

Specialty Chemicals: Global Pricing at Energy Giant is Transformed Into a Well-Oiled Machine



Product pricing – a highly decentralized and undisciplined process seven years ago at one of the world's leading integrated energy companies – has been organized using Vendavo solutions into a high-performing function that ensures agility, precision, and profitability.

The priorities are clear and consistent at this multinational energy company: generate cash. Return it to shareholders. Reinvest in the business.

And the company is executing on that strategy proficiently. It expects to generate approximately \$14 billion in free cash flow this year from its upstream, midstream and downstream gas and oil operations.

As company leaders like to say, it's all about "winning in any environment" and designing a business model that's resilient and consistent. It's a business model that starts with a strong balance sheet, grows production and cash margins, and provides superior shareholder return.

The global process advisor for pricing is focused on generating cash as well. He and his pricing team are responsible for setting and optimizing pricing for more than 5,000 SKUs in the company's lubricants and additives division.

The company's brands include some of the best-known passenger car engine oil and heavy-duty engine oil labels throughout the world. The company also makes premium lubricants specially formulated for industrial and offhighway engine types.

The global process advisor for pricing has worked in pricing for 15 years and has seen some significant changes. One of the more positive changes has been the implementation of Vendavo pricing tools seven years ago.

"When I first started in pricing, we managed everything in spreadsheets and SAP and it was difficult to keep everything updated," says the pricing advisor. "With Vendavo, we can get the pricing data we need on price points, bids, and sales histories and it's all in one place, so we can analyze it and maximize our margins."



Action: Best Practices – And Pricing Tools – For the Best Performance

“One price does not work for all customers,” says the pricing advisor.

“The value is different for customers in different industries because equipment uptime, operating costs, and outputs vary so much. Vendavo helps us track all these variables so we can set prices at levels that are appropriate and profitable.”

He also uses segmentation to build and maintain price lists that represent every customer base in every market around the world.

“We manage pricing for products in 20 different countries, all of which have different economies, different cost structures and different market opportunities,” says the pricing advisor. Customers and markets change quickly and Vendavo helps us keep pace with our pricing.”

And the company’s sales teams are better prepared for negotiations no matter if they’re selling to customers who need hydraulic fluids, turbine oils or antifreezes.

“Deal management lets us collaborate on bids with our sales teams and automate approvals for faster closing and cash flow,” says the pricing advisor. “And what we learn from previous deals informs us on new ones.”

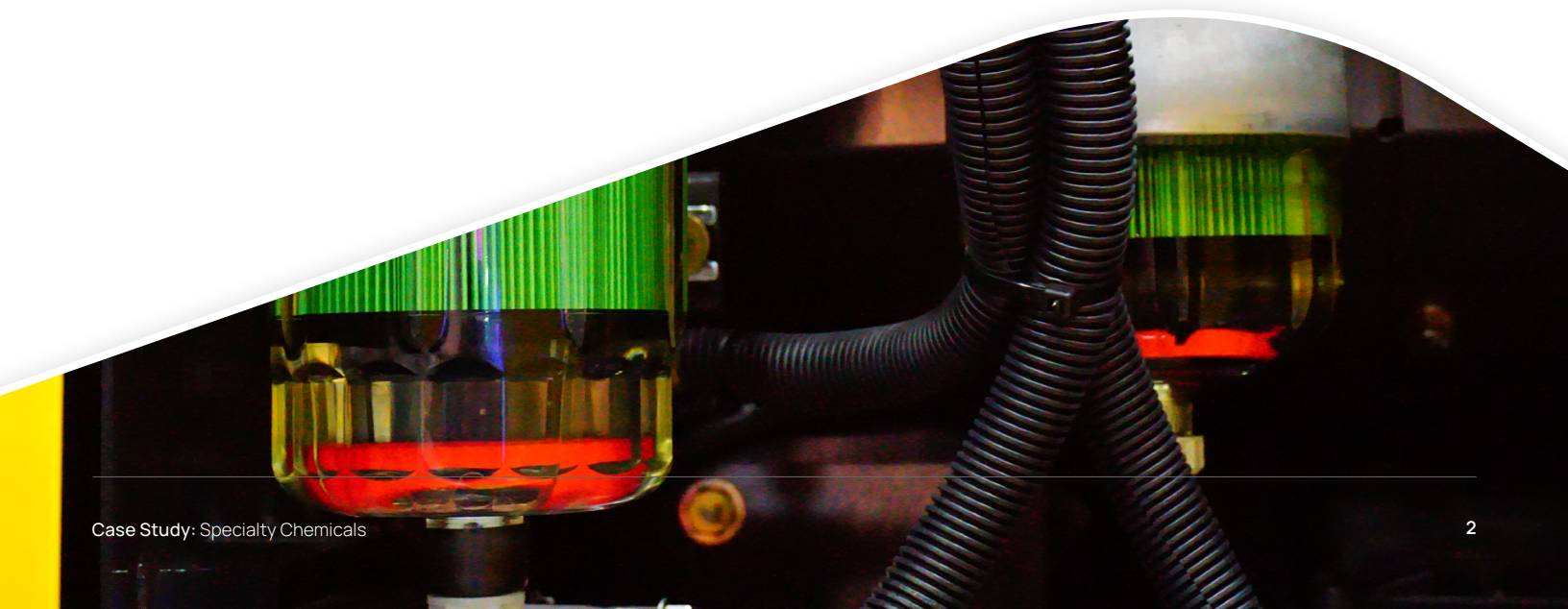
Outcomes: Keeping Pace with Pricing in a Dynamic Market The company’s commodity pricing **environment**, complex supply chains, and capital-intensive manufacturing requires nimbleness in analysis and pricing.

“Changes in the price of oil and other vendor inputs are constantly moving and we’ve got to capture those for price changes,” says the pricing advisor. “Before, we had that information living in dozens of locations. Now everything flows into Vendavo and the data is all in one view.”

He says he and the 700 other users throughout the company agree that things are easier and more transparent with Vendavo. And when price changes are made, the ripple effects can be seen more clearly.

“Now when we make a price change, we can preview the impact on revenues and margins before it’s officially published,” says the pricing advisor. “We can run different scenarios and see if our changes achieve the desired results in topline and margin growth.”

“We’ve got to capitalize on these positive market forces and one way we do that is by making sure our pricing is as sharp as it can be,” says the pricing advisor. “Vendavo pricing guidance helps make our brands stronger, sell smarter, and earn more so we can deliver on our goals of free cash flow growth and superior total shareholder returns. We’re better prepared, we’re focused, and it’s working.”



Industry

- Specialty Chemicals

Solution

- Commercial Analytics
- Price Optimization
- Segmentation

Challenges

- Organize all pricing variables in one place.
- Grow product margins to maximize cash flow and shareholder returns.

Results

- Improved pricing models that illustrate customer and profitability impact of price changes.
- Streamlined commercial workflow consistent and predictable.
- More consistent margins across products, customers and business units.

Hitting on All Cylinders with Pricing

1. The Impact of Price is Made Clearer

The pricing team can see and better understand the impact of price changes large and small.

2. The Sales Teams get Smarter Pricing

Commercial Analytics™, price optimization, and segmentation facilitate collaboration and give sales teams the insights they need for more precise quotes and effective negotiations.

3. Better Margins for Improved Cash Flow

Vendavo pricing tools support the company's core strategy of generating free cash flow that can be reinvested and returned to shareholders in dividends and stock repurchase programs.



About Vendavo

Vendavo provides leading-edge pricing and sales solutions with embedded AI to empower global manufacturers and distributors to digitally transform their commercial operations in order to unlock value, grow margins and accelerate revenue. These Commercial Excellence solutions, combined with its award-winning value consulting services, enable Vendavo to deliver outcomes that are not only predictable, but unrivaled. That enables the most demanding B2B organizations to develop dynamic customer insights and optimal pricing strategies that maximize margin, boost sales effectiveness and improve customer experience.

Vendavo has offices in Denver, Dallas, Dusseldorf, Prague and Stockholm.

For more information, please visit <http://www.vendavo.com>