

## **iGATE Global Helps a Fortune 100 Manufacturing Firm in Measurement and Pricing Analytics**

### **The Client**

A US Fortune100 company and a world leader in manufacturing of building materials.

### **The Challenge**

The initial assessment of the business systems revealed unavailability of accurate data which resulted in poor information empowerment for the sales force. The client was facing various issues – low product differentiation, decreasing marginal returns on cost saving and low labor productivity. The profits declined for over 4 years and gross margin dropped from 20% to 12%.

- Lack of consistent profitability metrics across business units, aligned to overall organizational profitability
- Lack of organizational capabilities (e.g. sales) to analyze historical trends & make accurate future predictions

### **The Approach**

- Developed a profitability "tree" metrics for customers, products and business units
- Benchmarked profitability against competition to propose impact areas
- Identified information requirements (content, format, frequency, medium) for all employees who make decisions
- Evaluated technology solutions for providing relevant information and analytics
- Synchronized Supply Chain Performance Measurement System with a focus on post-manufacturing costs
- A uniform definition of gross margin and its components across the global organization

### **The Solution**

- Pricing Decision Support System covering the areas
  - Pricing Analytics showing impact of discounting decisions on customer specific gross margins
  - Customer loyalty measurement and trend
- An integrated BI/DW strategy to support the EPM and Analytics interventions covering the three layers of ETL, DW, and Presentation and Analytics

- Pricing presentation tool configuration, analytical model development and information representation
  - Scatter plot, bar-chart: helped in identifying the profits of competitors, transactions & geographic regions that resulted in decline in profitability
  - Price Waterfall: graph with several levels for list price, rebate price, transportation cost etc. which helped in identifying reasons for price erosion
  - Analytical Modeling: relation between price, volume and profits

#### **Business Benefit**

- Effective strategic decisions which improved customer profitability - projected improvement in profitability of 0.15% of revenues in a year
- Better predictability of profitability before making tactical decisions