Case Study:

Automating Pricing and Volume Discount Reconciliation

Overview

This global veterinary medical supplier automatically tracks customer purchases of medical diagnostic services and supplies in order to award volume discounts to customers and distribute bonuses to the sales teams.

To increase customer loyalty, they offer price discounts to customers when purchases reach a certain threshold within a specific timeframe. Customers can select from a variety of protocols and can choose the start and end dates of the offering. Some protocols require purchases of only a single component or diagnostic procedure while others involve combinations of components that may not be managed in the same software system or recorded by the same medical device.

Customers who hit their volume targets are awarded future discounts for the same or similar products. In addition, the salesperson responsible for that customer receives a bonus. If the incremental revenue for either half of the calendar year increases during the course of this program, a second, bigger bonus is awarded to the salesperson.

Finally, the client felt that sales teams respond positively to public accolades and friendly, in-house competition. This client wanted to create a daily leaderboard to honor the salesperson who posted the newest incremental revenue within the 6-month period.

The Challenge

Storing data required for analysis across a dozen different sources can be a difficult task. Two systems track the sale of medical products; one for in-house diagnostics (medical analysis performed in the veterinary office) and the second

> They can now offer sophisticated volume discounts to their best customers while increasing customer loyalty and fostering a friendly, competitive sales culture. The financial result is increased incremental revenue year over year.

Client

Global veterinary medical supplier with $4B in annual sales

Industry

Veterinary Medicine

Challenges

- This supplier offers limited-time, individualized volume discounts to enrolled customers based on purchase thresholds, making timely and accurate monitoring of customer sales critical
- Tracking salesperson compensation bonuses awarded when customers spend additional incremental revenue during a specified period
- Managing widely varying, customer-specific offers with different timeframes, discounts and targets for purchase orders
- Calculating revenue goals and targets, which may involve counting both individual products as well as combinations of products within orders
- Product pricing structures that vary by customer and include both bespoke and fixed pricing
- Insights into the top sales people by incremental revenue

Solution

Data360 Analyze

Results

- Unified their data sources to calculate the number of qualifying purchases, known as runs, and the associated revenue for each customer during their enrollment period
- Detailed reporting on customer enrollments and product purchases.
- Created a leaderboard displaying the top salespeople, territories, and regions, allowing the company to recognize their best salespeople while simultaneously laying the groundwork for bonus compensation and competitive selling

for labs (medical analysis performed in a customer-run laboratory). A third system tracks the protocols for which a customer has enrolled, along with the dates and revenue targets for the enrollment period. Nine other data sources contain various pieces of customer information, pricing discounts, and sales contact data.

In addition, the data formats vary across the systems requiring the data to be unified and normalized before performing any analysis. For example, the two purchasing systems use different standard values to indicate the same medical protocol. Each medical protocol can contain a mixture of labs and in-house diagnostics, requiring that both data sets be set to the same standards and unified in order to qualify runs using the same scale.

The number of components within a protocol can also vary. For example, a customer could run a chemical and blood analysis in order to get a qualifying run (purchase), but if they add a slide-based component, each component will qualify as a run for a different protocol. Each of these possible combinations has to be analyzed in order to track a customer's progress against their protocol volume goals.

The Solution

Data360 Analyze combined all 12 data sources to count the purchases and total the revenue for each customer, while also creating a sales leaderboard. The raw purchasing data was normalized across the two procurement systems to identify components in a consistent manner. Validations of both protocols and components were performed to ensure enrollment accuracy. Individual customer pricing was then established and maintained for future comparisons. Once all protocol achievements were determined, the enriched data populated a new sales leaderboard, detailing all qualifying purchases and revenue by customer and salesperson.

The Results

This Precisely client can now offer sophisticated volume discounts to its best customers to increase customer loyalty as well as incremental revenue. Internally, the sales leaderboard tracks the sales team rankings, leading to friendly competition and public praise.

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