

What CPQ can do for Your Business

Optimize Your Quote-to-Cash processes
Benefits of Configure, Price and Quote systems



SolutionSpace

Måløv Byvej 229V, DK-2760 Måløv, www.solutionspace.dk
CVR: DK-30 49 95 57, Phone: + 45 30 94 92 56

What is CPQ ?

An advanced CPQ system consist of three major elements:

Configure

If you are producing and selling customizable products and services, your sales force might have problems in selecting the optimal products to meet the customer's needs and securing that all the components are compatible. It is also important that the total combination of the offered solution is complete. That is exactly what a Sales Configurator can ensure.

Price

Keeping prices up to date and correct according to customer specific agreements or geographical conditions is very often a manual job. It is especially difficult, if you have different sales channels, to ensure that the optimal pricing calculations always are used. The Pricing Engine will calculate the right price after each selection in the Configurator, taking even campaigns and bundles etc. into consideration.

Quote

Being able to send a professional looking quotation to your customer, where the entire solution is properly described with pictures and specifications as well as correct prices will definitely give you a competitive advantage. The Quotation generator will include your corporate branding and present the proposal to your customer in correct formatted manner.

The CPQ system will help you to avoid cutting and pasting from old proposals with errors and base the price on outdated catalogues and price lists. The final nice looking quotation document will present your solution and company in the optimal way and always be correct.

Sell more, earn more

According to Forbes Magazine, the CPQ system can boost your Sales and help generate more profit. Some of the benefits of CPQ are:

- Improve Accuracy of Quotes by more than 75%
- Cut down Quotation Time by orders of magnitude
- Help increase Sales Productivity by up to 33%
- Shorten Sales Cycles to half of what it took before
- Raise Customer Satisfaction dramatically
- Secure higher Hit Rates by 30% +
- Reduce Risk by 20 – 25%

Conventional Catalogues and spreadsheet based Price Lists simply cannot keep up with the ever increasing speed of change and tough competition of today's business. The more complex your products are, the more difficult it is to ensure that the different sales channels are kept up-to-date with new products and prices, replaced and discontinued components as well as promotional campaigns and packaging.

Many companies have implemented advanced ERP systems to control production and costing and CRM to help them keep track of customers and prospects as well as Business Intelligence to improve Management Information. These systems are in most cases still focusing on their primary purposes and are not sufficient to ensure that Sales reach their budgets and create enough satisfied customers.

An advanced CPQ-system is according to leading industry analysts the next generation of tools to help companies accurately Configure, Price and Quote their complex products and services through marked adapted sales channels, based on complete up-to-date product and price information from the ERP-system to the customers and prospects in their CRM-system and with tight integration to the BI-system to give full visibility of their sales activities.

Quotation Accuracy

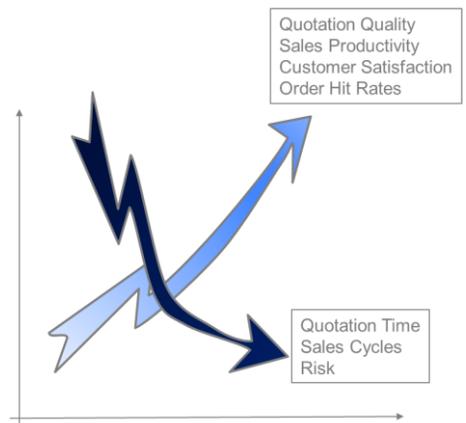
When selling very complex solutions, you need to ensure that all components will work together in order to meet the customers' requirements. It is also required that all prices are up-to-date and that nothing is forgotten. Very often, elements like testing, installation and implementation are estimated based on rules-of-thumb, which in most cases are not updated by experience from earlier projects. The result is that the proposed solution might not even be possible to build and correction will incur extra cost.

The CPQ-system will help the sales person to select the right components, which are designed to work together and make sure that everything is included to meet customer requirements. Time-based services can be calculated according to experience from previous projects including all the components in the actual quotation. In case of alterations, you will not need to start from scratch, but can create a new revision which again will be checked for validity and up-to-date pricing. The best CPQ-systems will even propose relevant options, which often will help increase the size of the order.

Quotation Time

To prepare a high quality quotation of a complex industry plant or piece of advanced measurement equipment often requires different knowledge and skills. You need to be sure that the prices of all components are correct and that the experts have been consulted to check validity. All this can in many cases take several man-weeks, which is costly and might be more time than the customer is willing to wait.

Experience tells that a good CPQ-system can help cutting down the time to prepare a complex quotation from weeks to hours and even minutes and with better quality. This is simply because the whole process from selection of the optimal components, calculation of production and installation time as well as generation of the complete quotation with text, calculation and drawings is completely automated. This will help you to respond much faster to the customer's request and improve his trust in your company as a potential supplier.



Sales Productivity

Leading Industry Analysts have compared companies using CPQ-systems with the industry average and found dramatic improvements with the companies having introduced CPQ. The faster your sales reps respond to customer requests and the more accurate each quotation is, the more high-quality quotations each sales person can produce each month. The statistic indicate improvements in number of quotes, conversion of quotes to orders and consequently sales reps reaching their quota compared to industry average above 33%.

Sales is generally a numbers game. The faster and closer to customer requirements each sales person can generate a professional looking quotation, the more orders he or she will get. Automating all the manual work to generate a proposal will simply give the Salesman more time to visit his/her customers. The main result of implementing CPQ is exactly better and faster quotes, which in general will help to improve your Sales Productivity.

Sales Accuracy

The more complex your products are, typically the sales cycles are longer. It takes time to convince the prospect and you will often need to revise the quotation several times, which extend the Lead-to-Order time.

A CPQ-user was asked to issue a quote, which clearly was to be used as a price check against the customer's normal supplier.

Because they had just implemented CPQ, they were able to respond to the request very fast and with precise specifications already next morning. The prospect was impressed and asked for an alternative solution, which could be completed within the same day. The result was that the company using CPQ got the order and is still the main supplier for the customer in question. Without CPQ, they would have wasted time to quote without any chance to win the order.

Customer Satisfaction

The easier it is to deal with a supplier and the better he can meet or exceed the expectations, the higher is the chance that this supplier will obtain the order, compared to another supplier where you might not be sure that you actually get exactly what you have asked for and when.

The faster your respond to a request and with better match to the expectations, the more satisfied your customers are – it is easy to deal with you !

Because the CPQ system will guide the sales rep to quote the optimal products, which are synchronized with the ERP-system in terms of both specification and price, there is a better chance that you can meet your prospects expectations. You might even be able to exceed them if you can propose options or complementary products or services, which obviously will increase the order.

Hit Rates

When your quotations takes less time to prepare, are more accurate and closer to your customer's requirements, the higher is obviously the chance that he will order from you. The Industry Analysts report up to 40% higher hit rates.

With a good and completely integrated CPQ-system you will not only get more and larger orders. You will get them both faster, with higher accuracy and better value and create satisfied customers who most probably will buy from you again.



Reduce Risk

When the CPQ-system helps your sales reps to select products and configurations that can actually be built with up-to-date prices and automated generation of the entire quotation, the risk that they might offer something that will not work and therefore will require rework is minimized.

Instead of copy and paste from previous quotations with possible errors, you can automatically update the configuration models with the newest components and prices and make sure that the quotation template contain all the corporate legal sections etc. You can also update the system based on experience from completed projects and thereby share best practices across the organization in order to minimize risk and optimize profit.

SolutionSpace

We have specialized in Master Data Management, Product Modeling, Business Process Optimization and helping companies with complex products and services to improve their 'Quote-to-Cash' processes by implementing advanced CPQ Systems. We have for more than 10 years successfully implemented solutions in most EU countries and the Middle East and the US for Engineering and Manufacturing companies with integration to their existing ERP, CRM, PLM and Business Intelligence systems and introduced configuration technology within their Web Shops.