

# CASE STUDY

## IT Services Company Enters A New Account



### CUSTOMER / NATURE OF WORK

- Devising usage-based pricing model as winning differentiator for UK-based IT company

### BACKGROUND / CHALLENGES

- Prospect ready to outsource SAP production support but not willing to pay a fixed fee for fixed staffing for a project characterized by peaks and troughs in demand
- Prospect's incumbent vendors not familiar with any other pricing model than a fixed price for a set of staff dedicated to prospect
- Given the large variation in efforts for resolution of different type of support tickets, staffing for peak demand was considered the only approach

### APPROACH / SOLUTION

- Identification of usage-based pricing as a sweet-spot
- Central tendency analysis was performed to estimate effort per support ticket
- Devised a usage-based pricing model to hedge risk of inviting customer dissatisfaction due to poor support level or making a loss



### OUTCOME & BENEFITS

- Usage-based pricing model proved to be the winning differentiator in the customer's offering
- Customer was able to enter this account despite not being the incumbent vendor and being perceived weaker than competitors on technical parameters
- Periodic checks and balances ensured profitability of engagement



**Pricing model can be used to enhance marketability**