

The ALM Vanguard: Pricing Consulting



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Overview

Capability Drivers

The evolution of pricing consulting from a narrow, technical discipline to an integrated service that is part of broader, more strategic initiatives is gaining pace. This evolution is occurring in the context of the client-side trend towards recurring revenue models as typified by as-a-service, subscription-based platforms. Another driver is the continued development of digital analytics technologies that are enabling more sophisticated and easy to use pricing capabilities. The focus of this integration is in services targeted at clients' front office functions, but it is increasingly impinging on enterprise strategy, corporate finance and in some instances supply chain and operations initiatives. Ultimately, while it is an incredibly powerful driver of profit, pricing opportunities and constraints emanate from outside the pricing function in the supply chain, R&D, and sales and marketing functions, as well as the marketplace more broadly. This is compelling clients to reevaluate consulting providers' capabilities to account for not only their pricing acumen, but also their abilities to integrate them with this set of related offerings to create impact.

Pricing performance comes down to the right combination of art and science. The science gets all of the attention, not only because advanced analytics, powered at the extreme by artificial intelligence and machine learning, gets better and better, but also because most pricing consultants grew up around it. But these advances are somewhat counterintuitively reinforcing what old pricing hands always knew: namely, that the science, while not easy, is not the hard part. Changing pricing performance is not so much about doing a study, but changing an organization's way of life. That requires new tools and capabilities, but even more so changing mindsets and behaviors. Because most client organizations are not command-and-control, it entails a careful balance of control and flexibility in consulting service delivery.

Pricing strategy. Inasmuch as pricing is the quantified expression of value it is migrating from a reactive to a more proactive decision that is at the heart of new products and innovative business models. Pricing strategy ultimately resolves the price-volume-profit tradeoff. But especially in contexts in which companies are repositioning their brands around customer experiences rather than particular products and services and redirecting their routes to market this requires blending multiple analytic perspectives. These broadly fall into four categories: customer value, customer experience, channel structure, and industry structure. Most providers grew up around one or another of these, which fitted well in a context in which each perspective predominated in particular sectors.

As the consumerization of sectors gathers pace, and companies shake up their business models, these old norms no longer apply. One notable consequence is the increasing importance of understanding the behavioral drivers of pricing, a discipline traditionally confined to a narrow segment of the market. These frequently manifest outside the confines of price points in offer structures and payment modes; ferreting them out requires data-intensive analytics to identify patterns and an iterative test and learn delivery model. Another consequence of this consumerization is the imperative to personalize offers. More broadly the best consultants are the ones that can help clients compare and contrast the insights from all four perspectives and apply the right judgment to draw balanced conclusions.

Pricing Execution. The black box of pricing science has always been both a blessing and curse for consultants: a blessing because it made them indispensable (and their recommendations unimpeachable), a curse because it killed client adoption

Overview

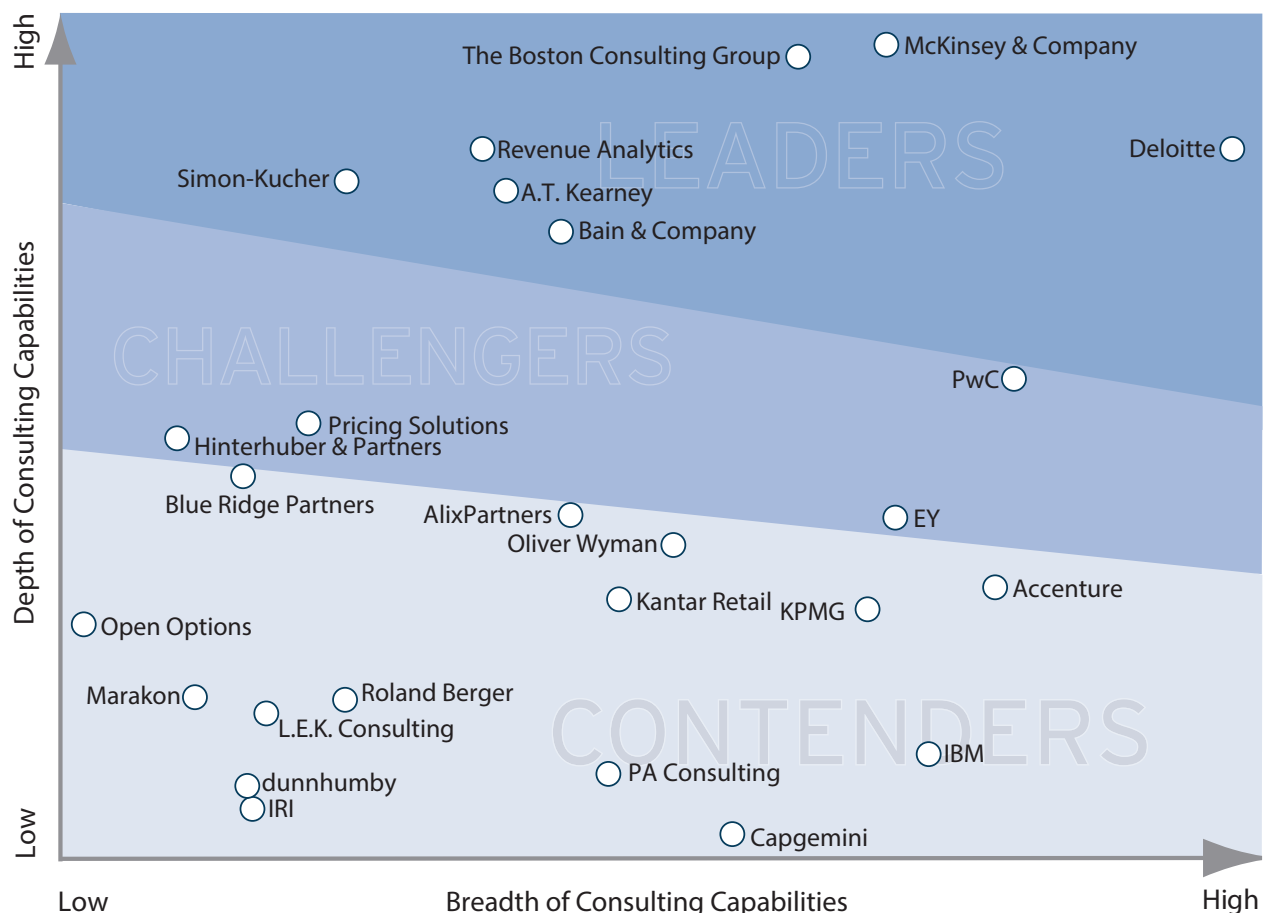
Capability Drivers

and sapped gains over time. The integration of pricing with broader initiatives is forcing consultants to come to terms with this tradeoff by making the science far more complex, especially for clients contemplating pricing in the context of new subscription-based business models. This is compelling consultants to take some of their own medicine and consider the client's customer experience as they design more sophisticated pricing analytic engines. This always entailed right-sizing tools for client capabilities; the watchword now is flexibility, that is, designing tools that can be easily adapted by clients for changing conditions. In business-to-business (B2B) contexts, areas of focus include building value calculators that can be easily adjusted to customer sensitivity, assortment and next best offer recommendation engines, and embedding analytics in extended configure-price-quote (CPQ) workflows. In business-to-consumer (B2C) contexts, the focus is on integrating pricing with broader category solutions, including next best offer algorithms and real-time responsiveness to competitor pricing. Beyond better delivered science, consultants need a well-honed method for fostering change through effective communication, co-development that extends beyond a narrow pricing team to the ultimate users of pricing, especially in finance and sales functions, investments in tools and managed services tailored to the capacities of client technology support resources, and capability development.

ALM Vanguard of Pricing Consulting Providers

The *ALM Vanguard of Pricing Consulting Providers* assesses firms in terms of their relative ability to create impact for their clients. For this, the *ALM Vanguard* displays the relative position of the providers featured in this report, deemed capable in pricing consulting, based on an evaluation of their overall capabilities according to a consistent set of criteria. Capability depth denotes a provider's capacity to get results for clients, while capability breadth indicates its ability to deploy that capacity across multiple client scenarios.

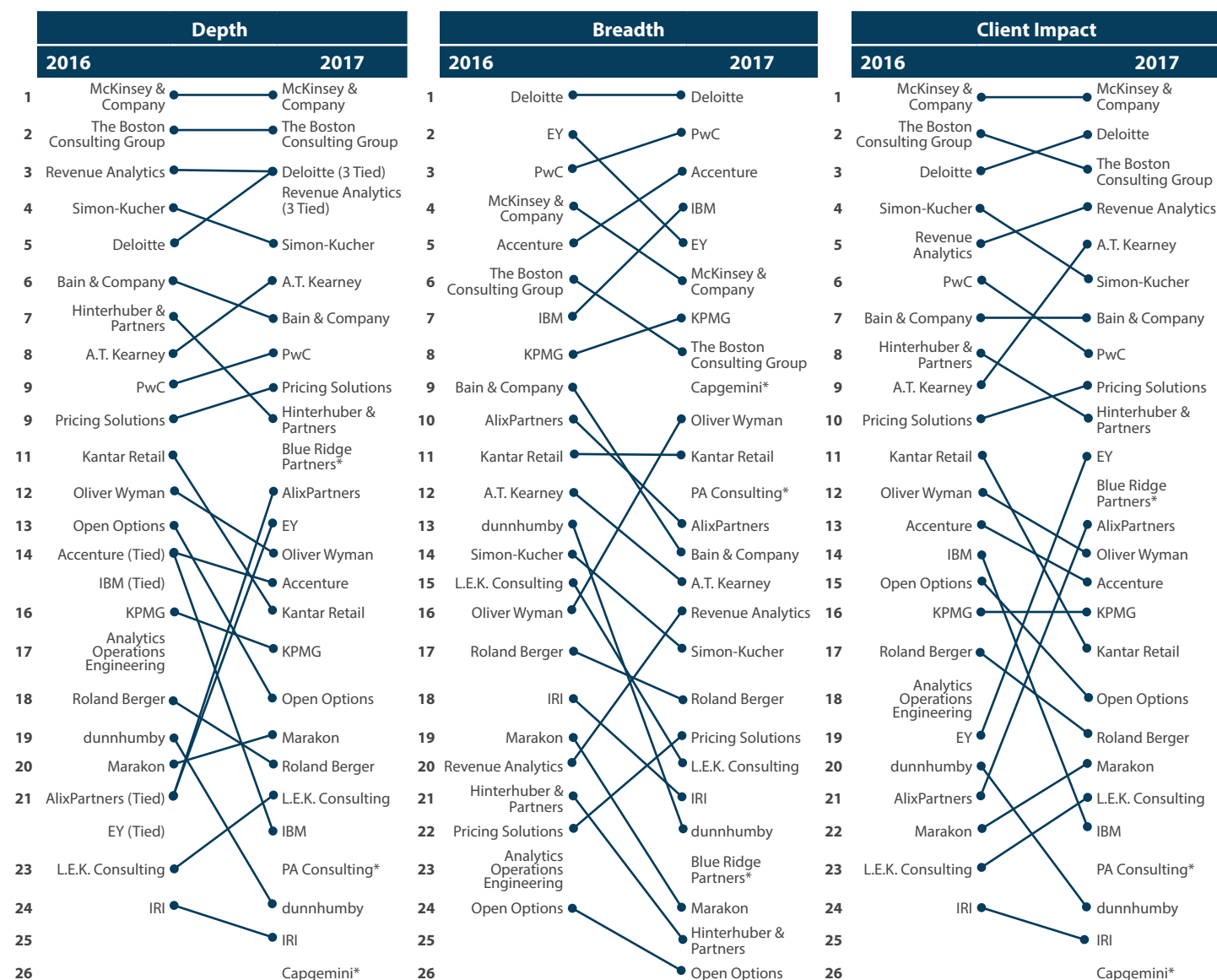
Consulting is distinctive from other industries because of the variety of client contexts that providers encounter in terms of ambitions, needs, and abilities that alter what it takes to create impact. As providers seek to deploy their capacity to create client impact (depth) across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities (breadth), they increase the complexity of their engagement models. The downward slope of the lines that separate the tiers of the market captures the trade-off between low-complexity engagement models (designed to maximize the capacity to create impact for a narrow set of client applications) and high-complexity engagement models (made to maximize deployability and create impact for a wide variety of client applications).



Source: ALM Intelligence

Provider Capability Rankings

The figures below indicate the change in consulting providers' ranks in terms of their overall capability depth, breadth, and client impact. (See the Definitions section of this report for a detailed breakdown of underlying capabilities.) Ranking position number one denotes the top-ranked provider.



* Firms not previously covered

Source: ALM Intelligence

Rating Level Summaries

ALM Intelligence rates providers according to a three-level scale based on their relative breadth and depth of overall capabilities. Each rating level corresponds to an area in the *ALM Vanguard* graphic bounded by a downward sloping line designed to equate engagement models of different degrees of complexity.

Rating Level	Providers		Description
Leaders	A.T. Kearney The Boston Consulting Group McKinsey & Company Simon-Kucher	Bain & Company Deloitte Revenue Analytics	The leaders are at the top of the market in terms of their capabilities to create client impact through their depth of expertise and ability to deploy it across a range of engagement models. They are unique in their ability to independently execute a broad array of projects across the full spectrum of client contexts. They range from providers in the top quintile in terms of depth of capability for low-complexity engagement models to those that combine above average depth of capability with the ability to deploy it across high-complexity engagement models.
Challengers	EY Pricing Solutions	Hinterhuber & Partners PwC	The challengers can execute end-to-end projects in low complexity engagement models or a substantial portion of project components in high-complexity engagement models. They range from those with above-average depth of capability for low-complexity engagement models to those that combine depth of capability between the bottom third and top half of the distribution, with the ability to deploy it in high complexity engagement models.
Contenders	Accenture Blue Ridge Partners dunnhumby IRI KPMG Marakon Open Options Roland Berger	AlixPartners Capgemini IBM Kantar Retail L.E.K. Consulting Oliver Wyman PA Consulting	The contenders can execute a substantial portion of projects in low-complexity engagement models or a single phase or project instance in high-complexity engagement models. They range from those with average depth of capability for low-complexity engagement models to those that combine depth of capability in the bottom third of the distribution with the ability to deploy it in high-complexity engagement models.

Source: ALM Intelligence

Leader Assessments

The ALM Vanguard of Pricing Consulting Providers comprises the following Leaders.

Leaders	Strengths
A.T. Kearney	With an innovative test-and-learn service delivery model that prizes experimentation, A.T. Kearney blends art and science by helping clients instill an ongoing pricing improvement capability designed to balance sophistication with pragmatism.
Bain & Company	Bain combines deep insights into the economics behind pricing with strength in building repeatability into client organizations, with a notable emphasis on in-market experimentation that can keep pace with rapidly changing market conditions.
The Boston Consulting Group	In a market that is gravitating towards pricing execution, BCG stands out for being an unapologetic believer in the primacy of strategy as the sine qua non for significant and sustainable pricing advantage. The firm's highly scalable methods for building client capabilities are unique in the market.
Deloitte	Combining the scale and diversity of its multi-service platform with specialized pricing resources, Deloitte is notable for its ability to drive pricing performance in highly varied sector and market contexts. The firm's extensive pricing experience and substantial investments contribute to particular strengths in bringing to bear external market insights and plumbing clients' pricing operating systems.
McKinsey & Company	Building on its consulting backbone, McKinsey's enhancement of its Periscope Solutions platform contributes to a formidable combination of penetrating insight into the economics of pricing and robust execution. The firm is also notable for its rapid fire service delivery model, the urgency of which affords a powerful impetus to change.
Revenue Analytics	The consummate pricing scientist, Revenue Analytics' secret weapon is a service delivery model tuned for pricing art, with careful attention to engaging client stakeholders, making tools practical and believable, and ultimately doing what is right to grow the client's business.
Simon-Kucher & Partners	Simon-Kucher is an outlier for the consistency of its strength across capability areas relative to the narrowness of its offering: a testament to its 30 years' experience in a still young consulting competency and its instrumental role in developing many aspects of the discipline. The firm excels at dissecting client transactional data to uncover pricing opportunities.

Source: ALM Intelligence

Provider Capability Ratings

The table below provides detailed capability ratings for Pricing consulting providers. (See the Definitions section of this report for explanations of the capabilities.)

Legend: ● Very Strong ● Strong ● Moderate ● Weak ○ None

Provider Capabilities: Pricing Consulting									
	Discovery			Design			Delivery		
	Needs Assessment	External Market Insight	Internal Client Insight	Strategy	Operating System	Management System	Project Management	Client Capability Development	Enabling Tools
Accenture	●	●	●	●	●	●	●	●	●
AlixPartners	●	●	●	●	●	●	●	●	●
A.T. Kearney	●	●	●	●	●	●	●	●	●
Bain & Company	●	●	●	●	●	●	●	●	●
Blue Ridge Partners	●	●	●	●	●	●	●	●	●
The Boston Consulting Group	●	●	●	●	●	●	●	●	●
Capgemini	●	●	●	●	●	●	●	○	●
Deloitte	●	●	●	●	●	●	●	●	●
dunnhumby	●	●	●	●	●	●	●	●	●
EY	●	●	●	●	●	●	●	●	●
Hinterhuber & Partners	●	●	●	●	●	●	●	●	●
IBM	●	●	●	●	●	●	●	●	●
IRI	●	●	●	●	●	●	●	●	●
Kantar Retail	●	●	●	●	●	●	●	●	●
KPMG	●	●	●	●	●	●	●	●	●
L.E.K. Consulting	●	●	●	●	●	●	●	●	●
Marakon	●	●	●	●	●	●	●	●	●
McKinsey & Company	●	●	●	●	●	●	●	●	●
Oliver Wyman	●	●	●	●	●	●	●	●	●
Open Options	●	●	●	●	○	●	●	●	●
PA Consulting	●	●	●	●	●	●	●	○	●
Pricing Solutions	●	●	●	●	●	●	●	●	●
PwC	●	●	●	●	●	●	●	●	●
Revenue Analytics	●	●	●	●	●	●	●	●	●
Roland Berger	●	●	●	●	●	●	●	●	●
Simon-Kucher	●	●	●	●	●	●	●	●	●

Source: ALM Intelligence

Best in Class Providers

Providers identified as best in class evidence deep capabilities in specific areas of pricing consulting and stand out from their peers for their highly effective and often innovative consulting approaches and service delivery.

Capability Areas	Provider	Strengths
Needs Assessment	Open Options	Open Options exhibits a systematic process for identifying and engaging a wide variety of client stakeholders to assemble a complete picture of competitive dynamics and the implications for pricing.
External Market Insight	Deloitte	Deloitte combines extensive experience serving diverse clients in a variety of market conditions with a nuanced point of view on the critical disruptive forces that will impact pricing in the future.
Internal Client Insight	Simon-Kucher & Partners	The quintessential data triangulator, Simon-Kucher demonstrates expertise with a wide range of analytic techniques from which it can draw defensible conclusions from complex client data.
Strategy	McKinsey & Company	McKinsey stands apart for its ability to dissect the economics of pricing at multiple levels (customers, products, and competitors) along with the horizontal linkages up and down the value chain to craft distinctive, non-generic strategies. Particularly unique in this respect is the firm's ability to construct game theory models to predict competitive responses.
Operating System	Revenue Analytics	With an exclusive focus on pricing and a commitment to developing solutions that can be executed in the real world, Revenue Analytics evidences the best mix of process and data management know-how.
Management System	McKinsey & Company	McKinsey has a keen sense for the balance of centralized and decentralized control and expertise. This along with longstanding service delivery methods such as its "war rooms" for co-locating clients and consultants yields fit for purpose structures and governance.
Project Management	A.T. Kearney	With a relatively small and focused pricing team operating in the context of broader transformation initiatives, A.T. Kearney has evolved a distinctive, highly collaborative method for aligning client teams by co-developing solutions.
Client Capability Development	The Boston Consulting Group	BCG continues to invest in and evolve its longstanding enablement approach, resulting in the best balance of depth and scalability.
Enabling Tools	McKinsey & Company	McKinsey's investments in its Periscope platform yield a tool that helps clients simultaneously achieve rapid results and put in place the infrastructure to support long-term capabilities.

Source: ALM Intelligence

Provider Briefs

Leaders

Providers	Briefs
A.T. Kearney	A.T. Kearney offers services through the pricing arm of its Strategy & Top-Line Transformation consulting practice. A.T. Kearney's consulting approach starts from the premise that pricing is an underutilized profit lever over which companies tend to have more power than they think. Believing that companies too often lack the data and capabilities to execute analytics-driven pricing, A.T. Kearney gears its consulting approach toward making pragmatic pricing improvements and instilling the behavioral change that can transform an organization and make changes stick. This approach translates into a focus on helping clients identify and execute fewer, more targeted pricing improvements tailored to their capability maturity and that of the purchasing managers with whom they interact. It also inspires a high degree of care with the deployment of analytics to ensure that methods are properly designed to yield valid insights. To deliver this approach, the firm's service delivery model prioritizes building confidence on the client side in solutions and providing training in the skills necessary to execute them. To do this, the firm relies heavily on workshops in which consultants, client sales teams, and other stakeholders work side-by-side to conduct the analysis to identify improvement opportunities and bring to life new processes and tools. A.T. Kearney typically kicks off engagements with its proprietary Pricing Full Potential Analyzer to identify the profit improvement potential of pricing. From there, the firm combines qualitative and quantitative research techniques to assess a client's relative pricing power and identify improvements across strategy, product choice, pricing structure, channel pricing, discounting, and competitor price response. The firm is adapting its service delivery to make more use of in-market experimentation that clients can be trained in to be able to rapidly adapt their pricing on an ongoing basis.
Bain & Company	Bain & Company organizes its offering through the pricing division of its Customer Strategy & Marketing consulting practice. This organization aligns with the firm's point of view that pricing is fundamentally a customer discipline as opposed to a purely functional discipline. Bain's consulting approach builds from two beliefs. First, following its "profit from the core" point of view, the firm holds that companies need to align their pricing strategies to the industry economics and structure and their position in the focus-expand-redefine growth cycle, with the implication that pricing is intrinsically strategic and dynamic. Second, Bain believes companies need to build repeatability into their activities by institutionalizing capabilities informed by non-negotiable principles for translating strategy into behaviors and decisions. While a believer in the potential of software tools as contributors to repeatability, the firm holds that human judgment, especially with respect to overall strategy, and behavior are critical. Consistent with these viewpoints, Bain cultivates more generalist pricing consultants to deliver its services. These consultants concentrate first and foremost on helping clients identify which customers to target and how to differentiate with those customers and capture the value delivered to them based on insights into customers and the broader economics of the markets in which their clients compete. This contributes to a service delivery model that prioritizes three elements. One is a clear understanding of the three-level relationship between industry, customer, and company that determines the drivers of client margins. Another is a focus on embedding at the client the operating and governance models to sustain a pricing capability. The last, reflecting the importance the firm places on the dynamic nature of pricing, is to make in-market experimentation a core competency as a means of tempering what it considers excessively backwards-looking pricing with a capability for systematically learning from experience.

Source: ALM Intelligence

Provider Briefs

Leaders

Providers	Briefs
The Boston Consulting Group	BCG offers services through a dedicated group within its Marketing and Sales consulting practice. BCG's approach evolved from its thinking about the relationship between price and market share along the experience curve. The firm has expanded on the penetration strategy concept of pricing to a broader focus on helping clients maximize value creation by aligning pricing with the business strategy, experimenting with new pricing models and adopting analytic pricing tools for better execution, and developing stronger pricing organizations and capabilities to sustain gains. Running through this firm's approach is the view that the specific combination of strategy, execution, and capabilities it takes to capture the potential of pricing is highly context-specific and needs to be developed on a case-by-case basis. To execute this approach, BCG's service delivery model has three hallmarks. First, the firm carefully structures and sequences multiyear pricing improvement journeys around waves of self-funding activities designed for test and learn in the real world. Second, the firm is a strong believer in the need to simultaneously capture value from pricing improvements and build long-term capabilities. It uses "enablement centers," located in North America, Europe, and Asia, to organize its internal resources and external offerings for building client technical skills and front-line pricing capabilities, as well as address senior management topics such as the pricing organization, talent, and governance. BCG's enablement approach is a "learn, do, teach" model that graduates trainees into coaching roles; it also incorporates gamification techniques and has developed with the University of Virginia an online training program via Coursera to facilitate learning across distributed organizations. Third, to facilitate the reorientation of its service delivery away from shorter diagnostic and strategy toward longer transformation engagements, BCG developed its Catalyst platform of pricing tools to support in-project work as well as ongoing client use via the cloud on an as-a-service basis. The firm currently offers six sector versions of catalyst that incorporate performance management dashboards, analytics, and workflow management and reporting. The platform provides for data ingestion, blending, and cleaning tool to facilitate backend processing. As opposed to pre-configured software, its open-sourced architecture enables consultants to innovate and adapt both the analytics and visualizations of the tool for particular clients in order to accommodate their various data and business requirements and instill ongoing innovation.
Deloitte	Deloitte offers services through a dedicated Pricing and Profitability Management practice organized within the customer arm of Monitor Deloitte. Deloitte has progressively extended the core of this practice (formed around the Strategic Pricing Group acquired by Monitor Group in 2005) to adjacent service areas, including broader revenue management, digital and customer experience, growth strategy, marketing, and analytics. Deloitte supports this practice with a Center of Excellence through which it directs internal capability building and investments in intellectual property. The heart of the Deloitte's consulting approach is its Pricing Excellence model, which captures what Deloitte considers to be the six core pricing competencies: pricing strategy, data analytics, technology, organization, process and policy, and regulatory & transfer pricing. For Deloitte, the essential need is to transition beyond an exclusive focus on one or another area to comprehensive capability building in all six areas. Deloitte combines a survey-based diagnostic with a sector-based maturity model to evaluate client capabilities in each of the six competencies. At the same time, the firm uses its "value cascade" framework to quantify gaps in value creation and capture as a basis for targeting service delivery at different capability areas. Deloitte's solution design activities cluster in three areas: analytics, best practice processes and organization, and technology that can accelerate analytics and integrate the entire lead-to-cash process flow, including CPQ. There are three notable attributes of this firm's service delivery model. One is the extensive use of its Polaris tool developed around its point of view on the six core pricing competencies for pricing analytics and performance management. Another is the firm's investment in relationships with third-party vendors and associated templates to help clients implement technology faster. The third is Deloitte's commitment to building client capabilities, which it fosters through transition labs for new pricing leaders, boot camps hosted at client sites or its Deloitte University facilities, and on-site SWAT teams for coaching.

Source: ALM Intelligence

Provider Briefs

Leaders

Providers	Briefs
McKinsey & Company	McKinsey organizes its resources through a dedicated Pricing service line within its Marketing & Sales functional consulting practice. The firm's consulting approach starts from the premise that companies need a holistic strategy that can drive coherent decisions across pricing, promotions, trade investment, commercial terms and conditions, and assortment – what it calls “revenue growth management.” At the same time, the firm believes that pricing strategies are not permanent, and companies need to regularly refresh them guided by customer and market insights. McKinsey also holds that improving pricing requires a mix of tools and new ways of working, and that sustaining gains depends on embedding these in new operating models animated by new capabilities and mindsets. McKinsey's service delivery is a blend of a traditional consulting model and its Periscope solutions suite for both engagement delivery and ongoing support via a software-as-a-service (SaaS) model. The consulting portion combines new investments in advanced analytics, including acquisitions of Analytics Operations Engineering and Quantum Black, on top of traditional methods for evaluating the relationships between price, volume, and profits. It mates up these analytics with longstanding practices such as the use of “war rooms” that co-locate consultants and the client team to model and embed new tools and ways of working on pilots that can be scaled by the client over time. The Periscope suite incorporates insights, capability building, performance management, and decision and workflow support for price, promotion, offer, and assortment optimization backed by a dedicated client management model separate from its consulting designed to support clients' operating personnel and decision-making. McKinsey is evolving Periscope both to deliver more advanced analytics and better integration with adjacent functions, whether category management and merchandizing in B2C or sales and CPQ activities in B2B. This is manifesting in technical changes designed to transform the offering from pre-configured software into a platform that can ensure proper controls, while maximizing flexibility; at the same time, McKinsey is making Periscopes recommendation engines more transparent for users to circumvent the black-box challenge.
Revenue Analytics	Revenue Analytics, founded by some of the originators of the revenue management discipline, is a dedicated pricing and revenue management consultancy that assists clients with driving organic growth through a combination of pricing strategy, execution, and operational services. Revenue Analytics started by serving sectors at the forefront in the adoption of more sophisticated, differentiated pricing strategies such as airlines and hospitality. These beginnings are reflected in the firm's overall consulting approach, which emphasizes the application of analytics to help clients optimize prices on an ongoing rather than one-off basis. Rather than conducting exploratory, qualitative research, Revenue Analytics' stock in trade is the analysis of large volumes of complex historical data, including transactional, competitive, and other data sources such as loyalty programs. Revenue Analytics is convinced that effective pricing requires the application of sophisticated technology to perform this sort of analysis, but believes plug-and-play software solutions rarely work, given the complexity and dynamic nature of pricing and the challenges companies face in obtaining pricing and technology capabilities to maintain and update tools. The firm is consequently reducing its traditional bespoke software development for clients and instead using preconfigured software modules it can deploy via a cloud-based analytics platform on a managed service basis. In this model, the firm takes ownership for client data structuring and mapping activities. Revenue Analytics' service is designed for customizability, for example, by shifting between rules-based and optimization or static and dynamic pricing applications. To provide these services, the firm combines functional and technical pricing expertise by organizing its project teams around three capability areas: strategy for designing pricing strategies and processes; operations research for forecasting demand, estimating price elasticity, and modeling price optimization; and data and software engineering for aggregating and managing data, as well as designing and building enterprise systems.

Source: ALM Intelligence

Provider Briefs

Leaders

Providers	Briefs
Simon-Kucher & Partners	<p>Simon-Kucher, headquartered in Bonn, Germany, delivers pricing services through 34 offices in 23 countries. Convinced that most companies have exhausted the performance improvements that cost cutting can yield, the firm targets its TopLine Power consulting approach at helping clients grow revenue through a mix of strategy, marketing, pricing, and sales services augmented by cross-cutting digital and transformation capabilities. Consistent with this approach and in keeping with the firm's origins in product launch pricing strategy in sectors characterized by substantial product development costs (such as automotive and pharmaceuticals), Simon-Kucher emphasizes in everything it does the instrumental role of pricing and the related capabilities to create, quantify, and capture value. Building from this heritage, the firm believes that new products are among the most effective ways to extract higher prices. Consequently, it is placing a strong emphasis on helping clients better integrate customer value and pricing policies into the innovation process from the idea generation stage by focusing on customer needs and willingness to pay rather than on engineering. In addition to launch and innovation pricing, Simon-Kucher also provides services targeted at building client pricing capabilities through effective training and helping companies with more mature pricing capabilities take the next step by better organizing their internal resources and data, and coordinating with IT to adopt more sophisticated pricing systems. The firm differentiates its service delivery model for clients that need to make many versus few pricing decisions. For the former, the firm concentrates on aiding clients in improving their processes and systems. But for the latter, it focuses on improving salesforce effectiveness through key account management techniques and helping clients to optimize negotiations and discounting.</p>

Source: ALM Intelligence

Provider Briefs

Challengers

Providers	Briefs
EY	EY anchors its offering in a pricing center of excellence closely aligned to resources within the firm's industry practices. EY locates this center of excellence in its Strategy and Customer Advisory practice, which organizes the firm's offerings for corporate strategy, enterprise transformation, digital experience, and sales and service. EY's consulting approach builds from the view that pricing is tightly connected to industry economics and the price-value tradeoffs and positioning at the heart of a company's value model and go-to-market strategy. This view has two implications for EY. One is that the firm conceives of pricing as fundamentally a sector-specific discipline that demands an industry-based approach and expertise. The other is that responding to cross-sectoral drivers that impact a company's value model, including purpose, digital, and innovation, necessitate a rethink of pricing. The combined effect, for EY, is an overall focus on sectors undergoing significant change in the value model, customer expectations, or access to data that afford opportunities for new pricing strategies and execution parameters. EY targets its service delivery at helping clients use pricing to support broader, transformative change programs that implicate channels, supply chains, or new business models. To support its service delivery, the firm is investing in analytic and performance management tools. These consist of two sorts. One, developed and managed by the firm's pricing center of excellence, is a collection of cross-sector analytic tools and methods that can be deployed in a variety of client contexts. These tools include traditional cost-to-serve analysis, research on customer willingness to pay and price sensitivity, economic value-in-use for long-term pricing challenges, and specialized revenue management models for sectors characterized by high transaction volumes and spoilage effects. EY delivers these tools through its analytics-as-a-service platform, Synapse. The other sort consists of price performance management managed services developed and managed by select industry practices (life science and retail) in coordination with its alliance partner, Microsoft, for its cloud platform, as well as bespoke applications for specific clients in other sectors.
Hinterhuber & Partners	Hinterhuber & Partners, an Austria-based consulting firm, focuses on the intersection of the academic theory and business practice of pricing and value-based management. The firm's two partners combine experience in company management with academic teaching positions and publications in books and leading management journals, including the Harvard Business Review and Sloan Management Review. Hinterhuber orients its approach around the distinct natures of price setting and price-getting activities. With respect to the former, the firm places a strong emphasis in its research and service offerings on helping clients to better use insights into customer psychology as a basis for devising innovative pricing strategies such as decoy pricing. With respect to the latter area of price getting, Hinterhuber concentrates on helping primarily B2B clients faceoff against increasingly sophisticated purchasing managers and aggressive new-market entrants by developing effective business cases to defend their prices. The problem, per Hinterhuber, is that companies cannot quantify the real value they create for their customers. To rectify this imbalance, the firm organizes its services around two areas at the nexus of sales and purchasing managers. Firstly, it conducts research into clients' customers and competitors to better understand a client's competitive advantage from their customers' point of view. Secondly, it seeks to help clients improve their price-getting process across the marketing-to-sales continuum. To do this, the firm systematically evaluates clients against best practices in terms of how they develop and evaluate market opportunities as well as develop, quote, negotiate, and deliver offers. Hinterhuber's service delivery model has two notable attributes: 1) the firm is shifting from a traditional training model to a more tool-based method for building client capabilities with tools that are simple for salespeople to use to quantify value, profile competitive advantage, and score market opportunities; and 2) believing that sustaining gains depends on changing a client's DNA, the firm preferentially engages clients on a long-term basis, with typical projects lasting between 12 and 24 months.

Source: ALM Intelligence

Provider Briefs

Challengers

Providers	Briefs
Pricing Solutions	Pricing Solutions, headquartered in Toronto with additional offices in Asia Pacific, Europe, Latin America, and North America, is a pricing specialist consultancy. Pricing Solutions orients its approach around two pillars: cultivating a value-based pricing mindset to guide strategy and deploying the firm's proprietary "world-class pricing" process maturity model to build clients' pricing capabilities. The latter is a five-step method for assessing pricing performance against best practices and progressively incorporating control and performance management, value-based pricing, tools for optimizing pricing, and design-to-price methodologies that integrate pricing into the innovation process. Pricing Solutions organizes its service delivery around four related offerings: pricing strategy, research and analytics for customer segmentation and price optimization, training for the customer-facing salesforce, and tools and dashboards for reporting. Motivating this firm's offerings are two main objectives: helping clients design offers and prices at the segment level, and putting in place effective pricing guidelines with clear discounting criteria as a way to sidestep the internal negotiations that can stymie pricing efficiency. An increasing focus of Pricing Solutions' service delivery is the development of dashboards clients can use on an ongoing basis to measure pricing performance as a basis for continuous improvement.
PwC	PwC primarily organizes its resources through the Pricing and Profitability arm of its Customer Consulting practice. PwC positions its service offering as "pricing and value exchange," reflecting the firm's point of view that price needs to be at the heart of a sustained value exchange between a company, its channel partners, and customers. PwC is evolving this approach to target four ways in which that value exchange is changing across sectors. One pertains to the opportunity to better integrate pricing and sales effectiveness afforded by digital customer relationship management tools. Another centers on the application of analytics to pricing, notably for cross-selling and maximizing customer lifetime value. The third relates to increasing channel complexity and the need for more comprehensive rebate management. The last is centrality of pricing to innovation, especially in the context of subscription-based business models. PwC organizes its service delivery around four targeted offerings and two cross-cutting ones. The targeted ones include pricing strategy, which the firm frequently delivers in the context of new revenue models or channel strategies; price setting, especially for channels and rebate management; revenue management, including trade promotion; and pricing realization and tracking. The two cross-cutting ones include what the firm terms "commercial excellence" and helping clients establish internal pricing operating models, including processes, organizational structures, data, software and tools, and analytics. The "commercial excellence" offering is part of PwC's integrated sales and commercial transformation program, which the firm positions as a complete solution designed to balance the tradeoffs between standardization and customization across complex business organizations. This brings together the firm's view of best practice from its consulting experience with a salesforce FullForce offering built on the latter's CPQ and sales, service, analytics, and community clouds. PwC is also investing in proprietary tools to support its service delivery, including Genesis for bringing together market, customer, and company data to evaluate value proposition attributes and pricing strategies. Another, building on the heritage of the firm's Strategy& trade promotion capability, is its Trade Analyzer post-event SaaS tool, which fills a gap PwC sees in common trade promotion management solutions. PwC uses its global network of BXT (Business, Experience, and Technology) experience centers as both a technology resource to support in-project prototyping and an environment in which to engage client stakeholders in co-creation and joint decision-making. While not positioning itself as a software package shop, PwC is a firm believer in the power of technology and actively engages with vendors and clients to devise and implement best-in-class architectures to help clients adopt and sustain next-generation pricing capabilities.

Source: ALM Intelligence

Provider Briefs

Contenders

Providers	Briefs
Accenture	Accenture provides services through the Pricing and Commercial Strategy segment of its Advanced Customer Strategy consulting practice. Accenture's consulting approach starts from the premise that effective pricing hinges on two capabilities. One is repeatability grounded in robust processes across the continuum of pricing activities from understanding costs to defining pricing strategy, setting prices and policies, executing transactions, and monitoring performance. The other is personalized and contextualized pricing enabled by data-intensive, analytics and technology-enabled execution. The firm organizes its service delivery around four activities. One is developing pricing strategies that are grounded in customer value. The second is pricing implementation and management that links governance policies with backend systems infrastructure for order management and performance tracking. The third is pricing capability development through services targeted at operating model improvements, which the firm supports with training courses offered by the affiliated Accenture Academy. The last consists in selecting and implementing packaged software to enable pricing activities. The firm also offers select analytic services through its Accenture Digital function focused on personalized pricing and promotion optimization.
AlixPartners	AlixPartners delivers services through the pricing specialization of the Go-to-Market and Revenue Growth arm of its performance improvement consulting practice. This specialization sits alongside others targeted broadly at organic growth, including growth strategy, sales and marketing, innovation and product development, and insights. Although approximately two-thirds of the firm's clients are now healthy companies, the firm's heritage of advising bankrupt and distressed companies contributes to substantial experience assisting companies with broad-based transformations. That heritage continues to inspire the firm's consulting approach, which focuses on achieving significant financial results, principally by improving cash flow and earnings for companies facing margin pressure. With respect to pricing, this approach translates into an emphasis on avoiding value-destroying pricing and promotions and striking the right balance of volume, price, market share, and profitability in customer strategies to maximize profitability. The firm's heritage in turnaround and restructuring also motivates a practical, results-oriented service delivery model that employs small, senior teams steeped in industry to build conviction among clients' senior managers to take bold actions. The workhorse of AlixPartners' service delivery is its proprietary QuickStrike assessment and functional improvement frameworks, which the firm uses to obtain a fact base in weeks rather than months to guide and build buy-in around initiatives. These evaluate clients in terms of profit maximization, funding and acquisition choices, and financial structure. As part of these diagnostics, AlixPartners assesses customer profitability as a basis for redesigning pricing, service levels, costs, customer and product portfolios, and geographic alignment. The firm's dedicated information management group, which evolved out of its restructuring engagements, also provides data analytics services to help accelerate the analysis of clients' internal data and competitor moves.

Source: ALM Intelligence

Provider Briefs

Contenders

Providers	Briefs
Blue Ridge Partners	Blue Ridge focuses on serving B2B companies, primarily through private equity owners, with a “walked-in-their-shoes” consultant model that prioritizes a blend of line management and consulting experience. The firm operates in North America and Europe. Blue Ridge believes that revenue growth is the most important driver of long term shareholder value and that relatively small improvements in sales and marketing performance can deliver outsized revenue gains. But the firm observes that companies frequently build their sales and marketing functions in an ad hoc fashion and lack adequate customer segmentation to prioritize products, channels, and customer opportunities. Blue Ridge approaches commercial activities as an integrated system, the object of which is to guide salespeople in acquiring, retaining, and growing profitable customer relationships. Blue Ridge addresses pricing as a medium-term lever as part of broader commercial performance engagements that is bookended by short-term cost reduction and long-term salesforce effectiveness opportunities. The firm places a strong emphasis in its service delivery on building a fact base of insights on which to base change recommendations. To this end, the firm uses its Nine Voices of the Market methodology to better understand a client’s current customers, lost customers, target market segment customers, and competitors. The firm pairs this with its Net Promotor Score v2.0 method for understanding customer behaviors and loyalty drivers. To deliver results, Blue Ridge focuses on practical ways to arm the salesforce to execute pricing and putting in place accountability systems. The firm uses its Waves of Change method for sequencing implementation activities in a way that is designed to combat the tendency to overload change programs and offers training, tools, and interim execution to drive results. It also runs an Impact Assurance Program for measuring and verifying impacts six months after implementation.
Capgemini	Capgemini organizes its service through its Customer Experience Transformation offering, which draws on the firm’s marketing, sales, and service resources. Capgemini’s consulting approach starts from the premise that customers’ spending reflects their experience with a brand, which is a function of both emotional and rational drivers such as price. The implication for Capgemini is that pricing needs to be an integral component of a comprehensive digital customer experience alongside channel, sales, product, and marketing activities. To help clients realize the potential of an integrated customer experience, Capgemini directs its service delivery towards cultivating five capabilities. One is technology, for which the firm concentrates on putting in place the platforms to facilitate rapid interaction with customers, perform analytics to provide value adding services such as next best offers, and execute transactions. A critical focus for Capgemini is on integrating pricing with CPQ process management through CRM infrastructure. To bolster its capabilities in this area, the firm recently acquired Salesforce specialists Lyons Consulting Group and Itelios. Another is customer insights to segment customers, understand their buying motivations, and map their journeys. The third is designing compelling experiences, for which the firm draws substantially on its Bakelite affiliate. The fourth is analytics-driven performance management. The last is the talent and operating model required to deliver an effective customer experience.

Source: ALM Intelligence

Provider Briefs

Contenders

Providers	Briefs
dunnhumby	dunnhumby positions itself as a customer science company, which originated as a provider of customer insights through loyalty program data for retail and consumer goods clients. In 2010, the firm acquired KSS Retail, along with its PriceStrat software for retail price optimization and promotion forecasting, and rebranded together with its consulting as dunnhumby Price & Promotion. dunnhumby's consulting approach builds from two overarching points of view. One is a strong belief in the importance of customer loyalty, which translates to a focus on prioritizing and protecting top customers, making pricing and promotions more relevant and personalized, and ensuring a consistent and logical customer experience at the retail shelf. The other is a conviction that transactional data are the essential source of insights that can inform effective pricing and promotions. The firm's service delivery blends consulting with software and pre-configured process models and reporting systems. The firm concentrates its consulting on two areas: strategy and planning. The strategy offering kicks off engagements with a three- to five-day Healthcheck designed to benchmark client capabilities against five maturity levels to identify opportunities for improvement. Based on customer segmentation analysis, the planning offering identifies what the firm calls "key value items" for price-sensitive customers to prioritize pricing and promotion actions, optimal price zones within stores and store clustering, and product substitutability to gauge the true incremental growth generated by promotions. Using the rules-based PriceStrat software, dunnhumby also delivers pricing and promotion optimization and process automation, together with ongoing performance measurement dashboards. To provide these services, the firm deploys teams of consultants with retail, consumer goods, and consulting backgrounds. It also partners with a number of UK universities to conduct research to improve its PriceStrat software.
IBM	While it focuses its services through its iX agency and Watson analytics practices, IBM draws on consulting resources from across its Global Business Services division as well as a number of related product groups. Inspiring its approach to pricing is IBM's overarching focus on the opportunities and challenges afforded by new technology and data analytics to reconceive how businesses deliver value and interact with customers, employees, and partners. Responding to this, per IBM, requires that companies focus on optimizing the customer experience rather than products and services, which requires a blend of data analytics-enabled insights into customer needs and preferences, creatively designed experiences, and efficiently delivered experiences. IBM addresses pricing in the context of a service delivery model targeted at helping clients obtain the data-savvy and more integrated marketing and sales operating models to capitalize on the customer experience opportunity. The firm organizes its delivery of these services through two main offerings. One is its iX agency, which provides digital strategy services alongside experience design, Salesforce, multi-channel digital commerce, and marketing platforms. IBM augments its iX capabilities to execute on experience designs with recently acquired digital agencies, Aperto and ecx.io, as well as Bluewolf Group, a dedicated Salesforce agency. The other is the firm's cognitive technology-based Watson customer engagement service, which provides customer journey analytics, insights, and multi-channel commerce automation. Alongside its consulting, IBM also offers select products bundled with consulting such as its "Expert Seller with Box Platform," a subscription-based app for client sales personnel to conduct customer engagement and content management.

Source: ALM Intelligence

Provider Briefs

Contenders

Providers	Briefs
IRI	IRI is a market research company focused on the consumer, retail, over-the-counter healthcare, and media sectors. It originated as a provider of scanner-based customer data from point-of-sale transactions and household panels. IRI organizes its pricing consulting capabilities through the Revenue Growth division of its Strategic Analytics consulting practice, which also houses marketing, retail, and strategy consulting services. The firm's consulting approach reflects the view that its core retail and consumer goods clients need to adopt a more holistic view of pricing by looking across multiple categories and focusing on category objectives rather than immediate price shifts. The firm also believes that this sort of more holistic pricing needs to be grounded in granular insights into the needs, wants, and behaviors of shoppers and executed through better processes and structures for coordinating retailer and manufacturer planning. To deliver on this, IRI uses its Liquid Modeling technology for rapid analytics together with its proprietary store-level data resources. The firm recently launched its Revenue Growth Management system with versions for mid-sized and large consumer goods companies. The platform combines reporting and analytics capabilities for pricing and trade promotion built on the firm's "liquid data" platform and "unify" visualization tools.
Kantar Retail	Focused primarily on the consumer goods and retail sectors, Kantar Retail is part of the family of Kantar data and research companies, which is, in turn, an affiliate of communications services group WPP. Kantar Retail brings together consulting, analytics tools, and retail and shopper insights. Kantar's consulting approach focuses on achieving sales growth through a combination of three actions. One is to improve internal coordination both across category management, shopper insights, sales, and marketing silos and between manufacturers and retailers. Another is to better link data and insights to actions that build to a cohesive strategy for category leadership. The third is to develop strategies at a category level rather than narrowly for specific consumer or retailer segments. With respect to pricing, Kantar believes companies need to broaden their outlook for how value can be created not only by varying brands or pack sizes, but also by better designing and executing the customer journey. The firm's service delivery combines a cross-functional engagement model with proprietary retail and shopper insights. The firm's analytics team supports its service delivery with tools for optimizing assortment, pricing and promotions, and in-store space planning and shopper marketing to enhance personalization without creating unnecessary complexity. Kantar's Xtel tool extends its promotion capabilities from optimization to ongoing management. The tool integrates promotion analytics and execution with price management and sales and distribution planning capabilities. The firm recently announced a partnership with Microsoft to use its cloud platform to facilitate delivery.
KPMG	KPMG organizes its resources through a dedicated practice within its Strategy offering, alongside its People and Change, Operational and Commercial Excellence, and Data and Analytics practices. KPMG's overall objective is to help clients grow profit, which, in the firm's view, depends on conceiving of pricing in regard to a client's particular business model and maturity rather than applying an off-the-shelf methodology. This strategic context is particularly important for companies that are facing significant changes in customer expectations that require broader changes in the value model, for example, by bundling products with data and services. KPMG believes that a narrow fixation on the science of pricing misses this strategic context and the barriers to pricing improvement that result from misaligned organizational structures and incentive systems. The priority that motivates KPMG's service delivery is making pricing relatable for senior managers concerned with financial performance and sales teams responsible for executing pricing decisions in the field. To this end, the firm focuses its service delivery on helping clients create what it calls an "embedded pricing organization" as part of a broader operating model transformation oriented around better understanding and exploiting customer perceptions of value. KPMG emphasizes the use of purpose-built analytic tools in its service delivery to enable clients to quickly grasp the connection between pricing and overall business performance and adopt operational tools as an interim step toward more comprehensive software solutions.

Source: ALM Intelligence

Provider Briefs

Contenders

Providers	Briefs
L.E.K. Consulting	L.E.K. Consulting primarily delivers consulting services through the Pricing Strategy branch of its Marketing & Sales practice, which also addresses branding, customer relationship management, sales, channels, customer segmentation, new product development and product portfolio, and marketing strategy. The firm's areas of sector focus include life sciences and healthcare, B2B manufacturing, and retail. Building on its larger point of view that alignment with external market dynamics drives marketing and sales performance, L.E.K.'s consulting approach focuses on identifying strategic growth opportunities through market research and statistical analysis that can reveal unmet customer needs and sector trends. L.E.K. targets its service delivery at building a fact base composed of insights into customers and the industry context as a basis for pricing as well as broader marketing and sales strategies. In this, the firm places strong emphasis on understanding micro-level customer price sensitivity and likely competitor responses to pricing shifts informed by game theory techniques and insights into adjacent market dynamics. Core pricing services include modeling industry drivers of pricing, designing pricing strategies, and putting in place yield management programs. In addition to focused engagements, L.E.K. also addresses pricing as part of its broader "strategy activation" offering, which aims to help clients align on a set of choices that starts with strategic goals and associated portfolio priorities, and proceeds to commercialization, organization, and performance management. This frequently manifests in an overarching customer-centricity objective, which implicates pricing.
Marakon	Marakon, the strategy advisory arm of Charles River Associates, goes to market through industry practices supported by cross-cutting value capture resources. The firm primarily targets its pricing services at its retail and consumer goods clients related to their organic growth strategies. Marakon was founded on the notion that the essential criterion for judging any good strategy is value creation, and the firm continues to make economic profit the arbiter of growth objectives and the pricing decisions designed to support them. Pricing, for Marakon, is part of a broader commercial excellence capability that, along with innovation and cost performance, enables growth strategies. The point of pricing, in the firm's view, is to deliver precisely the value for which customers are willing to pay. Marakon's service delivery takes its cues from the firm's broader service delivery model, with its emphasis on obtaining a clear understanding of how each part of the client organization contributes to economic value creation as a basis for strategic decisions and the design of the management system for ensuring ongoing value maximization. The practical focus of Marakon's service delivery is to apply these points of view in the context of the over-promoted consumer sectors in which the firm concentrates by balancing value to consumers, manufacturers, and retailers. The firm kicks off its engagements by analyzing, on the one hand, customer behaviors and willingness to pay, and, on the other, how customers contribute to the company's value through impacts on its risk profile, profitability, and growth. Building on its economic profit roots, Marakon's service delivery emphasizes the development a practical but economically valid performance management system to support ongoing performance improvement.

Source: ALM Intelligence

Provider Briefs

Contenders

Providers	Briefs
Oliver Wyman	Oliver Wyman organizes its resources in its Pricing, Sales, and Marketing consulting practice, but goes to market through industry sector practices. For pricing, the firm has concentrations in airlines, automotive, and retail sectors. Oliver Wyman's consulting approach builds from its broader point of view that customer-centricity is the essential criterion for effective strategy. This translates into a strong emphasis on understanding customer needs as a basis for designing and executing commercial strategies. To this, Oliver Wyman layers on an emphasis on helping clients take better ownership of pricing and adopt more scientific methods. Oliver Wyman organizes its service delivery around the distinct pricing pain points that predominate in different client industries. For B2C clients, the firm concentrates on promotion performance and pricing for new business models such as aftermarket automotive services. For B2B clients, the firm focuses on contract management. Oliver Wyman also offers a targeted revenue management service for clients in airlines and hospitality sectors. Cutting across these offerings, Oliver Wyman's service delivery emphasizes three essential capabilities. One, is to build centralized client capabilities to understand costs, evaluate price sensitivity, and collect insights on competitors. Another is to better integrate sales functions into pricing, calibrate the respective roles of the center and field, and arm the field with easy to use pricing tools. The last is to design pricing organizational structures and processes. Oliver Wyman Labs, launched as an independent practice in 2014, conducts advanced analytics and develops dashboards and decision support tools to support the firm's service delivery. Key contributions include econometric analysis and scientific experimentation for pricing optimization.
Open Options	Open Options, based in Waterloo, Ontario, Canada, is a strategy consultancy built around the game theory research of its founder, Dr. Niall Fraser. The firm's consulting approach concentrates on helping clients operating in contexts where the actions and reactions of external parties (such as competitors, customers, or regulators) can significantly impact their businesses. This typically manifests in some sort of fundamental disruption to the client's business model and processes caused by changes in the external environment. Open Options typically addresses pricing as part of broader engagements focused on competitive positioning and growth strategies, rather than through a stand-alone offering. This firm's service delivery model reflects its point of view that clients often lack a complete understanding of competitors' motivations and behavioral drivers and cannot rely exclusively on the experience of their leaders to guide their strategies. At the heart of this model are two components: a facilitation process and proprietary game theory-based modeling technology. The facilitation process consists of workshops designed to convene client stakeholders to collectively assess the behavioral drivers of the different actors that operate in their ecosystem. Using these insights, the firm uses its game theory-based software to model competitor behaviors and reactions to the client's initiatives as a basis for an action plan that identifies the natural outcome, along with the best attainable strategy and potential danger outcomes. Open Options places a strong emphasis in its service delivery on two areas. One is speed of delivery; the firm's typical engagement lasts four to five weeks. The other is transparency; the firm is careful to explicitly link its modeled recommendations to the inputs provided during the workshops to ensure buy-in.

Source: ALM Intelligence

Provider Briefs

Contenders

Providers	Briefs
PA Consulting	PA organizes its resources primarily through the Customer, Sales, and Marketing arm of its strategy consulting practice. The firm complements these with mobile and cloud technology capabilities in its technology practice. PA orients its consulting approach around its perspective on the changing nature of the relationship between companies and their customers. Expanding choice and connectivity are, per PA, empowering customers in ways that are both shifting the balance of power away from companies and altering customer priorities from product to outcomes. The implication for PA is that pricing cannot be developed in isolation, but instead needs to be part of a broader business model transformation around delivering and communicating those outcomes. PA's service delivery has two overriding features. One is an emphasis on agile, pilot-based projects in which minimum viable concepts are developed and tested with target customer segments or business units. The other is a systems-orientation to solution design that takes into scope organizational, process, performance management, and technology change to execute a differentiated customer value proposition.
Roland Berger	Roland Berger primarily delivers services through marketing and sales experts in its industry practices, notably its Consumer Goods and Retail practice for B2C pricing. Roland Berger's internal organization reflects the firm's point of view that pricing cannot be a stand-alone topic and needs to be linked with both sides of the business: costs in supply chain and distribution operations and the marketing and sales ecosystem, including the product portfolio and assortment, customer mix, channels, and salesforce. The other overarching belief that guides this firm's approach is that pricing should be designed and executed from customer and strategy standpoints, rather than through reliance on a pricing tool or software package. Roland Berger typically organizes its service delivery around helping clients with their pricing as part of broader performance strategy engagements that start with strategy and extend into various tactical initiatives that include pricing alongside assortment and merchandizing. In addition to using traditional segmentation and volume and price analyses to guide recommendations, the firm deploys a number of distinctive methods. For projects oriented around specific product categories, the firm physically assembles competitor and client products and arranges them by brand and price architecture as a means of convening various client stakeholders, including purchasing, category management, and sales. Roland Berger then aligns them on priority changes to the mix of pricing, assortment, and the pack-price architecture. For retailers, the firm ties customer segmentation to in-store clustering analyses as a way of optimizing the price architecture for specific customer segments. Roland Berger complements its service delivery with contributions from it Terra Numerata, a European digital ecosystem open to startup entrepreneurs, investors, technology providers, and other digital players. The firm uses this ecosystem to provide clients engaged in digital transformations with an outside perspective for more productive idea generation, solution development, and service innovation through all phases of client engagements.

Source: ALM Intelligence

Definitions

What is Customer Consulting?

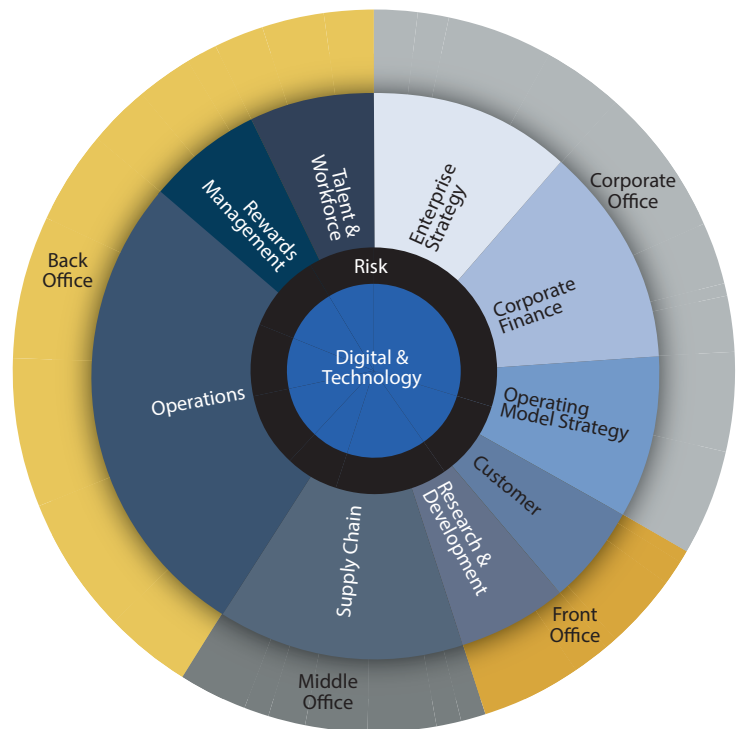
Management consulting is a collection of discretionary services targeted at helping clients improve productivity by growing their businesses and cutting costs. Management consulting is evolving from relatively siloed solutions focused on optimizing singular or adjacent activities within functions towards an integrated model targeted at front to back office transformation. The drivers of this evolution emanate from both inside and outside the client organization as companies exhaust the potential efficiency gains within functions and respond to customer demand for more personalized products and services designed to help them achieve better outcomes in their businesses and lives, and new competitors with purpose-built business models. In this context, clients seek to simultaneously grow and cut costs and do so at an ever faster pace.

Enabling this evolution are two factors. One is the diffusion of digital technologies characterized by distributed data and disparate processing systems and that are changing rapidly and relatively low cost and easy to set up and use. These technologies are breaking down the traditional barriers that separated functions within companies and governed external interactions with customers and business partners. The other factor is risk. Increased volatility and recognition of the interconnectedness of risks across functions and between companies and the external environment are compelling companies to design and manage their activities in an integrated way with risk at the center.

Customer consulting forms part of the management consulting services directed at clients' front office activities. Its objective is to help companies manage customer interactions in a fashion that maximizes value delivery and capture.

Customer consulting includes four services.

- **Branding & Marketing Effectiveness:** position and communicate the value of the brand promise through brand strategy, brand performance and activation, and marketing effectiveness.
- **Commercial Execution:** execute sales through go-to-market strategy, channel strategy, merchandizing, and an aligned sales organization and capabilities.
- **Customer Service:** manage customer interactions across touchpoints along an extended and ongoing decision journey.
- **Pricing:** capture the value from sales through pricing strategy, execution, management platform, and infrastructure.



Source: ALM Intelligence

Definitions

Pricing Consulting Provider Capabilities

Capability Areas	Capabilities	Descriptions
Discovery	Needs Assessment	How does the consultant establish goals and objectives for the project and determine which stakeholders need to be involved from the client organization, consultant, and third parties?
	External Market Insight	How do consultants' knowledge and experience inform diagnostics through benchmarking and trend analysis?
	Internal Client Insight	How does consultant obtain internal client insights through data analysis and interviewing and workshops and incorporate them in diagnostics?
Design	Strategy	How does the solution align with the client's market, customer and product, and functional strategies?
	Operating System	How are client information, physical, and people assets and processes configured to generate the value add intended by the strategy?
	Management System	How are client resources mobilized, managed, measured, and motivated through governance, incentives, organizational structures, and performance management to execute the strategy?
Delivery	Project Management	How are activities sequenced and resources allocated, aligned, and coordinated to execute and sustain the solution?
	Client Capability Development	How are client technical skills developed and mindsets and behaviors adapted to execute and sustain the solution?
	Enabling Tools	What consultant tools are used for diagnostic and design activities that support the client in executing, sustaining, and refreshing the solution?

Source: ALM Intelligence

Provider Capability Rankings Descriptions

Depth: a measurement of a consulting provider's strength based on its capabilities, including such factors as resources, proprietary methodologies, and intellectual properties

Breadth: a consulting provider's ability to deploy its capabilities in multiple client scenarios across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities

Client impact: a consulting provider's capacity to get results for clients based on the combination of its capability depth and breadth adjusted by the degree of engagement model complexity incurred by its breadth across industry sectors, geographic regions, and interfaces with adjacent functional and technical capabilities

Methodology

Overview

ALM Intelligence has been researching the management, financial, and IT consulting industry for over 40 years, studying the global consulting marketplace at multiple levels. The resulting market analyses help buyers of consulting services to effectively target best in class providers, and help consulting providers to identify and evaluate business opportunities.

The proprietary research methodology comprises four components:

- Extensive interviews with consulting practice leaders, financial analysts, consulting clients, and clientside industry experts
- Data and background material from the proprietary library of research on the consulting industry and individual firms
- Quantitative data collection from primary and secondary sources
- Key economic data relevant to the sector(s) being analyzed

The research output for a project is derived predominantly from primary research.

Data is obtained through a centralized effort, with teams of analysts collecting, assessing, fact-checking, and refreshing baseline information on leading consultancies and consulting markets. This information populates an extensive knowledge base of consulting providers, widely regarded as among the most comprehensive in the world.

Working collaboratively, analysts narrow their research to the most discrete and pertinent intersection of consulting service/industry/geography.

The experience and knowledge of the analyst team are critical to the success of these research endeavors. Directors and associate directors average over a decade of consulting and/or analyst experience, with an emphasis on professional services. Junior analysts typically bring an average of five years of consulting and/or analyst experience.

The group's long-term relationships with consulting clients and industry leaders are based on trust and respect. ALM Intelligence's fundamental goal is to deliver objective assessments and insightful viewpoints on the management, financial, and IT consulting market.

Methodology

How We Evaluate Consulting Providers

ALM Intelligence's goal is to deliver objective assessments to help buyers of consulting services effectively identify and maximize the benefits of working with best in class providers.

ALM Intelligence evaluates consulting providers with respect to a particular consulting area in terms of the following baseline criteria. The general criteria below are refined and customized over the course of the research effort based on input from clients and providers:

- **Consulting approach:** What are providers' points of view on the root causes of client challenges? How do those points of view inform choices about how best to resolve them? How do providers view the intersection of these needs and solutions with other consulting or non-consulting offerings or cross-cutting themes?
- **Consulting organization:** How do providers organize and deploy their capabilities? What sort of consultants and other human resources do they possess, and how do they obtain and use them? What sorts of partnerships, collaborations, and alliances with external parties do they use to bolster their capabilities?
- **Consulting service delivery model:** How do providers deliver their services? Do they employ any particular processes or methodologies, preconfigured tools, or other unique elements of service delivery? Do they follow any particular sequence or direction in their service delivery? How do they measure outcomes?
- **Client pain points and needs assessments:** What factors most influence successful engagements in the opinion of clients? What capabilities do providers need to bring to their engagements to be compelling? What sources of differentiation matter most to consulting buyers?
- **Future development:** What investments are providers making or planning to make to enhance their future capabilities?

In addition to briefings with consulting buyers and providers, ALM Intelligence uses a mosaic approach to derive its findings. This incorporates primary research conducted with industry practitioners, academics, and other experts and secondary research on providers' public information and other third-party sources of data and analysis.

During the research process, ALM Intelligence identifies through interactions with consulting buyers, providers, and other sources the critical consulting capabilities that matter for the specific area. It presents its findings on providers' capabilities in three ways:

1. Vanguard analysis that positions providers relative to one another in terms of their overall client impact resulting from their depth and breadth of capability, accompanied by a ranking of providers according to their current depth, breadth, and client impact, as well as an assessment of providers' pace of capability development
2. An assessment of providers' relative strength in each capability area
3. Designation of best in class providers for each capability area

About ALM Intelligence

ALM Intelligence provides accurate and reliable market sizing and forecasts on consulting services worldwide, needs-analysis and vendor profiling for buyers of consulting services, timely and insightful intelligence on the top consulting firms in their respective markets, and operational benchmarks that measure consulting performance. ALM Intelligence's research spans multiple service areas, client vertical industries, and geographies. Our analysts provide expert commentary at consulting industry events worldwide, and offer custom research for Management Consulting and IT Services firms. More information about ALM Intelligence is available at www.consulting.almintel.com.

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