

POV

Accelerate Your Revenue Cycle with AI and Automation

Overview

Do you want to know the secret of growing your business?

With the introduction of ecommerce by the likes of Amazon.com, people have started expecting great digital experiences as a norm. **In 2021, manufacturers, through their websites and apps and on B2B marketplaces, grew ecommerce by 18.4%, amounting to USD 543.25 billion^[1].** With increasing online buying experiences, customers expect B2B buying to be as easy. Digital selling, however, has its challenges. Moving to Cloud CRM is not the only solution. The entire revenue management ecosystem must be considered for creating an organization that is completely digital.

Only one in four B2B sellers are engaged in core selling activities. Manual configuration, localization, and data entry take up considerable time. This time can be effectively used to build new relationships, cross-selling, or upselling activities. Even though CRM systems are implemented, a lot of valuable data still lies in information silos across the organization. Additionally, complex product configuration, lengthy approvals processes, and unintelligent systems make creating quotations and contracts time-consuming. You are looking at a situation where all these factors pile up to form pricing inaccuracy, a lengthy sales cycle, revenue

leakage, miscommunication, false commitments, and ultimately, a dissatisfied customer. Furthermore, the intense competition in the manufacturing industry and supply chain disruption makes it twice as likely that customers choose a supplier that offers a great digital experience.

When organizations look for profitability, the focus is generally on product innovation and cost optimization measures. Product innovation takes a long time to be successful. Cost optimization measures, such as supply chain optimization, are areas where companies have already reaped huge benefits, and the options are now limited. Pricing and revenue management are generally overlooked when identifying focus areas for profitability. Bain recently surveyed over 1,700 businesses and highlighted that 85% of B2B management teams feel the need to improve their pricing decisions. However, only 15% have the tools and dashboards to establish and track prices^[3]. Revenue management is increasingly becoming a lever for increasing profitability. Automation and AI have been increasingly used to enable revenue management in manufacturing.



Cash flow and profit erosion

Cash flow is an important aspect of maintaining business continuity. Increasing fluctuations in demand coupled with a tight integration in the supply chain causes a ripple effect in the supply chain due to the availability of cash flow. Inventory carrying risk at the manufacturer and supplier end plays a significant role in maintaining the cash flow and increasing labor costs, leading to profit erosion. In certain scale-driven industries, there is a drop in operating profits per dollar of capital expenditure^[4].

Our experience about market drivers

During our past engagements, we have found that factors such as inflation are only the tip of the iceberg when creating pricing strategies. Response to market changes caused by supply chain disruption and competitors are some of the crucial factors that influence these strategies. When a quote is generated, it is driven by advanced pricing information derived from a historical analysis of the customer and the market. Some of our industrial customers are now changing the entire pricing strategy from a cost-plus profit-based pricing model to a value-based one. One of our large industrial clients has even changed the business model to everything as a service (XaaS) and is working on a complete overhaul of the business process.

Revenue Management is flourishing in the airline and hospitality industries, where inventory is considered perishable. While the manufacturing sector may have longer inventory cycles, increased demand variability, and fixed capacity would warrant controlling demand using revenue and inventory as a lever.



Why revenue management is necessary?

The digital divide between B2C and B2B has been narrowing by the day. Sales must be relooked at and focus more on:



Personalization

Products, pricing, quotes, and contracts must be personalized and agile per the customers' needs. Every customer expects different financial terms, subscription billing, and maximum value from the suppliers.



Buying excellence

Cater to the customers at their convenience and equip your sales team with selling intelligence. Revenue excellence will enhance the Sales process ensuring the business can set competitive prices, utilize the Sales force effectively, and make effective and informed decisions to maximize revenue and profitability.



Shorter sales cycle

Always be ready with real-time data. The supply chain disruptions and the pandemic hit the manufacturing industry the hardest. Outdated information only adds to the woes of the sales team. They must be enabled with tools for business decisions, accelerated revenue collection, and quick responses to customer queries.

This can be achieved by implementing an integrated revenue management system connecting all your revenue processes in a unified platform.

Integrated revenue management

An integrated revenue management system enables seamless buying and selling experiences for customers and sales teams.



Smart CPQ

Automate the sales process across all channels, viz., direct, partner, and ecommerce, with Smart Configure Price Quote. The software uses performance quoting, a centralized product catalog with rich details, and approval workflows for automation.



Subscription and billing

Handle complex usage and subscription business for any customer via any channel. Provide accurate billing as per the quote given to the customer.



Contract life cycle management

Manage complicated, enterprise-wide contract lifecycles to mitigate risks, reduce friction, and scale your business.



Order management

Ensure intelligent fulfillment of orders per the customer's specifications and deliver goods as promised at the time of sale.



Revenue governance

Ensure the system has quality data with security built-in business adaptable approval process.

How AI is helping ease the transition to integrated revenue management?



Customer segmentation

It is a difficult aspect in the manufacturing space when customers and solutions are varied. However, AI can be used to analyze complex customer data and segment customers into different groups based on their characteristics, buying behavior, and other factors. This would help you tailor marketing and sales efforts to different customer segments, increasing revenue.



Personalized marketing

Analyzing customer data and creating personalized marketing campaigns using AI would make marketing efforts more effective and increase revenue.



Pricing optimization

Pricing for products and services can be optimized by analyzing data on customer behavior, market conditions, and other factors using AI algorithms. This helps organizations identify in-demand products or services that can be priced accordingly.



Sales forecasting

AI can predict future sales based on historical sales data and other factors. This can help organizations plan their resources more effectively and make better decisions about inventory, staffing, and other operational issues.



Fraud detection

Discrepancies in revenue due to fraudulent activities can be detected using AI and prevented. This also helps prevent future losses.



Automation

AI can be used to automate revenue management tasks that are repetitive, consume a lot of time, and are error-prone. Automation saves time, reduces costs, and increases revenue.

Typical challenges faced by the customers

Revenue management can quickly solve the challenges that customers usually face.

- Maintaining a single revenue lifecycle for pipelines, quotes, orders, invoices, and contracts is difficult. Rework is required to clear up the inaccuracies.
- Controlling discounts is challenging as many deals go through special discounting processes, including rogue discounts.
- Most of the sales rep's time is spent creating and modifying quotes.
- Managing pricing due to multiple changes, geographies, or sales is conducted through various channels.
- Integrating revenue management systems in the complex enterprise-wide architecture to deal with future needs and scalability could be difficult.



Success story 1: A multinational power management company sped up project quotes creation

A specialized tool developed for a multinational power management company sped up the process of creating project quotes significantly. Through automation of complex calculations and seamless integration with design software, the entire process has been streamlined to ensure efficiency.

As a result of implementing this tool, the company experienced an impressive 30% reduction in quote turnaround time. This improvement not only boosts productivity but also allows the company to better serve its customers in a timely manner.

Success story 2: A technology conglomerate ensured consistency in pricing and increased margins with a data-driven solution

An outstanding automated pricing platform designed for a global technology conglomerate helped centralize pricing and streamline approval processes. It offered dynamic recommendations to expedite the generation of quotes. The turnaround time has been slashed from several days to less than 24 hours, marking a significant enhancement in sales efficiency.

Furthermore, this data-driven solution not only increases margins but also ensures consistency in pricing, thereby offering a competitive edge in the market.

Conclusion

The shift towards digital selling in the B2B sphere is not without its difficulties. However, an overhaul of traditional revenue management systems is necessary for maintaining competitiveness and satisfying the evolving expectations of customers. The implementation of AI and automation in revenue management is not a futuristic vision but a present-day imperative. These technologies enable smarter customer segmentation, personalized marketing, optimized pricing, and more accurate sales forecasting, addressing the inefficiencies plaguing the sector. The challenges in managing a unified revenue lifecycle, controlling discounts, managing pricing strategies, and integrating revenue management systems into existing architectures can be mitigated with these advancements. The ultimate goal is to streamline the sales cycle, offering customers a personalized and efficient experience while also ensuring the profitability business. With integrated revenue management, manufacturers can keep up and set the pace in a rapidly evolving market.

References

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About LTIMindtree

LTIMindtree is a global technology consulting and digital solutions company that enables enterprises across industries to reimagine business models, accelerate innovation, and maximize growth by harnessing digital technologies. As a digital transformation partner to more than 700 clients, LTIMindtree brings extensive domain and technology expertise to help drive superior competitive differentiation, customer experiences, and business outcomes in a converging world. Powered by 82,000+ talented and entrepreneurial professionals across more than 30 countries, LTIMindtree — a Larsen & Toubro Group company — combines the industry-acclaimed strengths of erstwhile Larsen and Toubro Infotech and Mindtree in solving the most complex business challenges and delivering transformation at scale. For more information, please visit <https://www.ltimindtree.com/>.