

Specialty Chemicals: Energy Giant's Global Pricing Transformed Into a Well-Oiled Machine



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

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 off highway engine types.

Challenge

The company 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. He 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 several 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."

– Pricing Manager

Solution

Company product pricing – a highly decentralized and undisciplined process several years ago – was organized using Vendavo solutions into a high performing function that ensures agility, precision, and profitability.

One price does not work for all the company's customers. The value is different for customers in different industries because equipment uptime, operating costs, and outputs vary so much. With Vendavo, the company can track all these variables to set prices at levels that are appropriate and profitable.

The company also uses segmentation to build and maintain price lists that represent every customer base in every market around the world. The company manages pricing for products in 20 different countries, all of which have different economies, different cost structures and different market opportunities. Customers and markets change quickly and Vendavo helps the company keep pace with 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. Vendavo also enables them to collaborate on bids and automate approvals for faster closing and better cash flow. What they learn from previous deals informs them about new ones.

The company's commodity pricing environment, complex supply chains, and capital-intensive manufacturing requires nimbleness in analysis and pricing. They must regularly manage

oil prices and other vendor inputs that are constantly moving. All that price change information was living in dozens of locations but now, everything flows into Vendavo, and the data lives in one view.

The pricing manager 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 the company makes a price change, users can preview the impact on revenues and margins before it's officially published. They can run different scenarios and see if their 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.

Benefits

- Improved pricing models that illustrate customer and profitability impact of price changes.
- Streamlined, consistent, predictable workflow.
- Single source of truth for all pricing information.
- More consistent margins across products, customers and business units.



"Vendavo pricing guidance helps makes 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."

– Pricing Manager



About Vendavo

Vendavo partners with the world's leading companies to accelerate growth and profitability, advance innovation, and build more prosperous communities. Our powerful, cloud-based, AI-powered pricing, selling, and prescribing solutions empower global manufacturers and distributors like Ford, Dell, and Medtronic to manage, optimize, and digitize their end-to-end commercial processes. But we offer so much more than software. Our proven, repeatable process, and passionate, experienced people lower risk, accelerate value, and drive profitable, unrivaled business outcomes for our customers. We are passionate about helping our customers deliver the right products, at the right prices, at the right time, for the right people.

Vendavo is headquartered in Denver, with offices in Czech Republic, India, and Sweden.

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