

## CASE STUDY

# Middle East Hardware Distributor Sees Sharp Upsurge In Sales From Government



### CUSTOMER / NATURE OF WORK

- Future pricing model for large Middle East IT company

### BACKGROUND / CHALLENGES

- Customer was losing virtually every government tender for servers and desktop computers. Market intelligence indicated that customer's products were badly outpriced in relation to competition
- Decent market share of the same range of products in the equally price-sensitive private sector market ruled out any fundamental issues relating to competitiveness

### APPROACH / SOLUTION

- Quick analysis revealed that quote-to-delivery periods were typically 3-4 months in the government market as against 15-21 days in the private sector
- Computed based on current costs plus margin, product pricing did not reflect downward trends in component costs from month to month
- Created a regression-based mathematical model to forecast future cost of components based on historical trends
- Recomputed selling prices for servers and desktops based on these reduced component costs



### OUTCOME & BENEFITS

- Competitive pricing resulting from future pricing model led to sharp upsurge in the company's business from government.



**Mathematical models can be effectively used to win deals**