Siebel Deal Management Workbench User Guide

Version 8.0

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Contents

Chapter 5: Evaluating Customer Performance

Index

1 What's New in This Release

What's New in Siebel Deal Management Workbench User Guide, Version 8.0

This is the first release of Oracle's Siebel Deal Management Workbench (DMW).

Table 1 lists the major features of the product described in this version of the documentation.

Table 1.   New Product Features in Siebel Deal Management Workbench User Guide, Version 8.0

Topic	Description
Chapter 2, "Assessing a Deal and Using Siebel Deal Management Workbench"	This chapter describes how a price approver can use Siebel DMW to review and assess price exception requests.
Chapter 3, "Analyzing the Current Market for a Line Item"	This chapter describes how to use and interpret the market variability analysis that Siebel DMW provides for a line item.
Chapter 4, "Assessing Deal Profitability"	This chapter describes how to use waterfall graphs and tables to help assess deal profitability.
Chapter 5, "Evaluating Customer Performance"	This chapter describes how to view and use the customer performance history data provided in Siebel DMW.

2 Assessing a Deal and Using Siebel Deal Management Workbench

This chapter describes how a price approver can use Siebel Deal Management Workbench (DMW) to facilitate the review and assessment of price exception requests. It includes the following topics:

About Assessing a Deal

Siebel DMW is a component of Siebel Deal Management that provides critical customer sales information to price approvers in an organization. Siebel DMW provides real-time inline sales analysis to help price approvers examine a line item on a deal, quickly and effectively assessing the current deal and the impact on profitability.

The sales information includes analysis that enables price approvers to:

- Quickly assess why the current deal was rejected
- Approve or reject the price exception request
- Provide timely pricing and policy recommendations to the sales representative

An organization could also have sales representatives use Siebel DMW to perform market analysis and determine effective pricing before deals are routed to a price approver.

How Siebel Deal Management Indicates If Line Items Are Within Pricing Guidelines

Siebel Deal Management flags each line item in a proposed deal indicating whether the proposed price is within established pricing guidelines. Under the GL (guideline) column, Siebel Deal Management places one of the following flags inline for each deal line item:

- **Red square.** The proposed price is at or below the minimum constraining guideline.
- **Yellow square**. The proposed price is at or below the minimum recommended guideline.
- **Green square.** The proposed price is above all constraining and recommended guidelines.

When Siebel Deal Management (Quote screen) flags that a proposed deal line item is below a guideline price, the sales representatives must adjust the pricing or request assistance from the price approver for a price exception or guidance on a better price.

The price approver then can go directly from viewing an exception line item in Siebel Deal Management to Siebel DMW to evaluate how good or bad the deal is for that segment.

A *segment* is a category of customers that have similar business purchasing characteristics. Certain "preferred" customers may receive better pricing than smaller, or less important customers, and be categorized in the same segment for that reason.

Price Recommendations and Other Critical Information That Siebel DMW Provides

Siebel DMW enables the price approver to quickly and effectively answer the following questions by providing timely price recommendations and other critical information:

■ **What is the market willing to pay for the product?** The market is defined as all accounts belonging to the same segment as the deal account. You can evaluate market conditions using the following information:

- ■ **Price score.** Siebel DMW scores and ranks each pricing request relative to the segment based on the weighting of the configurable metrics. For details on price score, see Table 2 on page 12.

- ■ **Market variability analysis.** This analysis compares the proposed deal price with other deals within the segment. You can choose to compare the current deal with deals won, approved, lost, or all deals (any won, lost or approved quote status). For a sample market variability analysis graph, see "Viewing the Market Variability Analysis" on page 17.

  This analysis lets you compare the current pricing request to prices offered to and approved for other customers in the segment, and provides insight into potentially impacted customers. Performing a what-if analysis lets you simulate variations in price or quantity to find a deal price that is closer to the market regression for the product. *Market regression* is the average deal price for the product volume (quantity).

- ■ **Price trend analysis.** Price trend analysis shows the segment, invoice, and pocket prices, and margin percent for the line item during a selected period. Price trend analysis lets you compare the line item with deals won, approved, lost, or all for a meaningful period. For a sample Price Trend Analysis graph, see "Viewing the Price Trend Graph" on page 25.

■ **Why is the line item in question not profitable? And how profitable is this deal?** Find out what the impact on margin and overall profitability for the line item and the entire deal would be if you approved the price exception. Also, you can use a waterfall graph to analyze adjustments to revenue to figure out how the proposed price can conform more closely to the other prices in this segment for this product.

A *waterfall graph* (and corresponding pivot table) lets you see the components that make up a price. The waterfall graph shows the segment, invoice, and pocket pricing and margin percent for the deal, including the adjustments made between each price. Performing a what-if analysis lets you simulate variations in price or quantity for the product to find the relative impact on these prices and on the margin percent. For a sample waterfall graph, see "Viewing a Waterfall Graph" on page 29.

The corresponding Waterfall pivot table lets you compare the components of this line item's waterfall for revisions of the current quote.

■ **How has the customer performed historically with regard to this product and for all
products?** Find out whether the customer is consistently paying less than the market average,
whether the customer is consistently over-committing quantity on deals and not performing
against the committed quantity, and what the customer's contribution to the segment is for this
product using the following information:

   ■ **Customer account history.** Provides the history of all quotes for this customer for the
   current deal product and a list of all deals made with this customer for all products. This
   historical price and margin data can help you evaluate the overall contribution of this
   customer and how well the customer meets commitments.

   ■ **Segment contribution**. Indicates what this customer has contributed to the segment for
   this product.

NOTE: Siebel DMW sales analysis is valid only when all deals in the segment are in the same
transactional currency.

Using Siebel Deal Management Workbench

This topic describes how you access and use Siebel DMW.

Accessing Siebel Deal Management Workbench

This topic describes how to access Siebel DMW.

To access Siebel Deal Management Workbench

■ Click Siebel DMW when a deal line item is selected on the Quotes screen in Siebel Deal
Management.

   Siebel DMW appears in a separate browser instance, displaying the Market Variability Analysis
   graph for the product.

The following task describes how to exit Siebel DMW.

To exit Siebel Deal Management Workbench

■ Click File, and then Close.

Viewing Sales Analysis Information for Additional Product Configurations

By default, Siebel DMW includes in the analysis only the deals with the same line item sold in the same marketing configuration as the current deal line item. If the current product is sold in additional configurations, you can optionally include those deals in Siebel DMW sales analysis information. This option creates a larger sample, which might provide data helpful in pricing the current deal.

To view the product configuration for the current line item
■ Move the pointer over the Folder icon next to the product number to view information about the product configuration.

To include other product configurations of the current product in the sales analysis information
1 Under the Product field, click the List of Values icon.

   The Product Selection dialog box appears.

2 Deselect the View By Product Configuration option.

Viewing Sales Analysis for a Different Deal Line Item

Siebel DMW also lets you view sales analysis information for any product on the current deal.

To view sales analysis information for a different deal line item
1 Under the Product field, click the List of Values icon.

   The Product Selection dialog box appears.

2 Choose a product from the drop-down list.

3 If the product is sold in other marketing configurations, and you want to include deals with any configuration of the product, deselect the View By Product Configuration option.

Collapsing and Expanding Information

Siebel DMW lets you collapse or expand the following information on the screen, including

■ Header fields

■ Table data

To collapse or expand the header information in Siebel DMW
■ Click the Collapse or Expand button that appears below the header fields.

To collapse or expand tables in Siebel DMW

■ Click the Collapse and Expand button that appears to the left of the table title.

Printing a Page in Siebel Deal Management Workbench

Siebel DMW lets you print the contents of the displayed page.

To print in Siebel Deal Management Workbench

1 Click File, Print, and then choose the appropriate options from the Print dialog box.

2 Click Print.

Accessing Documentation

This guide is available online within Siebel DMW.

To view this guide from Siebel Deal Management Workbench

■ Click Help, and then Help.

Siebel DMW displays a PDF version of this guide.

Basic Information About the Customer and Pricing of the Current Line Item

This topic describes the data shown in the header area at the top of all Siebel DMW screens.

At the top of each screen, Siebel DMW displays header fields showing basic information about the current account and pricing of the current deal line item, including a price score.

Header field values are always calculated using the default or override period that was configured in Siebel Deal Management. For more information about Siebel DMW default settings, see *Siebel Deal Management Administration Guide*.

NOTE: The Siebel Bookshelf is available on Oracle Technology Network (OTN) and Oracle E-Delivery. It might also be installed locally on your intranet or on a network location.

NOTE: Header values are not affected when you choose alternate start and end dates in the Market Variability and Price Trend screens.

The information shown at the top of each Siebel DMW screen is described in Table 2.

Table 2.   Siebel DMW Header Information

Field	Description
Product	The number of the product in the current deal line item for which Siebel DMW is providing sales and market data.
Account	The name of the customer of the current deal.
Segment Contribution Percent	The percentage of all sales of this product within the segment made by this customer during the default or override period. (The sum of the pocket margin of this product on Won deals for this customer divided by the sum of the pocket margin of this product for all Won deals for all customers in this segment.) The price administrator configures the default period.
Price Score	An absolute price score of the current price. This score is used to compare the deal with the relative pricing for the same product within the segment in the Price Score Percentile field, during the default or override period. Move the pointer over the Price Score label to see the default period set by the price administrator.
	The price score is a function of two weighted metrics: segment score and margin score. The weighting factors are set in Siebel Deal Management and have the same values by default: that is, they are split evenly. The calculation is as follows:
	Price Score = {SEGMENT_WF}*[100*(1 / (1 + (e-((SEG_RATIO-0.8)*10))))] + {MARGIN_WF}*[2*(-50+(100*(1 / (1 + (e -(MARGIN_PCT*8))))))]
	The *segment score* is the proximity of the current pocket price to the pocket price recommended by Siebel DMW. The *segment ratio* (the price divided by the recommended price) is weighted using a standard logistic function (the sigmoid curve), see Figure 1 on page 14.
	This graph shows how the score is calculated from the segment ratio. As your price gets above the recommend price, the segment ratio increases and the score increases. As your price gets further below the recommended price, the segment ratio decreases and show does your score. The score will always be between zero and 100. A segment ratio of 1 (pocket price is equal to recommended price) yields a high score (around 90), and slowly improves above the recommended price up to (but not reaching) 100.
	The margin score is defined by the logistic curve, shown in Figure 2 on page 14, based on the positive margin percent. The margin score becomes positive at a positive margin percent and reaches a good score of 90 and improves up to (but not reaching) 100.

Table 2.   Siebel DMW Header Information

Field	Description
Price Score Percentile	The percentage of all deals in this segment with price scores lower than the current item price. This field is color coded. Siebel DMW displays this field in the following colors:
	■ Red if the price score percentile falls in the bottom thirty three and one-third percentile
	■ Yellow if the price score percentile falls in the middle thirty three and one-third
	■ Green if the price score percentile falls in the top thirty three and one-third percentile
Recommended Price	The price that Siebel DMW recommends for this product in the customer's segment.
GL Min Price	The highest minimum constraining guideline invoice price defined for this product, which is set by the price administrator. A deal line item invoice price that is below this guideline price is given a red flag on the quote line item in Siebel Deal Management. (If no guideline price appears, then no minimum guideline price is set for this product.)
Ceiling Price	The price from which all discounting occurs. The ceiling price is the highest published price an organization formulates for its products. This price is the same price that appears in the far-left segment in the waterfall graph. For more information about the waterfall graph, see "Viewing a Waterfall Graph" on page 29. For more information about ceiling price, see "Information in the Waterfall Graph" on page 30.
Floor Price	The lowest pocket price that this product can have. This field appears only if Siebel DMW is configured to look for the floor price, and if a valid floor price exists for this product.

Figure 1 illustrates the how the price score is calculated from the segment ratio (segment average).
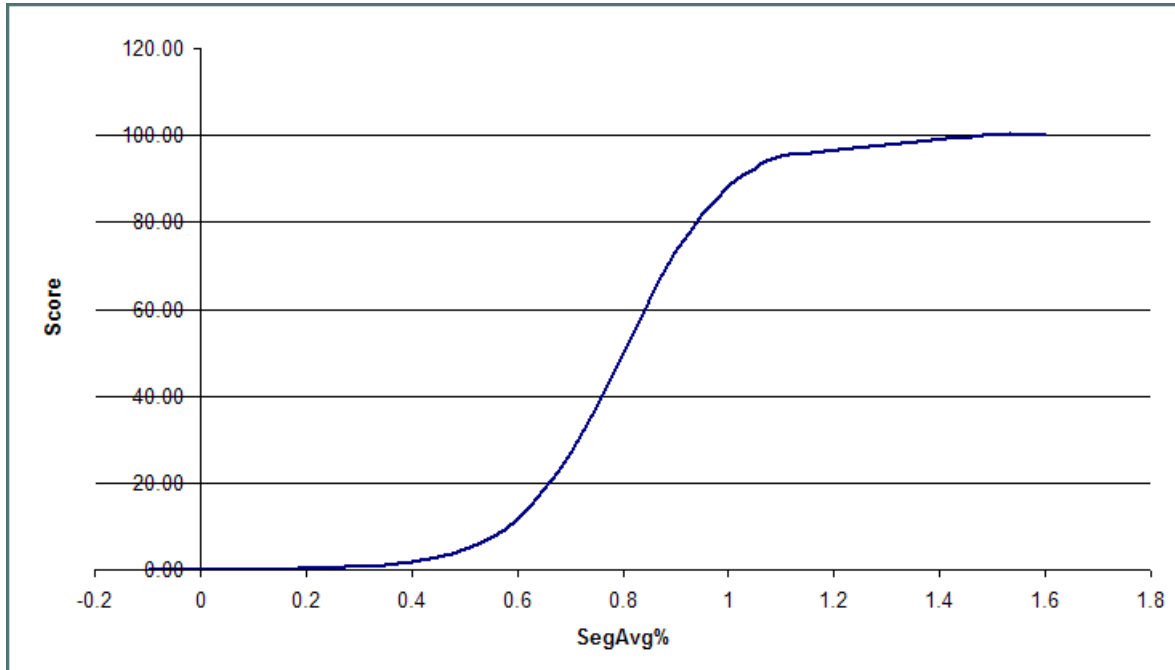
Figure 1.   Segment Ratio Curve

Figure 2 shows the margin score as defined by the logistic curve.
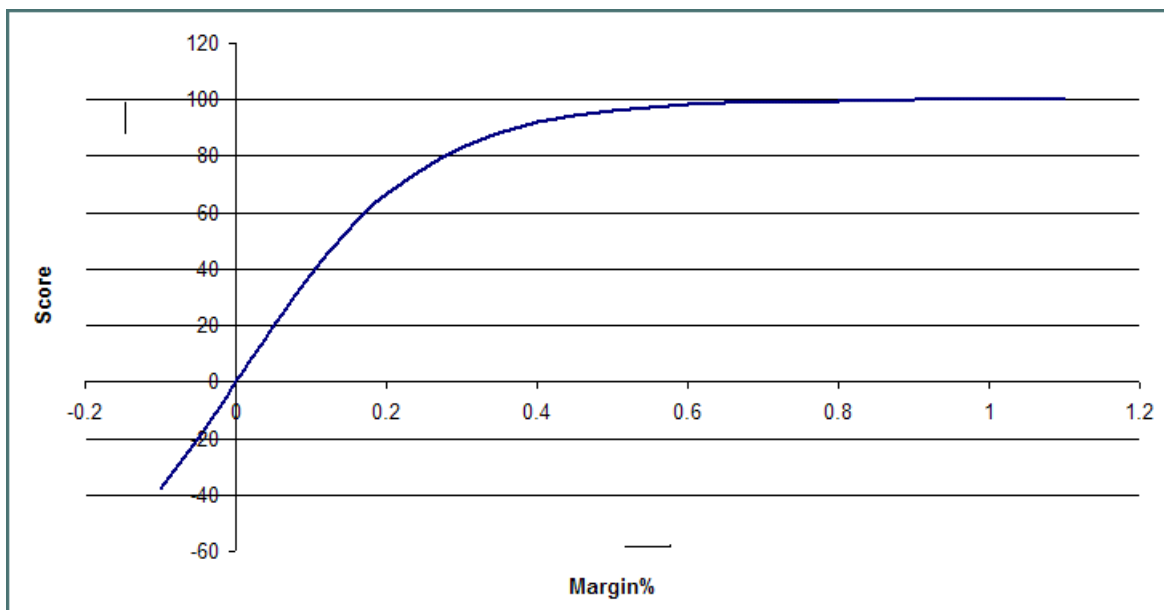
Figure 2.   Margin Score Curve

Current Pricing

The Current Pricing fields, described in Table 3, show the pricing of the most recent quote for this product, which the customer might be currently bound by.

Table 3.   Current Pricing Fields

Field	Description
Segment	The segment price of the line item at the time of the customer's most current (previous) deal. For more information about segment price, see "Information in the Waterfall Graph" on page 30.
IP	The invoice price of the line item on the customer's most current (previous) deal. For more information about invoice price, see "Information in the Waterfall Graph" on page 30.
PP	The pocket price of the line item on the customer's most current (previous) deal. For more information about pocket price, see "Information in the Waterfall Graph" on page 30.

Proposed Pricing

The Proposed Pricing fields, described in Table 4, are for the current deal pricing for the current line item.

Table 4.   Proposed Pricing Fields

Field	Description
Mix%	The percentage of all line items on the deal represented by this product (the current deal's current line item quantity divided by the sum of all of the line item quantities for the current deal).
Qty	The quantity of the line item on the current deal.
Ceiling	The current starting price of the line item from which all discounting occurs.
Segment	The current price of the product for this segment, discounted from the ceiling price.
Req	The invoice price requested or under review for this product for the current deal.
PP	What the pocket price would be after applying any off invoice discounts to the requested price.

3 Analyzing the Current Market for a Line Item

This chapter describes how to use and interpret the market variability analysis that Siebel Deal Management Workbench (DMW) provides for a line item. It includes the following topics:

Viewing the Market Variability Analysis

This topic describes how to display market variability analysis for the current deal line item. By default, Siebel DMW displays the market variability analysis for all deals won during the default or override period configured in Siebel Deal Management. For more information about Siebel DMW default settings, see *Siebel Deal Management Administration Guide*.

You can filter a market variability analysis to include only those deals that meet the criteria you specify:

- **Price type.** Use this criterion to base the graph on the invoice or pocket price.
- **Deal status**. Use this criterion to include the deals with a particular status only, such as Won, Approved, or Lost, or All deals.
- **Time period (start date, end date).** Use this criterion to include the deals that have a date during a specific period only.

You also have the option to view the market variability analysis showing either the invoice or pocket price for the deals included in the analysis.

To view a market variability analysis graph for the current line item

1 Do one of the following:

- Start Siebel DMW.

  The Market Variability Analysis graph appears when you first access

- Click the Market view.

2 Click Variability Analysis.

Siebel DMW displays the Market Variability Analysis graph.
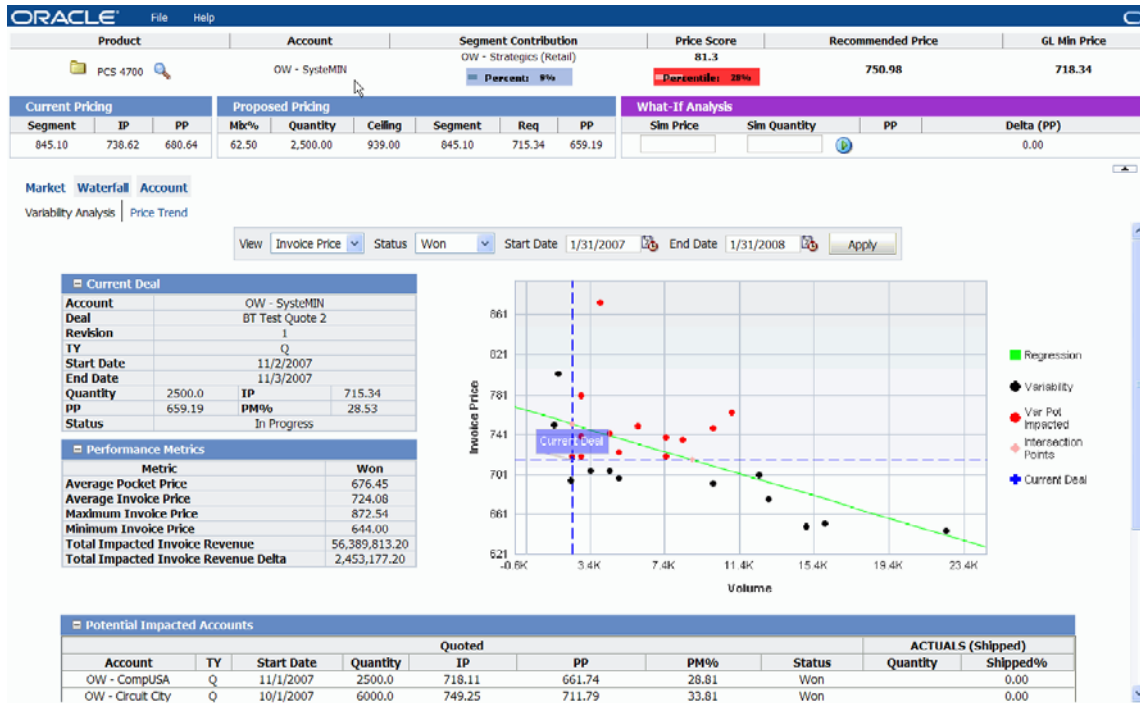
3 To view a market variability analysis graph for a different price type, select the type from the View drop-down list.

4 To view a market variability analysis graph that includes only the deals of a particular status, select the type from the Status drop-down list.

5 To shorten or extend the market period, at the Start Date and End Date fields, click the calendar icon, and choose a date.

6 Click Apply.

Siebel DMW displays a market variability analysis graph, performance metrics, and the potentially affected customer deal list, including only the deals that meet the selection criteria.

You can also view pricing detail for the line item on one of the other deals represented as a dot on the Market Variability Graph, or for a revision of the current deal, represented by a purple triangle.

To view line item pricing detail for a deal represented on the graph

1 On the Market Variability Analysis graph, click the point representing the deal. (Move the pointer over a point to view the deal name.)

Details about the selected deal appear in the table on the left of the screen. The table title changes to *Selected Quote.*

2 To return to viewing details for the current deal, click the Current Deal dot on the Market Variability Analysis graph.

Details about the current deal appear in the table on the left of the screen. This table title changes to *Current Deal.*

About the Market Variability Analysis Graph

This topic describes how to use the Market Variability Analysis graph to help identify why the current deal line item was rejected, and to find out what the market is willing to pay for the product.

Market variability analysis compares the current pricing request with the prices offered to other customers in the segment, and provides insight into potentially affected customers.

Siebel DMW assumes transparent pricing, where customers will learn what prices are quoted to other customers. Offering the proposed price to this customer might send an unfavorable message to others in the segment who might request similar pricing. The performance metrics show the revenue at stake if you grant the price.

By default, the market variability analysis calculations include only those deals with a deal status of Won during the default or configured period. You can restrict or expand the analysis to compare the proposed deal pricing with only the deals won, approved, lost, or all deals (any quote status) within the segment.

Price and Volume Information for Deals in a Segment

For the segment deals of the specified status that fall within the period, the Market Variability Analysis graph shows their price and corresponding volume (quantity) relative to the current deal using the following graphics:

■ **Regression (solid green line).** The regression line shows the average deal price for the product volume (quantity). Regression is also referred to as market regression.

■ **Variability (black points).** Black dots represent deals where the price or quantity was lower than the current deal.

■ **Var pot impacted (red points).** Each potentially affected customer deal is represented as a red dot on the upper-right quadrant of the graph. These are the deals where the customer was given a higher price for a higher quantity. Move the pointer over a red dot to view the name of the customer, and see the Potential Impacted Customers table below the graph for deal details.

■ **Revisions (purple triangles).** Purple triangles represent a revision of the current deal.

■ **Intersection points (pink diamonds).** Pink diamonds appear at the intersection of the current deal pricing and volume (blue dashed) lines with the solid green regression line.

If the selected deal status is Won, these diamonds show the price Siebel DMW recommends be charged for the volume, and alternately, the suggested volume recommended that the customer should purchase to receive the proposed price.

- **Current deal (intersection of dashed blue lines).** The deal being considered for the current line item is represented by the intersection of the dashed blue vertical volume line and the dashed blue horizontal price line.

You can use the deal type and time period filters to get a different picture of the product pricing, such as for products in markets experiencing price volatility. Try changing the Start Date to shorten the period, such as the current quarter. Siebel DMW recalculates the analysis to compare the deal with more recent segment pricing, revealing more current price trend information. For details on viewing market variability analysis for a specific time period, see "To view a market variability analysis graph for the current line item" on page 17.

Pocket price in the market variability analysis can tell you if the off-invoice discounts (price protection, and so on) are in line with the prices for the segment. If the invoice price for a line item is lower than the segment average, but the number of pocket discounts are fewer than the segment average, the pocket price will be higher than average for the segment. In this case, you are concerned about the low-invoice price, you could suggest offering the comparable segment off-pocket discounts and raise the invoice price up to the market average.

The What-If Analysis feature lets you look at the scoring and metrics for prices closer to the segment regression line (more aligned with the recommended price at that quantity). For more information about the What-If Analysis feature, see "Performing a What-If Analysis" on page 24.

For a graphical representation of margin percent, invoice, pocket, and segment price trends for the product during this period or another period, view the Price Trend graph. The Price Trend graph can alert you to any downward pressure on the invoice price. This pressure would allow for a more favorable interpretation of a market variability analysis graph, which shows the current line item invoice price below the segment average price for an extended period. For more information about the Price Trend graph, see "Viewing the Price Trend Graph" on page 25.

Additional Information in the Market Variability Analysis

The following fields display additional market variability analysis data and metrics.

Information About the Current Deal

The Current Deal fields, described in Table 5, show data for the current deal line item. If this heading reads *Selected Quote,* then the fields shown are for the deal (dot or revision triangle) currently clicked on the Market Variability Analysis graph.

Table 5.   Current Deal (or Selected Quote) Fields

Field	Description
Account	The name of the customer associated with this deal price for this line item.
Deal	The name of the deal that contains the current line item.
Revision	The deal revision number.

Table 5.   Current Deal (or Selected Quote) Fields

Field	Description
TY	The deal type. Currently, where *Q* indicates *Quote* is the only valid deal type.
Start Date	The start date of the period for which product data is included in the graph shown.
End Date	The end date of the period for which product data is included in the graph shown.
Quantity	The quantity of the current line item quoted on the deal.
IP	The invoice price proposed for the current deal line item.
PP	The corresponding pocket price for the current deal line item.
PM%	The pocket margin percent, which is the current line item's pocket margin divided by the its pocket revenue.
Status	The quote status, as defined for your organization's implementation of Siebel DMW. A price administrator can map the status values for Approved, Lost, and Won quotes in Siebel Deal Management. For more information on mapping the status values, see *Siebel Deal Management Administration Guide*.

Information About Performance Metrics

The performance metrics fields, described in Table 6, are calculated for each status, and include only those deals meeting the selection criteria.

Table 6.   Performance Metrics Fields

Field	Description
Average Pocket Price	The sum of the line item pocket prices for the current product divided by the total number of deals (based on the deals that filter through the graph selection criteria only).
Average Invoice Price	The sum of the line item invoice prices for the current product divided by the total number of deals (based on the deals that filtered through the current graph selection criteria only).
Maximum Pocket Price	The maximum pocket price for the current product (based on the deals that filtered through the current graph selection criteria only).
Maximum Invoice Price	The maximum invoice price for the current product (based on the deals that filtered through the current graph selection criteria only).
Minimum Pocket Price	The minimum pocket price for the current product, based on the deals that pass through the filter.

Table 6.   Performance Metrics Fields

Field	Description
Minimum Invoice Price	The minimum invoice price for the current product (based on the deals that filtered through the current graph selection criteria only).
Total Impacted Pocket Revenue	The sum of the pocket revenues for all of the line items for the current product for all the potentially affected deals (based on the deals that filtered through the current graph selection criteria only).
Total Impacted Invoice Revenue	The sum of the invoice revenue of all of the line items for the current product for all the potentially affected deals (based on the deals that filtered through the current graph selection criteria only). Each red dot on the Variability Analysis graph represents the current line item on another deal. Move the pointer over each dot to see the customer name.
Total Impacted Pocket Revenue Delta	The sum of the pocket revenues for all of the line items for the current product for all the potentially affected deals minus the sum of the product of the current invoice price and the quantities of all of the line items for the current product for all the potentially affected deals (based on the deals that filtered through the current graph selection criteria only).
Total Impacted Invoice Revenue Delta	The sum of the invoice revenues for all of the line items for the current product for all the potentially affected deals, minus the sum of the product of the current invoice price and the quantities of all of the line items for the current product for all the potentially affected deals (based on the deals that filter through the graph selection criteria only). This revenue is at stake if you grant the price to all other customers with deals that filtered through the current graph selection criteria.

Information About Potential Impacted Customers

The Potential Impacted Customers table on the Market Variability Analysis screen lists the customers potentially affected and their deal line items for the product in the current deal line item that are for a higher price or quantity (or both). The Potential Impacted Customer fields are described in Table 7.

Table 7.   Potential Impacted Customer Fields

Field	Description
Account	Name of the customer on the potentially affected deal.
TY	The deal type. Currently, where *Q* indicates *Quote* is the only currently valid deal type.)
Start Date	The start date of the period from which the deal is effective.

Table 7.   Potential Impacted Customer Fields

Field	Description
Quantity	The quantity of the current line item on the affected deal.
IP	The invoice price of the current line item on the affected deal.
PP	The pocket price of the current line item on the affected deal.
PM%	The pocket margin percent, which is the pocket margin of the current line item on the affected deal divided by its pocket revenue.
Status	The status of the affected deal in Siebel Deal Management.
Quantity (Actuals Shipped)	The quantity of the product on this deal that has been shipped.
Shipped %	The percentage of the total quantity of the current product ordered on this deal that has been shipped. This percentage is calculated as follows: the line item shipped quantity divided by the line item quantity.

Information About Scaling in the Market Variability Analysis Graph

The following scaling is applied in the Market Variability Analysis graph:

The Market Variability Analysis graph displays X (quantity) and Y (price) axis values within 10% below the minimum and 10% above the maximum values represented in the data:

    Upper Y Bound is equal to Max(Y)+((Max(Y)-Min(Y))*.1)
    Lower Y Bound is equal to Min(Y)-((Max(Y)-Min(Y))*.1)
    Upper X Bound is equal to Max(X)+((Max(X)-Min(X))*.1)
    Lower X Bound is equal to Min(X)-((Max(X)-Min(X))*.1)

Siebel DMW calculates the position and slope of the regression line in the Market Variability Analysis graph using the least squares linear regression method:

Y = MX + B

where:

M is the slope. *Slope* is the angle of the regression line relative to the horizonal.

B is the y-intercept point (where the regression line intercepts the y-axis).

Siebel DMW calculates the recommended price point (invoice or pocket) as the slope multiplied by the current deal quantity plus the y-intercept.

M * [Quantity] + B

Siebel DMW calculates the recommended quantity point as the current deal price minus the y-intercept divided by the slope:

RecQty = ([Price] − B)/M

Performing a What-If Analysis

This topic describes how to display Market Variability Analysis and Price Trend graphs for hypothetical prices and quantities. These graphs can help you to find a price within guidelines and closer to the average for the segment.

To perform a what-if analysis for the current line item

1 To view analysis for a different line item price, enter a value in the Sim Price field.

2 To view analysis for a different deal quantity, enter a value in the Sim Quantity field.

3 Click the Go icon.

Siebel DMW displays the analysis for the simulated values, and updates the price score and recommended price in the header.

4 To return to the graph for the current deal price and quantity, delete the values in the Sim Price and Sim Quantity field, and click the Go icon.

Siebel DMW returns to its original state displaying the graphs for the proposed deal pricing.

NOTE: Results of the what-if analysis do not take into account any associated variations in discounting that Siebel Deal Management might apply.

Information About a What-If Analysis Price Simulation

The What-If Analysis fields, described in Table 8, show hypothetical data for a what-if price simulation.

Table 8.   What-If Analysis Fields

Field	Description
Sim Price	A simulated invoice price; that is, a hypothetical what-if amount that you can enter to generate a market variability analysis graph, waterfall graph, and pivot table simulating the relative profitability of the deal line item if sold at this price. Entering a Sim Price also affects the price score and the recommended price in the header.
Sim Quantity	A simulated quantity; that is, a hypothetical what-if amount that you can enter to generate a market variability analysis graph, waterfall graph, and pivot table simulating the relative profitability of the deal line item if sold in this quantity. Entering a Sim Quantity also affects the price score and the recommended price in the header.

Table 8.   What-If Analysis Fields

Field	Description
PP	What the pocket price would be if the line item were sold at the simulated price. This price is the current pocket price plus the difference between the simulated invoice price and the current invoice price.
	NOTE: The simulated pocket price does not take into account any associated variations in discounting that Siebel Deal Management might apply.
Delta (PP)	The difference between the pocket price for the simulated price and the pocket price for the proposed price for the current line item.

Viewing the Price Trend Graph

This topic describes how to display a price trend graph for the current deal line item. As with the market variability analysis, Siebel DMW displays the Price Trend graph for all deals won during the default or override period configured in Siebel Deal Management. You can also filter a price trend graph to include only those deals that meet the criteria you specify:

■ **Deal status**. To include deals with a particular status only, such as Won, Approved, or Lost, or All deals.

■ **Time period (start date, end date).** To include deals that occurred during a specific period only.

You can optionally display or hide the trend line for the tracked prices:

■ **Invoice.** The average invoice price for the month, based on all deals with the selected status and time period. For more information about invoice price, see "Information in the Waterfall Graph" on page 30.

■ **Pocket.** The average pocket price for the month, based on all deals with the selected status and time period. For more information about pocket price, see "Information in the Waterfall Graph" on page 30.

■ **Segment.** The average segment price for the month, based on all deals with the selected status and time period. For more information about segments, see "How Siebel Deal Management Indicates If Line Items Are Within Pricing Guidelines" on page 7.

■ **Margin % (percent).** The average margin percent for the month, based on all deals with the selected status and time period. For more information about margin percent, see "Information in the Waterfall Graph" on page 30.

To view a price trend graph for the current line item

1   On the Market view, click Price Trend.

Siebel DMW displays the Price Trend graph for the selected or default parameters.
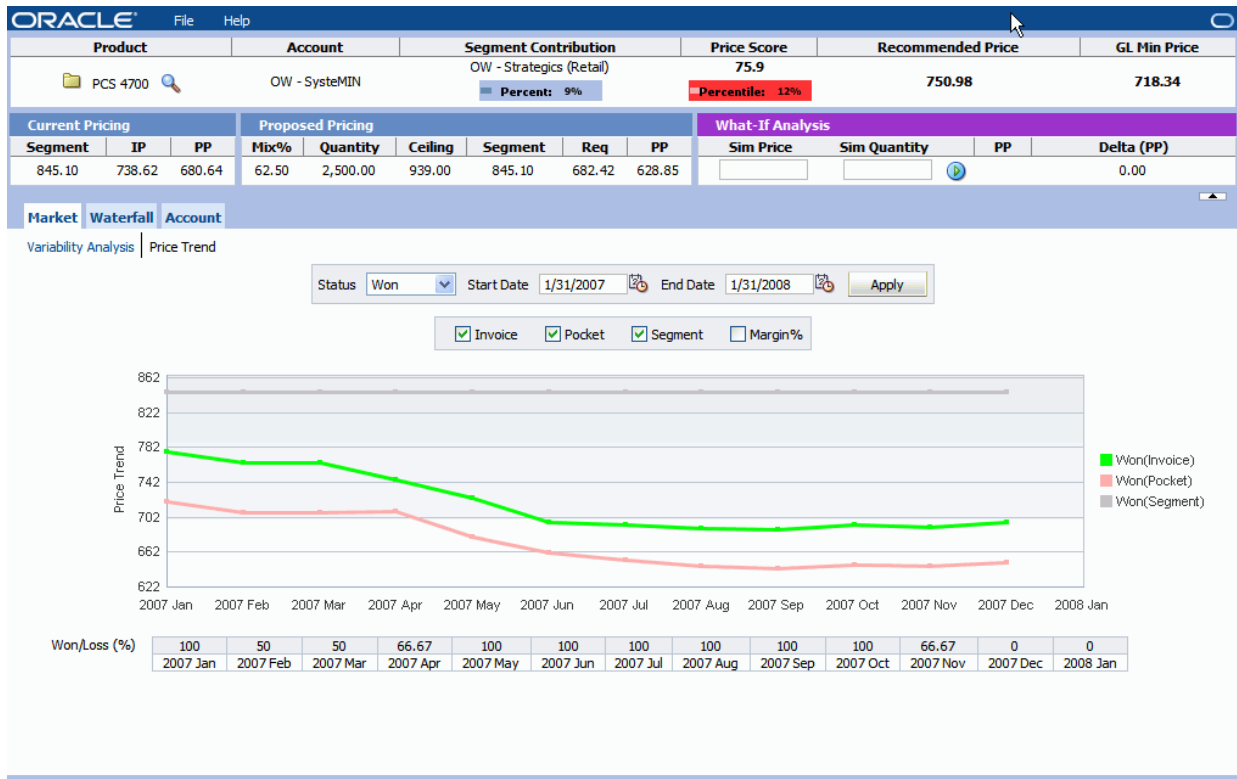
2   To view a market variability analysis graph that includes only the deals of a particular type, select the deal type from the drop-down list.

3   To shorten or extend the market period, at the Start Date and End Date fields, click the calendar icon, and choose a date.

4   Select or deselect the Invoice, Pocket, Segment, or Margin% options to view or hide the particular price trend line.

Trend of Deal Prices over Time

This topic describes how the Price Trend graph lets you see where overall deal prices for the current line item have been going, enabling you to identify a price for the current deal that you believe will keep your price competitive.

By default, the Price Trend graph shows the trend of the deal prices over time, including only those deals with the deal status of Won during the default period. The Price Trend graph displays the trend of all four prices tracked by the Price Trend graph during this period (invoice price, pocket price, segment price, and margin %).

You can restrict the Price Trend graph to include only the deals with a different status (such as Approved or Lost), or all deals (any quote status) within the segment. Restricting or expanding the deal status and time period filters can reveal different pricing patterns over time.

The table below the Price Trend graph shows the percentage of deals won during each month of the selected period (Won/Loss Percentage). The Price Trend graph can show the trend of prices for won deals. However, this table reveals the portion of the total deals quoted at those prices that were won (that is, the total count of won segment deals divided by the sum of the won and lost segment comparison deals).

The Price Trend Graph displays Y axis values within 10% below the minimum and 10% above the maximum prices represented in the data:

$$\text{Upper Y Bound is equal to } Max(Y)+((Max(Y)-Min(Y))*.1)$$
$$\text{Lower Y Bound is equal to } Min(Y)-((Max(Y)-Min(Y))*.1)$$

4 Assessing Deal Profitability

This chapter describes how to use waterfall graphs and tables to help assess deal profitability in Siebel Deal Management Workbench (DMW). It includes the following topics:

Viewing a Waterfall Graph

This topic describes how to display a waterfall graph for the current deal line item. You can optionally display the graph showing waterfall for the entire deal.

Also, you have the option to display the waterfall showing the breakdown of adjustments applied.

To view a waterfall graph for the proposed pricing on the current line item

1 Click the Waterfall view, and click Graph.

Siebel DMW displays the waterfall graph.
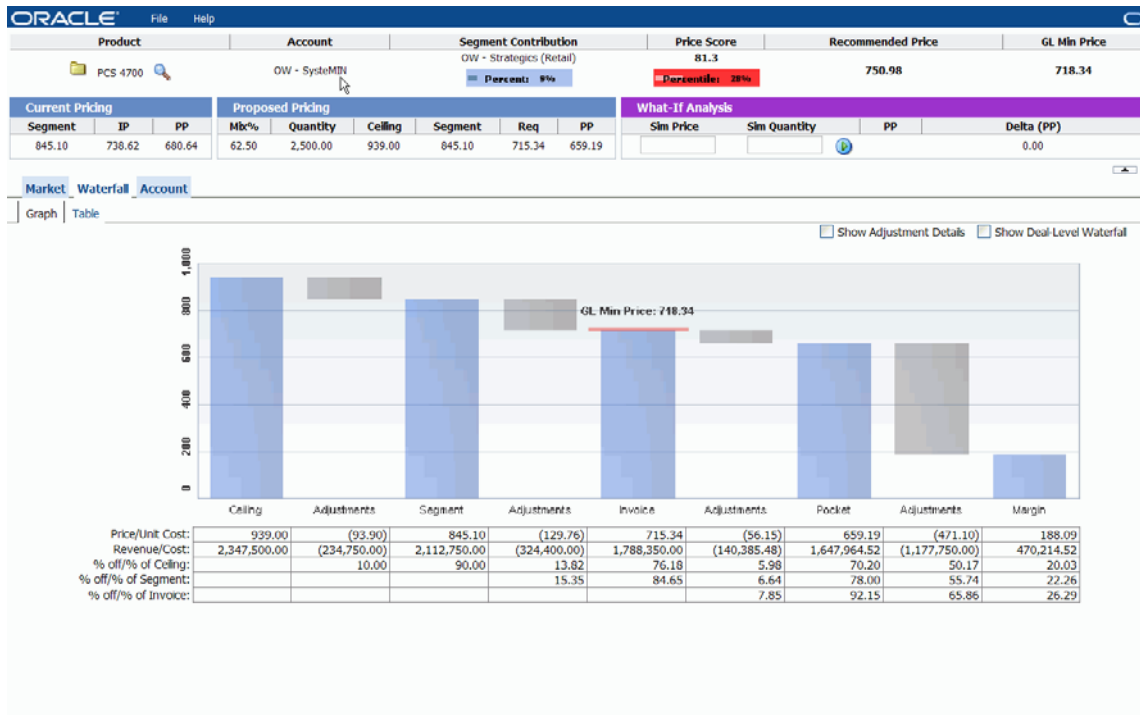
2 To view details about the adjustments taken for each price, select the Show Adjustment Details option.

3 To view a waterfall for the entire deal, select the Show Quote Level Waterfall option.

You can move the pointer over any Waterfall column to view the name of the segment and the amount represented by the bar.

Information in the Waterfall Graph

This topic describes how to use the Waterfall graph to view the components of pricing and revenue and evaluate the profitability of the proposed item, hypothetical prices, and quantities, using the what-if analysis. The waterfall shows the factors involved in the overall margin and profitability.

The *waterfall* shows the breakdown of all the adjustments (including manual discounts and overrides) taken to arrive at the different price breaks.

On the waterfall graph, the blue bars represent the different price break points for the pricing in this customer's segment, such as:

■ **Ceiling Price (if enabled in Siebel Deal Management).** The starting price of the line item and quantity, from which all discounting occurs.

■ **Segment Price.** The price for the line item and quantity, discounted from the ceiling price.

■ **Invoice Price.** The price for the line item and quantity on this deal.

■ **Pocket Price.** The price after applying any discounts to the invoice price for the line item and quantity.

■ **Margin.** The pocket revenue minus cost.

NOTE: Preconfigured segments can be altered for each implementation (additional pricing segments might be added).

Gray bars represent the adjustments or discounting, taken from the previous price point. To understand where the price adjustments originate, you can display the adjustment details.

A product can have multiple constraining and recommended guidelines defined in Oracle's Siebel Deal Management for each price type (segment, invoice, pocket, and so on):

■ **Constraining guideline.** A pricing boundary that the price administrator is allowing users to work within.

■ **Recommended guideline.** The price that the pricing administrator recommends.

Each guideline appears on the associated price bar on the waterfall graph with the name of the guideline (such as GL Min Price), the guideline price, and a red, yellow, or green line:

■ **Red line.** Indicates that this is a constraining guideline and that deal line item price violates that guideline.

■ **Yellow line.** Indicates that this is a recommended guideline, and that the deal line item price violates that guideline.

■ **Green line.** Indicates that the deal line item price is within the constraining or recommended guideline (but does not indicate which type of guideline it is).

You can display Waterfall information for the entire quote, or deal, as well, enabling you to compare the line item with the overall profitability on the deal.

The Waterfall graph lets you see the effect of each discount incentive offered on this deal, and see where the discounts with overrides have lead the deal outside the pricing guidelines for the product and deal. You can optionally view the same data in the Waterfall table, which shows the same information on the graphic in a pivot table with additional metrics. For information about the Waterfall table, see .

Additional Information in the Waterfall Graph

Additional information appears on the Waterfall graph screen for each applicable price bar, see Table 9.

Table 9.   Waterfall Graph Fields

Field	Description
Price/Unit Cost	The per unit price or cost. (This field is hidden when viewing a deal-level waterfall.)
Revenue/Cost	The total revenue or cost for this quantity and price.
% off/% of Ceiling	The percentage of ceiling price represented by the price or adjustment.
% off/% of Segment	The percentage of the segment price represented by the price or adjustment.
% off/% of Invoice	The percentage of the invoice price represented by the price or adjustment.

Performing a What-If Analysis

The Waterfall graph lets you perform a what-if analysis, displaying Waterfall information for hypothetical price and quantity values. This graph lets you research other prices and quantities to find a more profitable price. For more information on running a what-if analysis in Siebel DMW, see "Performing a What-If Analysis" on page 24.

Viewing the Waterfall Table

This topic describes how to view the Waterfall pivot table.

To view the Waterfall table for the proposed pricing on the current line item

1 Click the Waterfall view, and click Table.

Siebel DMW displays the Waterfall table.

Information in the Waterfall Table

This topic describes how to interpret the Waterfall pivot table in Siebel DMW. This pivot table lets you evaluate waterfall data for revisions of the deal by comparing versions side by side. The Waterfall table provides an additional way of examining the profitability of the proposed pricing deal, and identifying opportunities to adjust invoice and pocket prices. The Waterfall table also provides additional metrics, which are not included in the waterfall graph.

If price guidelines exist for a segment, the Waterfall table displays red, yellow, or green highlighting for each quote revision, indicating one of the following:

■ **Red highlighting.** The price violates a constraining guideline.

■ **Yellow highlighting**. The price violates a recommended guideline.

■ **Green highlighting.** The price is within all constraining and recommended guidelines.

Additional Information in the Waterfall Table

The fields described in Table 10 appear on the Waterfall Table.

Table 10.   Waterfall Table Fields

Field	Description
Revision	The deal revision number.
Score	The price score. For details about price score, see Table 2 on page 12.
Quantity	The quantity of the line item on the proposed deal.
Quantity Mix%	The percentage of the deal quantity represented by this line item.

Price Waterfall (per Unit, Total, and as a Percentage of the Ceiling Price)

This topic shows the price break point for each unit, the deal revenue for that line item, and the percentage of the ceiling price that is represented by that price.

Quote Metrics

The Quote Metric fields are described in Table 11.

Table 11.   Quote Metrics Fields

Field	Description
Total Invoice Revenue	The total invoice revenue for all line items on the deal (the sum of the products of each line item and the quantity for all line items on the current deal).
Total Pocket Margin	The pocket revenue minus cost.
D/E Ratio	The discount effectiveness ratio (the gross revenue minus the pocket revenue, divided by the pocket revenue, minus the cost of this line item).
Product Yield	The total pocket revenue divided by the total gross revenue for this line item.

5 Evaluating Customer Performance

This chapter describes how to view and evaluate data about the customer performance history in Siebel Deal Management Workbench (DMW). It includes the following topics:

Viewing Customer Account History

You can view a customer's account history in Siebel DMW to help evaluate the current deal.

To view the current customer's account history in Siebel Deal Management Workbench

- Click the Account view.

    Siebel DMW displays the Part History screen for this customer as well as the complete portfolio history.

Customer Account History

A customer's historical data can help you to evaluate how the customer has performed, with regard to purchasing this product and all products:

■ **Part history.** A list of customer deal line items showing historical pricing and how well the customer placed orders for the product.

■ **Portfolio history.** A list of all deals made with this customer, showing the larger purchasing patterns and overall profitability.

You can see the trend of the invoice price for this product relative to the profit margin percent for all products purchased by this customer. This data can also tell you whether this customer's demand for this product is growing, how faithful this customer is to the committed quantity, and how often this customer requests quotes from you. These tables can indicate if you have faced pressure from competition by reviewing the history of lost deals.

Part History

The Part History screen lists all the deals made with this customer, which included the current line item. The Part History fields are described in .

Table 12.   Part History Fields

Field	Description
Deal	The assigned number of the deal made with this customer that contained the current line item.
TY	The deal type: where *Q* indicates *Quote*.
Start Date	The start date of the period from which the deal is effective.

Commitments (Quoted)

The Commitments (Quoted) fields are described in .

Table 13.   Commitments (Quoted) Fields

Field	Description
Mix%	The percentage of the total deal quantity for all line items represented by the current line item.
Qty	The quantity of the current line item quoted on the deal.
IP	The invoice price of the current line item quoted on the deal.
PP	The pocket price of the current line item quoted on the deal.

Table 13.   Commitments (Quoted) Fields

Field	Description
PM%	The pocket margin percent, which is the pocket margin divided by the total pocket revenue for the current line item.
Status	The deal status (such as Approved, Won, Lost, or Order Placed).

Actuals (Shipped)

The Actuals (Shipped) fields are described in Table 14.

Table 14.   Actuals (Shipped) Fields

Field	Description
QTY	The quantity of the current line item quoted on the deal that the customer bought.
Shipped%	The percentage of the current line item quoted on the deal that the customer bought (purchase orders received).

Portfolio History

The Portfolio History lists all the deals made with this customer, which might or might not have included the current line item). The Portfolio History fields are described in Table 15.

Table 15.   Portfolio History Fields

Field	Description
Deal	The deal number.
TY	Deal type: where *Q* indicates *Quote.*
Start Date	The start date of the period from which the deal is effective.

Commitments (Quoted)

The Commitments (Quoted) fields are described in Table 16.

Table 16.   Commitments (Quoted) Fields

Field	Description
Qty	The total quantity of all line items on the deal.
IRev	Total revenue for the deal invoice price.
PRev	Total revenue deal pocket price.

Table 16.   Commitments (Quoted) Fields

Field	Description
PM%	The pocket margin percent, which is the pocket margin divided by the total pocket revenue for all the line items on this deal.
Status	The deal status (such as Approved, Won, Lost, or Order Placed).

Actuals (Shipped)

The Actuals (Shipped) fields, described in Table 17, provide details on the items the customer bought.

Table 17.   Actuals (Shipped) Fields

Field	Description
Qty	The quantity of all the line items quoted on the deal that the customer bought.
Shipped%	The percentage of all the line items quoted on the deal that the customer bought.

Index

No index available for this guide.