

Supporting the economic growth with a transparent pricing approach

Does your customer know you?

Companies are struggling a lot to harvest knowledge about their customers over all marketing and sales channels. However, current solutions used to achieve this goal are deeply insufficient, even when deploying an efficient Customer Relationship Management system (CRM).

Indeed, for their part, customers are also organizing themselves to better know companies. Business and competitive intelligence are growing quickly with help from new communication spaces: **the social networking tools**. These innovative tools are directly used by customers and can be seen as **a kind of inverted CRM bringing a 360-degree view of a company**. Thus, the ability to gauge a company about key indicators such as transparency, loyalty and social commitment is now within grasp.

The usual Customer Relationship Management system is dissolving in a larger and subtle Market Relationship Management. Today, customers hold powerful tools to influence and understand companies' behavioural as they are able to share information easily. In a short time, social networking tools such as Facebook and Twitter has already shown significant gains in sharing information between customers across the world.

In the same way Internet has led to deploy larger and real-time corporate communications based on websites, social networking tools will be leading a company to improve its transparency and push to the market new key indicators. This new transparency challenge is applied to all key processes of a company: sustainable product manufacturing, systematic integration of design-for-recycling into product design, social responsibility towards employees and third-parties, use of governments financial helps, etc.

Moreover, in the same time, pressure from business regulations voted by government of countries is going up. These governments represent their citizens, and then finally companies' consumers. Transparency requirements in relation to financial concerns, greenhouse gas emissions, products recycling and social commitments compel companies to invent a new way of doing business, leaving room for a sharp communication within new social networking tools and fully aligned with business regulations.

Will your Information System survive?

From this analysis, mechanisms to leverage a company's transparency must be identified and deployed according to a suitable pace, and depending on the objectives established by executive managers. For example, how to provide a reliable information lineage regarding a complex car manufacturing process when detailed green and social indicators are demanded by stakeholders, including customers? What should be done to satisfy future buyers wishing to know the part of the price dedicated to the product recycling process, the part provisioned to support employees training in the origin country and low-cost countries imply in the manufacturing process, and the part dedicated to help disabled employees?

Then, a new challenge arises in companies' life because their Information Systems are too much intertwined with opaque IT systems which are not able to provide companies with the required information traceability. Today, the confidence in financial data is under pressure and heavily damaged though this is one of the most overseen business domain within companies. Financial business regulations and other new accounting frameworks such as IAS-IFRS bring a higher demand of traceability and auditability whereas IT systems still generate too much bad data quality and too many failures in processes, including financial reporting. **These existing IT systems will not survive to the new requirement of transparency required by the markets**. If a company keeps its opaque IT systems without understanding how to reshape them in a progressive and suitable way, this is the competitiveness of this company which is questioned.

Is your pricing approach transparent?

Applied to the pricing domain, our previous analysis is extremely acute. Indeed, most of the time, the pricing opacity in companies are too much important. Prices are opaque in many businesses and don't provide sufficient and reliable detailed information in relation to computation of discounts, price variations depending on sales channels (agency, internet, call center, etc.) or periods of time (week, week-end, daytime, night, etc.) or stocks levels, etc.

However, the more a company enforces a high level of prices transparency, the more its market attractiveness goes up in competitive environments. Obviously, the level of prices transparency must remain under the control of executive managers, but it mustn't be under constraints dictated by IT systems.

As already said above, today customers can get a 360-degree point of view of a company thanks to information shared through social networking tools. **Therefore, it becomes easier to compare and share customers' experiences in real-time and then obtain a new benchmarking of prices as never seen before.**

But how a company can be attractive when its IT systems rely on scattered and duplicated pricing databases and functions which are frozen within several silos for every marketing and sales channel while they undergo many functional and technical changes over time? How to achieve a sufficient attractiveness when pricing rules are not homogeneous are written in IT languages meaningful to IT specialists only, which prevent from driving any serious business audit.

In other words, how a company could have a good command of its pricing transparency while it doesn't really exist within its own internal IT systems? Finally, we can say that a huge strategic and operational risk is raised on its pricing approach because of these too heavy and opaque existing IT systems.

Will your pricing tool support your growth?

To support its growth, a company have to equip itself with a unified tool to manage all pricing data and related processes. These reference data and business rules must be open to the business users and their governance must be shared with IT specialists depending on permission management. To guarantee this tool to be successfully integrated in existing IT systems, it must be aligned with a sharp Enterprise Architecture framework allowing a progressive and sustainable implementation.

This framework enforces a higher reference data and business rules lineage (traceability and auditability) which is strongly suitable to reshape the pricing function as described in this paper. For IS/IT specialists, this is a Master Data Management system (MDM) and its use as a foundation to achieve a progressive reshaping of existing IT systems.

Deploying this approach empowers executive managers to get the command of the information transparency and auditability. They can decide by themselves, without any useless IT constraints, the level of this information lineage over time. This framework is known as the **Sustainable IT Architecture associated with a suitable MDM system.**

To get further information:

- IS/IT Architecture to leverage information lineage
www.sustainableitarchitecture.com
- Master Data Management tool
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