

# Account Intelligence Report

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## Account Overview

**Account Name:** Precision Components Manufacturing

**Industry:** Advanced Manufacturing & Aerospace Components

**Company Size:** 3,600 employees

**Annual Revenue:** \$1.2 billion (FY2025)

**Headquarters:** Wichita, Kansas, USA

**Region:** North America with operations in Mexico and Canada

**Account Status:** Key Account (Tier 2)

**Current Contract Value:** \$780K annually

**Contract Renewal Date:** October 2026

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## Recent News & Developments

### Strategic Pivot to Electric Aviation Components

In December 2025, Precision Components announced a major strategic pivot, committing \$240 million over three years to develop manufacturing capabilities for electric and hybrid-electric aircraft components. CEO Daniel Morrison stated, “The aviation industry is undergoing its most significant transformation in 50 years. Electric propulsion represents the future, and Precision Components will be at the forefront of this revolution.”

The company has secured preliminary agreements with three emerging electric aircraft manufacturers (eVTOL and regional electric aircraft companies) and is in discussions with two established aerospace OEMs exploring electric propulsion programs. Management projects the electric aviation segment could represent 30-40% of revenue by 2030, up from virtually zero today.

### Partnership with Emerging eVTOL Manufacturer

In November 2025, Precision Components announced a strategic manufacturing partnership with SkyFleet Aviation, a well-funded eVTOL (electric vertical takeoff and landing) startup backed by major venture capital firms. Precision will manufacture critical structural components and battery housings for SkyFleet’s commercial air taxi platform. The partnership represents potential revenue of \$180-220 million annually once SkyFleet reaches production scale (projected 2028-2029).

Industry observers view the partnership as validation of Precision’s technical capabilities and strategic positioning in the emerging electric aviation sector. However, the partnership also ties Precision’s fortunes to the success of an unproven startup in a nascent market.

### Traditional Aerospace Market Softness

Despite excitement around electric aviation, Precision’s core traditional aerospace business faces headwinds. Q4 2025 order volume from two major commercial aircraft OEMs declined 18% year-over-year due to broader aerospace supply chain adjustments and inventory destocking. Management characterized the softness as “temporary cyclical adjustment” rather than structural decline, but the weakness has impacted near-term revenue and margins.

Boeing and Airbus production rate adjustments, driven by supply chain constraints and slower-than-expected post-pandemic recovery in some markets, have rippled through the supplier base affecting companies like Precision Components.

## Manufacturing Footprint Consolidation

In October 2025, Precision announced plans to consolidate manufacturing from five facilities to three primary sites by Q3 2026. The consolidation affects facilities in Oklahoma and Arizona (closure), with production transferred to expanded facilities in Kansas, Texas, and Mexico. The initiative will impact approximately 340 jobs, though the company has committed to offering relocation opportunities where possible.

Management projects the consolidation will generate \$32 million in annual cost savings by FY2027 through improved operational efficiency, reduced overhead, and better capacity utilization. Capital expenditure for facility expansion and equipment transfer estimated at \$48 million.

## Quality Certification Delay

Precision experienced a setback in August-September 2025 when FAA AS9100 recertification for their Texas facility was delayed by 4 months due to quality documentation gaps identified during audit. The facility was eventually recertified in December 2025, but the delay resulted in production disruptions and delayed deliveries to two major customers, generating approximately \$12 million in revenue deferrals to Q1 2026.

The quality issue and certification delay damaged customer relationships temporarily and triggered increased oversight from aerospace OEM quality assurance teams. Management has implemented enhanced quality management processes and hired additional quality personnel.

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## Financial Signals

### Revenue Decline and Margin Pressure

**Q4 2025 Results (Preliminary):** - **Revenue:** \$286M (down 11% YoY from \$321M in Q4 2024) - **Gross Margin:** 24.8% (compressed from 29.2% prior year quarter) - **Operating Income:** \$31M (10.8% margin, down from 14.7%) - **EBITDA:** \$48M (16.8% margin)

**Full Year FY2025:** - **Total Revenue:** \$1.2B (down 6% from FY2024's \$1.28B) - **Gross Margin:** 26.4% (vs. 29.8% prior year) - **Net Income:** \$94M (7.8% margin) - **EPS:** \$2.86 (down from \$3.42 in FY2024)

**Revenue Decline Drivers:** - Traditional aerospace order softness (down 12% YoY) - FAA certification delay impact (\$12M deferred revenue) - Customer inventory destocking reducing demand - Pricing pressure from major OEMs seeking cost reductions

### Margin Compression Factors

**Gross Margin Pressure:** - Unfavorable product mix (lower-margin components representing higher percentage) - Manufacturing inefficiencies during facility consolidation - Increased quality costs following AS9100 certification issues - Fixed cost absorption challenges with lower production volumes

**Operating Expense Increases:** - R&D spending up 28% YoY for electric aviation capabilities development - Quality personnel and systems investments post-certification delay - Restructuring and consolidation expenses (\$8M in FY2025)

### Cash Flow and Liquidity

- **Operating Cash Flow:** \$118M (down 22% YoY, but still solid)

- **Free Cash Flow:** \$64M (after \$54M capex, down from \$98M prior year)
- **Cash and Equivalents:** \$87M (adequate but declining)
- **Working Capital:** \$142M (healthy)

Cash flow decline reflects lower profitability, increased capex for facility consolidation and electric aviation investments, and working capital timing. Management maintains cash position is adequate for strategic investments and operations.

## Debt and Balance Sheet

- **Total Debt:** \$320M
- **Net Debt:** \$233M (after cash)
- **Debt-to-EBITDA:** 1.58x (within comfortable range)
- **Credit Rating:** BB+ (Fitch) with stable outlook

Leverage increased modestly due to debt-financed investments in electric aviation capabilities and facility consolidation. Ratings agencies comfortable with leverage given long-term strategic rationale, though monitoring execution closely.

## Customer Concentration Risk

**Top 5 Customers Represent 68% of Revenue:** - Customer A (major aircraft OEM): 28% of revenue - Customer B (major aircraft OEM): 22% of revenue - Customer C (aerospace prime): 9% of revenue - Customer D (defense contractor): 6% of revenue - Customer E (regional aerospace): 3% of revenue

High customer concentration creates risk if any major customer reduces orders or switches suppliers. Electric aviation strategy aims to diversify customer base over time.

## Stock Performance

- **Stock Price:** \$24.60 (down 22% over 12 months from \$31.50)
- **Market Capitalization:** \$810M
- **P/E Ratio:** 8.6x (significantly below industry average, suggesting investor skepticism)
- **Dividend:** Suspended in November 2025 to preserve cash for strategic investments

Stock underperformance reflects concerns about: - Traditional aerospace market weakness - Margin compression and profitability decline - Execution risks in electric aviation pivot (nascent market, unproven partners) - Quality certification issues damaging reputation - Dividend suspension disappointing income-focused investors

## Guidance and Outlook

**FY2026 Guidance (provided December 2025):** - **Revenue:** \$1.15-1.25B (flat to +4% vs. FY2025) - **Operating Margin:** 11-13% - **Capex:** \$95M (elevated for facility consolidation and electric aviation investments) - **Free Cash Flow:** \$50-70M (reduced due to capex intensity)

Guidance characterized as “prudent” given traditional aerospace market uncertainty and electric aviation investment phase. Management emphasized FY2026 is “transition year” with improving trajectory expected FY2027+.

## CRM Activity & Notes

### Relationship Status: STEADY BUT CAUTIOUS

**Executive Sponsorship:** Moderate - CIO supportive but not deeply engaged strategically

**Strategic Alignment:** Our solutions still relevant but company focus shifting

**Satisfaction Metrics:** Adequate but declining from previous levels

**Renewal Confidence:** 60% (moderate risk; budget pressures and strategic shifts create

uncertainty)

## Active Opportunities

**Opportunity 1: Contract Renewal (PRIMARY CONCERN)** - **Value:** \$780K annually - **Stage:** Renewal Discussion (9 months out but early conversations critical) - **Close**

**Probability:** 60% - **Primary Contact:** Susan Martinez, CIO - **Status:** Initiated renewal discussion in December; CIO indicated “all contracts under review given cost pressures.” Mentioned that “strategic investments in new business areas means tough choices on existing spend.” - **Notes:** Budget environment challenging. Company prioritizing investments in electric aviation R&D and manufacturing capabilities over IT infrastructure. Procurement has requested detailed cost breakdown and usage analysis. Renewal not guaranteed; may face price pressure or scope reduction.

**Opportunity 2: Manufacturing Operations Optimization (Facility Consolidation)** -

**Value:** \$180K (professional services) - **Stage:** Proposed but Stalled - **Close Probability:** 25% - **Primary Contact:** Robert Chang, VP Manufacturing Operations - **Status:** We proposed helping optimize their manufacturing operations systems during facility consolidation. Initial interest but project shelved due to “higher priority initiatives and budget constraints.” - **Notes:** May revive Q2-Q3 2026 if consolidation execution challenges emerge, but currently not active.

## Recent Interactions

**December 19, 2025 - CIO Year-End Discussion** Met with Susan Martinez (CIO) for year-end business discussion. Tone was more cautious than historical meetings. Susan discussed budget pressures and need to “align IT spending with strategic priorities.” When asked about renewal, she said: “We value your partnership, but everything is being scrutinized given our financial performance and strategic investments. I need you to help me build the business case for why we should continue at current levels versus exploring alternatives or reducing scope.”

She mentioned that CFO is “looking at every line item” and IT budget for FY2027 (renewal period) will be “flat to down” from current levels. Indicated some vendors will face non-renewal or renegotiation.

**November 15, 2025 - Support Ticket Review** Routine support metrics review with IT team. Performance adequate but ticket volumes down 15% (consistent with overall business activity reduction). No service complaints but also less enthusiasm than historically. IT Director mentioned “lots of change happening” and “focus on keeping core systems running reliably while business transforms.”

**October 10, 2025 - Quarterly Business Review** QBR with mixed tone. Technical team satisfied with platform functionality and support, but strategic discussion more subdued. VP of IT Operations mentioned facility consolidation creating “significant workload for IT team with limited budget increases.” Questioned whether they’re “optimally using all features” given cost focus.

We presented solid usage metrics (74% adoption rate) but acknowledged opportunity to drive higher utilization. CIO asked for recommendations on “how to get more value from existing investment” - signal that expansion unlikely, optimization focus instead.

**August 20, 2025 - FAA Certification Delay Discussion** During their AS9100 certification crisis, our quality management module was briefly questioned as potential contributing factor (unfounded, but we had to defend our solution). Ultimately cleared of any responsibility, but the experience created temporary tension and heightened scrutiny of all technology vendors.

## Customer Satisfaction Metrics

- **Net Promoter Score (NPS):** 48 (down from 59 in June 2025)
- **Customer Health Score:** 64/100 (Yellow/Monitor status, down from 76/100 six months ago)
- **Support Response Time:** Avg 5.2 hours (within SLA of 6 hours)

- **Support Resolution Time:** Avg 14.8 hours (within SLA of 18 hours)
- **Executive Sponsor Engagement:** Low - CIO meetings becoming less frequent
- **Product Adoption Rate:** 74% (down from 81% - users less engaged, priorities shifted)
- **User Satisfaction:** 3.8/5.0 (adequate but declining from 4.2 previously)

## Key Stakeholder Sentiment

- **Daniel Morrison (CEO):** Unknown - No direct relationship; focused on electric aviation pivot
- **Susan Martinez (CIO):** Neutral/Cautious - Satisfied with solution but under budget pressure, questioning all spending
- **Robert Chang (VP Manufacturing):** Neutral - Initially interested in consolidation support but focused elsewhere
- **IT Team:** Satisfied Users - Day-to-day users satisfied with functionality but distracted by company changes
- **Procurement Team:** Cost-Focused - Aggressive cost reduction mandate; treating vendors as expense to minimize
- **Finance/CFO:** Unknown but Likely Negative - Driving cost cuts; IT vendors will face scrutiny

## Contract and Commercial Dynamics

- **Current Contract:** Expires October 31, 2026 (9 months out)
  - **Payment Status:** All invoices paid on time (no delays - positive signal)
  - **Usage Trends:** Declining slightly (74% adoption vs. 81% six months ago)
  - **Pricing Sensitivity:** High - company under margin pressure, all costs scrutinized
  - **Competitive Activity:** Unknown but suspected given “evaluate alternatives” language from CIO
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## Social Media & Market Sentiment

### Mixed Sentiment: Optimism About Future vs. Near-Term Challenges

**Positive Sentiment (42%):** - Electric aviation pivot viewed positively by industry analysts and clean-tech community - SkyFleet partnership generating excitement in aviation innovation circles - Employee pride in working on “future of aviation” - Some positive coverage of technical capabilities and innovation

**Neutral Sentiment (31%):** - Financial results coverage (factual, acknowledging challenges) - Industry trade publication coverage of facility consolidation - Standard corporate announcements

**Negative/Concerned Sentiment (27%):** - Investor concern about traditional aerospace weakness and profitability decline - Dividend suspension disappointing shareholders - Quality certification delay damaging reputation - Job losses from facility consolidation generating local negative coverage - Analyst skepticism about electric aviation timing and execution risk

## Employee Sentiment (Glassdoor)

**Overall Rating:** 3.4/5.0 (down from 3.8 a year ago)

**CEO Approval:** 68% (Daniel Morrison) - down from 79% previously

**Recommend to Friend:** 62% (declining trend)

**Recent Review Themes:** - **Positive:** “Exciting pivot to electric aviation,” “Working on future technology,” “Good engineering culture” - **Concerns:** “Uncertain direction,” “Cost-cutting creating stress,” “Facility closures impacting morale,” “Traditional business

declining,” “Management betting on unproven markets”

**6-Month Trend:** Declining sentiment, particularly among employees at facilities being consolidated. Anxiety about strategic risks and near-term challenges.

## Media Coverage

**Aerospace Trade Publications:** - **Aviation Week** (Dec 2025): “Precision Components Bets on Electric Aviation - Risky or Visionary?” - balanced but questioning - **Aerospace Manufacturing** (Nov 2025): “Traditional Suppliers Navigate Electric Transition” - feature on Precision’s pivot - **Supply Chain Dive** (Oct 2025): “Facility Consolidation Wave Hits Aerospace Suppliers” - mentions Precision’s closures

**Business/Financial Media:** - **Wall Street Journal** (Dec 2025): “Aerospace Suppliers Squeezed as OEMs Adjust Production” - includes Precision in broader story - **Wichita Business Journal** (Oct 2025): “Precision Components Announces Layoffs, Facility Closures” - local negative coverage - **Bloomberg** (Nov 2025): Brief mention in electric aviation industry overview - neutral

**Analyst Commentary:** - Baird: Downgraded from “Neutral” to “Underperform,” citing “execution risks and uncertain timeline for electric aviation returns” - Cowen: Maintained “Hold” but lowered price target to \$22, noting “strategic pivot necessary but near-term pain significant” - Jefferies: “Neutral” rating, “Show-me story; need evidence of electric aviation traction and traditional aerospace stabilization”

Consensus: Strategic direction logical long-term, but near-term challenges significant and execution risks high.

## Customer and Partner Sentiment

Limited public information, but industry sources suggest: - Major aerospace OEMs increasing scrutiny post-quality certification delay - Some customers concerned about Precision’s ability to serve traditional business while investing heavily in new capabilities - Emerging electric aviation partners excited about partnership but these companies themselves face viability questions

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## Risk Assessment

### HIGH RISKS

**Renewal Risk - HIGH** Combination of factors creates significant renewal risk: - Company under severe margin and cost pressure - Strategic focus shifted to electric aviation (away from IT infrastructure) - CIO explicitly stated “everything under review” and mentioned exploring alternatives - Procurement driving aggressive cost reduction - Declining usage and engagement (74% adoption, down from 81%) - Budget flat to down for FY2027

**Estimated probability of negative outcome:** 40% (non-renewal or significant price reduction)

**Financial Pressure Risk - MEDIUM-HIGH** While company is not in financial distress, profitability decline, margin compression, and cash flow reduction create environment where all vendor spending faces intense scrutiny. IT budgets often targeted for cuts during cost optimization.

**Strategic Relevance Risk - MEDIUM** As company pivots to electric aviation and away from traditional aerospace, our solution’s strategic relevance may diminish if they view us as “old business” cost rather than “new business” enabler. We haven’t positioned ourselves in electric aviation context.

### MEDIUM RISKS

**Decision-Maker Distraction - MEDIUM** CIO and leadership team extremely focused on facility consolidation, quality system improvements, and electric aviation investments. IT vendor relationships are low priority. Difficult to secure mindshare for strategic discussions.

**Competitive Displacement Window - MEDIUM** “Evaluate alternatives” language and budget pressure create opportunity for low-cost competitors to attack with aggressive pricing. We’re vulnerable if competition positions around “50% cost savings.”

**Customer Concentration Impact - MEDIUM** If Precision loses major customers or faces further order reductions, their financial pressure intensifies and vendor spending comes under even greater scrutiny.

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## Opportunity Identification

### DEFENSIVE PRIORITIES (Risk Mitigation - CRITICAL)

**1. Retention Business Case Development - URGENT Objective:** Build compelling ROI case for renewal that addresses CFO-level scrutiny and justifies investment during cost pressure period.

**Strategy:** - Quantify cost savings, efficiency gains, and operational value delivered - Document risk and cost of switching vendors (implementation, training, disruption, integration) - Benchmark pricing against alternatives and demonstrate competitive value - Develop flexible pricing scenarios (status quo, right-sized, reduced scope) giving them options

**Timeline:** Complete by end of February for March-April renewal discussions

**Action:** Engage finance/ROI analysis team immediately

**2. Electric Aviation Relevance Positioning Objective:** Reposition our solution as relevant to their strategic future (electric aviation), not just legacy aerospace operations.

**Strategy:** - Research how our platform supports new product development, quality management, and manufacturing for electric aviation components - Develop case studies or examples from other companies in emerging tech sectors - Position as “platform that scales with you as you transform business” not “legacy system” - Demonstrate we support their future, not anchor them to past

**Timeline:** Messaging developed by February, integrated into renewal discussions

**Action:** Product marketing to develop electric aviation/advanced manufacturing positioning

**3. Usage and Engagement Recovery Objective:** Reverse declining adoption trend (74% to back above 80%) to strengthen retention case.

**Strategy:** - Audit why usage declined (business activity reduction vs. user disengagement) - Launch targeted training and optimization campaign - Identify high-value features they’re underutilizing - Document quick wins and efficiency improvements

**Timeline:** 60-day campaign starting immediately

**Action:** Customer Success to lead

**4. Price/Value Optimization Proposal Objective:** Proactively propose cost reduction that keeps us in the account versus waiting for ultimatum.

**Strategy:** - Develop “optimized” contract proposal with 15-20% cost reduction through right-sizing licenses, adjusting service levels, or multi-year commitment discounts - Position as “partnership approach to their cost challenges” rather than reactive concession - Give them budget savings story they can report to CFO while maintaining relationship

**Timeline:** Proposal by March, targeting June-July agreement (4 months early)

**Action:** Get internal approval for pricing flexibility

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# Recommended Sales Strategy & Talking Points

## Core Strategy: Cost-Conscious Partner Supporting Transformation

**Primary Message:** “Susan, we understand Precision is navigating significant transition - facility consolidation, electric aviation pivot, margin pressure. We want to be a partner that helps, not a budget burden. Let’s discuss how we optimize our agreement to deliver value during this transformation while addressing your cost constraints.”

### Key Talking Points

**1. Acknowledge Reality (Empathy)** *“We’ve been following your strategic pivot to electric aviation and facility consolidation. These are big, necessary moves that require significant investment and create near-term pressure on all spending. We’re not going to pretend everything is business as usual and push for expansion. Let’s have a realistic conversation about what makes sense.”*

**2. Strategic Relevance to New Direction** *“Your future is electric aviation and advanced manufacturing for emerging technologies. Our platform isn’t just for traditional aerospace - it supports quality management, production optimization, and operational efficiency regardless of what you’re manufacturing. As you build new capabilities, we scale with you.”*

**3. Cost of Change Risk** *“I know you’re being asked to evaluate alternatives. The challenge with vendor transitions during major operational change is timing and risk. You’re consolidating facilities, building new capabilities, and managing quality improvements. Adding technology vendor transition to that workload creates operational risk and distraction your team can’t afford right now.”*

**4. Proactive Cost Optimization** *“Rather than force you into an RFP process or wait until October renewal crisis, let’s proactively discuss optimizing our agreement. We can right-size licenses, adjust service levels, or restructure payments to reduce your costs 15-20% while maintaining core value. You get budget savings now; we maintain partnership. Win-win.”*

**5. Total Cost Reality** *“Switching vendors always looks cheaper on paper until you calculate implementation costs, training, integration, productivity loss during transition, and risk of problems during critical operational period. Our analysis shows TCO of staying with proven vendor at reduced cost typically beats switching by 20-30% - and eliminates execution risk.”*

### Objection Handling

**Objection:** “We need to cut costs and your solution is expensive”

**Response:** “Agreed we need to address cost. Let’s separate two questions: (1) Should you have this type of solution? and (2) What should you pay for it? We believe the functionality is valuable even during cost pressure - it drives efficiency and quality, both critical as you transform. The question is getting pricing right. We can reduce your costs significantly through optimization. Let’s discuss options before you invest time in vendor search.”\*

**Objection:** “We’re prioritizing investments in electric aviation, not IT infrastructure”

**Response:** “Absolutely right prioritization. But our platform supports your electric aviation business too - quality management, production efficiency, regulatory compliance are even more critical with new technologies and customers. This isn’t ‘traditional business IT’ - it’s operational infrastructure for any advanced manufacturing. We’re asking for a fraction of your electric aviation investment to maintain operational excellence across all business lines.”\*

**Objection:** “Executive team is focused on strategic transformation, not vendor renewals”

**Response:** “Exactly why we’re proposing an early renewal with cost reduction. Remove this decision from your October crisis list. Get budget savings you can report to CFO now. Focus your limited time on strategic priorities. We’ll make this easy - optimized proposal, fair pricing, simple renewal process. One less thing on your plate.”\*

## Next Steps & Action Items

**CRITICAL (Next 2 Weeks):** 1.  Develop comprehensive ROI and business case for retention - Target: February 28 2.  Launch 60-day usage optimization and recovery campaign - Start: Immediately 3.  Develop electric aviation/advanced manufacturing relevance positioning - Target: February 15 4.  Create flexible pricing scenarios (status quo, optimized, minimal) - Target: February 15 5.  Request executive escalation support for renewal campaign - Target: This week

**HIGH PRIORITY (Next 30 Days):** 6. Schedule renewal strategy meeting with CIO Susan Martinez - Target: Late February 7. Prepare competitive TCO analysis showing vendor transition costs 8. Develop customer references from manufacturing companies that renewed during transitions 9. Get internal approval for 15-20% price reduction authority for retention 10. Create executive-level retention proposal (concise, strategic, cost-focused)

**MEDIUM PRIORITY (30-60 Days):** 11. Present ROI documentation and optimized pricing proposal to CIO 12. Engage with VP Manufacturing on operational value during consolidation 13. Offer complimentary optimization consulting to demonstrate partnership value 14. Target early renewal agreement (June-July) with cost-optimized terms 15. Monitor financial results and strategic developments

**ONGOING:** 16. Weekly account health monitoring during critical retention period 17. Track facility consolidation progress and quality system improvements 18. Monitor electric aviation market and SkyFleet partnership developments 19. Competitive intelligence gathering for threats 20. Maintain support delivery excellence

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## Account Team

**Account Executive:** Thomas Reynolds (thomas.reynolds@company.com) - PRIMARY OWNER

**Customer Success Manager:** Emily Watson (emily.watson@company.com)

**Solutions Engineer:** Michael Torres (michael.torres@company.com)

**Account Manager:** Lisa Patel (lisa.patel@company.com)

**Executive Sponsor:** Robert Kim, VP Sales (robert.kim@company.com) - IMMEDIATE ESCALATION REQUIRED

**Internal Support Required:** - ROI/Finance Team: Retention business case development (URGENT) - Pricing/Contracts: Flexible pricing authority approval - Product Marketing: Electric aviation/advanced manufacturing positioning - Competitive Intelligence: TCO analysis and market alternatives research - Customer Marketing: Manufacturing transformation customer references

**Last Updated:** January 14, 2026

**Next Review Date:** January 31, 2026 (WEEKLY monitoring during critical period)

**Risk Level:** HIGH - Renewal at Significant Risk

**Action Required:** IMMEDIATE proactive retention strategy and executive engagement

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## Conclusion

Precision Components Manufacturing represents a challenging account at high risk of loss due to financial pressure, strategic transformation, and reduced strategic focus on IT investments. The combination of margin compression, cost-cutting mandates, and leadership distraction creates a perfect storm for renewal risk.

**Reality Assessment:** This account is in trouble. The declining metrics (health score down to 64/100, NPS down to 48, adoption down to 74%), CIO's explicit warnings about "evaluating alternatives," and severe budget pressure all point to serious renewal risk. Without proactive intervention, estimated probability of loss or significant price reduction is 40%.

**Path to Retention:** 1. **Acknowledge their reality** - Don't pretend margin pressure and strategic transformation don't matter 2. **Demonstrate cost flexibility** - Proactive price reduction (15-20%) shows partnership, not desperation 3. **Reposition for relevance** - Connect our solution to their future (electric aviation) not just past (traditional aerospace) 4. **Emphasize transition risk** - They can't afford vendor change disruption during facility consolidation 5. **Make it easy** - Early renewal with cost savings removes burden from their plate

**Investment Decision:** This account requires executive escalation and strategic retention investment (pricing concessions). The question for our leadership: Is retaining at \$620-650K annually (20% reduction from \$780K) worth it versus letting it go?

**Recommendation:** Yes, fight for retention at reduced value because: - Manufacturing sector remains strategic for us - Precedent of "giving up" on challenged accounts hurts across customer base - They may stabilize and grow if electric aviation succeeds (long-term upside) - Loss looks bad competitively (churn in key sector)

However, don't overpay to retain. If they demand >25% reduction or outcome remains uncertain despite best efforts, may need to accept loss and reallocate resources to higher-probability accounts.

**CONFIDENCE LEVEL: LOW-MEDIUM - Significant Retention Risk Requiring Aggressive Intervention**

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*This account intelligence report is confidential and intended for internal sales and customer success teams only.*