



## SAIC GM Streamlines Pricing Workflows to Boost Profits and Improve Dealer Relationships

A smooth ride, great handling, high performance, comfort, and reliability all contribute to an automobile brand's success. But just as important to the automaker's growth and profitability is the caliber of its relationships with the independent dealers who sell and service its vehicles once they're on the road.

Parts and service generate high and stable profits for automakers over the long term. That's why, when parts pricing issues began to strain these relationships, SAIC General Motors Corporation Limited looked to improve the efficiency and effectiveness of its parts pricing process.

Headquartered in Shanghai, China, SAIC General Motors is a joint venture between the General Motors Company (GM) and SAIC Motor. The company has manufactured and sold Chevrolet, Buick, and Cadillac brand automobiles in mainland China since 1999. Eight years ago, as part of an effort to standardize GM's pricing processes across its global operations, SAIC GM implemented the Servigistics Service Parts Pricing solution. But after so many years, the versions of the product that SAIC and GM were using were no longer in sync and the company wanted to further improve its pricing processes.

SAIC GM relies on a tremendous number of parts, many with 'part-chain' relationships that depend on each other. With part chains, new versions of a part can be used as a replacement for an old part when an order comes in. If parts are imported, prices could rise, causing dealer complaints. SAIC GM relied on pricing experts to manually set part prices in a way that balanced profit margins with dealer satisfaction. Servigistics took part information from SAIC GM's enterprise resource planning (ERP) system and prices set by pricing experts and made that information available to dealer management systems.

In 2016, looking to help its pricing experts make more effective pricing decisions, stay ahead of the workload, and improve service to dealers, SAIC GM decided to upgrade from Servigistics Service Parts Pricing version 9.44 to version 11.2 and to re-implement the solution. The goal was to take advantage of Servigistics' advanced features and automate workflows.

The company turned to PTC Customer Success to determine how to adjust their business and technical requirements for the new Servigistics solution, perform the upgrade, develop customized pricing solutions, and build streamlined and automated pricing and approval workflows for a variety of business scenarios.

### Meeting Unique Business Outcomes

Driven by the PTC Customer Success team, the upgrade project commenced in September of 2016. PTC assembled an international implementation team that included a pricing SME who contributed expertise and best practices gleaned from many implementations with other customers, a technical consultant with experience implementing the solution, a local technical consultant, and a local project manager/BA/learning consultant.



We decided to work with PTC Customer Success because PTC knows the product best and has considerable experience implementing it worldwide. In addition, we had many questions about pricing best practices. We relied on PTC experts to give us suggestions and introduce us to best practices in parts pricing."

Says Li Zhen,  
The key user from the SAIC GM Finance department

The team began the project by helping SAIC GM determine the project scope. They worked closely with SAIC GM to define what business and technical requirements should be carried over from their existing system and which should be retired to apply to their current business situation. "Because the existing Servigistics solution had been implemented so long ago, we spent considerable time understanding and reviewing the old system to ensure the new system design approach would be correct and comprehensive," says Phil Farris, Fellow Consultant and Pricing SME from PTC Customer Success. The PTC team also developed a project schedule and determined the appropriate resources necessary for implementation.

As the effort began, SAIC GM initially sought to take advantage of the pricing methodology used by GM North America. But when intellectual property issues arose, the company asked PTC to design semi-automated SGM customized part chain pricing to handle part chains and Table-Driven Curve Pricing to balance cost and price changes. The complexity of the Chinese market meant that an automated methodology or policy would be insufficient and would require human expertise.

The new Table-Driven Curve Pricing methodology developed by the PTC team features a redesigned system architecture that allows pricing experts to explore the relationship between cost and margin percentages as they set prices. This allowed SAIC GM to handle high frequency and unexpected cost changes. Behind the scenes, the Table-Driven Curve Pricing methodology requires tremendous amounts of master data, including cost, price, sales history, and markup factor for each part number, type, family and more for thousands of SKUs (stock keeping units). PTC created custom tables to manage this data and automatically linked the tables to the pricing rules so prices can be updated automatically.

Says Farris, "SAIC GM was grateful to have the highly skilled and collaborative implementation team from PTC react and respond to sudden changes in business requirements and newly discovered system evidence in the face of a tight project schedule and budget limitations."

The PTC Customer Success Team also built price approval workflows for various business scenarios and connected them with the customer's email system, enabling part prices to be approved and released to dealers in a timely manner.

To ensure that the organization could use the upgraded product and customized workflows as effectively as possible, PTC delivered thorough documentation for the new system and training for end users. "We used PTC Training for key users, for approvers, and for IT administrators. It has helped us use the product better and more effectively," says Lin Tong, IT project manager, SAIC GM.

### Greater Profitability and Dealer Satisfaction

Using the new pricing methodology and approval workflows, SAIC GM pricing experts now complete pricing 20-30 percent faster. (As a bonus, the semi-automatic pricing process helps the company get new hires in pricing up to speed faster and more effectively.)

Says Tong, "With the Servigistics pricing models and accessible reference data, our pricing experts now have smaller workloads. This means they now have more time to perform price analysis and get better results that improve profitability. Dealers are now happier because the pricing process has been expedited."

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