

Atlantic computer: case study questions essay sample

[Finance](#), [Market](#)



1.- What Price should Jowers charge DayTraderJournal. com for the Atlantic Bundle (that is, Tronn servers + PESA software tool) according to the following four criteria? Option A): Status-quo pricing

\$4000 for the Atlantic Bundle.

Option B): Competition-based pricing

\$6800 for the Atlantic Bundle.

Option C): Cost-plus pricing

\$4491. 04 for the Atlantic Bundle.

Option D): Value-in-use pricing

\$8400 for the Atlantic Bundle.

2.- Think broadly about the top-line revenue implications from each of the four alternative pricing strategies. Approximately, how much money over the next three years will be “ left on the table” if the firm were to give away the software tool for free (that is, status-quo pricing) versus utilizing each of the other pricing approaches? 1) The revenue from status-quo pricing will be \$42, 360, 000.

2) The revenue from competition-based pricing will be \$72, 012, 000. 3) The revenue from cost-plus pricing will be \$47, 560, 113. 60. 4) The revenue from value-in-use pricing (maximum value) will be \$135, 552, 000. 5) The revenue from value-in-use pricing (shared value) will be \$88, 956, 000.

3.- How is Matzer likely to react to your recommendation?

The most advisable recommendation would be to sell the Atlantic Bundle at the cost-plus pricing approach of \$4491. 04. This is advisable for several

reasons. The first being that although the revenues are the highest from value-in-use pricing approach, this pricing is significantly above what customers are currently paying. Since customers are paying \$6800 for the competitors servers a payment of \$12800 for our servers would be too steep of an increase. In addition, since we are marking up our products at 30%, we will guarantee a profit of at least 30%. Lastly, pricing our

4 a).- How is Cadena's sales force likely to react to your recommendation? 4

b).- What can Jowers recommend to get Cadena's hardware-oriented sales force to understand and sell the value of the PESA software effectively?

5.- How are customers in your target market likely to react to your recommended pricing strategy? What response can be provided to overcome any objections?

6.- How is Ontario Zink's senior management team likely to react to the Atlantic Bundle?