



Paper Maker Gains New Pricing Insight for Better Decision Making and Competitiveness

Overview

Country or Region: United States

Industry: Manufacturing—Pulp, paper, and wood

Customer Profile

NewPage is the leading producer of printing and specialty papers in North America. The company produces about 3.5 million tons of paper each year.

Business Situation

NewPage needed to standardize its processes for gathering and analyzing pricing data. The company also sought better visibility into its prices.

Solution

The company implemented a pricing solution from PROS that operates natively within Microsoft SQL Server 2008 R2.

Benefits

- Provides better insight into pricing
- Helps management make better decisions
- Standardizes and centralizes data
- Improves ability to respond to customers
- Takes advantage of familiar tools

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— Jason Covitz, Senior Director of Pricing Strategy and Execution, NewPage

NewPage is the leading maker of coated paper products in North America. NewPage needed to improve its pricing analysis and data visibility in order to become more competitive in a changing market. The company implemented a pricing-software solution from PROS that takes advantage of Microsoft SQL Server 2008 R2 technologies such as SQL Server 2008 Analysis Services and Reporting Services. Now NewPage has a centralized system that provides greater insight into data and helps management make better pricing decisions. As a result, the company can be more competitive in the marketplace. Also, because employees rely on familiar Microsoft tools, adoption was easy, and integration into key, cross-functional business processes was seamless.



Situation

NewPage, based in Ohio, is the leading producer of printing and specialty papers in North America. The company produces papers with a range of finishes and weights for book and magazine publishers, commercial printers, paper merchants, and specialty retailers. NewPage manufactures environmentally sustainable products while supporting responsible forestry practices. It operates eight paper mills in the United States.

Because of recent economic conditions, NewPage must find new ways to continue increasing its business. "The economy has fluctuated for a long time, and the use of paper in magazine advertising and direct mail has gone down, which is a challenge for our business," says Jason Covitz, Senior Director of Pricing Strategy and Execution, NewPage.

The company is also faced with the reality of a rapidly changing market where demand for paper products is slowing. "In general, our market is changing, and people are increasingly turning to electronic books and magazines and electronic mail instead of paper," Covitz adds. "We have to find new ways of gaining new customers and keeping current ones. Being competitive in our pricing is essential to success."

To better compete, NewPage needed to streamline its pricing processes, which relied on several different tools and data sources. In addition, pricing calculations in one data source often differed from those in another, which made it challenging for NewPage to get an accurate and consistent view of its product pricing.

"We had manual processes in place to get pricing data from different sources, and manually downloading data from those

sources was time-intensive," says Covitz. "It was difficult to make quick decisions on our pricing strategy, such as determining which prices to announce."

The company also wanted better overall visibility into its prices. "We needed better price visibility to make the right business decisions. We wanted to capture better business intelligence around pricing data in order to get the right person the information needed to make the right decisions at the right time," Covitz states.

At the beginning of 2010, NewPage began looking for a new solution that would standardize its pricing data and improve its overall pricing processes.

Solution

NewPage initially looked at solutions from several vendors before deciding on one from PROS, a Microsoft partner with Gold ISV and Silver Midmarket Solution Provider competencies. Based in Houston, Texas, PROS is a leading provider of pricing and revenue management software for customers in a range of industries. PROS applications, which are integrated with Microsoft SQL Server 2008 R2 Enterprise data management software, give customers more confidence and agility in their pricing strategies by streamlining pricing processes and providing data-driven insights.

PROS software operates natively within SQL Server 2008 R2 technologies, including SQL Server 2008 R2 Analysis Services and SQL Server 2008 R2 Reporting Services. Microsoft SQL Server PowerPivot for Microsoft Excel, a tool that employees can use to analyze data using Microsoft Excel 2010 spreadsheet software, also integrates with PROS data.

As a long-time user of Microsoft Office and SQL Server technologies, NewPage was

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very interested in the PROS solution. The company's data warehouse was based on SQL Server 2008, and employees used Microsoft Excel 2007 every day. “NewPage is a longtime user of Microsoft products, so this SQL solution seemed ideal for us,” says Covitz. “We knew the SQL Server interface would be easy for our IT support employees to get up and running with immediately, because of their familiarity with the Microsoft tools.”

In March 2010, NewPage began to implement the PROS Pricing Solution Suite, which combines prescriptive pricing analytics and optimization capabilities with SQL Server 2008 R2 business intelligence (BI) tools. The suite consists of three modules that work together.

The first module, PROS Scientific Analytics, helps identify opportunities to boost profits across different business or product lines by targeting transactions that generate losses and finding other areas that need to be changed.

The second module, PROS Price Optimizer, streamlines the pricing process and provides the ability to enact fast list-price setting. Using this module, NewPage employees can create the appropriate price for individual customers and products by setting optimized pricing strategies and automatically managing price lists.

The third module, PROS Deal Optimizer, recommends prices and product bundles to sales representatives on a transaction-by-transaction basis, taking into account the unique buying history of individual targeted customers.

The PROS Pricing Solution Suite can run on many different types of hardware, or it can be hosted by PROS.

NewPage deployed the PROS Pricing Solution Suite over the course of several months, beginning with the Scientific Analytics module. During that time, PROS worked closely with NewPage on a subset of pricing data that demonstrated how the Scientific Analytics module would contribute to an improvement in pricing processes. PROS also conducted a segmentation study that provided a benefits analysis and an ROI estimate for the overall solution.

As a result of the segmentation study, completed in 2011, NewPage was able to identify potential margin improvements, and it put the Scientific Analytics module into full production to 300 users, ranging from the CEO to sales representatives. The solution processes 20,000 transactions each day.

NewPage has also begun to use the Deal Optimizer and Price Optimizer modules. “We’re using the Pricing Solution Suite to pull updated pricing data and analyze it to see where there are opportunities to make pricing changes or establish new prices for different customers,” says Covitz.

Benefits

The PROS and Microsoft SQL Server 2008 R2 pricing solution helps NewPage gain insight into its pricing data, so senior managers can make better business decisions. The solution centralizes this data and gets it to analysts faster, which means the company can be competitive in a volatile market. Additionally, because IT support staff relied on familiar Microsoft tools, no new training was required.

Provides Better Insight into Pricing

Using the PROS Pricing Solution Suite and SQL Server 2008 R2, NewPage now has much better insight into its pricing data. The company's analysts, for example, can

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segment customer data and group customer behavior into specific categories to identify the price that customers are willing to pay for each paper product.

Analysts can also easily identify areas that can be improved to increase profits. “I’ve had multiple leadership roles in my career, but this is the first time I’ve ever had a tool like this at my disposal,” says Covitz. “The PROS and SQL Server 2008 R2 solution easily puts us in the top 20 percent of organizations worldwide, in terms of the visibility into our data. And as we continue to discover new things about the data, we can look even deeper into why certain trends are happening.”

Helps Management Make Better Decisions

With better pricing data visibility, NewPage managers can make better decisions. “This solution has transformed our entire culture,” Covitz says. “With the information that we’re getting through the PROS and SQL Server 2008 R2 solution, NewPage has the ability to be more consistent in its pricing approach. That is helping drive smarter decisions from our executives all the way down to our front-line employees who talk to customers every day.”

Standardizes and Centralizes Data

The new solution collects and standardizes data from different sources, so employees can go to one location to access pricing information. “This solution gives us a centralized source of data,” says Covitz. “It gives us a single version of the truth, so there is no more confusion. Everyone—whether it’s the sales team or the finance team—is looking at the same data to make the decisions they need to make for their specific group.”

The PROS-Microsoft solution also automates the collection of data, which

makes updated information available immediately to NewPage analysts. “Previously, it was very difficult to get data for analytical purposes, and it often took a week to get a report,” says Covitz. “Now the data is available almost instantly, so we’re much more efficient in terms of getting data to decision makers. Our product teams no longer have to wait to get the data they need to decide which products to roll out and how to price them.”

Improves Ability to Compete and Respond to Customers

The analytical data that NewPage can extract with its new PROS and Microsoft solution helps the company compete better in the fast-changing paper market. Because sales representatives can get immediate price guidance based on reliable data, for instance, they can react quickly to changing market situations. “We can get a much better view of our win rate,” says Covitz. “That information is all easily visible in the system, so we can analyze that daily to determine whether we’re being as competitive as we can be.”

“If we do choose to change prices for a customer, we now have the tools to see what the impact of those changes might be,” adds Covitz.

Takes Advantage of Familiar Tools

The PROS Pricing Solution Suite is based on familiar Microsoft technologies already in place at NewPage. “Our employees have been using Microsoft technologies like Excel and Outlook every day for a long time, and the PROS pricing tools are integrated into these products,” says Covitz. “With this system in place, we now have tools to help us stay competitive and healthy for a long time.”

For More Information

For more information about Microsoft products and services, call the Microsoft Sales Information Center at (800) 426-9400. In Canada, call the Microsoft Canada Information Centre at (877) 568-2495. Customers in the United States and Canada who are deaf or hard-of-hearing can reach Microsoft text telephone (TTY/TDD) services at (800) 892-5234. Outside the 50 United States and Canada, please contact your local Microsoft subsidiary. To access information using the World Wide Web, go to:

www.microsoft.com

For more information about PROS products and services, visit the website at:

www.prospricing.com

For more information about NewPage products and services, visit the website at:

www.newpagecorp.com

Microsoft Server Product Portfolio

For more information about the Microsoft server product portfolio, go to:

www.microsoft.com/servers

Software and Services

- Microsoft Server Product Portfolio
 - Microsoft SQL Server 2008 R2 Enterprise
- Microsoft Office
 - Microsoft Excel 2010

Technologies

- Microsoft SQL Server 2008 R2 Analysis Services
- Microsoft SQL Server 2008 R2 Reporting Services
- Microsoft SQL Server PowerPivot for Microsoft Excel

Partners

- PROS

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Document published May 2012

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