

TECHNICAL ARTICLE



CPQ as a driving force for efficiency in modern sales



CPQ solutions speed up and optimize sales processes
Why the sales department should opt for CPQ

The optimal product with the best price at the most favorable time

In procurement or sales processes, the roles are quite clearly defined: Critical customers expect meaningful information – even regarding pricing, feasibility, and delivery terms. As a result, they compare products and services to find the solution that best fits their needs. It is important for sales staff to respond to customers' demands with good advice, to offer the right products and services, and thus to conclude deals in a timely manner – ideally with satisfied customers. If they can also up-sell and cross-sell easily in the process, that's great. Throughout all of this, sales staff would prefer as much autonomy as possible. What they don't want is administrative work, time-consuming gathering of information, lengthy approval times and fragmented preparation of quotations.

Implementing these visions is not getting any easier at present. The reason for this is that in the course of digitalization, many products – especially in the field of machine and plant engineering – are becoming increasingly complex with a growing degree of customization. Meanwhile, digitalization brings with it completely new opportunities that benefit both customers and sales staff. Product configuration is a key example of this. This is also confirmed by the GEXSO study 'Product configuration as a success factor' conducted in 2018: Nearly 80 percent of the companies surveyed in the study see CPQ (Configure Price Quote) as being an integral part of their sales processes and a decisive competitive factor.

Knowledge and competencies for field service

The tremendous value that companies place on their configuration solution is easy to understand in the context of the sales process: The highly qualified sales representative is optimally prepared and equipped with a wide range of digital and analog media for customer meetings, yet many meetings end merely with declarations of intent and announcements of next steps. A very frequent reason is that the complex products require too much in-depth ('relational') knowledge to be able to ultimately configure them on site and then provide a binding quotation.

Instead, field sales representatives must first discuss questions of feasibility, price and individual conditions, or delivery options with the internal sales department. Only the latter has access to all the relevant information and, above all, to the technical regulatory knowledge of the experts. As a result, field sales representatives tend to act as intermediaries between customers and the internal sales depart-

ment. They can only submit offers after performing numerous manual steps individually and with a resulting delay ultimately without any certainty that the quotation is actually free of errors.

Rich in variants, customizable – yet fast

That's still how it is in most companies, but it doesn't have to be that way any longer. In modern sales processes, a CPQ solution can be used to combine product and service configuration, pricing and design, and quotation generation. In doing so, the software systematically guides you through the requirements query and capture process, assembling each component one by one. This is possible thanks to a logic that follows rules. Firstly, this involves technical rules. They only allow combinations that can actually be implemented, are functionally consistent and fit with the requirements. Secondly, the software interprets built-in business rules designed to ensure that multi-layered pricing mechanisms are taken into account in the offers themselves – such as bundles, discounts or minimum margins.

Of course, it only makes sense to interpret rules if they relate to real product and business data. The CPQ solution is therefore linked to the ERP system used in the company, from which it receives all relevant product information that is always up-to-date and consistent. A powerful engine works in the background to ensure that the application can react directly even under highly complex configuration conditions and with a large number of variants. It enables rule-based configuration and automated pricing to run practically in real time.

CPQ provides integrated object dependencies

The ERP system is not the only source of valuable data: The fact that the CPQ solution is also linked to the CRM solution makes it an essential tool for customer sales orientation. The data stored in the CRM solution concerning customer history, decision-making processes, price discounts or credit notes is incorporated into the individually tailored offers. This kind of centralized knowledge management across all relevant areas is, of course, particularly useful for sales staff in the field. This is because modern CPQ solutions can be used on the move.

As a result, field sales representatives become highly autonomous. They are able to take note of requirements during discussions with customers, run through configurations and make assured statements in the process. This is because the whole object dependency is provided by the CPQ solution.

Since even the approval workflow is integrated, the result is available in no time – technically correct including complete specifications, consistent parts lists, along with automatically generated quotations created in the standardized corporate design with accurate pricing. All this can be stored in a central system, mailed out or output as Word and PDF files. Customers can even sign the quotation and place the order directly via an integrated form.

Increased control with artificial intelligence (AI)

Without a doubt, CPQ solutions focus on automation in sales processes – on shortening procedures, saving costs, avoiding errors and empowering the whole sales force with an optimized structure. And if the CPQ solution also uses machine learning and artificial intelligence, data can be automatically analyzed to create customizable reports. This keeps managers up to date on current and past offers, provides transparency in the sales pipeline, and allows them to identify pricing trends. Projects can be planned in greater detail and executed in a targeted manner.

However, anyone who sees CPQ as merely an acceleration tool for a quote-to-cash process is overlooking the potential for customer-specific sales excellence in the customer experience: Firstly, its fast and precise workflow is tremendously beneficial for customers. Secondly, the CPQ solution integrates the customer's interests to a much greater extent than is achievable by conventional sales (with a reasonable amount of effort). Finally, the collaborative configuration process also makes the process transparent and attractive to customers. You can experience for yourself how the software helps you find the optimal product with the best price at the most favorable time.



More informationen



<http://www.orbis.de/en/sap-consulting/sap-cx-crm/sales/cpq>



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