



pricefx

CAPABILITY OVERVIEW

Pricefx Waterfall Optimization



Pricefx Waterfall Optimization

Optimize price realization by systematically improving every layer of the price waterfall.



Pricefx Price Waterfall Optimization helps manufacturers and distributors understand, analyze, and optimize how value is gained—or lost—across the full price waterfall. By applying a standardized optimization model, it enables teams to improve price realization across discounts, surcharges, rebates, and other waterfall components using a consistent, repeatable approach.

With Waterfall Optimization , pricing, sales, and finance teams can:

- ✓ **Identify margin leakage across waterfall components.**
- ✓ **Optimize price realization using a structured optimization model.**
- ✓ **Standardize waterfall analysis across products and customers.**
- ✓ **Improve consistency across pricing, agreements, and promotions.**
- ✓ **Support downstream pricing processes with optimized outputs.**
- ✓ **Ensure governance through approval workflows.**
- ✓ **Align prices seamlessly with ERP, CRM, and other core systems.**



The result:

Better visibility into true price realization, more effective optimization of waterfall elements, and a scalable foundation for consistent pricing execution.

THE CHALLENGE

Complex Price Waterfalls Obscure Profitability



In many organizations, the true realized price is shaped by a complex series of adjustments - discounts, rebates, allowances, promotions, and surcharges -that vary by customer, product, and agreement. These price waterfalls are often highly customized, difficult to compare, and challenging to optimize consistently.

On the front lines:



Pricing teams

Price teams struggle to assess which waterfall elements drive margin erosion versus value creation.



Finance teams

Finance teams lack a standardized view of price realization across customers and segments.



Sales teams

Sales teams rely on negotiated elements that are difficult to benchmark or optimize.



The impact:

- Margin leakage due to limited visibility into the full price waterfall
- Inconsistent price realization caused by non-standard waterfall structures
- Limited reuse of historical pricing knowledge

Because waterfall structures vary widely and lack standardization, optimization efforts become slow, manual, and difficult to scale—limiting the ability to systematically improve realized margins.

CAPABILITY OVERVIEW

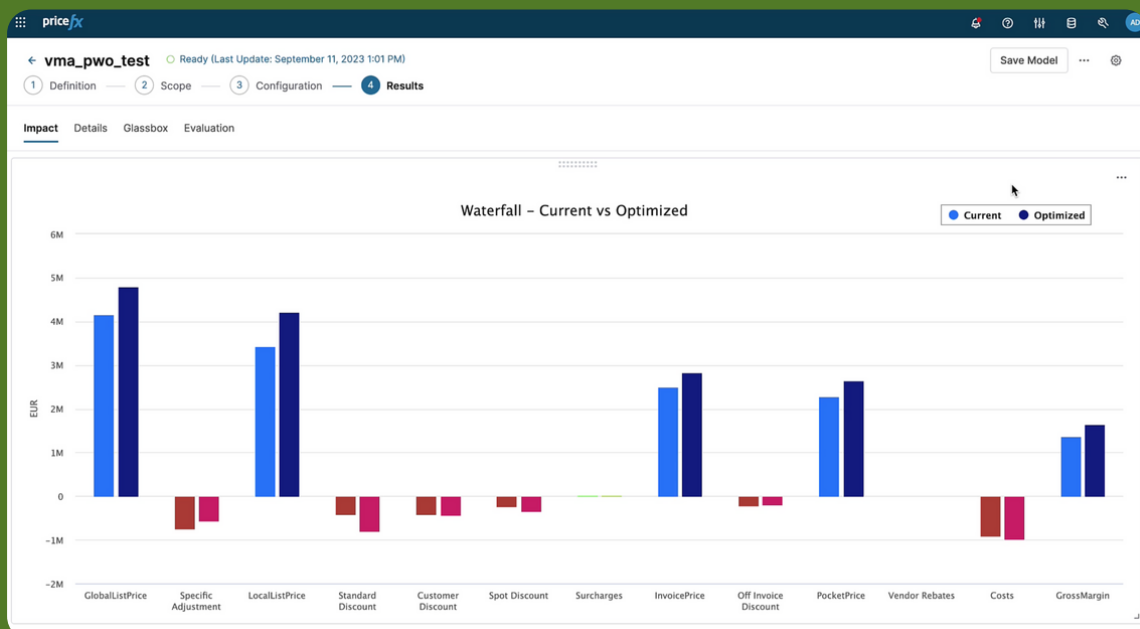
What Is Pricefx Waterfall Optimization?

Pricefx Price Waterfall Optimization is an accelerator that applies a standard Optimization Engine model to optimize key elements of the price waterfall. It uses a standardized waterfall template that covers the majority of customer use cases, allowing customer-specific waterfall components to be mapped into a common structure.

While the optimized results may not mirror every detail of a customer's native waterfall, the standardized approach enables efficiency, comparability, and scalability across optimization workflows—supporting consistent analysis and downstream pricing processes.

Waterfall Optimization (Setup & Results)

The screenshot shows the 'Configuration' step of the Pricefx optimization process. The interface includes a progress bar with four steps: Definition, Scope, Configuration (active), and Results. The 'Configuration' section is divided into four tabs: Boundaries, Business Alignments, Objectives, and Advanced Parameters. The 'Boundaries' tab is selected, showing input fields for 'Max. Decrease (pp)' (10), 'Max. Increase (pp)' (10), and 'Outliers convergence (%)' (20). Below this, the 'Invoice Price' section has 'Max. Decrease (%)' (3) and 'Max. Increase (%)' (12). The 'Off Invoice Discount' section has 'Min. (%)' (0), 'Max. (%)' (15), 'Max. Decrease (pp)' (10), and 'Max. Increase (pp)' (10). Buttons for 'Continue' and 'Save Model' are visible in the top right.



BENEFITS

Why Pricing, Sales & Finance Teams Choose Pricefx Waterfall Optimization



Pricefx Price Waterfall Optimization enables organizations to move from fragmented, bespoke waterfall analysis to a standardized, optimization-driven approach to price realization.

For Pricing Teams

- Optimize discounts, rebates, and adjustments using a consistent model
- Identify where margin is lost across the waterfall
- Apply optimization results across pricing, agreements, and promotions



For Sales & Commercial Teams

- Reduce complexity by standardizing waterfall structures
- Enable reuse of optimization results across pricing processes
- Improve alignment between negotiated elements and pricing strategy

For Finance & Operations Teams

- Gain clearer visibility into realized price and margin drivers
- Improve consistency in waterfall analysis across customers and segments
- Support more accurate profitability analysis



FEATURES

What Pricefx Negotiation Guidance Delivers

Pricefx Price Waterfall Optimization balances flexibility with standardization—providing an efficient way to optimize complex price waterfalls without custom modeling for every scenario.



1

Standardized Waterfall Template

- Covers the majority of customer waterfall structures
- Provides a common framework for optimization and analysis

2

Customer-Specific Mapping

- Map customer-specific waterfall elements into the standard model
- Aggregate or exclude elements as needed to support optimization

3

Optimization Engine Model

- Optimize individual waterfall components using a proven optimization approach
- Designed specifically for waterfall optimization use cases

4

Downstream Process Enablement

- Supports Optimization Realization Dashboards
- Enables reuse of optimized results in Price Setting, Agreements, and Promotions

5

Scalable, Repeatable Approach

- Avoids one-off, bespoke waterfall models
- Enables consistency across products, customers, and regions

GETTING STARTED

Bring Structure and Optimization to Your Price Waterfall

Move beyond fragmented waterfall analysis and manual optimization. Pricefx Price Waterfall Optimization provides a standardized, scalable approach to improving realized price and margin across complex pricing structures.



Request a live demo tailored to your pricing processes, strategies, approval flows, and system landscape.

See It in Action

Learn More

Explore related resources on the [AI Optimization Page](#), or see how [complementary Pricefx capabilities](#) - such as Agents, Rebates, Channel Management, and Price Setting - help pricing and sales teams make smarter, faster price decisions.