Simon Pricing Club Case Competition: 2020

Background:

Iron Mountain Incorporated (NYSE: IRM), founded in 1951 is the global leader for storage and information management services. Trusted by more than 225,000 organizations around the world, Iron Mountain stores and protects billions of valued assets, including critical business information, highly sensitive data, and cultural and historical artifacts. Providing solutions that include information management, digital transformation, secure storage, secure destruction, data centers, cloud services and art storage and logistics, Iron Mountain helps customers lower cost and risk, comply with regulations, recover from disaster, and enable a digital way of working.

A segment of IRM that accounts for approximately $80 million of revenue per year recently acquired several entities. Following the acquisitions, the acquired storage facilities were brought up to IRM standards with increased security and other improvements. The acquired locations may have lower prices to represent the prior lower value. We have increased the quality and value at the acquired location, but have not updated the pricing to reflect the change in value.

In 2020, we will be merging the data into one system. We have not previously successfully combined this data and analyzed the pricing variances. We have not calculated pricing or revenue impact of providing the customers with a weighted average (by storage volume) or simple average pricing. Only recently have we done some work to map the data together as it will go into one system in the first half of 2020. There are many anecdotes around who has the higher prices (acquired companies verses IRM), but we have never reviewed the data in detail to see if the acquired companies really have lower prices than IRM.

After we merge their data into one system, we will remove the acquired companies’ logos from the bill and replace it with the Iron Mountain logo. Today one customer with multiple separate accounts (e.g., a national bank with several branches in one city but utilizing the same storage facility) can receive multiple invoices (from IRM and the acquired companies). After Q1 2020 the acquired companies’ logos will be removed from any IRM bills and this presents us with an opportunity to review their pricing and determine if it warrants adjusting and potentially combining some accounts that go to the same owner.

Customers with multiple accounts are referred to as “grouped accounts” and the Customer IMGA (Iron Mountain Grouped Account) is the parent account and the Customer Account Name refers to the child accounts. It is possible that each child account within an IMGA could have different pricing for the same storage or services. As contracts come up for renewal, many IMGAs may be looking to consolidate their pricing. We have an opportunity to say, “No, there is a different price by location” or adjust to provide customers with weighted average prices.

We need to understand the current pricing for this segment to optimize our Revenue Management Strategy in 2020. Without understanding if the previous locations were priced higher/lower/inconstantly, it is difficult to determine the appropriate strategy going forward. Work needs to be done to determine what the actual variance is that exists in the data to know if we want to consolidate the pricing offerings to our clients or continue to offer them different pricing by location.

Questions: Please present your answers in an 8 to 10 minute presentation

* What do you see in the data?
  + Is there a variance that customers are paying by location or something else?
  + Are we leaving money on the table with low prices or losing opportunities to upsell because of high prices?
* What would you recommend as a pricing strategy as we start to put customers on one contract (and potentially a consolidated price list)?
* What was your methodology to answer the above questions?
  + Explain research steps
  + Share visualization created
  + Describe any business or data rules used
* What is the potential impact of your recommendations?
* Does your recommended strategy change by size of account?
  + Small (define small)
  + Medium (define medium)
  + Large

We will judge participants based on the quality of recommendations, depth of analysis, and presentation and communication ability.

1. Quality of recommendation (40%)
2. Depth of logic and analysis (30%)
3. Presentation and appropriate visualizations (verbal delivery, flow, and professionalism) (30%)