Pricing & Profitability
Deals Desk – A key business enabler to meet customer demands

pwc

Executive summary

As companies look to maintain market competitiveness and to meet the demands of increasingly sophisticated customers while also managing their profitability, many are implementing a deals desk function as a key business enabler. Successfully executed, the deals desk provides a way for companies to manage risk while positively influencing their top and bottom lines. Deals desks play a critical role in large, strategic opportunities that are identified as "high-touch" and typically complex and of high-value to the company.

To facilitate identification of the high-touch opportunities, leading practice companies establish business rules leveraging historical customer and deal characteristics and then define workflows based on those business rules.

These workflows are typically segmented into three categories based on the amount of manual intervention required—high-touch, low-touch, and no-touch *(figure 1)*.

No- and low-touch deals are automated by defined policies and thresholds that guide the workflow. No-touch deals should automatically clear through to approval without manual intervention. Low-touch deals should be automated to the furthest extent possible; leading practice companies carefully design workflow policies and thresholds to make deals that once were deemed "low-touch" into no-touch deals. In addition, leading practice firms continually improve the workflows by tracking business and legal term exceptions and making commonly requested and approved ones standard, as appropriate.

Figure 1: Segmented deal flow characteristics

High-touch	• Standard and custom product and solution configurations • High-value, very complex deals, with non-standard pricing and/or T&Cs • **High** involvement by sales and internal sales ops, including deals desk
Low-touch	• Standard and custom product and solution configurations • Lower value, standard or less impactful non-standard pricing and/or T&Cs • **Low** involvement by internal sales ops, channel sales may require limited deals desk involvement
No-touch	• Standard product and solution configurations • Quotes comply with predefined business rules • **No** involvement by internal sales ops

For high-touch deals, deals desks play a key role by fulfilling three major objectives throughout the sales lifecycle:

① acting as a key enabler of deal formation and execution,

② increasing sales efficiency and effectiveness, and

③ improving business visibility and global consistency. In addition, deals desks serve as an "organizational hub" during deal management, ensuring involvement and buy-in from the right stakeholder groups at the right time *(figure 2)*.

In our experience, PwC has seen successfully implemented deals desks significantly reduce sales cycle times (by up to 25–40%) and improve customer experience, enhance sales productivity (by up to 15–20%) by eliminating unnecessary overhead activities, improve business visibility resulting in more accurate forecasts, strengthen SOX controls, and optimize corporate profitability (by up to 5–10%).

Figure 2: Deals desks act as organizational hubs

Deals desks perform a large role within the transaction and performance manage-ment elements of PwC's pricing management frame-work *(figure 3)* and PwC has identified the characteristics that define laggard, and mainstream companies *(figure 4)*.
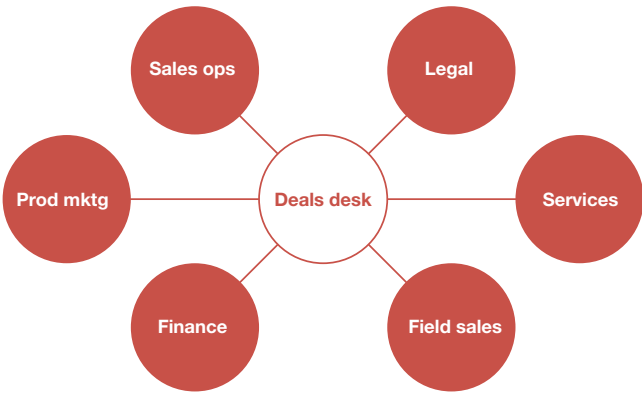

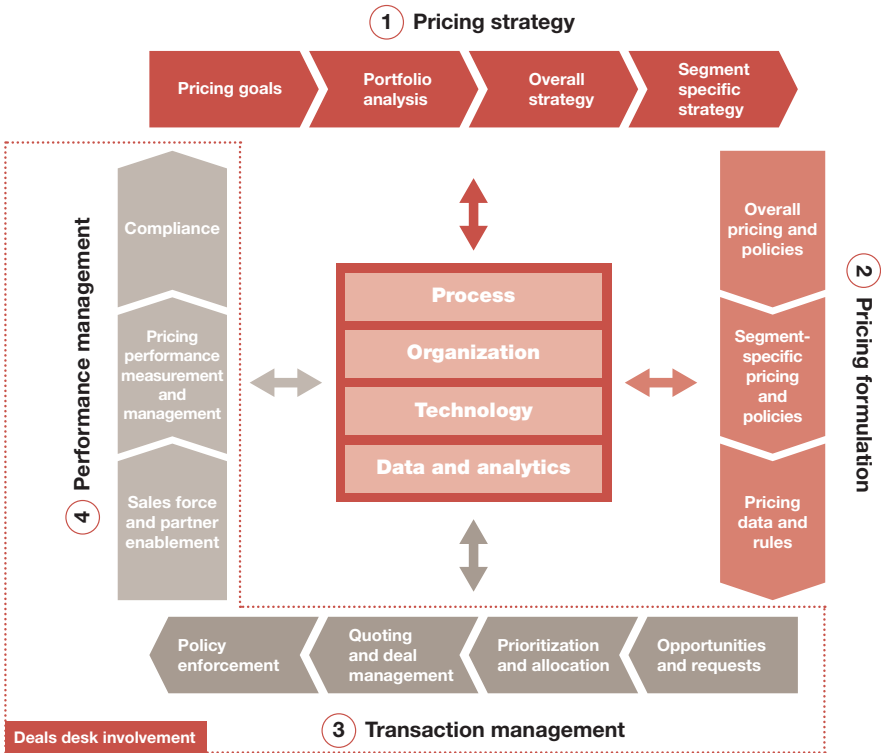**Figure 3: PwC's pricing management framework**

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Figure 4: Leaders, mainstream, laggards

Area	Leaders	Mainstream	Laggards
Process	*Mainstream capabilities plus* • Fully integrated, cross-functional processes and approval workflows in place • Cleary defined and well thought out policies and thresholds to optimize deal paths in the segmented workflow • Business and legal term exceptions are tracked and commonly requested/approved terms are rewritten to become standard, as appropriate	• Well defined processes and approval workflows in place • Clearly defined policies and thresholds • Consistent approach to develop deal pricing based on business rules • Approach for allocating deal margin is predefined	• *Ad hoc* processes and decision-making, no clear policies in place • Approach to develop prices varies from deal to deal
Organization	*Mainstream capabilities plus* • Centralized (global) process and policy development with regional execution • Deals desk accountable to the P&L owner • Deals desk able to structure complex deals to optimize benefits for the company	• Clearly defined Deals desk function in place • Deals desk to conduct analysis of deals and provide go/no-go recommendations • Clear owners of deal "go/no-go" decisions	• No clearly defined deals desk function • Deal analysis is reliant on other functions • No clear owners of deal "go/no-go" decisions
Technology	*Mainstream capabilities plus* • Integrated systems to provide analytics to inform pricing strategy and setting • Deal automation includes triggers to serve as an "early checkpoint" and provide early visibility of non-standard deal elements • Tool set able to models margin trade-offs between product/services offerings in real-time	• Analytics tools providing standard views to assess deals • Customizable dashboards for displaying reports and metrics • Deal automation across the Sales lifecycle that incorporates the defined policies and thresholds	• Spreadsheet is the tool of choice • Limited or lack of systems to automate the deal process resulting in primarily manual approvals
Data and analytics	*Mainstream capabilities plus* • Collection and proliferation of business insight (e.g., win/loss data) • Metrics used to manage service level expectations with sales and customers	• Standard analytics defined to assess deals • Clearly defined metrics and reports available on demand • Clearly defined set of metrics to gauge deals desk performance	• Analytics to assess deals vary deal by deal • Limited or lack of metrics and reports to inform stakeholders

Objectives and responsibilities of a deals desk

1

Deals desks perform a vital role across a large portion of the sales process *(figure 5)* and have three main objectives and associated responsibilities which go beyond strictly deal management *(figure 6)*. Their first objective is to act as a key enabler of deal formation and execution, with a focus on minimizing sales cycle times while optimizing revenue, profitability, and/or market share based on business priorities. Deals desks provide price recommendations and assist with non-standard deal requests (e.g., FOB point, JIT delivery, RMA policy, finance terms, potential liabilities, cancelation/re-schedule windows); and, they also have the ability to help structure complex deals including those with cross-solution implications (e.g., bundles of products and services across different BUs). Deals desk activity is driven by established business rules and standard analytics that inform and guide their decision-making and recommendations *(figure 7)*. Deals desk activities during deal formation and execution typically vary with discounting level and channel/product; for example, during non-standard pricing escalations, the level of analysis conducted varies by the level of discounting.

2

The second objective of the deals desk is to increase sales efficiency and effectiveness. Deals desks do this by capturing and proliferating key business insight globally including competitive positioning, what's working well at accounts and within regions, win/loss analysis, and other key market insights and trends. In addition, the deals desk should own and facilitate an "early checkpoint" process that identifies non-standard risks early in the sales cycle (e.g., homologation requirements, non-standard 3rd party products, unique product feature/requirements, and non-standard maintenance requests). Finally, the deals desk should initiate cross-functional deal reviews as necessary based on the risk level of an opportunity, pulling in the right stakeholders and ensuring preparedness to enable succinct and informed discussion and decisions.

3

Deals desk's third objective is to improve business visibility and global consistency across both direct and indirect channel sales. This is accomplished by measuring, monitoring, and reporting select performance metrics on a regular cadence; for example, monitoring field discounting practices to help improve the accuracy and relevance of price lists and gauge deal management efficiency. In addition, the deals desk should facilitate a global deals desk review with senior cross-functional executives on a regular cadence, reporting out a standard set of metrics that highlight the health of the pipeline, deal management performance, and pricing across products, channels, and regions. By monitoring pricing across channels, deals desk provides global visibility into channel pricing to ensure consistent partner discounting. Deals desk also plays a key role in the closed-feedback loop of pricing management, providing analytics to inform pricing strategy and highlighting pricing deviations or recurrent non-standard exception requests.

Deals desks perform a vital role across a large portion of the sales process.

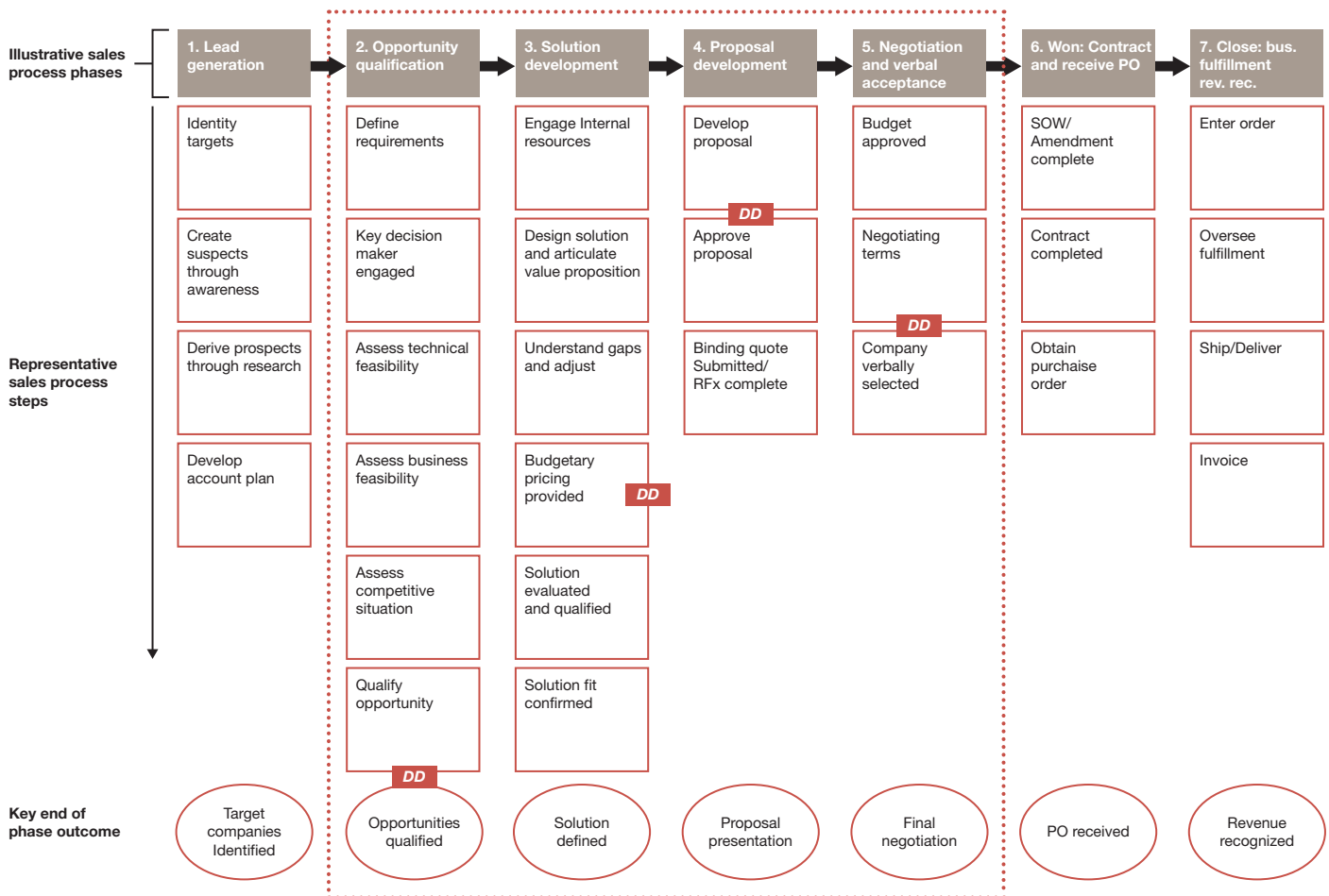**Figure 5: Map of deals desk involvement across an illustrative sales process**

	1. Lead generation	**2. Opportunity qualification**	**3. Solution development**	**4. Proposal development**	**5. Negotiation and verbal acceptance**	**6. Won: Contract and receive PO**	**7. Close: bus. fulfillment rev. rec.**
Illustrative sales process phases							
Representative sales process steps	Identity targets	Define requirements	Engage Internal resources	Develop proposal	Budget approved	SOW/ Amendment complete	Enter order
	Create suspects through awareness	Key decision maker engaged	Design solution and articulate value proposition	*DD* Approve proposal	Negotiating terms	Contract completed	Oversee fulfillment
	Derive prospects through research	Assess technical feasibility	Understand gaps and adjust	Binding quote Submitted/ RFx complete	*DD* Company verbally selected	Obtain purchase order	Ship/Deliver
	Develop account plan	Assess business feasibility	Budgetary pricing provided *DD*				Invoice
		Assess competitive situation	Solution evaluated and qualified				
		Qualify opportunity *DD*	Solution fit confirmed				
Key end of phase outcome	Target companies Identified	Opportunities qualified	Solution defined	Proposal presentation	Final negotiation	PO received	Revenue recognized

Figure 6: Deals desk objectives and responsibilities

Objective	Representative responsibilities
Act as a key enabler of deal formation and execution	• Provide price recommendations during deal development • Assist with non-standard deal requests • Help structure complex deals • Drive cross-functional and cross-solution collaboration • Ensure revenue recognition requirements are managed
Increase sales efficiency and effectiveness	• Proliferate competitive, win/loss, and market insight • Own and facilitate early checkpoint process, drive closure on non-standard deals early in sales process • Initiate cross-functional deal reviews as required and ensure preparedness • Enforce standard business processes, rules, and policies
Improve business visibility and global consistency	• Measure, monitor, and report select performance metrics on a regular cadence • Provide sales and finance management early visibility into the potential revenue and margin impacts of deals • Provide product marketing and engineering with market insight • Facilitate global deals desk review with senior cross-functional executives on a regular cadence • Provide a holistic view of price escalations and non-standard requests while monitoring iterations • Enable a consistent view of pricing across products, channels, and regions • Provide analytics to inform pricing strategy

Figure 7: Sample deals desk deal analyses

For a high risk deal, all the sample deal analysis would be executed while a low risk deal would only require a subset of these analysis.

#	Analysis	Description
1	**Deal revenue and margin**	Analyze revenue and margin for the deal
2	**Business impact**	View how quoted prices and T&Cs may impact future revenue and margin
3	**Historical quoting and win/loss**	Review details on past quoting, wins, and losses at customer
4	**Historical profitability**	Review profitability of previous transactions by the customer
5	**Comparable deals**	Review comparable deals at other customers
6	**Vendor-specific objective evidence (VSOE) check**	For solutions involving software and services, model impact on revenue recognition based on VSOE band

Organization and operating model

Deals desks follow clearly defined business rules and leverage a standard set of analytics to assess deals. To drive global consistency, leading practice firms employ a centralized approach to process and policy development, while driving regional execution of the deal process (*figure 9*). The regional approach to execution drives faster turnaround times and ensures the team is "close to the customer" and understands the underlying business dynamics. For very large, global customers, management of the opportunities typically lies within a centralized deals desk to ensure pricing consistency. In addition, very large and/or strategic deals that meet defined criteria are routed to a cross-functional decision body with varying predefined attendees based on the deal attributes.
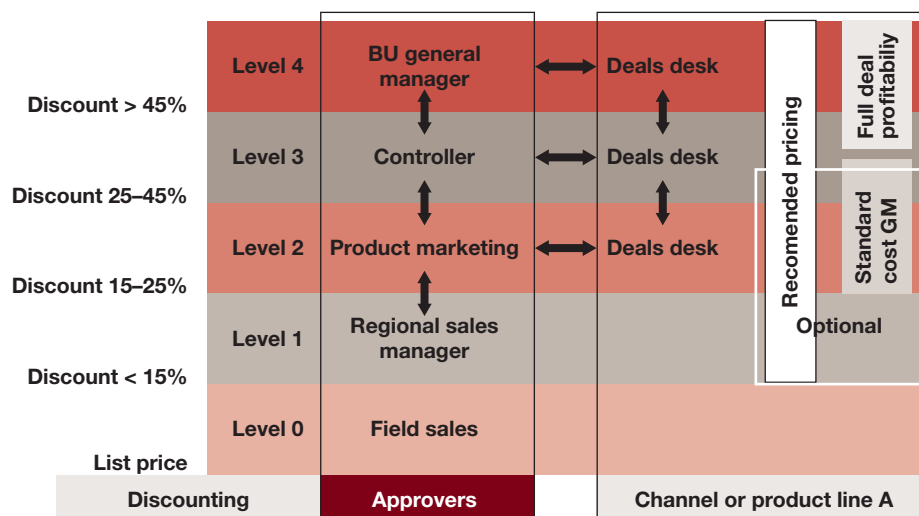
Figure 9: Operating model for common deal management tasks

Task	Leading practice
Establish pricing policies and thresholds	Global
Set standard terms and conditions	Global
Define transaction analytics	Global
Define transaction approval and escalation process	Global
Analyze transactions	Regional
Execute transaction approval process	Regional

Leading practice firms have clearly defined owners of deal approval decisions and policies regarding the level of analysis conducted by discounting level (*figure 10*). The deals desk conducts analysis of the deals, helps structure complex deals, and provides recommendations on deal pricing and the final "go/no-go" decision to the deal approvers. To drive the right behavior, deals desk should be accountable to the P&L owner and have a compensation structure in place for optimizing benefits for the company; for example, looking at profitability of deals and/or price realization verse incenting based solely on revenue or sales volumes.

Figure 10: Illustrative approval matrix

Deals desks typically reside underneath a centralized marketing function, which usually owns pricing and is close to the products and markets, or within the centralized pricing organization, if one exists. The location of deals desk may vary based on a company's organizational structure and defined functional roles and responsibilities. Deals desks play a key role in consulting during pricing strategy and price setting activities and well as during the establishment of policies, thresholds, and standard terms and conditions. In addition, they are responsible and/or accountable for the activities within transaction management and those activities within performance management that relate to deal management *(figure 11)*.

Figure 11: Illustrative RACI across an organization, with deals desk called out separately (R = Responsible, A = Accountable, C = Consulted, I = Informed)

	#	Activity	Pricing strategy	Deals desk	Prod mktg	Sales	Sales ops	Fin	Legal	IT	Exec cmte
Strategy/Formulation	1	Establish overall pricing strategy	R/A	C	R	C	C	I	I		I
	2	Approve overall pricing strategy	R	C	R	I	I	I	I		A
	3	Develop value pricing tools	R/A	C	R	C	C	I	I	R	I
	4	Set global price list	R	C	R/A	C	C	I	I		I
	5	Approve global price list	R	C	R	I	I	I	I		A
	6	Establish pricing policies and thresholds	R/A	C	C	C	C	I	I		I
	7	Set terms and conditions	R	C	C	C	I	A	A		I
	8	Set regional price lists	R	C	R/A	C	C	I	I		I
	9	Approve regional price lists	R	I	R	I	I	I	I		A
Transaction	10	Define transaction analytics	R	R/A	R	I	I	I	I		I
	11	Define transaction approval and escalation process	R	R/A	R	I	I	I	I		I
	12	Analyze transactions	I	R/A	I	I	I	I	I		I
	13	Execute transaction approval process	I	R/A	I	R	C	C	C		I
	14	Approve transactions	C	R	C	C	C	C	C		A*
Performance	15	Define performance metrics	R/A	R	C	C	C	C	I		I
	16	Report performance metrics	I	R/A	I	I	I	I	I		I
	17	Manage performance metrics	I	R	C	R	I	I	I		A

*For Business/Management reviews, otherwise identified approvers.

Deals desk processes

There are typically seven processes involving deals desks. Sample use cases for each of the seven processes can be seen in figure 12.

1. Facilitating "Early checkpoint" process

Facilitating the early checkpoint consists of key elements to ensure "early and often" risk communication and disposition. Leading practice firms automate the workflows that identify risks to ensure visibility on issues throughout the selling process. Key elements of the early checkpoint include but are not limited to:

- Opportunity descriptions provided early on and updates given throughout the selling cycle

- Identification of non-standard deal issues routed to cross-functional owners, by way of triggers within the automated process

- Assessment of risks and quantitative feedback provided by cross-functional owners to Sales and deal approvers

- Reports for visibility provided to stakeholders in sales, functional groups, and deal approvers

The early checkpoint process can be viewed as an early gateway into two processes—handling pricing escalations and facilitating non-standard deal requests.

2. Handling pricing escalations

To handle pricing escalations, the deals desk performs deal analysis on pricing escalations and provides pricing recommendations to approvers as required. The detail level of the analysis is determined by the level of escalation; for example, a deal within the first level of escalation may only require a standard margin analysis for the specific opportunity while a deal in the highest level of escalation may require a full deal profitability analysis, including a detailed model of resulting firm profitability at the customer. The level of escalation and amount of analysis required is established by standard company policies and thresholds.

3. Facilitating non-standard deal requests

Facilitating non-standard deal requests includes ensuring key stakeholders review and approve of term exceptions as well as helping structure complex deals, which can also include pricing escalations. Similar to handling pricing escalations, the level of rigour in analyzing the deal is determined by the level of escalation per established policies and thresholds.

Figure 12: Deals desks Processes and Sample Use Cases

#	Process	Sample use case
1	Facilitating the "early checkpoint"	Sales is pursuing an opportunity with a customer that wants to introduce a new 3rd party to be involved in the development of the solution
2	Managing pricing escalations	A deal requiring pricing escalation enters the pipeline and needs a pricing recommendation provided to the approver
3	Facilitating non-standard deal requests	A complex deal with non-standard elements and pricing requires structuring prior to being sent to reviewers for approval
4	Handling channel partner escalations	A channel partner is in contention for a large deal but severe competition and pricing pressure requires them to deviate from standard channel cost
5	Providing pricing guidance	Sales is selling product into a new customer in a new market and wants to get insight into what has worked in other similar opportunities
6	Facilitating business or management reviews	A deal with risk magnitude for pricing/non-standard conditions is in the pipeline and a business or management review is required
7	Reporting data/metrics and measuring deals desk success	Management would like a report on recent gross margin trends

4. Managing channel partner escalations

Deals desk manages channel partner escalations (via the sales team) to monitor partner pricing performance, provide a holistic view into all the potential partners involved in an opportunity, and provide pricing consistency, as required.

5. Providing pricing guidance

Deals desk provides pricing guidance when requested by sales, as appropriate. This can be particularly helpful when new markets/segments are being targeted or during new product introductions—by either the company or their competition.

6. Facilitating business or management reviews

The deals desk will call for and facilitate business or management reviews as required based on the risk level associated with a deal. Business reviews are used to reach a decision on deals requiring cross-functional input. Business Reviews consist of a core team that is always present at the reviews—typically consisting of a deals desk representative, the sales/account team owner that is managing the deal, and the pricing approvers—and an extended team that is trigger dependent and dictated by the non-standard conditions under review. The extended team could include representatives from legal, finance, engineering, or any other functions that require a presence. If a business review is needed, it must be conducted and have a definitive outcome before a binding quote can be submitted; the outcome of the Business Review could be escalation to a management review.

Management reviews can either result from a business review escalation or be the direct result of a deal of with large enough size or strategic importance. Management reviews consist of key executive management, e.g., EVPs and CxOs, and the core team that would be present in the business review. If a management review is required, it must be conducted and have a definitive outcome before a binding quote can be submitted. One person should be designated the "tie breaker" and have final say in the deal outcome.

7 . Reporting data/metrics and measuring deals desk success

In the last process, deals desk captures and disseminates metrics and reports to improve business visibility and performance (figure 13). These metrics can be broken down into different views using geography, channel, customer, product hierarchy, volume or usage characteristics, and organizational hierarchy, to drive business insight and informed decision-making; and, they are captured and available on demand as part of dashboards in the CRM or pricing tools to provide up-to-date status and identify any issues to be addressed within a reasonable timeframe.

Deals desk success can be measured by a few select metrics chosen from the standard set of metrics and reports. A mix of these metrics, including ones such as quote turnaround time, deal revenue, and deal margin, typically is included in the variable portion of the deals desk compensation structure. Leading practice companies select metrics aligned with business priorities and goals to enable visibility into performance against goals as well as drive desired behaviours.

Figure 13: Typical Deals desk Metrics and Reports

#	Metric/Report type	Sample analysis
1	Enable management reviews of current deal pipeline, deal performance, and non-standard conditions associated with deals	a. Deal revenue b. Deal margin c. Win/Loss d. Exception requests e. Lifetime value impact
2	Monitor and improve field discounting practices	a. Price waterfall b. Revenue/Margin vs. forecast and plan c. Revenue/Margin trends d. Authority level discount
3	Proactively monitor product pricing to help improve the accuracy and relevance of price lists	a. Price realization b. Authority level c. AUP of products d. Number of quotes
4	Highlight deal efficiency and identify potential areas for improvement	a. Approval rate (%) b. Request-to-quote c. Quote turnaround time d. Deal iterations e. Manual intervention
5	Measure partner discounting performance to ensure consistent discounting	a. Revenue b. Margin c. Discounting d. Profitability

Deals desks in action

Case 1:

A leading supplier of infrastructure solutions had inefficient and ineffective sales and deal management practices that were resulting in a long sales cycles, lost opportunities, sub-optimal margin, and "11th hour" visibility of risky deal elements.

The company adopted PwC's approach and developed a customized, best-in-class global deals desk and deal management processes and procedures providing:

- Identification and closure on non-standard deal conditions that require management attention and review early in the sales cycle
- Clear rules of engagement and cross-functional involvement across the sales cycle
- Metrics and reports to improve discounting practices and monitor sales effectiveness
- Increased field sales autonomy and renewed focus on selling rather than administrating
- Identification of the opportunity to increase trial conversion rates and to improve evaluation equipment balance sheet by $5M+

Case 2:

A global technology company faced challenges in consistency and scalability including an inconsistent approach to evaluating special pricing requests, lack of insight into the impacts of non-standard financial and legal provisions, unclear stakeholder engagement requirements, and lack of post approval reviews to assess profit realization and sharing of win/loss reasons.

The company followed PwC's approach to implementing a deals desk, resulting in:

- Increased consistency in understanding deal economics and the impact of non-standard elements
- Greater insight into appropriateness of requested discounts
- Rationalized criteria and thresholds, eliminating unnecessary involvement in review cycles and removing ~25% of exceptions from a lengthy manual review cycle

Case 3:

A multi-billion dollar global technology provider was leaving significant revenue and gross margin dollars on the table due to inefficient deal management including a long cycle time from quote to close, poorly integrated pricing and deal management processes, no systematic feedback loop to pricing strategy, and unclear roles, responsibilities, and decision-making authority.

The company followed PwC's pricing management framework and developed enhanced deal management capabilities resulting in:

- Best-in-class, integrated "to-be" processes, practices, and organizational structure
- Improved analytic capabilities for price setting and deal management
- Better insight into deal profitability and risks
- Clearly defined escalation paths and approval authorities
- Improved price realization and reduced revenue leakage, increasing annualized gross margin dollars by an estimated $140M

Conclusion

More companies are looking to a deals desk function to maintain market competitiveness while managing risk and positively impacting the top and bottom line. Deals desks play a critical role in large, strategic opportunities that are typically complex and high-value. With careful consideration to the design and implementation of a deals desk function and supporting capabilities including automated workflows, companies can improve profitability, drive sales efficiencies, strengthen SOX controls, and enable clear visibility into current and future business performance.

PwC can help

To meet customer demands and manage profitability, implementing a deals desk function is a key business enabler. For a deeper discussion on the deals desk, please contact one of our practice leaders:

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Let's talk

Please reach out to any of our technology leaders to discuss this or other challenges. We're here to help.

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Acknowledgements

The following PwC professionals contributed their experience and knowledge to produce this paper.

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