



Achieve dynamic and adaptive pricing for financial products and services

**PriceLab helps banks and insurance companies adapt prices automatically to changing customer needs or behaviors and market conditions.**

Today's financial services industry is characterized by strong competitive pressures. Product innovation alone no longer guarantees a lasting competitive advantage in a busy marketplace. In much of the world, low interest rates since the onset of the financial crisis in 2008 have also reduced the profitability of core banking business.

In many countries, the direction of travel in financial services regulation is towards greater transparency, closer regulation of conditions, and sometimes introducing maximum interest rates. These regulatory changes have increased customer sensitivity to prices, providing customers with the information they need to make more informed choices and bargain effectively.

In this context, it is becoming harder for banks, insurers and other financial institutions to reconcile attraction and retention of customers with maintaining strong profitability.



**People matter, results count.**

# Unique Prices for Unique Customers

Presenting customers with focused solutions for their needs, or mixes of products and services perceived as customized both in their content and price, strengthens customer attraction and retention in two ways:

PriceLab supports the creation of incentives to drive changes in buying habits, customer behavior and profitability. For example, offering a discount when a customer hits a predefined usage of a remote channel.

- It allows customers to consume and pay for exactly what they want, obtaining a differentiated service
- It presents banks and insurers with the opportunity to improve revenue and margin through their pricing policy

To achieve this, businesses need the flexibility to tailor products and services and to price them according to the real cost. The standardized global product lines and pricing models used by many large financial services firms often restrict the ability to personalize offers. To be competitive, banks and insurers need pricing tools with adaptive capability so they can manage and adjust any product for any customer and price it competitively without sacrificing margin.

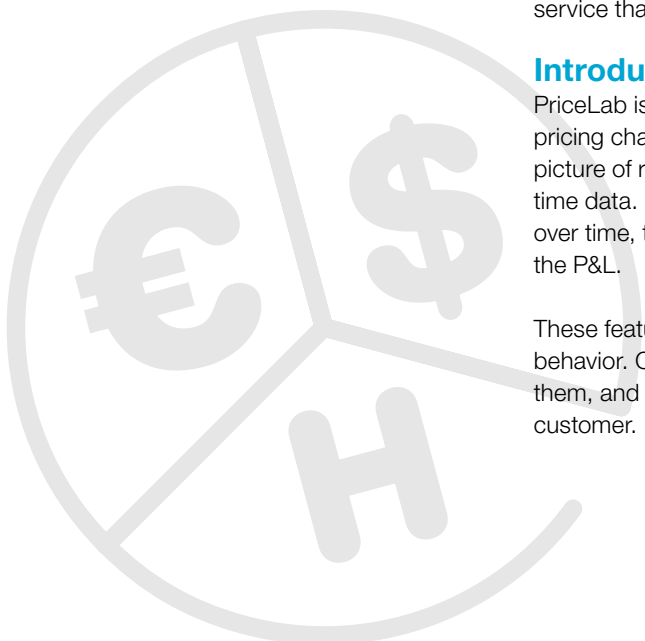
Adaptive pricing is a complex ongoing process in which prices are updated continuously based on ever changing context—client behavior, market conditions, and volumes of transactions. It demands accurate knowledge of trends in the external market, competitors' pricing models, and the cost base of one's own organization. Pricing policy is determined by forecasting the economic effects of a price against these factors, and by monitoring the performance of products and customers.

Armed with the right insights, financial services organizations can personalize products, adjust conditions and fine tune pricing, to give every customer a tailored service that also improves revenue and margins.

## Introducing PriceLab

PriceLab is a unique software suite developed by Capgemini in response to the pricing challenges faced by the financial services industry. It provides a razor sharp picture of revenues and the profitability of customers and products based on real time data. In addition, it gives banks and insurers the ability to forecast performance over time, testing the impact which internal or external variables are likely to have on the P&L.

These features let banks and insurers adjust offers and pricing based on customer behavior. Customers can choose the products and conditions most suitable for them, and financial institutions can price according to the cost of serving each customer.



# How PriceLab Works

PriceLab comprises seven modules which work best together but can be deployed individually or in various combinations. This modularity and open architecture give PriceLab a unique degree of flexibility to accommodate a bank's requirements and existing assets.

## Factory Module

Factory is a product management system which helps you define products or services to sell. You can specify the commercial features, prices, targeting, model proposition and lifecycle rules for any products or services. Factory then integrates with the wider information system to automate the processes of sale and post sale.

Using Factory allows the sales department to model its propositions, testing their competitiveness and customer focus before bringing them to the market.

## LightBox: Monitoring Module

This module shows you how profitable each of your customers is now. It monitors commercial performance through multidimensional analysis.

Lightbox reflects each customer's purchasing behavior and usage of products and services, analyzing the profitability of each of the conditions which apply to them. It also distributes relative shares of the costs for marketing and providing those products and services to the customer. Reports can be run at the customer or organizational level and performance indicators established to measure performance.

## LightBox: Forecasting Module

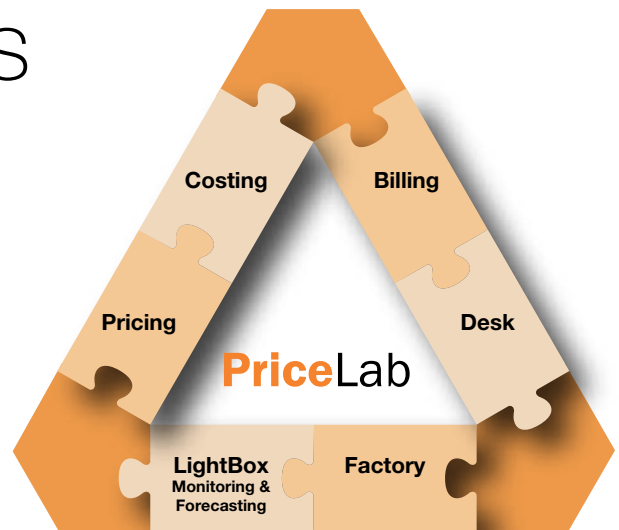
This part of PriceLab lets you forecast how changes in price and customer behavior will impact profitability. This can be done for individual customers and customer segments.

Lightbox offers two types of forecasting: Projections, which use analytical models and counting algorithms to predict future performance, and Simulations, which allow you to test hypothetical pricing scenarios with varying conditions, rules of modulation, and types of customer behavior. All LightBox forecasts are based on real customer data, not statistical models.

## Pricing Module

The Pricing module automatically calculates the price which should be applied to a product or service in order to obtain the desired profitability, based on a real time view of the customer's behavior.

Dynamic, adaptive pricing gives you the flexibility to modulate standard prices and maximize commercial appeal by offering discounts or financial disincentives. Making a clear connection between the cost to serve a customer and the price they pay can drive significant shifts in behavior—from using checks to making online transfers, using a single product to buying a bundled offer. This increases profitability and loyalty.



## Redefining the Customer Contract in Financial Services

PriceLab is in use by some of the leading banks in Italy and has helped them increase profit margins through changes to customer behavior and pricing strategy.

The software suite integrates easily with the bank's information architecture, drawing in data on customers' account and behavior, pricing conditions and interest rates to enable rich and comprehensive simulations of future economic performance.

# PriceLab

## Costing Module

The Costing module allows you to define all of your costs and allocate them to the products or services you sell. When analyzed in combination with pricing information, this helps to measure profitability.

Costing distinguishes between the share of fixed corporate costs related to operational processes, and the variable costs of an initiative which cover business development activities and commercial management of the customers related to specific products.

Assigning costs to a product allows you to see the level of return on investment it brings. Have the revenues generated by a new product justified the cost of the associated advertising campaign? How much more does it cost the bank to cash a check than to process an online transfer?

## Billing Module

PriceLab Billing allows you to define the rules and criteria for the billing and reporting of services used by customers. These will include the invoicing frequency and method of payment. This is of particular importance for commercial customers who require VAT invoices.

This module handles the full billing lifecycle, including setup, accounting, payments, notifications and mediation.

## Desk Module

PriceLab Desk is a sales support tool which helps your salespeople profile their customers and offer them the right products and services for their needs.

Responding to the profiling questions in Desk will allow you to identify suitable products and services for any customer, price them competitively, and negotiate conditions. Desk creates and prints the relevant forms for a customer to sign and automates all functional and administrative aspects of the sales process. This is the ideal tool for use in branch networks, helping people on the front line to make use of dynamic adaptive pricing.

## Learn More

Perhaps PriceLab is only part of what your organization needs. Capgemini has decades of experience of improving performance in the financial services industry and serves an international client base. With our services ranging from strategic consulting to business process outsourcing, we are ideally placed to partner with large organizations and deliver the right technology to help them meet their strategic goals.

Get started today by contacting:

**Roberto Ruffini**

PriceLab International BD Executive  
Email: roberto.ruffini@capgemini.com  
Tel. +39 02 41493097



## About Capgemini

With more than 125,000 people in 44 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2012 global revenues of EUR 10.3 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

The Ready2Series is a new label from Capgemini, bringing a range of innovative products which we commit to implement quickly, affordably, and at low risk.

Learn more about us at  
[www.capgemini.com/ready2series](http://www.capgemini.com/ready2series)