E-Book

3 CPQ Lessons from Smart Companies
Confi gure Price Quote (CPQ) software automates many aspects of sales and sales management. Not only does it convert proposal and quote generation from a tedious manual process into a point-and-click exercise, but it automates approvals to get deals closed faster, builds in discounting thresholds to protect margin, automatically delivers content about products included in proposals to educate and affirm buying decisions, and prompts sales reps with up-sell opportunities, maximizing the value out of every deal.

But when companies deploy CPQ, it’s usually in response to one aspect of their proposal process that’s letting them down. Few fully understand the impact CPQ will have on their sales organizations, and the result is that CPQ brings an assortment of happy surprises with it. Not only is the problem that drove deployment of CPQ solved, but solutions to other problems are also revealed.

Here are three examples of SAP CPQ customers who have discovered that CPQ is rewarding their businesses in ways they didn’t anticipate.
1. Schneider Electric: Speed = satisfaction and more sales

Most of us look at concepts like energy distribution and automation management as exceptionally complex areas of expertise – and they are. Mastering that complexity and delivering the products customers need is crucial to Schneider Electric. But addressing a complex need often requires a complex response. For Schneider Electric, that meant a large range of components – often, custom-made – to satisfy customers looking for solutions to unique circumstances. That imposed a delay inherent in the process that slowed and could potentially endanger sales.

In order to produce a proposal, “Users were required to use a catalog which contained a diagram and descriptions of the configuration of parts,” says Rob Compton, CPQ manager at Schneider Electric. “In addition to the diagram, the user had to know the rules and relationships between certain options on the product – which ones were compatible or not compatible with others, and so on. It was very easy for the user to generate a quote for a part that could not be built – and this would not be discovered until a part was passed to our ERP system, causing much re-work and delay.”

To accelerate the process – and, at the same time, avoid mistakes that further delayed delivery of solutions to the customer – Schneider Electric implemented CPQ. The speed increases were apparent quickly, says Compton. “The largest impact to our organization is to push the process of creating quotations out to our distributors - and to help them to configure complex products without having intimate knowledge of how part numbers are configured,” he says. “This has dramatically improved the time to generate a quote. This is further enhanced by the workflow, which streamlines the approval flow, allowing us to dramatically reduce the turnaround of quote to approval to order.”

CPQ also aids Schneider Electric in coping with its unique needs for documentation
for custom products. “Because we can configure the ability to generate professional submittal packages that bring in drawings, documentation, terms and conditions, etc. - the manual process of putting that material together is eliminated from the submittal package preparation process,” says Compton.

“In addition to making it easier for the user to create an accurate part number, it has eliminated the need to re-work quotes because incorrect part numbers were generated.”

Greater speed and accuracy in the quoting process has a direct impact on the happiness of the sales team – and on Schneider Electric’s revenues, too.

“Our sales team and distribution users love the simplicity/ease of use of the tool,” says Compton, “and thus are able to configure more quotes more quickly, expanding our pipeline of quotes in the flow. Even without increasing our acceptance rate, we still make more sales. Plus, with the standardization of the submittal packages and the ease of generating professional submittal packages quickly, we win more quotes. We have also seen an increase in our average margin for jobs quoted during the period that we have had CPQ in place.”

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Rob Compton, CPQ Manager, Schneider Electric
Sustainable building doesn’t apply just to construction – it also applies to the ongoing operation of the building. That includes ventilation, something that Breathing Buildings specializes in. The U.K.-based design consultancy and provider of natural ventilation systems was founded in 2006 to commercialize the patented low-energy e-stack mixing ventilation system, which monitors internal temperature and CO2 levels and the external temperature, then uses openings in the façade and roof to maintain a comfortable internal environment. This provides significant energy savings compared to traditional mechanical ventilation/air conditioning systems.

Building this technology into structures requires a different mix of products on every installation. That can put a lot of pressure on the quoting process, said David Wilkinson, the company’s managing director.

When that process was done manually, “each quote was generated from scratch in Microsoft Word,” Wilkinson said. As a result, there was ample opportunity for errors to creep in. “Some quotations did not add up, and some product definitions were out of date or simply incorrect.” Other quotes were correct, but were sent with the wrong client details.

Errors mean delays in closing deals and frustration for customers, so Breathing Buildings knew they needed a solution. They found one in CPQ, which enabled them to automate the quotation process and ensure that quotes are right the first time in nearly every case. By building product definitions into CPQ, change management is simplified, and developing a quote is a matter of selecting options from the CPQ solution rather than manually entering data. “Most of the errors have been eliminated and the quote process has speeded up significantly,” said Wilkinson.
The arrival of CPQ brought additional benefits, too. The quotes are now branded with Breathing Buildings’ logo and have a consistent feel to them. Automated reporting keeps senior managers abreast of quotes and gives them an accurate view of the sales pipeline, allowing them to more accurately plan and resource projects. And the addition of a quote acceptance form allows customers “to simply sign and return the form, something that wasn’t available before,” said Wilkinson.

By increasing its consistency, efficiency and accuracy during the quoting process, Breathing Buildings has eliminated a speed bump to growth. Order volumes have doubled in the 12 months since CPQ was introduced and quote volumes have grown by 350 percent. “Without the introduction of CPQ, we would not have been able to scale our sales team,” Wilkinson said.

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David Wilkinson, Managing Director, Breathing Buildings
3. InfoVista: Control of approvals = a boost to the profit margin

InfoVista, a provider of IP and RF network planning, service assurance, and network optimization software solutions and services, stands out from competitors by touting its expertise in leveraging network data to maximize network performance and efficiency for the best possible customer experience.

But network data volume isn’t the only thing InfoVista has to harness. It also needs to manage a complex product set to provision a broad assortment of hardware, software and services for each customer – customers who are exacting and take their time in selecting the right solutions, according to InfoVista Worldwide IT Director Mike Howard.

“Our sales cycles mean that the average sale generates on average six quotes,” said Howard. “Because entering quotes into our ERP for approval workflow was laborious, the quotes were pre-approved using emails, which was not good for traceability and cascaded approval.”

Often, the quotes had been shown to customers before approval was received.”

The answer to re-gaining control of the approval process – and ensuring acceptable margins in the process – was CPQ, which InfoVista selected “to help us to control discounting with some complex approval cascades that needed to be actioned in real time and before quotes were shown to customers,” Howard said.

Now, all quotes are locked down in preview PDF format (at least for the bill of materials and pricing) before approval, returning control to managers. “However, through the use of volume discounting and thresholds per sales profile, it’s also possible for the sales person to avoid requiring manual approvals by staying inside thresholds,” said Howard. “This helps to drive profitability.”

While the approval process drove CPQ’s selection and deployment, its arrival in the company paid additional dividends.
“CPQ also forced us to lock down more rigorously our price list and the processes around it, stretching from product management, through quotes, Salesforce.com, forecasting all the way to order fulfillment,” giving the business much better control of product/order data in the CRM solution, Howard said. “This has reached such a high level of reliability that we are now implementing an electronic sync of the closed-won opportunities orders to our ERP order system. This will save us enormous amounts of time because we will not have to re-enter order lists.”

How was CPQ greeted by the sales team?

“They pretty much hated the transition from being able to decide almost everything on the quote to having something that was locked down,” admitted Howard. But eventually, the advantages of having an online catalog of part numbers that was up to date, and automatic calculations for services like maintenance, swayed the sales force’s opinion. Sales management, on the other hand, grasped the value of CPQ almost immediately. “Management was quickly won over by the visibility and control they have on discounting,” said Howard.

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Mike Howard, Worldwide IT Director, InfoVista
Conclusion

CPQ’s benefits in saving time and increasing sales productivity have long been its selling points. But it improves businesses in many other ways: by improving the customer experience, better enabling channel partners, laying a foundation for the organization of increasingly complex product catalogs, providing managers with greater visibility into pipeline performance, accelerating approvals, and enabling guided selling.

See for yourself how CPQ can radically improve the performance of your sales organization. Start your 30 Free Trial of SAP CPQ today!
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