

Optimized pricing and selling to fuel revenue growth:

Best practices from leading high-tech executives

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High-tech products are omnipresent. They play an important role in almost every aspect of human life, from momentous endeavors like deep-sea exploration and space missions to routine tasks such as making phone calls and driving our cars. As such, global competition and demand are rising, and innovation is happening faster. For high-tech manufacturers, this means shorter product lifecycles and the risk of price erosion.

The overwhelming dependence on high-tech products is due to their ability to reduce complexity in our lives. Paradoxically, this increases complexity in the high-tech supply chain, placing immense pressure on manufacturers to continuously create value while also managing costs, maintaining profitability, and decreasing time to market.

To succeed and beat out the competition, manufacturers must capture and capitalize on perceived value while balancing demand. This is often done by measuring willingness to pay largely on historical factors like price history, but that is only part of the picture.

This eBook explores five best practices for optimized pricing and selling, gleaned from leading executives in high-tech manufacturing. These insights will broaden your approach to pricing strategy and help you proactively capture more value through pricing and selling.

Setting pricing policies that guide the selling methodology to support the business strategy is not only important, but necessary.

Five best practices for optimized pricing and selling

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Five best practices for optimized pricing and selling

1. Improve the efficiency of your quoting process.

The quoting process has traditionally been handled manually, making it slow, inconsistent, and resource intensive. In addition, many of the well-intentioned steps that are added to the quoting process to prevent revenue leakage can cause significant lag times. In today's fast-paced marketplace, these delays can mean losing a deal to the competition.

Part of the solution is to ensure your sales teams are empowered with the tools they need to close deals. They must be able to access and understand current channel data such as inventory, demand, and competition to fuel profitable conversations with customers. The other big part of the puzzle is to streamline your quoting process through automation, which will increase your speed and accuracy by:

- Removing unnecessary steps and simplifying the end-to-end process
- Making it easier to evaluate and approve proposals
- Eliminating errors and rework caused by manual calculations
- Leveraging real-time data and sophisticated analytics to inform decisions

Adopting this best practice can also help you better manage the increasing number of long-term quotes and contracts, some of which are lasting as long as 10 years.

“Turnaround time is something that’s really important to everybody. We need to speed that up and balance it with the need for more data and better analytics.”

– Chief Commercial Officer at an innovative multinational fabless semiconductor company

2. Leverage AI-based price analytics to drive “intelligent pricing.”

Technology can be used to improve more than just your quoting process. In fact, manufacturers are increasingly looking to AI for help in understanding profit drivers; identifying potential wins and product upsell opportunities; and tracking pricing anomalies across customer segments, channels, product lines, and geographies.

These insights can help you optimize your decision-making process through:

- Increased understanding of which pricing issues are impacting revenue and profitability
- Validated and current pricing strategies to outpace the competition
- Access to real-time data on why you are winning and losing sales
- Purpose-built, intelligent price analysis at your teams’ fingertips

However, a shift in mindset is required to take full advantage of these powerful insights. High-tech manufacturers must learn to relinquish some control and trust the technology to inform their decisions, which means leaders need forward-thinking vision and strong change management skills to usher in this new era.

“We’re at a precipice where, given the complexity in the channel, you might have four or five different groups touching your product before it gets to the end customer. When you look at the number of transactions, it’s clear that we have to find a way to optimize the decision-making process. And that means reducing the number of human touches.”

– Chief Strategy Officer at a forward-thinking B2B value, pricing, and sales performance consulting company

3. Focus your go-to-market (GTM) execution on differentiation.

A strong, clearly defined GTM strategy is critical to launching a successful, high-value product. But the rush to get your product to market can result in haphazard execution of your GTM strategy, leaving sales and marketing teams misaligned and unable to fully monetize product investments. By the time the product reaches the end customer, it's no longer differentiated – it's a commodity.

To avoid this, internal teams as well as distributors, resellers, and other channel partners must be thoroughly trained on your product and service differentiators so that they're focused on selling value rather than volume. And by incorporating this training into your channel incentive program, you can ensure a return on your channel management investments.

Another GTM tip is to take calculated risks. For example: Holding strong on a high price may result in a few million dollars in revenue leakage but also a few hundred million dollars in sales.

“These guys are going after thousands and thousands of SKUs. You're spending money to train them, but can you attribute any ROI to those dollars? I think whoever can simplify, break old habits, and adopt a GTM mindset that's truly focused on differentiation will be a market leader.”

– Manager of Global Channel Operations and Pricing at a leading multinational semiconductor company

4. Start with your end customers in mind.

How and where your product is being utilized by end customers can further impact your ability to price optimally.

Mining your channel data for insights into customer demand, motivations, perception of value, and willingness to pay can help you determine which factors trigger them to make a purchase. Armed with that information, you can work backward through the channel from purchase to pricing and look for what can be improved at each step to help make that purchase happen. You can also use this data to fuel a forecast engine, helping you predict future buying behaviors.

Which channel data points are high-tech executives using to inform pricing strategy?

- ✓ Case record data
- ✓ Customer relationship management pipeline data
- ✓ Direct and indirect sales data
- ✓ Competitive data
- ✓ Point-of-sale data

“If we’re trying to capture value, we might have to capture new data points across this channel to drive what we want.”

– Manager of Global Channel Operations and Pricing at a leading multinational semiconductor company

“The end customer is something a lot of us forget to focus on. We tend to write optimization code for our immediate customers, which is still two levels removed from our end customers.”

– Chief Strategy Officer at a forward-thinking B2B value, pricing, and sales performance consulting company

5. Consider how market trends and tech developments can impact pricing.

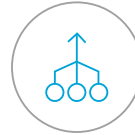
Finally, it is advised to always keep an eye on what's going on in the industry and consider how that may impact your approach to pricing and selling. A few notable trends to keep top of mind:



Data collection automation and optimization – Data collection will become more important as the amount of available data continues to increase. Using automation to simplify the process and make it more efficient, scalable, and repeatable will be imperative.



Dynamic pricing based on real-time capacity utilization data – Outsourcing will increase manufacturing capacity, putting pressure on the industry to move away from cost-plus pricing and consider new models. Capacity utilization data will become a hot commodity.



Channel consolidation – Increasing complexity in the channel will cause many manufacturers to look for ways they can streamline supply chain logistics and strengthen partner relations.



Natural language processing and other unstructured data analysis – As AI continues to evolve, it will unlock even more opportunities for manufacturers to reduce complexity and increase value. The ability to use computers to interpret, manipulate, and comprehend human language, images, videos, and other unstructured data will be a game-changer in pricing guidance.

Model N pricing and selling solutions for high tech

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Model N pricing and selling solutions for high tech

Model N can help you successfully navigate major challenges in pricing and selling so you can fuel revenue growth while delivering critical high-tech products to market.



Model N Deal Management helps you increase deal margins, accelerate deal cycles, enable better pricing decisions, and increase top-line revenue through global price management, automated discounting controls, and volume-based tiering.



Model N Deal Intelligence empowers your sales staff to maximize profit from each transaction by providing interactive tools that analyze relevant customer, price, margin, win/loss, and competitive data to provide price guidance at the point of negotiation.



Model N Price Intelligence brings immediate business intelligence into price performance negotiations with advanced customer and quote analysis.



Model N Price Management offers a streamlined process for pricing that significantly reduces the effort required to keep prices up to date and ensures seamless price execution.



Model N Channel Management automates common channel processes for sales, incentives, and inventory to increase funnel velocity, reduce overpayments, and accelerate inventory more effectively through the channel.



Model N Ngage accelerates time to value across your Model N systems through tailored learning content, platform assistance, and helpful alerts that guide users through your organization's specific processes and roles.

Ready to optimize your pricing and selling?

About Model N

Model N is the leader in revenue optimization and compliance for pharmaceutical, medtech, and high-tech innovators. Our intelligent platform powers your digital transformation with integrated technology, data, analytics, and expert services that deliver deep insight and control.

Our integrated cloud solution is proven to automate pricing, incentive, and contract decisions to scale business profitably and grow revenue. Model N is trusted across more than 120 countries by the world's leading pharmaceutical, medical technology, semiconductor, and high-tech companies, including AstraZeneca, Stryker, Seagate Technology, Broadcom, and Microchip Technology. For more information, visit modeln.com

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