

SUCCESS STORIES - SUMMARY

Project Name	Client	Brief Description	Services
Product, volume price mix	Ophthalmic device manufacturer	<ul style="list-style-type: none">▪ Identified revenue drivers and calculated their impact at the SKU level and the various combination of the region and product hierarchies▪ Built executive level dashboards to provide executive team with a clear real-time visibility into the Impact of Price, volumes and Product Mix	

REVENUE DRIVERS ANALYSIS FOR AN OPHTHALMOLOGIC MANUFACTURING GIANT

ABOUT THE CLIENT

Client is a leading **ophthalmic device manufacturer** across the Globe and wanted to understand the Impact of revenue drivers as part of strategic planning

SITUATION



- The **client sold products in over 100 countries** leading to huge data capture, **however, they lacked a clear visibility on the factors driving the revenues**, especially because of a continuous change in the product catalogue in the last two years.
- Merilytics partnered with the CFO to define the revenue drivers and develop a robust model, to get a directional view of the impact of these drivers.

VALUE ADDITION



- Worked closely with the Senior Management Team **to identify the right data sets, cleanse the data and map the products**
- **Defined the revenue drivers**; Price, Volume & Product Mix and calculated the impact of these drivers at the SKU level and aggregated the impact to the combination of region & product hierarchies
- **Built executive level dashboards** with the flexibility to filter by region and product hierarchy, so the user could view the impact of drivers for preferred selections
- **Automated the entire update process**, so that the executives can get a real time visibility on the revenue trends and the impact of revenue drivers

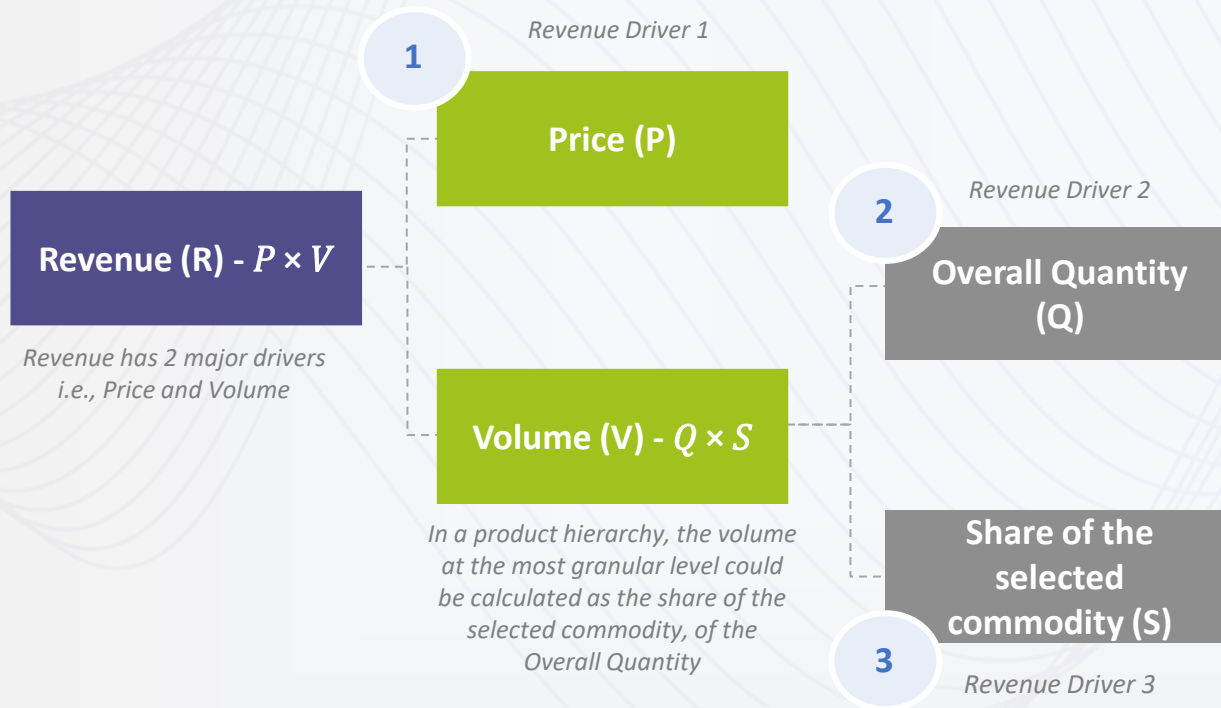
IMPACT



- Our analysis **helped the client's executive team to get a clear real-time visibility of the Impact of Price, volumes and Product Mix** and is part of the strategy discussions
- Client was able to **identify and drill down into the regions/categories which had a negative impact** due to product mix and take appropriate actions

METHODOLOGY TO CALCULATE THE IMPACT OF REVENUE DRIVERS

- **Impact of Price:** Assuming the overall volume sales and volume shares remain constant, the change in overall revenues due to the change in commodity prices from time A to time B
- **Impact of Volume:** Assuming the commodity prices and volume shares remain constant, the change in overall revenue due to the change in volume sales from time A to time B
- **Impact of Product Mix:** Assuming the commodity prices and overall volume sales remain constant, the change in the overall revenues due to the change in volume shares from time A to time B



$$\Delta R_{AB} = \underbrace{Q_A \times S_A \times (P_B - P_A)}_{\text{Impact of Price}} + \underbrace{P_B \times S_A \times (Q_B - Q_A)}_{\text{Impact of Volume}} + \underbrace{P_B \times Q_B \times (S_B - S_A)}_{\text{Impact of Product Mix}}$$

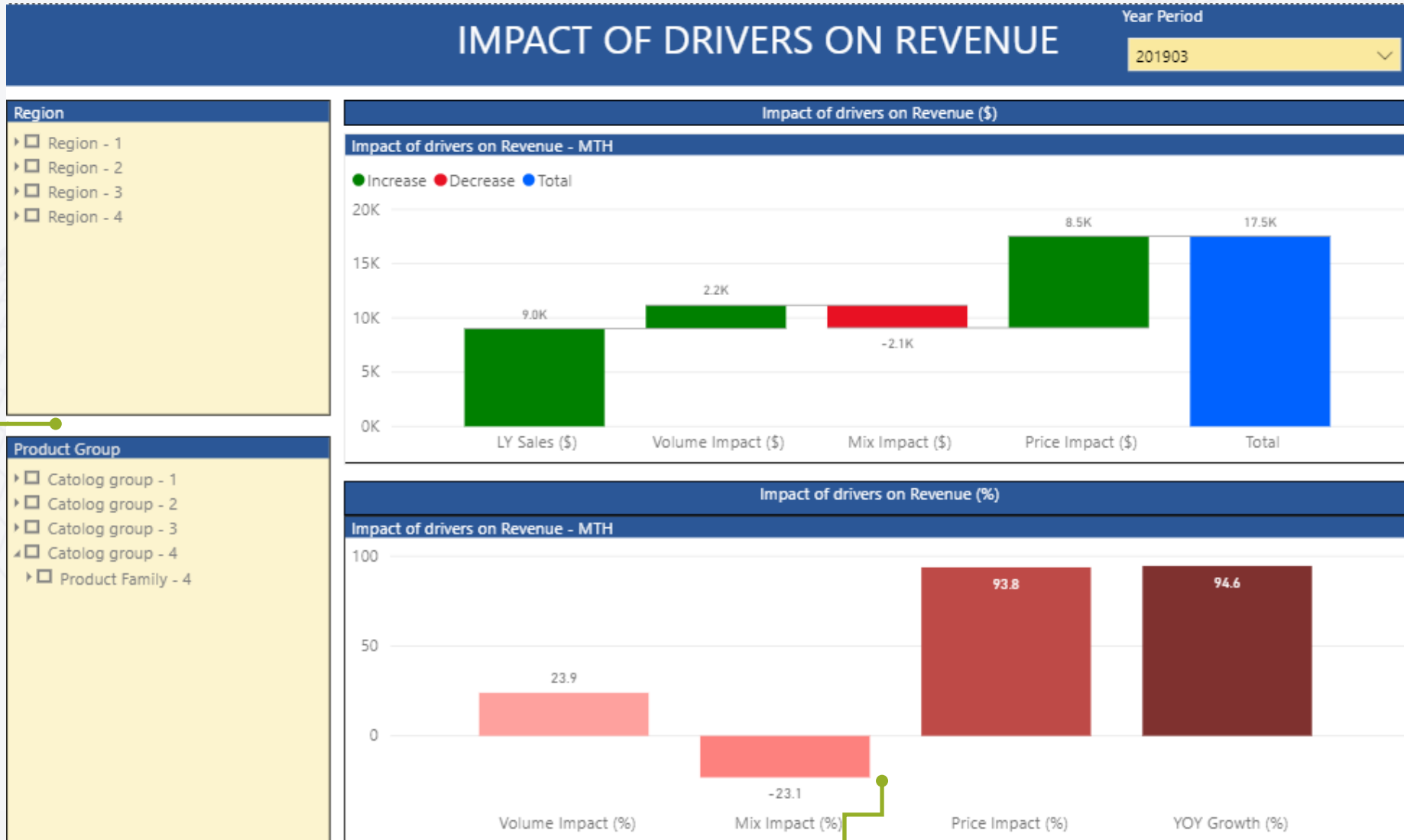
Impact of Price

Impact of Volume

Impact of Product Mix

- $R_{A,B}$ – Revenue at time A and time B
- $P_{A,B}$ – Price at time A and time B
- $V_{A,B}$ – Volume Sales at time A and time B
- $Q_{A,B}$ – Overall Quantity at time A and time B
- $S_{A,B}$ – Volume share of a commodity at time A and time B

IMPACT OF REVENUE DRIVERS – POWER BI DASHBOARD



Flexibility to filter by Region and Product Group hierarchy

Flexibility to select a period

Impact of Drivers (\$, %) for the selected filters at a Month, Quarter and YTD level

IMPACT OF REVENUE DRIVERS – POWER BI DASHBOARD

ILLUSTRATIVE

IMPACT OF DRIVERS ON REVENUE

Year

2019

Flexibility to
select a period

Flexibility to
filter by
Region and
Product
Group
hierarchy

Region

- ☐ Region - 1
- ☐ Region - 2
- ☐ Region - 3
- ☐ Region - 4

Product Group

- ☐ Catalog group - 1
- ☐ Catalog group - 2
- ☐ Catalog group - 3
- ☐ Catalog group - 4

Impact of drivers - MTH

Year Period	LY Sales (\$)	TY Sales (\$)	Volume Impact (\$)	Volume Impact (%)	Mix Impact (\$)	Mix Impact (%)	Price Impact (\$)	Price Impact (%)	YOY Growth (%)
201908	5,759.0	1,358.0	5,840.9	101.4	0.0	0.0	-10,241.9	-177.8	-76.4
201907	4,605.0	7,054.0	6,557.8	142.4	0.0	0.0	-4,108.8	-89.2	53.2
201906	4,913.0	3,296.0	5,601.3	114.0	0.0	0.0	-7,218.3	-146.9	-32.9
201905	2,414.0	2,106.0	622.2	25.8	0.0	0.0	-930.2	-38.5	-12.8
201904	2,578.0	2,255.0	-1,139.9	-44.2	0.0	0.0	816.9	31.7	-12.5
201903	9,015.0	17,539.0	4,534.2	50.3	-4,464.1	-49.5	8,453.9	93.8	94.6

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