



SIMON BUSINESS SCHOOL

IRON MOUNTAIN PRICING ANALYSIS

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ANALYSIS OVERVIEW

- Pricing for LA Acquired
- Iron Mountain pricing variances
 - Variance by location
 - Variance by client size
- Location pricing sensitivity
- Recommendations

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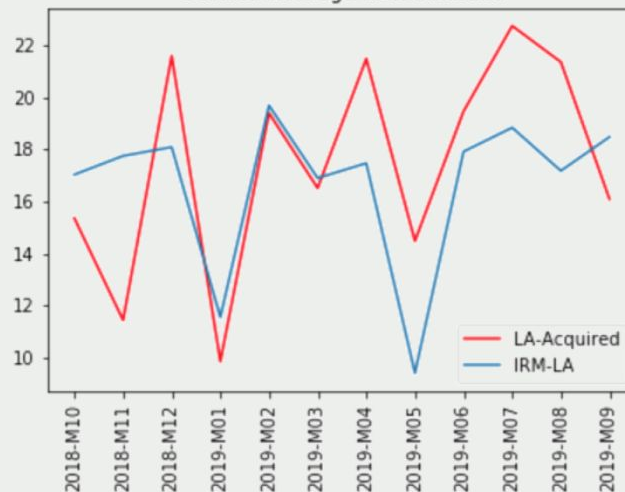
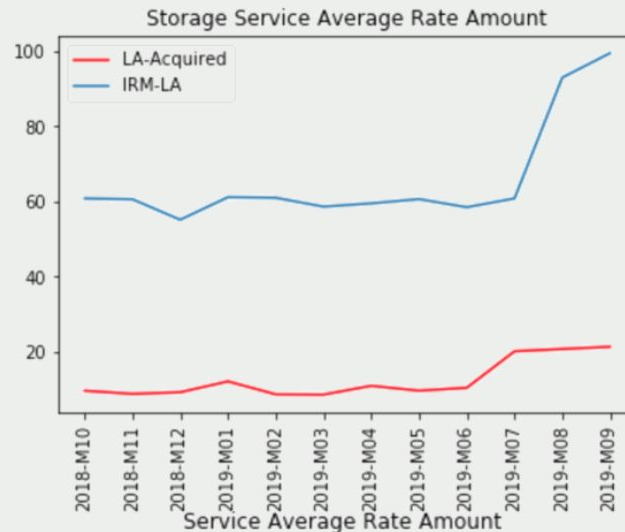
PRICE BETWEEN IRM-LA LOCATION AND LA ACQUIRED.

The storage average price rate at LA acquired is significantly lower than the average price charged at the IRM LA market.

The service average price rate between LA acquired and IRM LA market are moderately similar.

RECOMMENDATION:

After LA Acquired been assigned under Iron Mountain with upgraded storage service, the price rate amount for storage service could increase to match IRM's price rate. The rate amount on service between two companies are moderately the same, there is not big adjustment needed.



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PRICE VARIATION BY LOCATION

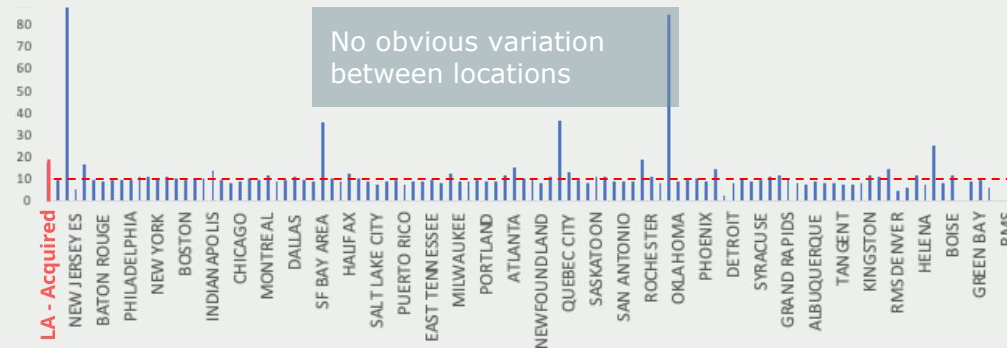
For **service** type, most locations have similar mean price, hence there are no obvious variance between cities.

- LA-Acquired is higher than the mean of majority location.

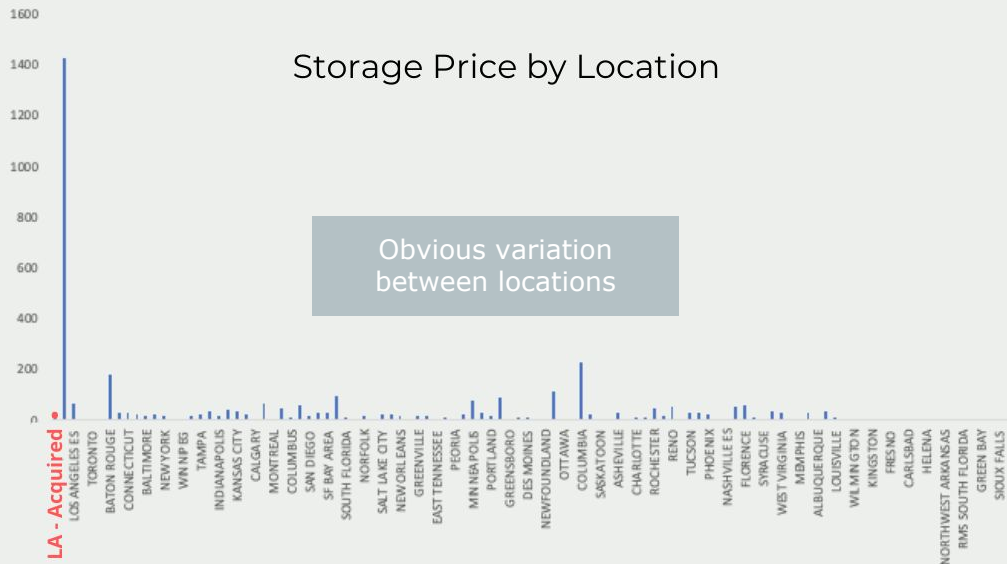
For **storage** type, price varies between city.

- LA- Acquired is within the lower price range.

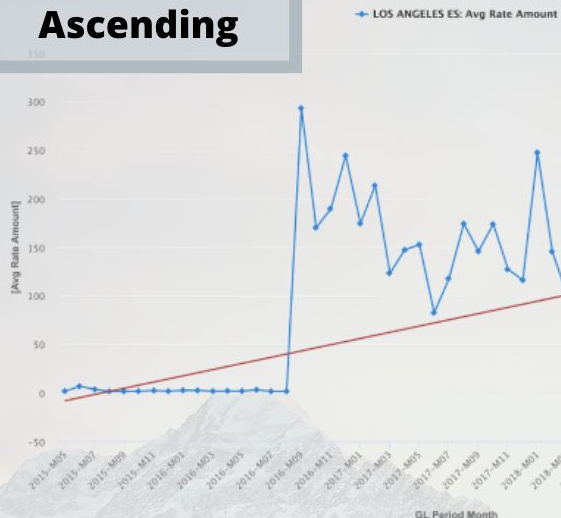
Service Price by Location



Storage Price by Location

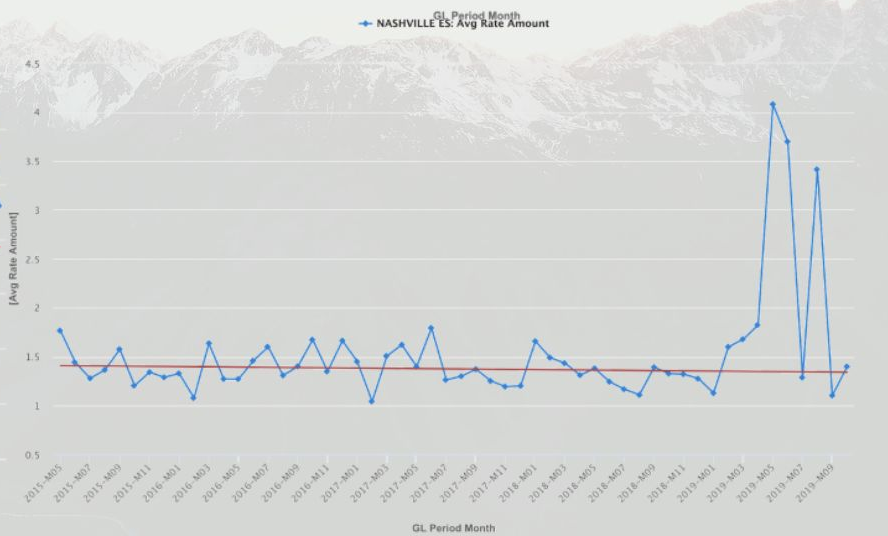
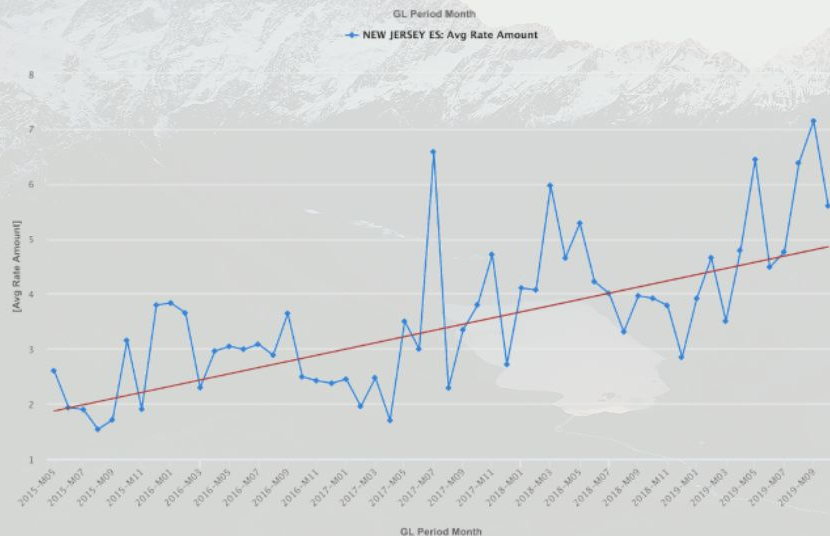
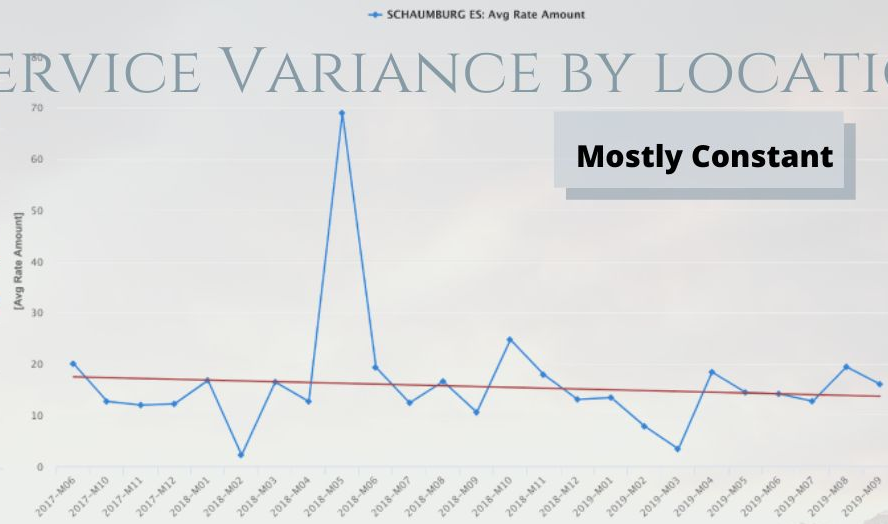


Ascending



ES SERVICE VARIANCE BY LOCATION

Mostly Constant



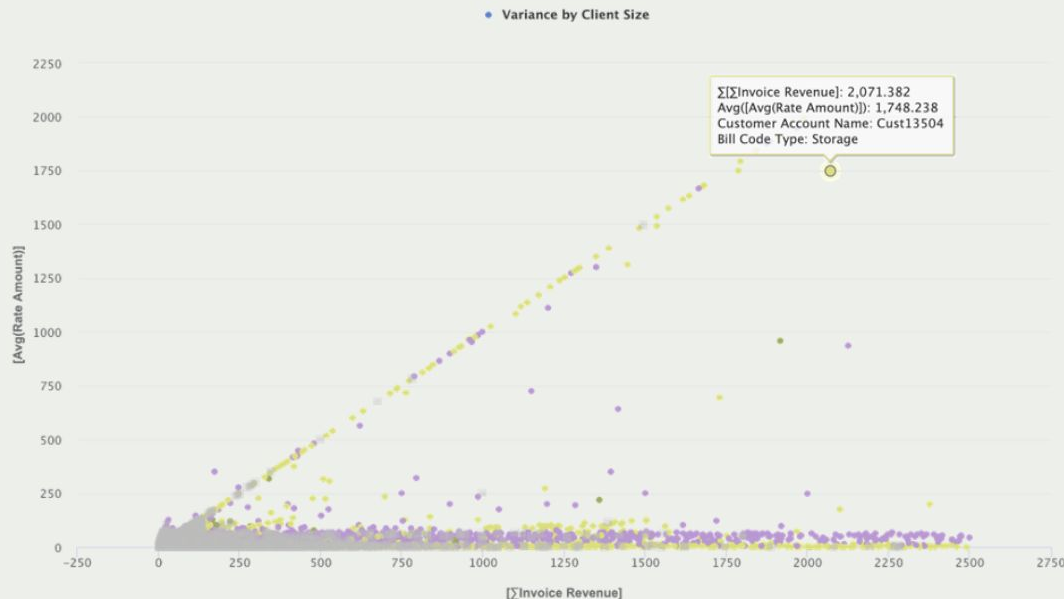
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VARIANCE BY CLIENT SIZE

- Type 1: as average rate amount changes, invoice revenue by transaction changes.
- Type 2: correlation between customer size and average rate amount are almost **constant**.
- Inference: Storage and service type have at least two sub-categories. One has **positive correlation** with customer size, and the other one does **not**.

Two Groups of Data:

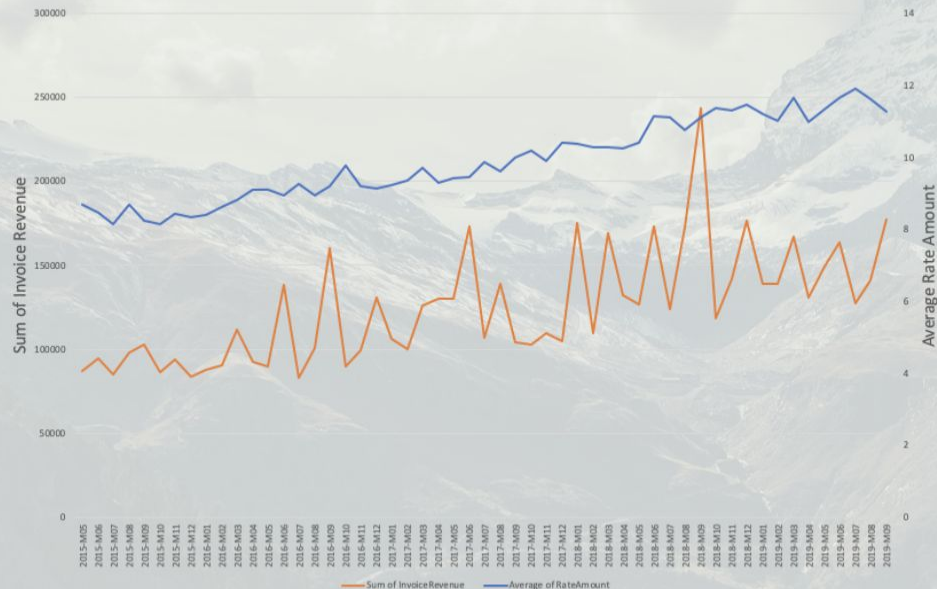
1. Diagonal Portion
2. Horizontal Portion



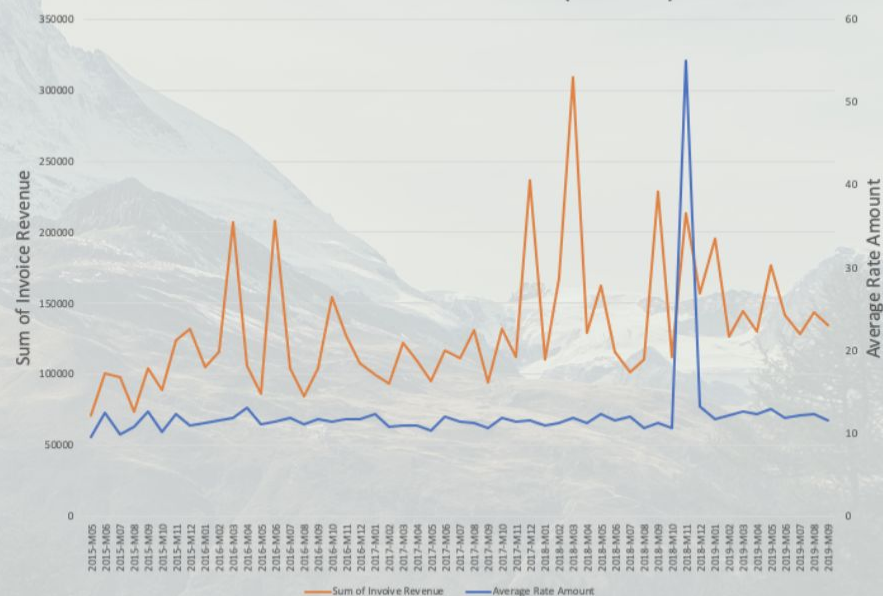
Yellow: Storage Purple: Service

LOCATIONS RESPOND DIFFERENTLY TO SERVICE PRICE CHANGES

Revenue vs. **Ascending Price (Boston)**



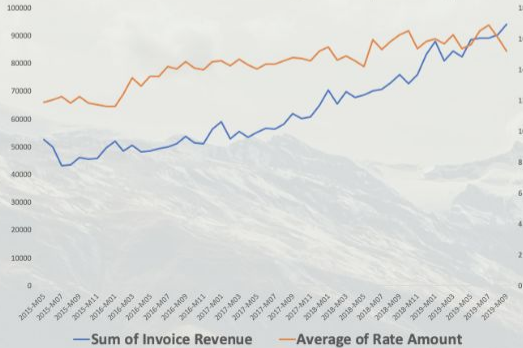
Revenue vs. **Constant Price (Toronto)**



- In some markets, revenue increases as price increases, showing same trend, simultaneous peaks and troughs.
- In some markets, prices remains relatively constant in most of time, while revenue fluctuates across time.
- Consumers are quite sensitive to the price changes of service, compared to other bill code types.

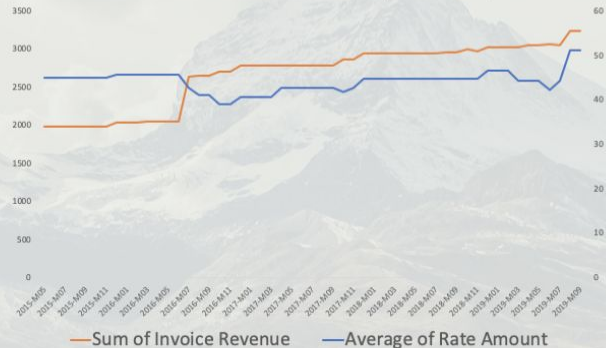
LOCATIONS RESPOND DIFFERENTLY TO STORAGE PRICE CHANGES

Revenue vs. Ascending Price (Boston)



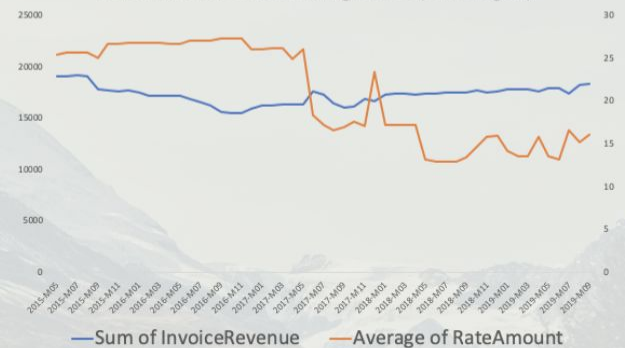
REVENUE INCREASES AS
PRICE INCREASES

Revenue vs. Bounce Price (Rochester)



REVENUE INCREASES AS
PRICE DECREASES

Revenue vs. Descending Price (Las Vegas)

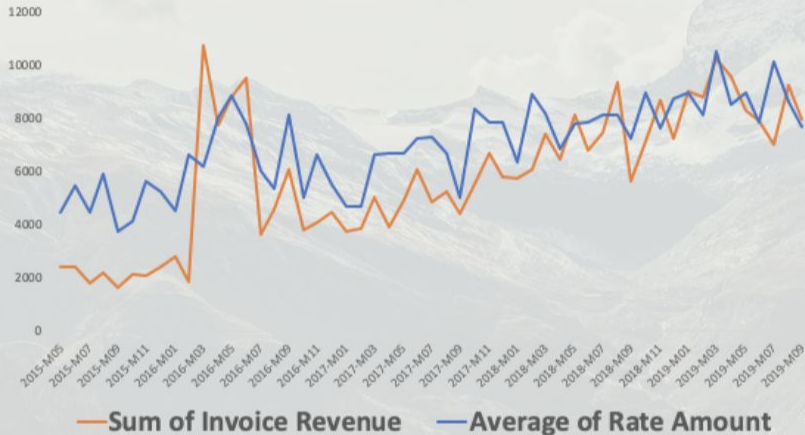


REVENUE REMAINS
UNCHANGED AS PRICE
DECREASES

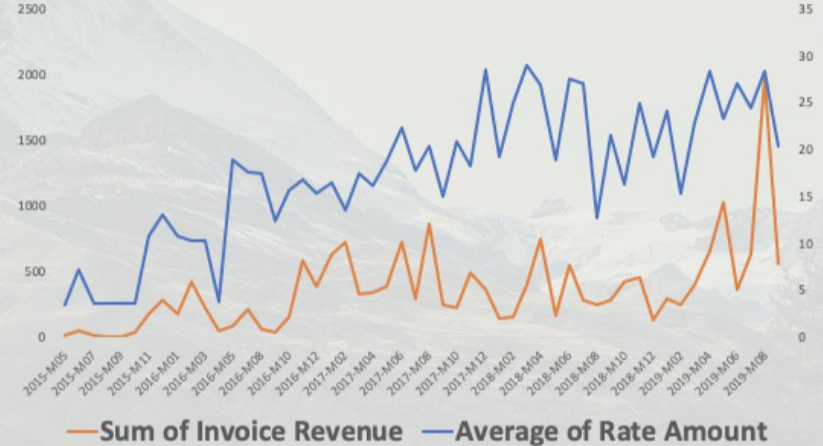
- Some locations are less sensitive to prices and will keep buying more storage
- Some locations are more sensitive and will buy more as price decreases
- Some remain unchanged

REVENUE CHANGES AS **SAME DIRECTION** WITH TRANSPORT PRICE CHANGES

Revenue vs. **Constant Price** (Boston)



Revenue vs. **Increased Price** (San Diego)



Although price changes are more disordered for transport bill code type, revenue changes as the same direction with price changes. The peak of revenue and rate amount overlapped.

RECOMMENDATIONS & POTENTIAL IMPACTS

Do NOT put customers on one contract and potentially a consolidated price list.

- Set different prices based on each market's price sensitivity.
 - since consumers in different locations show different sensitivity to price change
- For storage type, reduce the price within a certain range to induce higher profit.
 - given Iron Mountain's non-cost-based pricing strategy and the assumption that the costs will not change with quantity
 - lower price to attract more customers, leading to more efficient utility of existing facilities and equipment
- For transport type, raise the price within a certain range to increase the profit.
 - since the revenue shows the same trend as price change
- Further classify categories within each bill code type.
 - clearly, there are at least two categories within storage type, where one category is sold at different prices to different-sized customers while the other is not
 - correlations between price and customer size can be revealed by more information on category classification within each bill code type

