

# **Case Study: Global Oil and Gas producer**

## **Vantage Enables Improved Pricing Decision Making**

The LPG division of this global business is responsible for providing Liquefied Petroleum Gas (LPG) to over 20,000 customers in the UK. The price of LPG changes on a daily basis and it is the pricing team that is responsible for ensuring that customers are charged the correct price, taking into consideration contractual limitations, cost of goods and profitability. Price changes need to be effected in a timely manner and applied consistently across individual customers and syndicates.

### **Business Challenge**

For this client, by far the biggest concern within UK pricing was its ability to carry out a global price change in a timely manner. This process could take up to three weeks and relied heavily on key members of staff being present throughout. This delay in processing brought a significant risk that profit margin to the UK business could be reduced. This led to a review in its price change process, as part of ongoing pricing improvements.

### **Project Objectives**

Our client needed to provide price changes to its customers on a regular basis within specified contractual restrictions. They needed to be able to model variable and fixed price changes accurately and in a timely manner. Vantage was tasked with retaining the flexibility of their existing spreadsheets, without the problems inherent with using spreadsheets for this type of process, such as manual processing, untimeliness and data integrity.

### **Vantage's Solution**

Vantage demonstrated that the flexibility of SAP BPC, maintaining the positive aspects of MS Excel as the user interface, combined with the control inherent in BPC, would constitute the best solution.

Vantage consultants then implemented BPC and created models for the required pricing calculations. The system can apply price changes on any day, week or month to the sub-set of customers required, giving them maximum flexibility in their approach to price changes.

### **Results**

The BPC solution has provided an automated system that more reliably and efficiently calculates and actions price changes for customers that are billed either using variable or fixed calculations. It provides greater visibility of pricing changes and the impact pricing decisions have.

Vantage has developed the applications in BPC in such a way as to enable the client's price change team to perform ongoing maintenance of the system, in line with changes in their business and pricing models.

Price changes previously took up to three weeks. The new system has reduced this to less than one week. It is easier to use than the old spreadsheet-based process, meaning that the price change process is no longer reliant on the presence of key personnel and subject to the delays that this had caused.

Additionally historical price changes are held within the system for future reference. Building a body of historical pricing changes will support future decision making about price strategy.

## **Panels**

### **Challenge**

Our client needed a system to support improved decision making relating to contractual pricing decisions.

### **Solution**

Vantage implemented SAP Business Planning and Consolidation (BPC) and developed models to more efficiently and effectively calculate pricing.

### **Benefits**

- Reduced the time required to perform price changes from 3 weeks to 3 days
- Reduces the involvement of senior management to make a price change
- Enables scenarios to be modelled before applying the final price change
- Ensures customer syndicates receive consistent price changes
- Increases capability to identify pricing anomalies within customer syndicates
- Ensures contractual requirements are not broken when performing price changes
- Automates letter generation related to price changes and enables easy identification of attachments required for customer letters
- Enables sales managers to review and adjust recommended price changes
- Enables historical price changes to be reviewed
- Enables the output of price changes back to the customer Data Warehouse

### **Why Vantage?**

Vantage is recognised as a leader in BPC implementations with proven expertise and deep product knowledge.

SAP-authorized consulting firm with “SAP Special Expertise” status and recently recognised for “Outstanding Contribution” at SAP’s 2011 Partner Awards.

Vantage consultants were able to rapidly transfer the required product knowledge to deliver business benefits and ROI quickly