

COPRA NextGen — Upgraded AI Solution Makes Pricing Process More Effective for Remote Workforce

IBM

Best Advance in Unique Sales Enablement Technology

April 2023



Company Background



Company-at-a-Glance	
Headquarters	Armonk, NY USA
Year Founded	1911
Revenue	\$57.4B (2021)
Employees	282,000
Global Scale (Regions that you operate in or provide services to)	Worldwide
Customers/Output, etc. (Key customers and services offered)	IBM does business with the entire Fortune-2000 in one way shape or form between Consulting, Software and Infrastructure lines of business.
Industry	Business Services and Information Technology
Stock Symbol	IBM
Website	www.ibm.com

Value Proposition

COPRA (COgnitive PRicing Analytics) NextGen improves sales performance for IBM Infrastructure business in three major ways. First, pricing recommendations, including optimal price, are now derived in a way explicitly aligned to the IBM strategy. Secondly, COPRA NextGen enables joint optimal price for the two pillars of IBM Infrastructure: Hardware and Technical Support Services. Thirdly, the revamped AI engine now integrates additional information about client tenure, product history, and certain trends making recommendations much more situationally aware, which in turn, leads to more robust prices, higher win rate, much broader adoption, and an overall reduction in turnaround time. COPRA NexGen program started in EMEA on January 22nd, 2021, and in North America on July 30th, 2021, with a global rollout completed in April of 2022.

Business problem:

IBM Infrastructure business faced several challenges with sales performance, a large portion of which related to pricing:

1. No 'smart/anchor price' for reference. Prior to COPRA, the pricing process relied heavily on sellers' personal expertise and over-generalized rule-based price grids. This approach routinely required additional manual efforts to gather relevant information and was keeping the sellers away from offering optimal prices in most situations.
2. Long turnaround time. The absence of optimal-price-based automatic approval resulted in unnecessarily protracted and often redundant negotiation process between sellers and clients, increasing the risk of losing opportunities.
3. Misaligned recommendations. Pre-NextGen COPRA model took in only limited information on quote configurations and performed optimization implicitly designed for pre-Kyndryl IBM strategy. This approach went out of alignment with IBM strategy post-Kyndryl and started to limit COPRA adoption with substantial impact on process efficiency.
4. Overlook of products correlations. Although highly correlated, Hardware and Technical Support Services underwent independent pricing procedures and approvals. The disjoint procedures not only increased the turnaround time, but also prevented sellers from providing optimal bundled price.

Product or Program Innovation

IBM’s Chief Analytics Office Pricing Team enhanced COPRA 1.0 model in releasing COPRA NextGen. The upgraded solution delivers on its design points through multi-dimensional analysis of historically winning discounts, trends over time and a better alignment to the overall strategy for IBM Infrastructure.

Compared to COPRA 1.0, NextGen is more effective by leveraging more comprehensive information about each pricing scenario. COPRA NextGen can recognize client tenure with IBM, past purchase patterns, product and market pricing trends, as well as some other patterns. The additional information is encoded into a number of carefully designed features and allows NextGen model to provide more situationally aware recommendations. In turn, this leads to more accurate / competitive prices and increases the likelihood of IBM winning more quotes, achieving the ultimate objective of benefiting the revenue.

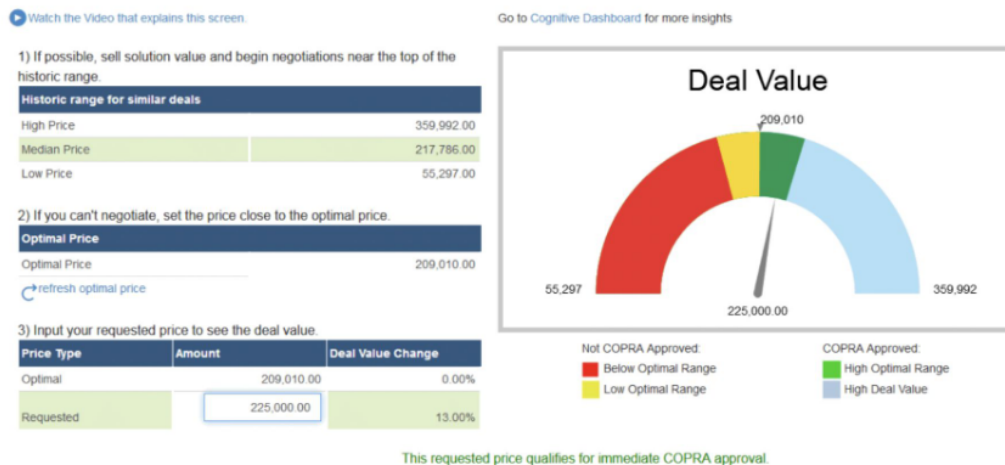


Figure 1: COPRA recommendation screenshot from the ePricer tool

Additionally, the modifications to reflect evolution of the IBM Infrastructure strategy have made the model better aligned with practitioners’ incentives, hence driving much broader adoption of the program and the efficiency benefits with it.

Unique Differentiators

1. COPRA NextGen offers analytically supported price recommendations to provide a 'smart price' reference for sellers during pricing process. The information behind NextGen prices combines both customer specific behaviors and holistic market view to help sellers better utilize their expertise to accelerate and optimize Hardware and Technical Support Services quoting.
2. The COPRA program design makes NextGen particularly impactful on the volume side of the business. NextGen's auto-countering mechanism helps automate the approval process and significantly reduces turnaround time. Meanwhile, NextGen's auto approval power on quotes whose requested price is higher than the 'smart price' reference benefits adoption, reduces the exception rates and the manual labor associated with them.
3. NextGen is deployed on ePricer, the IBM Infrastructure pricing platform supporting sellers and pricers worldwide, with recommendations accessible to both direct and channel practitioners. This provides the benefits of the AI-enablement without the disruption of the process flow or complexity associated with a new/separate tool.
4. NextGen expansion in both Hardware and Technical Support Services domains enables joint recommendations for the two highly correlated product categories. NextGen models operate with similar features and are trained using the same objective function therefore enabling the synchronized pricing strategy and allowing for better bundle pricing.

Measurable Result

Since its global rollout, COPRA NextGen has provided optimal price recommendations on over 46K quotes, driving incremental revenue of \$47M. Seller feedback indicated more relevant price recommendations being delivered by COPRA NextGen. 'The price point is spot-on', 'The recommendation has been more relevant' are direct quotes which are representative of the overall feedback.

From the pure process standpoint, COPRA NextGen reduced exception rates and cycle times by 50%, while automating more than 70% quotes within the covered scope.

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