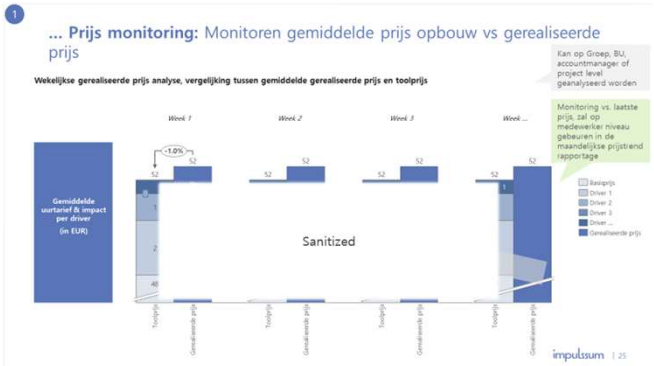


… and implement a monitoring with a set of different views which helps in capturing the maximum value from the quotation process

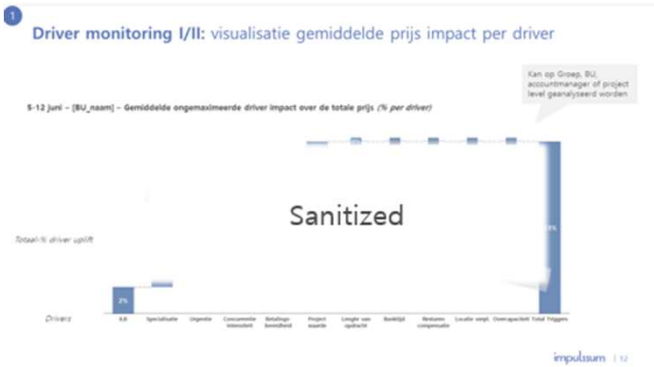
Collect the data:
Set-up the dataset with the relevant info



Analysis 1:
Toolprice vs. realised price



Analysis 2:
Driver impact (BU/account manager/project…)



Analysis 3:
Driver hit-rate (BU/account manager/project…)

Analysis 4:
Win-rate analysis (Won sales vs. total)

Analysis 5:
Usage of the tool (Project without toolprice)

Next step: Train the team on tools & process

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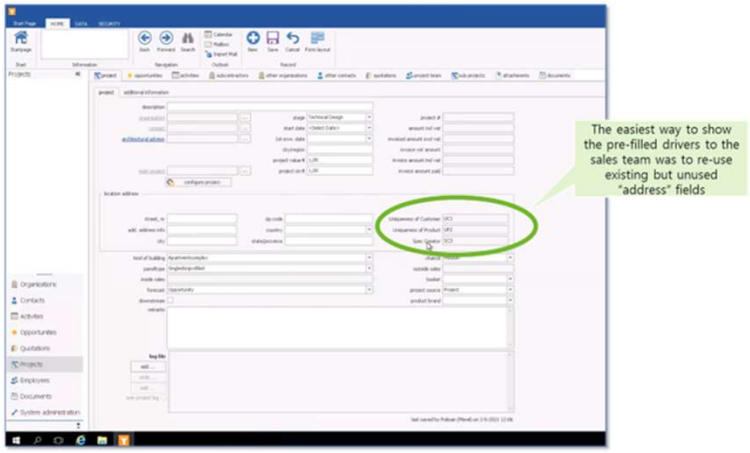
Value Based Selling

INTRODUCTION TO THE WIDER TEAM

Goals for today's Value Based Selling workshop

1. Get you familiar with the adjustments of the new Value Based Selling logic
2. Show you how to use Value Based Selling
3. Jointly look into the monitoring & continuously optimize the output
4. Share key next steps
5. Discuss any questions you may have



Three key objectives for monitoring & tracking

Reporting to be done through SAS VIYA

		Governance *Owner (+ support)*	Rhythm of discussion	KPIs *(Period of metrics)*
A	**Optimize logic / decision tree, driving overall results** (Continuous learning)			
B	**Performance management** (Who uses quotations how and with what result?)			
C	**Adherence to the process** (Requested adherence = 100%, in practice = ?)			

1. Marcello for architectural advisors, Tim for the rest

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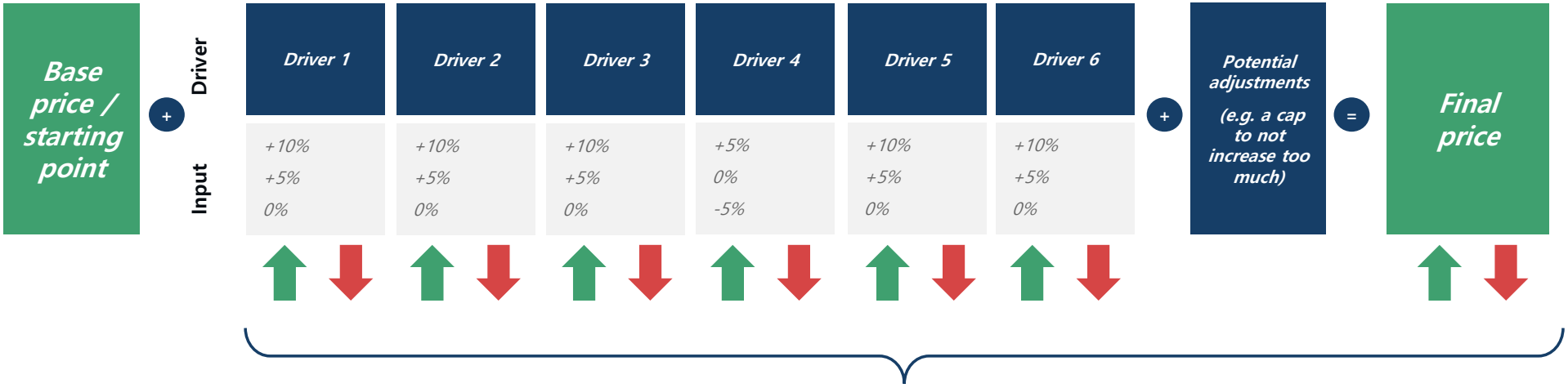
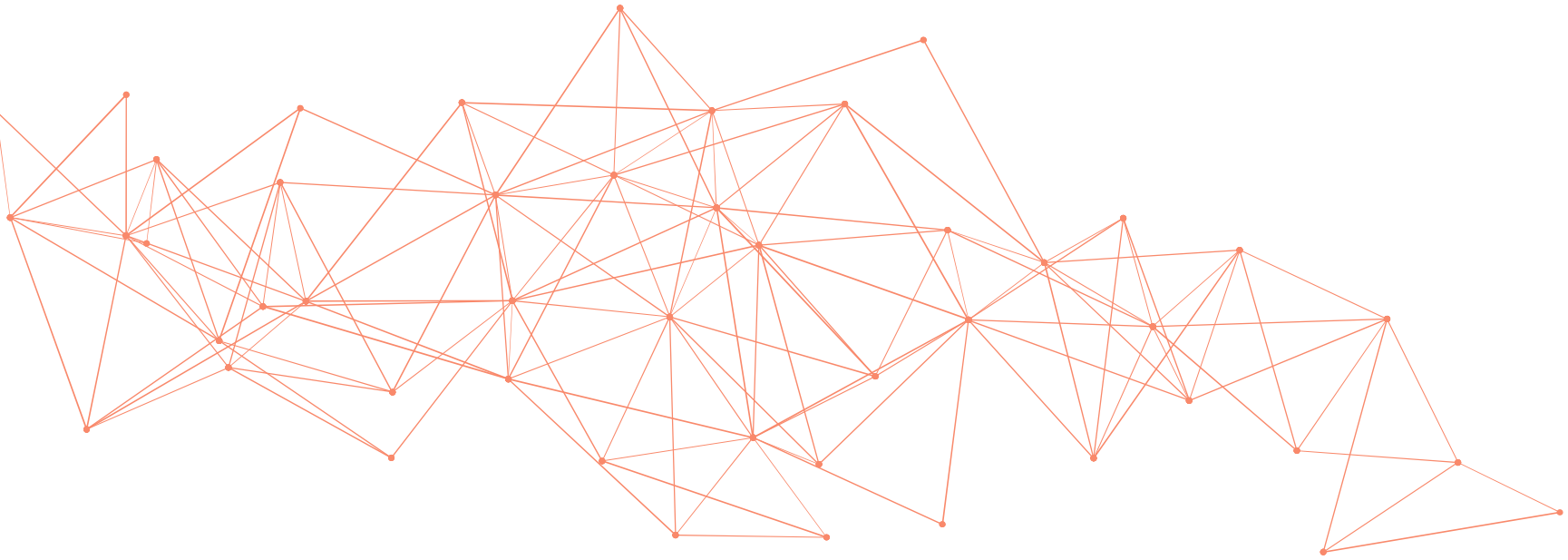
After go-live: Test and quantify price sensitivity, adjust and manage pricing centrally on an ongoing basis



Ability to adjust each driver per product based on monitoring of margins and win rates

Prior project examples



Case example: Implementing Dynamic Value Based Pricing & Selling in a professional services company with several Business Units

What they wanted

Our customer specializes in secondment services in various industries targeting each industry with a different label/brand. They grew substantially over the past years acquiring various labels. Each label had their own interpretation of pricing and worked mostly on cost-plus basis. Understanding the potential of a more intelligent and structured way of pricing and selling, our customer asked us to help them to structure, standardize and price value based for 8 BUs.

What we did

We developed a set of drivers (e.g., product factors, customer factors & value drivers), which we broke down in levels. For this we had workshops with each label, conducted market research (mystery shopping, expert interviews), customer interviews and internal surveys. With all inputs combined we defined the input values for the drivers in the dynamic pricing tool for each label. We setup trainings per label and a monitoring and governance structure to ensure proper use by the labels.

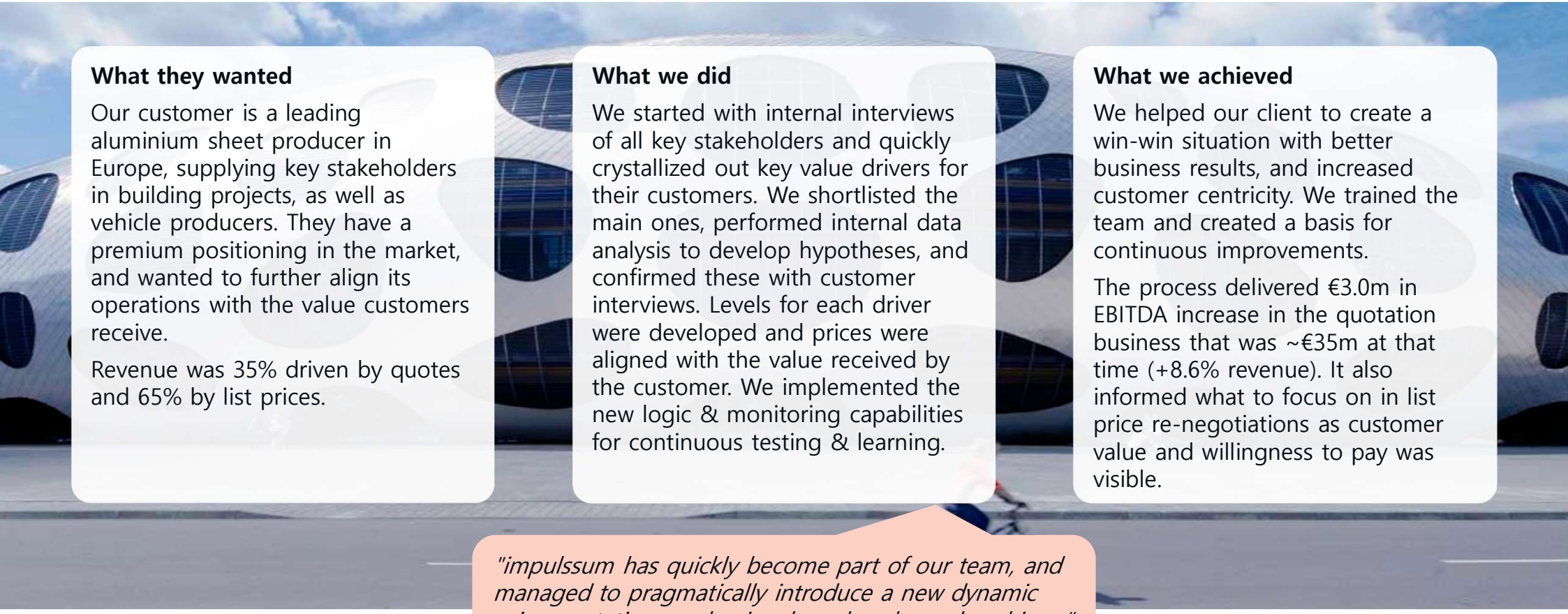
What we achieved

Aa we took all key stakeholders along the process the final tool was heavily sought after by the sales teams, as this would allow them to fully understand pricing in detail. Key to success implementing this for 8 labels in a decentral organized group, was to have a tailored co-development approach per label, with frequent alignments. Plus, solid monitoring for the group to steer performance and strategic decision making. The new process delivered +4.2% in revenue in 12 months.

"impulssum was able to engage our entire organization and each BU is looking forward to work with the tool – independent on their level of central alignment"

CCO Central organization

Case example: Implementing Dynamic Value Based Pricing & Selling in a production company with overspill into the list price business



What they wanted

Our customer is a leading aluminium sheet producer in Europe, supplying key stakeholders in building projects, as well as vehicle producers. They have a premium positioning in the market, and wanted to further align its operations with the value customers receive.

Revenue was 35% driven by quotes and 65% by list prices.

What we did

We started with internal interviews of all key stakeholders and quickly crystallized out key value drivers for their customers. We shortlisted the main ones, performed internal data analysis to develop hypotheses, and confirmed these with customer interviews. Levels for each driver were developed and prices were aligned with the value received by the customer. We implemented the new logic & monitoring capabilities for continuous testing & learning.

What we achieved

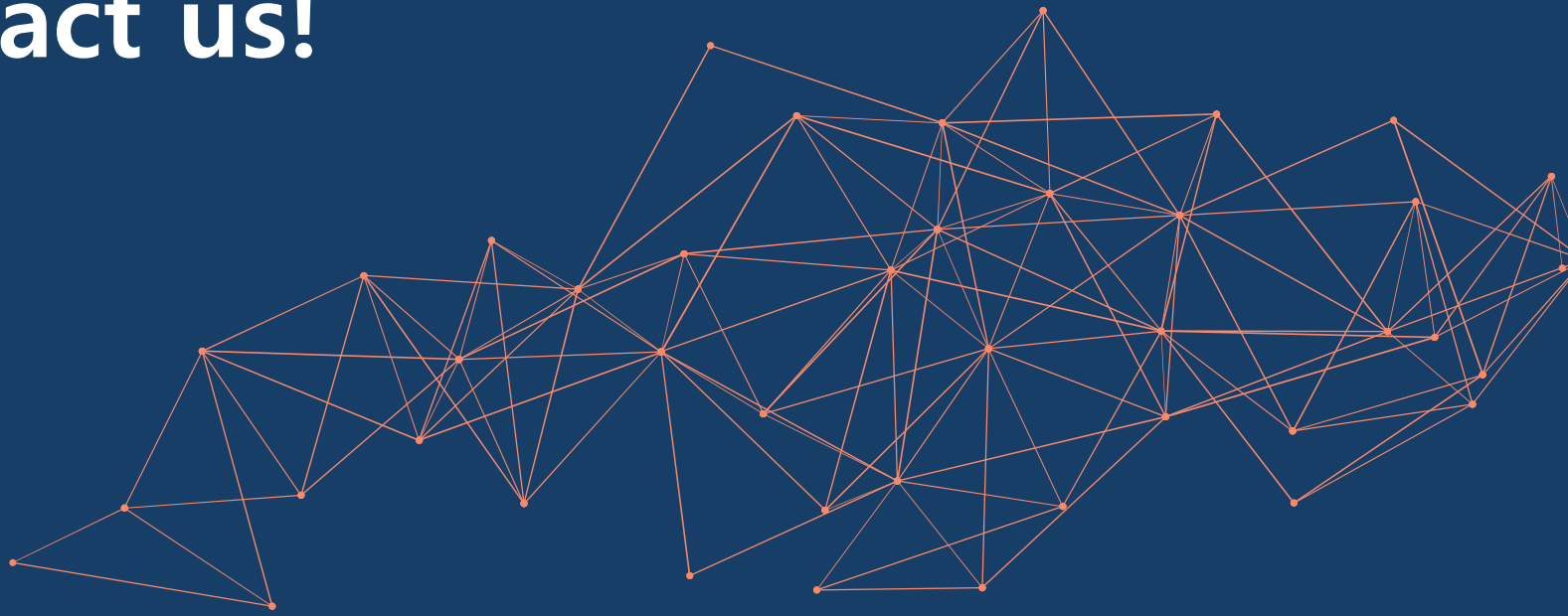
We helped our client to create a win-win situation with better business results, and increased customer centricity. We trained the team and created a basis for continuous improvements.

The process delivered €3.0m in EBITDA increase in the quotation business that was ~€35m at that time (+8.6% revenue). It also informed what to focus on in list price re-negotiations as customer value and willingness to pay was visible.

"impulssum has quickly become part of our team, and managed to pragmatically introduce a new dynamic price quotation mechanism based on key value drivers"

General Manager

If you would like to discuss this approach for your business, please contact us!



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