

Market Guide for B2B Price Optimization and Management Software

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B2B price optimization and management software shows that artificial intelligence and machine learning can deliver substantial business benefits. Application leaders should use this Market Guide to determine whether this software is appropriate for their organization and to identify vendors.

Overview

Key Findings

- Innovative offerings from both established and new vendors have reduced the cost of deploying B2B price optimization and management (PO&M) solutions by as much as 80%. Project risk has been reduced by the introduction of shorter contract terms and fixed-price or included implementation costs.
- PO&M and configure, price and quote (CPQ) application vendors are consolidating in order to offer quote-to-cash solutions with embedded sales intelligence.
- PO&M vendors are broadening their offerings to include additional sales intelligence capabilities, such as white-space analysis, churn prediction and machine-learning-driven upsell/cross-sell recommendations.

Recommendations

Application leaders responsible for sales technologies should:

- Evaluate whether their organization can benefit from a PO&M solution by using the checklist in this Market Guide.
- Build a business case for deploying PO&M software by working with one or more PO&M vendors.
- Select a vendor that can deliver significant business benefits quickly with minimum capital expenditure and risk.
- Pilot a PO&M solution for one division or product line of their business before rolling it out across the company.

- Reinforce the adoption of new sales intelligence recommendations by redesigning sales processes and sales compensation.
- Continuously measure and refine the performance of their sales intelligence investment.

Market Definition

Price optimization and management (PO&M) software enables an organization to efficiently manage and optimize the price of its goods and services. These offerings also offer a growing range of sales intelligence advice, such as best-next-action recommendations and customer churn warnings.

Some vendors focus on back-office price management and product management roles. Others focus on providing sales intelligence in real time to sales representatives and B2B digital commerce websites. The most successful vendors offer both.

This Market Guide focuses on vendors whose software supports B2B and B2B2C business models. Vendors that specialize in retail price optimization, such as Blue Yonder, Nomis and Aptos-Revionics, are not included in this report.

Market Description

PO&M products are used by multiple industries, including travel and transportation, wholesale and distribution, energy, chemicals and petroleum, financial services and insurance, life sciences, high tech, manufacturing, telecommunications, food and beverage, and consumer packaged goods.

Table 1 illustrates the typical capabilities provided by PO&M software.

Table 1: Typical Capabilities of Price Optimization and Management Software

Capability ↓	Description ↓
Load organization's data	Provide a framework for loading the organization's customers, products, product lines, price lists, costs, sales agreements, promotions, rebates, stock levels and historical transactions.
Data cleansing	Data loaded from external systems must be loaded and normalized. Outliers may be stripped from the dataset to help machine learning. Data from external providers may be joined to enrich customer records (such as company size, industry, revenue).

<i>Capability</i> ↓	<i>Description</i> ↓
Scrape competitors' data	Scrape data from competitors' websites (for example, products, prices or stock levels) and match it to products sold by the organization. Note that even with PO&M software, matching a vendor's products to competitive products is usually a manual process.
Analyze historical transactions	Support a wide array of analytics to report on, for example, revenue and profit by sales representative, region, product, product line and time period. Note that deciphering these analytics typically requires considerable expertise in pricing science. Gartner believes the future lies in using machine learning and algorithms to elucidate pricing insights, instead of having highly trained humans interpret graphs.
Calculate list prices	Calculate new price lists using formulas and logic. This is particularly valuable when there is a very large volume of slowly changing price points. The calculation can incorporate simple factors such as cost and target margin, as well as the results of advanced analysis, such as customer segmentation and price-sensitivity.
Simulate revenue and profit	Before publishing new price lists, the organization can simulate the impact of the price changes on, for example, the last quarter's sales transactions. Some applications simply recalculate the total revenue and profit. More advanced applications simulate potential changes to when deals are won or lost based on observed price-sensitivity.
Segment customers	Customer segmentation identifies groups of customers that exhibit similar buying behaviors. This enables algorithms to identify patterns across a more statistically significant dataset — that is, all transactions for customers in a segment — in order to identify pricing outliers within the segment and predict the behavior of new customers who match the segment's profile.
Cluster products	Product clustering identifies groups of products that elicit similar buying behaviors. This enables algorithms to identify patterns across a more statistically significant dataset — that is, all transactions for products in a cluster — in order to identify pricing outliers within the cluster and better price new products introduced to the cluster.

<i>Capability</i> ↓	<i>Description</i> ↓
Recommend list price changes	By identifying outliers in the pricing of products in a cluster, a price optimization application suggests increases and decreases to product prices for a particular price list — that is, for a customer segment. A pricing expert then reviews and accepts or rejects these suggestions, based on the potential benefits and risks. The new price lists are then approved and published to quoting and order capture systems.
Recommend transaction line price	In real time, use metadata about a deal (such as customer segment, urgency or competitors) and product availability to calculate one or more prices for a transaction line. Typically, the application calculates a floor/walk-away price, a target price and an optimal price. This calculation may also determine the price at which approval is needed by various levels of management.
Recommend transaction price	It is often more important to look at the quality of a whole transaction than of individual lines. For example, one product may be sold at cost, but the overall deal may be good because other products are sold with a high margin. Considering the whole transaction is a harder problem for price optimization algorithms. Gartner recommends looking closely at each software vendor's ability to support whole transaction pricing during the software evaluation process.
Recommend renewal uplift	When a subscription contract is renewed, it is common to increase the subscription rate. Algorithms can recommend the optimal increase, which balances likelihood to churn against total customer lifetime value.
Optimize for corporate objectives	Use a solving algorithm to optimize the balance between corporate objectives such as generating revenue, preserving margin and retaining customers. This type of algorithm can significantly reduce the number of rules that need to be administered in the pricing solution. It enables an organization easily to shift priorities (for example, at the end of a quarter when more deals are needed to meet a revenue target).
Explain recommendations	Recommended prices and discounts presented to price administrators or sales representatives have no value if they are ignored. A critical aspect of any price optimization solution is how it explains its recommendations in compelling human terms and establishes trust. For example, an application might list similar recent deals together with their price points.

Capability ↓	Description ↓
Automatically approve discounts	Price optimization applications identify which discounts applied by sales representatives require human review and which can be automatically approved. This logic is based on either calculated price/margin thresholds or learned from the behavior of human approvers. Automatic approval significantly decreases the time to quote and can therefore improve win rates.
Support CPQ/CRM integration	Real-time price/discount recommendations and other sales intelligence are typically presented in the CRM or CPQ application used by sales representatives. Most PO&M applications include open APIs to integrate with any CRM or CPQ solution. Some vendors have gone further by productizing an integration with either their own CPQ application (for example, PROS Smart CPQ) or a leading CPQ product (Zilliant's integration with Salesforce CPQ is an example). These prebuilt integrations reduce implementation time and cost.

Source: Gartner

Table 2 provides examples of other sales intelligence capabilities provided by PO&M applications.

Table 2: Other Sales Intelligence Capabilities

Capability ↓	Description ↓
Make cross-sell recommendations	Suggest add-on products that have a high attachment rate to products already on the quote (for example, batteries might be suggested for a flashlight). Historically, CPQ applications have used manually administered rules to make these recommendations. PO&M vendors can now support this capability using machine learning.
Make upsell recommendations	Suggest switching a product that is currently on the quote for one that is more expensive or has a higher margin. Machine learning can be used to identify the best suggestion from manually identified upsell options.
Identify customer churn likelihood	Indicate the likelihood that an existing customer will churn. This might be determined from a range of customer behaviors, including lack of engagement, low usage of a product, a higher number of service issues, or observed churn within a particular customer segment. This metric is used to trigger proactive customer retention activities.

Capability ↓	Description ↓
Assign deal quality score	This is an easily understood metric that represents the “quality” of a deal. Quality is typically a blend of high revenue, high margin and likelihood to win. This metric is often presented as a traffic light or a simple score from one to 10.
Gauge win probability	The win probability for a transaction is based on the customer, competitors, urgency, products included, pricing offered and so on.
Recommend promotion	Suggest a promotion to offer a customer in order to increase a deal’s size (for example, a volume price break), increase the margin (for example, a bundle with a high-margin product), improve retention (for example, a price break for a longer contract term), improve the win probability (for example, free shipping) or accelerate a deal (for example, a discount that expires after 48 hours).
Recommend best configuration	Preconfigure a product based on a customer’s business requirements or previous configurations by that customer or similar customers.

Source: Gartner

Market Direction

Gartner expects the PO&M software market to continue growing rapidly during the next three years, driven by several key factors:

- PO&M software has a rapid payback on investment (often less than six months).
- PO&M technology will be increasingly available as part of cloud CPQ solutions.
- Cloud deployment, improved usability and the adoption of machine learning (ML) will make PO&M applications less expensive to implement and maintain. This will increase the likelihood of large companies investing in this software and greatly increases the number of companies that can afford to deploy it.
- ML and artificial intelligence (AI) are currently the subject of much hype. CIOs are under pressure to deploy these technologies within their organizations. PO&M software shows that this technology can deliver business value today.

Most of the leading PO&M software vendors now have some CPQ capabilities. Gartner expects most of the leading CPQ vendors to gain their own PO&M capabilities in the next 24 months, either through acquisition or in-house development.

Market Analysis

Gartner estimates that the market for PO&M software plus related services grew by 21% in 2019 to \$450 million. This figure includes revenue generated by the software vendors but does not include pure consulting companies or revenue from complementary products such as CPQ offerings.

Gartner also estimates that about 1,380 companies had deployed PO&M software at the end of 2019. This is an increase of 36% from 2018. The number of companies that have deployed this software is growing faster than the total revenue, which suggests that vendors are continuing to lower the cost of deploying this software.

North America accounted for most of the PO&M software revenue in 2018 (54%), followed by Europe, the Middle East and Africa (28%), Asia/Pacific (12%) and Latin America (6%).

Asia/Pacific's share of revenue increased from 8% in 2018 to 12% in 2019.

Gartner estimates that at least 10,000 B2B companies globally might benefit from a PO&M deployment. As software and implementation costs fall, the addressable market will expand. The market is currently lightly penetrated.

Representative Vendors

Market Introduction

This Market Guide makes no attempt to include an exhaustive list of vendors. This section is intended to give you a better understanding of the market and its offerings.

Table 3 gives basic details of the 14 vendors covered in this Market Guide. For the basis of their inclusion, see Note 1.

Table 3: Representative Vendors of B2B Price Optimization and Management Software

Vendor ↓	Website ↓	Headquarters ↓
Bubo.AI	www.bubo.ai	Middlesbrough, U.K.
MarketRedesign	www.pricecypher.com	Eindhoven, Netherlands
Perfect Price	www.perfectprice.com	Oakland, California, U.S.
Periscope By McKinsey	www.mckinsey.com/business-functions/marketing-and-sales/solutions/periscope/overview	New York, New York, U.S.

Vendor ↓	Website ↓	Headquarters ↓
Price Edge	www.priceedge.eu	Stockholm, Sweden
Pricefx	www.pricefx.com	Munich, Germany
Pricemoov	www.pricemoov.com	Paris, France
PROS	www.pros.com	Houston, Texas, U.S.
SPOSEA	www.sposea.com	Rijswijk, Netherlands
Syncron	www.syncron.com	Stockholm, Sweden
Vendavo	www.vendavo.com	Denver, Colorado, U.S.
Vistaar	www.vistaar.com	Parsippany, New Jersey, U.S.
Vistex	www.vistex.com	Hoffman Estates, Illinois, U.S.
Zilliant	www.zilliant.com	Austin, Texas, U.S.

Source: Gartner (October 2020)

The vendors listed in this Market Guide do not imply an exhaustive list. This section is intended to provide more understanding of the market and its offerings.

Vendor Profiles

Bubo.AI

www.bubo.ai

Profile: Bubo.AI focuses on providing AI-driven price recommendations to clients with a large customer base and high data volumes and complexity. Founded in 2019, the company has 12 employees. At the time of writing, it has only a few deployments. Its product incorporates

continuous feedback from the quoting process to monitor and improve pricing models. It also supports customer churn prediction, upsell/cross-sell recommendations and revenue forecasting.

PO&M Products: Bubo.AI — Pricing

Location of Headquarters: Middlesbrough, U.K.

Other Locations: Brussels, Belgium; Krakow, Poland; Vienna, Austria; Gothenburg, Sweden

CPQ Integrations: None out of the box

ERP Integrations: SAP, Kerridge Commercial Systems

Implementers: None

MarketRedesign

www.pricecypher.com

Profile: PriceCypher is a PO&M product launched by MarketRedesign in 2018. 15 employees work on the product, which currently has about 10 B2B PO&M customers in the bulk manufacturing, transportation and logistics, wholesale, energy and telecom industries. PriceCypher integrates with MarketRedesign's myDealWinner CPQ for Manufacturing to provide deal configuration and dynamic price recommendations based on an ML algorithm. Pricing managers can run pricing scenario simulations. They can monitor achieved margin, algorithm accuracy and how well sales comply with price recommendations.

PO&M Products: Price & Margin Optimization Module for Sales; Price & Margin Steering Module for Pricing Management; Price Monitoring Module for Pricing Management

Location of Headquarters: Eindhoven, Netherlands

Other Locations: Rotterdam, Netherlands; Mumbai, India

CPQ Integrations: MarketRedesign myDealWinner CPQ

ERP Integrations: SAP, Microsoft Dynamics 365, Oracle JD Edwards EnterpriseOne

Implementers: MarketRedesign

Perfect Price

www.perfectprice.com

Profile: Perfect Price delivers PO&M solutions to hospitality, property management and airport parking companies. Founded in 2013, the company has 12 employees. Its product leverages multiple AI and supervised ML technologies to make automated, real-time pricing decisions based on microsegments that are used to predict customer demand. These microsegments are developed

from utilization and transaction history, and supplemented with third-party data, such as on competition, weather and consumer trends. All deployments are SaaS on Amazon Web Services (AWS).

PO&M Products: Perfect Price

Location of Headquarters: Oakland, California, U.S.

Other Locations: New York, New York, U.S.

CPQ Integrations: None out of the box

ERP Integrations: None out of the box

Implementers: Perfect Price

Periscope By McKinsey

www.mckinsey.com/business-functions/marketing-and-sales/solutions/periscope/overview

Profile: Periscope By McKinsey is a wholly owned arm of McKinsey & Company. Founded in 2007, the company has more than 700 employees supporting a wide range of analytical services, including B2B PO&M. It currently has about 71 B2B PO&M customers in the chemicals, industrials, basic materials, agriculture, medical technology/medical devices, high tech, telecom, automotive, aftermarket and distribution industries. The product supports: next best alternative value pricing; rule-based pricing; advanced analytics-based price optimization; price web scraping; price management; price execution; price performance management; analytics; scenario generation and analysis; discount and rebate management.

PO&M Products: Periscope Price Advisor

Location of Headquarters: New York, New York, U.S.; Brussels, Belgium; Singapore

Other Locations: 27 global locations in total within the following countries: Austria, Belgium, Brazil, China, Costa Rica, Germany, Hungary, Italy, India, Luxembourg, Mexico, Netherlands, Poland, Singapore, Ukraine, the U.K. and the U.S.

CPQ Integrations: Periscope Deal Advisor

ERP Integrations: None out of the box

Implementers: McKinsey & Company

Price Edge

www.priceedge.eu

Profile: Price Edge provides a flexible SaaS platform for implementing price management calculations, managing price lists, and applying ML algorithms to optimize prices. The company was founded in 2014 and has 22 employees and 21 customers. It is possible to model promotions and simulate their impact. Focused on the aftermarket parts, manufacturing, e-commerce and retail industries, the vast majority of its business is currently done in Europe.

PO&M Products: PriceEdge Collect, PriceEdge Price, PriceEdge Analyze, PriceEdge Optimize

Location of Headquarters: Stockholm, Sweden

Other Locations: Bucharest, Romania; Singapore; Palo Alto, California, U.S.

CPQ Integrations: Price Edge can be configured to act as a CPQ solution

ERP Integrations: Microsoft Dynamics, SAP

Implementers: Price Edge

Pricefx

www.pricefx.com

Profile: Pricefx offers its products either as a SaaS subscription or as a “pricing as a service” subscription with software, implementation and maintenance rolled into a fixed monthly fee. Pricefx pioneered rapid, low-risk deployments of PO&M software. Its new Lightning Accelerator implementation packages deploy the software in as little as six weeks. Founded in 2011, the company has 358 employees and 101 customers. Customers are split between Europe and North America. The software has more than 100 prebuilt algorithms that can be configured to calculate value-based prices, cross-sell and upsell recommendations, and revenue and profit projections, and to predict responses to price changes; alternatively, a company can build its own algorithms. Pricefx acquired Brennus Analytics in 2020 and rebranded its ML technology “PriceOptimizer.”

PO&M Products: PriceAnalyzer, PriceOptimizer, PriceBuilder, PromotionManager, QuoteConfigurator, RebateManager, ChannelManager

Location of Headquarters: Munich, Germany

Other Locations: Chicago, U.S.; Prague, Czech Republic; Brisbane, Australia; Paris, France

CPQ Integrations: Pricefx QuoteConfigurator

ERP Integrations: Oracle E-Business Suite, SAP ERP, SAP S/4HANA

Implementers: Big Data Pricing, Cognitus, ManpowerGroup-Experis, ISB Global, KPMG, Mashfrog

Pricemoov

www.pricemoov.com

Profile: Pricemoov delivers price management and price optimization solutions to rental business, B2B distribution and services, transportation and logistics, and tourism companies. Founded in 2016, the company has 30 employees and 10 B2B customers, which are all in Europe. Pricemoov Deals, its B2B product, supports price setting (with price list management, AI-powered price list optimization, price targets and thresholds, impact calculation), price execution (with a deal advisor, quote generator and approvals workflow), performance management (with outlier identification, price increase potential and performance management opportunity) and client list management (with customer lifetime value and revenue).

PO&M Products: Pricemoov Spot (for B2C retail), Pricemoov Deals (for B2B price optimization)

Location of Headquarters: Paris, France

Other Locations: None

CPQ Integrations: Pricemoov Deals CPQ, Salesforce CPQ, Apttus CPQ

ERP Integrations: SAP

Implementers: Accenture, Capgemini, Infosys, Pricemoov

PROS

www.pros.com

Profile: Founded in 1985, PROS is a public company with more than 1,400 employees and one of the largest PO&M customer bases. Its customers cover a wide range of industries, including manufacturing (discrete and process), food and consumables, automotive (including OEM, aftermarket and supply chain), high-tech (hardware and software), medical devices, chemicals, oil and gas, transportation and logistics, and industrial distribution. Its PROS Control product for price management includes pricing analytics, pricing waterfalls, approval workflows, price strategy management, formula building, synchronizing of prices with external systems, and a real-time pricing service (with an SLA for availability and response time). Its PROS Guidance product for price optimization supports headless, real-time delivery of deal-specific price recommendations to quoting applications, segmentation models, elasticity-based price optimization for non-negotiated e-commerce portals, rationalization of prices across agreements and channels, transparent views into peer prices and other sales benchmarks to build confidence in recommendations, aggregate views of potential revenue leakage recovery, and prioritized views of price correction opportunities.

PO&M Products: PROS Guidance, PROS Control, PROS Opportunity Detection

Location of Headquarters: Houston, Texas, U.S.

Other Locations: Toulouse and Paris, France; London, U.K.; Frankfurt, Germany; Sydney, Australia; Sofia, Bulgaria

CPQ Integrations: PROS Smart CPQ

ERP Integrations: Microsoft Dynamics 365 for Finance and Operations, Oracle E-Business Suite, SAP

Implementers: Accenture, Capgemini, CGI, Deloitte, EY, Karoo, LTI, PROS

SPOSEA

www.sposea.com

Profile: Founded in 2015, SPOSEA has 30 employees and about 100 paying customers, mostly in the consumer packaged goods, manufacturing, fashion and automotive industries. SPOSEA BrightPrice Manager is a price management offering that enables SAP customers to update SAP price lists and conditions more easily. BrightPrice DealManager enhances and improves the usability of existing SAP quoting tools. BrightPrice Insights provides prebuilt analytics over pricing and transactional data. BrightPrice Optimizer uses AI/ML to segment and cluster customers and products, highlight prices that need attention, and simulate the effects of price changes.

PO&M Products: BrightPrice Manager, BrightPrice DealManager, BrightPrice Insights, BrightPrice Optimizer

Location of Headquarters: Rijswijk, Netherlands

Other Locations: Calicut, India; Morristown, New Jersey, U.S.

CPQ Integrations: BrightPrice DealManager provides CPQ functionality.

ERP Integrations: SAP

Implementers: SPOSEA

Syncron

www.syncron.com

Profile: Founded in 1999, Syncron has more than 450 employees and over 30 globally distributed B2B pricing customers in the following industries: agricultural equipment, automotive, construction and mining, industrial equipment, aerospace and defense, energy, utilities and HVAC, high tech and electronics, medical equipment, and wholesale and distribution. Syncron Price can be rapidly deployed to support base price management (including segmentation and value-based pricing strategies), regional price management, net price management (including price corridors), rebate management, price feedback management, quotation management and insights analytics.

PO&M Products: Syncron Price

Location of Headquarters: Stockholm, Sweden

Other Locations: Atlanta, Georgia and Chicago, Illinois, U.S.; Munich, Germany; Birmingham, U.K.; Paris, France; Malmo, Sweden; Bangalore, India; Warsaw, Poland; Tokyo, Japan; Shanghai, China

CPQ Integrations: Tacton

ERP Integrations: SAP, Visma

Implementers: Synchron

Vendavo

www.vendavo.com

Profile: Founded in 1999, Vendavo has approximately 358 employees. It targets companies in the discrete manufacturing, process manufacturing and distribution industries. It offers a wide range of pricing capabilities, including: analytics to accurately measure and monitor the business impact of complex changes in prices, volumes, product mix, and other dynamic market factors, such as currency fluctuations; analytics to help identify actionable opportunities for revenue and/or margin improvement; continuous monitoring of key metrics for any potential risks to a business; deal-specific pricing guidance for CRM and quotation workflows based on the customer's willingness to pay, but also considering the risk of price moves; price management; and support for deal negotiation for both sales and the deal desk.

PO&M Products: Vendavo PricePoint, Vendavo Deal Price Guidance, Vendavo Deal Price Optimizer, Vendavo Margin Bridge Analyzer, Vendavo Profit Analyzer, Vendavo Business Risk Alerts

Location of Headquarters: Denver, Colorado, U.S.

Other Locations: Dallas, Texas, U.S.; Prague, Ostrava and Hradec Kralove, Czech Republic; Stockholm, Sweden; Dusseldorf, Germany

CPQ Integrations: Vendavo CPQ Cloud, Salesforce CPQ

ERP Integrations: SAP, Oracle E-Business Suite

Implementers: Accenture, Deloitte, EY, PwC, Vendavo

Vistaar

www.vistaar.com

Profile: Founded in 2001, Vistaar is a B2B and B2C price optimization vendor. The company has about 350 employees and more than 60 customers in the manufacturing, consumer goods, retail and digital/online industries. Vistaar price management solutions support price list management, revenue prediction, sales and account planning, guided quote negotiation, and analysis of revenue and profitability performance across the entire go-to-market process.

PO&M Products: SmartPrice, Retail Price Optimization, Market Price Optimization, Trade Promotion Management, Reimbursements & Rebate Management

Location of Headquarters: Parsippany, New Jersey, U.S.

Other Locations: London, U.K.; Mumbai, India

CPQ Integrations: Vistaar SmartQuote

ERP Integrations: SAP, Oracle E-Business Suite, Oracle JD Edwards EnterpriseOne

Implementers: Vistaar does its own implementations.

Vistex

www.vistex.com

Profile: Founded in 1999, Vistex provides a wide range of software and services to support go-to-market programs, primarily on the SAP ERP platform. The company has 1,600 employees and about 116 companies are currently using its PO&M solution. Product capabilities include: price maintenance (list, MSRP pricing, commodity, index pricing, freight pricing, sales costing, derivative/reference/formulaic pricing), customer-specific pricing, price guidance (segment pricing, markdown strategy), price optimization (goal definition, constraint definitions, segment analyses), price planning (price simulation, workflow approval), price analytics (including bid/deal scores, win probability), on-order promotions, rebate and incentive management and revenue management.

PO&M Products: SAP Data Maintenance for ERP — Pricing by Vistex, SAP Data Maintenance for S/4HANA by Vistex, pricing option

Location of Headquarters: Hoffman Estates, Illinois, U.S.

Other Locations: Kent, Washington and Los Angeles, California, U.S.; Fredericton, New Brunswick, Canada; London, U.K.; Appenzell, Switzerland; Lodz, Poland; Moscow, Russia; Walldorf, Germany; Cape Town, South Africa; Dubai, United Arab Emirates; Hyderabad and Mumbai, India; Singapore; Sydney, Australia; Cali, Colombia; São Paulo, Brazil; Mexico City, Mexico; Madrid, Spain; Tokyo, Japan

CPQ Integrations: None

ERP Integrations: SAP Business Suite, SAP S/4HANA

Implementers: Vistex primarily does its own implementations.

Zilliant

www.zilliant.com

Profile: Founded in 1998, Zilliant has about 161 employees and more than 100 customers in the manufacturing, distribution, business services, industrial services, shipping, transportation, media and advertising industries. Pricing is managed in Zilliant Price Manager and can be presented in real time to sales teams via Zilliant Deal Manager or a third-party CPQ application. Zilliant Price IQ uses ML algorithms to optimize prices. Zilliant Sales IQ uncovers sales intelligence such as account-specific churn likelihood and cross-sell recommendations. Zilliant Sales Planner suggests next actions to prioritize and grow accounts. Zilliant Campaign Manager enables users to create, scope and manage sales campaigns (for example, for price increases or retention). Zilliant IQ Platform is the technical foundation and extension layer for Zilliant's packaged applications.

PO&M Products: Zilliant Price IQ, Zilliant Price Manager, Zilliant Deal Manager, Zilliant Sales IQ, Zilliant Sales Planner, Zilliant IQ Anywhere, Zilliant Campaign Manager, Zilliant IQ Platform

Location of Headquarters: Austin, Texas, U.S.

Other Locations: London, U.K.; Paris, France; Walldorf, Germany; Milan, Italy

CPQ Integrations: Zilliant Deal Manager has quoting capabilities; Conga CPQ; Oracle CPQ; Salesforce CPQ

ERP Integrations: SAP

Implementers: Acumen Solutions, Bertelsmann-Arvato, PwC, Navint, TCS, Zilliant

Market Recommendations

PO&M software has been shown to deliver a rapid ROI when well-implemented and enthusiastically adopted. Vendors report the following sample outcomes:

- Revenue increases of 1% to 5%.
- Margin increases of 2% to 10%.
- Elimination of 80% of discount approvals.
- Increase in customer lifetime value of 20%.

PO&M software is not a good fit for every organization, but Gartner recommends considering it if one or more of the following situations applies:

- The volume or rate of list price changes is impractical or expensive for people to perform without automation.
- Price management is distributed across multiple regions but requires some centralized control.

- The organization seeks to use advanced statistics and ML to fix suboptimal pricing practices identified in historical deals, and it has a large volume of clean, historical sales transactions with which to train the PO&M models.
- The organization wants to calculate prices and discounting thresholds in real time based on factors such as the type of customer, the mix of products, product costs, product availability, competitors, geography and corporate priorities (for example, targeting revenue or margin).

The following scenarios are unlikely to be a good fit for a PO&M solution:

- Pricing is defined by a linear formula or calculation. In this case, PO&M software is not needed because CPQ software can handle complex formulaic pricing.
- The organization sells its products through long-term contracts to a few customers.
- The organization sells a small number of products with limited price negotiation or regional variation.

Most PO&M vendors offer a low-cost or free proof of concept during which they run their algorithms over your company's historical sales transactions to estimate the amount of revenue and margin being lost to inefficient pricing practices. Gartner believes this is a useful way to build the business case for a PO&M investment. Use this initial scoping project or pilot to help measure how big a price problem your organization has, and what the impact of an optimal solution would be. If your organization lacks deep price management expertise internally, be prepared to work with a strategy consultant, a service provider or a vendor's professional services resources to manage the initiative.

Select a vendor that can deliver significant business benefits quickly with minimum capital expenditure and risk. Historically, PO&M projects have been expensive and slow to implement. New SaaS offerings from established vendors and new entrants have simplified the implementation, however, so that rapid, less expensive deployment is now possible. Although subscription fees are typically based on revenue under management (RUM), alternative fixed-price options are also available. If the price is based on RUM, ensure that the contract with the vendor allows for unlimited organic growth without additional fees for the duration of the contract. Carefully consider the risk of committing to a multiyear software contract before the business benefit is proven.

Start small, build credibility and expand from there. Large global or cross-industry price optimization initiatives often experience delays and problems related to factors such as organizational price maturity, change management, organizational alignment, and the complexity of data and algorithms. Success is more likely to be achieved by starting with a pilot that manages revenue across a subset of a product line, or a small division, and then expanding from there.

Redesign sales processes and sales compensation to reinforce adoption of the new sales intelligence recommendations. Get buy-in by working with sales executives, sales representatives and sales partners to understand pricing from their perspective. Alignment with the vision, goals and objectives of the sales organization and sales leaders is often key to a successful implementation. “Optimized” price recommendations mean nothing if the sales team ignores them, or if it cannot access and use them easily.

Proactively track improvements to key metrics such as margin, revenue, customer lifetime value, churn rate, win rate, time to quote, and autoapproval rates in your executive dashboard. Price optimization solutions require regular tuning as market conditions change. Gartner often hears from clients that they have neglected their implementation after a successful initial rollout and have therefore seen the benefits fade with time. Plan and budget for continual improvement of price recommendations and other sales intelligence insights.

Evidence

The following sources were used for this document:

- Briefings and demonstrations provided to Gartner by vendors
- A vendor survey conducted by Gartner in June 2020
- Inquiry calls with Gartner clients

Note 1

Representative Vendor Selection

Vendors that were the subject of recent Gartner client inquiries regarding PO&M software were considered for inclusion in this Market Guide.

Recommended by the Author

[Magic Quadrant for Configure, Price and Quote Application Suites](#)

[Critical Capabilities for Configure, Price and Quote Application Suites](#)

[Toolkit: RFP for B2B Price Optimization and Management Solutions](#)

Recommended For You

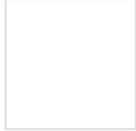
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