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Valcon G-Cloud Lot 3 Service Definition

Predictive Pricing

[Set Up and Migration | Service optimisation/right sizing, Other]

Version 1.0

1. About Us

Valcon is a leading European consultancy specialising in AI and data-driven business transformation, with a growing and established presence in the UK. A trusted partner to major organisations including multiple UK Government departments and public sector agencies. Valcon connects strategy and operations, helping organisations create value in their transformation programmes.

With over 1,750 consultants across Europe, Valcon brings deep expertise across data, AI, technology and consulting. In the UK, Valcon works with clients across financial services, public sector, retail, industrials and infrastructure. Valcon is backed by private equity firm Rivean Capital.

2. Service Description

A service that applies AI, advanced analytics and machine learning to predict price sensitivity and recommend optimal pricing strategies. By analysing customer behaviour, product attributes, competition and market conditions, the service enables organisations to set prices dynamically, improve margin, and make evidence-based pricing decisions at scale.

Features

- Standardised CRISP-DM methodology
- Machine learning models for elasticity and pricing behaviour
- Integration of segmentation and conversion modelling
- Predictive pricing recommendations and price corridors
- Flexible delivery using agile or waterfall approaches
- Cross-functional support from engineering and analytics teams
- Technology-agnostic deployment
- Monitoring and performance evaluation of pricing models
- Governance and transparency built into all models
- Optional managed service for operational support

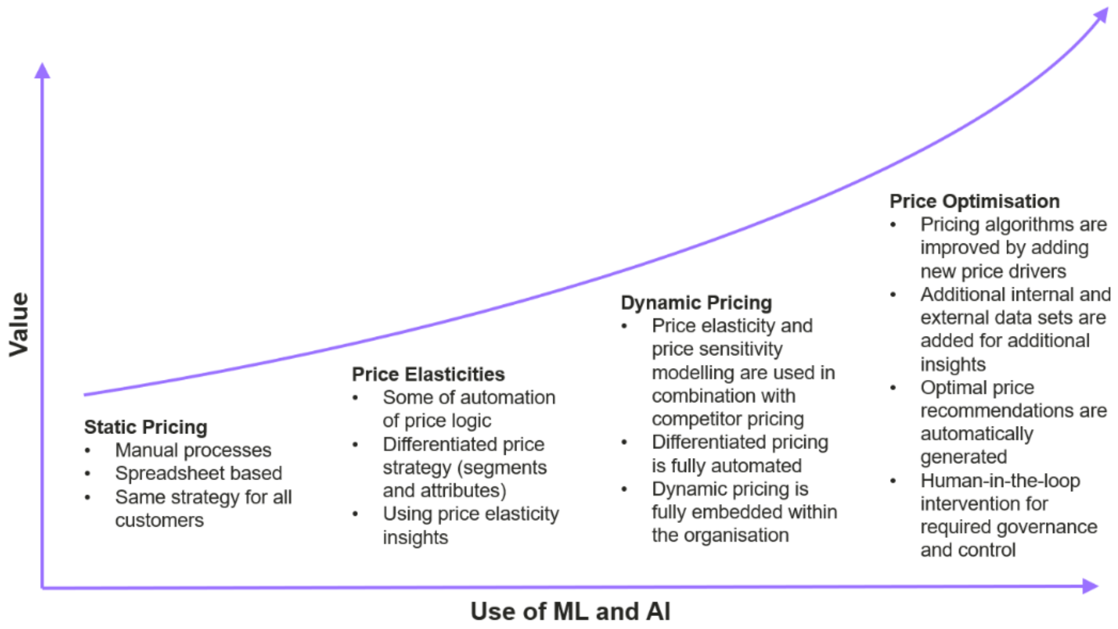
Benefits

- Data-driven pricing decisions
- Clear visibility of customer price sensitivity
- Optimal price corridors aligned to business goals
- Measurable uplift in margin and revenue
- Improved forecasting and pricing accuracy
- Faster and more scalable pricing processes
- Transparent and explainable AI outputs
- Reduced manual pricing effort
- Ability to test and iterate pricing scenarios
- Ongoing optimisation through managed support

3. Approach

Delivery Overview

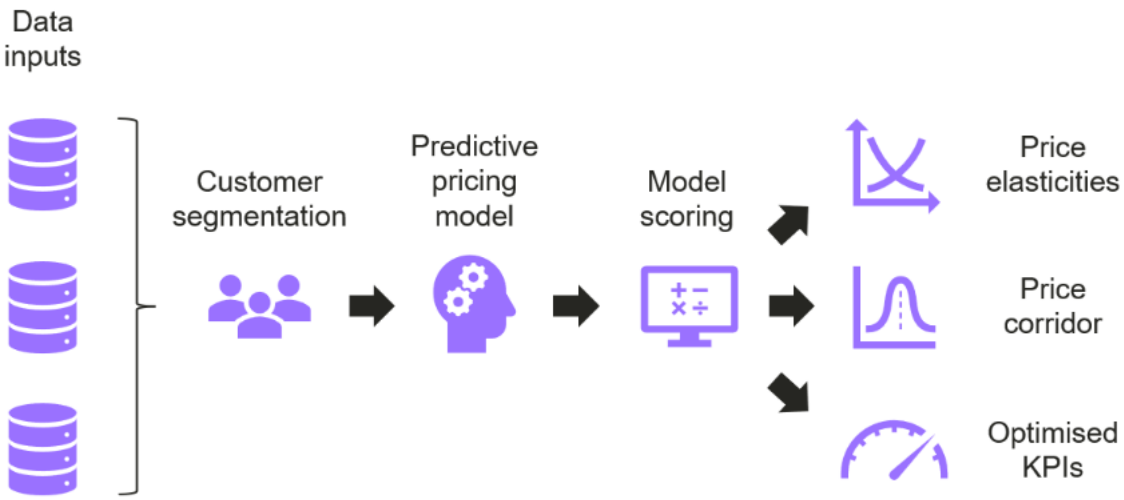
- Predictive Pricing applies machine learning to understand how customers respond to different price points and uses these insights to recommend optimal pricing strategies. We model customer behaviour, estimate price elasticity, and incorporate variables such as competitor pricing, customer characteristics and product attributes. The resulting models produce recommended price corridors, enabling controlled and flexible pricing decisions aligned with business objectives.



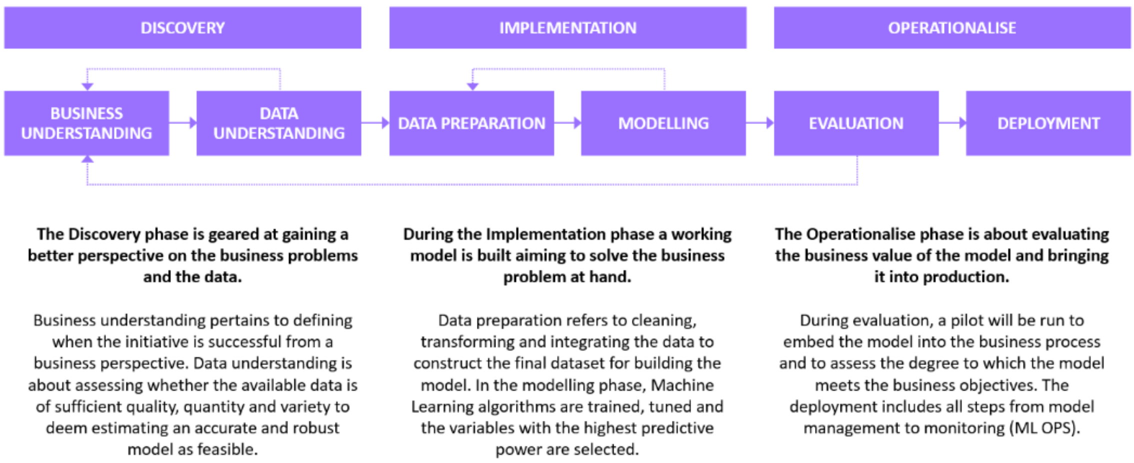
- Our approach supports organisations at different pricing maturity stages, from basic elasticity modelling to dynamic pricing and advanced price optimisation models that maximise margin or revenue across multiple segments.

Our high-level Predictive Pricing approach consists of the following steps:

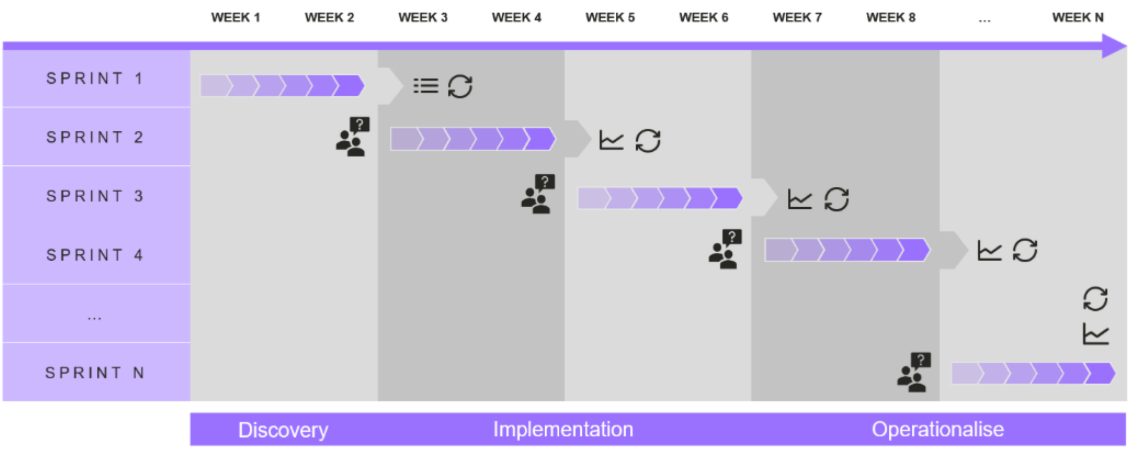
1. Gathering of all data inputs (informed by business discovery process)
2. Data preparation and transformation to turn the data into useful information (calculations, format, etc,)
3. Development of predictive pricing model (choice of best performing algorithm)
4. Model scoring, using price elasticities and statistical inference to determine the optimal price corridor for each customer
5. Define and optimise the relevant KPIs (revenue, profit, long term customer yield)



The Valcon Data Science and AI methodology, which we also apply for our Predictive Pricing solution, is based on CRISP-DM (Cross-Industry Standard Process for Data Mining) and is focused on productionising Machine Learning models. We deliver end-to-end Data Science solutions starting with the business and data discovery and ending with an operationalised Machine Learning model that's deployed in production. We can also offer continuous implementation support through a Managed Service.



Our solutions can be developed through different delivery models. Our own preference is an agile and flexible approach where we deliver incremental visibility and results through iterative sprints.



Governance, Collaboration and Quality Assurance

- We work closely with commercial, data, and technology teams to ensure accurate inputs, alignment with pricing policies and adherence to governance requirements. All models undergo validation, fairness checks, performance testing and explainability assessments to ensure transparent and defensible pricing outcomes. Documentation and sign-off processes support auditability and regulatory needs.

- Collaboration is embedded throughout, ensuring business stakeholders can interpret results, understand model rationale and confidently apply insights.

Change Management, Stakeholder Engagement and Methodology

- Stakeholders engage throughout discovery, design, modelling and deployment stages. Pricing recommendations are iterated with commercial teams to ensure feasibility and alignment to business constraints. Our methodology follows CRISP-DM principles and can be delivered through agile sprints or traditional delivery models, ensuring incremental visibility and measurable outputs.

- The solution can also be supported through a managed service, providing monitoring, retraining, scenario testing and continuous improvement of pricing models.

4. Effort and Cost

Effort will be determined collaboratively between the Valcon and the client based on the skills mix and scope required.
Please refer to the Pricing Document for current rates.

- Rate card prices are exclusive of VAT.
- Expenses are recharged at cost and supported by receipts.
- Expenses may include reasonable travel, accommodation, and subsistence costs.
- The payment schedule will follow milestone completions as agreed in the Statement of Work.

5. Assumptions

The successful delivery of the engagement depends on assumptions and dependencies jointly agreed between the Valcon and the client.
These may include (but are not limited to):

- Access to required stakeholders, systems, or information
- Timely decisions and approvals

- Availability of resources and infrastructure
- Defined governance and communication processes

All assumptions and dependencies will be recorded and validated as part of the Statement of Work (SoW).