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Small and Medium
Business

What CPQ Can Really Do For You

A Top 12 List

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Introduction

Smart small-to-medium businesses (SMBs) are looking to streamline the entire opportunity-to-quote-to-order process, including product selection, configuration, pricing, quoting, ordering, and approval workflows.

Yet, marketing copy for Configure, Price, and Quote (CPQ) Cloud solutions often summarize the many benefits that they can bring to an organization in minuscule, jargon-like phrases, such as "Sell Faster," "Eliminate Errors," "Close Deals Quickly," and/or "Improve Margins."

And, while these phrases are helpful, they leave decision-makers wondering, "What does that even mean, and how exactly can a CPQ solution really do all of that for my growing organization?"

Cloud CPQ offers salespeople the opportunity to quickly configure and price complex products or services, maximize margins, avoid errors, simplify approval processes, as well as leverage upsell, cross-sell, and renewal opportunities—all with seamlessly automated workflows. But there's even more that can be done. This ebook will cover 12 key benefits of a CPQ Cloud system that any small-to-medium business can get on board with. So continue reading and learn "what CPQ can really do for you."

#1 / Sell Faster

For anyone tasked with generating revenue, the idea of speeding up the sales cycle is exactly what they want to hear. Delivering the same revenue in less time frees up costly sales teams to focus on the next big deal.

So how exactly can CPQ Cloud do this?

Measurably improving the speed of the selling cycle happens by 1) reducing wasted time and 2) building momentum.

REDUCE WASTED TIME

When salespeople do a deal with a customer, there's a mixture of value-added time (generally time spent exploring the customer's issues or proposing and demonstrating solutions), and the necessary evil known as administrative tasks.

CPQ Cloud solutions can never fully replace the interactions needed between a professional salesperson and their client. However, they can drastically reduce the time spent on administrative tasks between meetings and calls.

CPQ Cloud solutions do this by:

- Giving salespeople a straightforward, error-proof process to configure and price the products or services they plan to propose

- Letting salespeople see the impact of pricing changes, with the possibility of a manager being notified immediately if/when their approval is needed

- Allowing salespeople to generate client-facing quotes and contracts with only the press of a button.

If CPQ Cloud is utilized to its full potential, your salespeople can minimize the time they waste on internal processes and shorten each element in the sales process.

BUILD MOMENTUM

Customers have their own buying processes and may have several steps to go through before committing. Your deal is not the only thing on their to-do lists.

Losing momentum is one of the biggest reasons a deal slows to a crawl. If it takes too long to respond to prospects who request quotes or information, then their attention easily goes elsewhere. Other tasks may seem more achievable and will start to take precedence. By the time they're ready to focus on your proposal once more, the benefits that seemed so real to them during the initial meetings may have lost their impact, and the way that your product or service solves their pain may seem less clear.

In addition, the prospect's situation may have changed. Think about the number of paradigm-shifting events that occurred in the past few years. These events affect businesses, their planning, and what they can (and can't) spend money on.

Delays leave the door open for a nimbler competitor to divert your prospect's attention. Whether it's merely a reduction in the "dead time" built into the deal cycle, or, whether it's about keeping the energy of your deal flowing in your client's eyes, a well-implemented CPQ solution absolutely helps your growing company sell faster, and more profitably.

#2 / Maximize Margins

Profit Margin = Revenue - Cost / Revenue.

To gain control of (and maximize) margins, companies need control over how their salespeople allocate revenue on a deal, and how it relates to the organization's cost base. No matter how your organization sets prices, Cloud CPQ solutions help to maximize margins.

A Cloud CPQ system:

ESTABLISHES AND MAINTAINS UP-TO-DATE PRICING

Even with a simple structure with pre-set, static prices, salespeople need assurance they are using the latest price list. By storing prices in a centrally managed Cloud CPQ system, you ensure that every salesperson is working from current price books.

ELIMINATES ERRORS FROM FINANCIAL CALCULATIONS

A salesperson may have the authority to discount, though errors in quotes from "fat fingers" on a calculator or out-of-date "deal-calculator" spreadsheets are common. A Cloud CPQ system handles the financial calculations for salespeople. This may be critical for margin control when deals hit a certain level of complexity.

ASSISTS IN MANAGING COMPLEX DEALS

How well does your company manage pricing on things like temporary promotions, customer-specific pricing and, if you deal globally, currency fluctuations? A CPQ Cloud solution lets organizations deploy and control accurate and intuitive mechanisms for all these scenarios.

SAFEGUARDS MARGIN CALCULATIONS

Managing pricing on a "cost plus" basis means that the cost-base is effectively exposed, and nothing hits margins faster than competitors knowing a company's costs in detail. With CPQ Cloud, companies securely store all deal costs to use in margin calculations; they are only exposed to authorized individuals. This way, the cost-base isn't easily downloadable or "leave-on-a-train"-able.

ASSURES STRESS-FREE PRICING APPROVALS

Pricing approvals are a critical element of margin control. When approvals are passed to a manager or a specialist team, CPQ Cloud provides the information and analysis they need to do their jobs accurately. Centralized data gives organizations a feedback loop on their base price and discount levels to understand whether they are effective and to make improvements that benefit margins, sales effectiveness, and efficiency.

How companies set their pricing.

Broadly speaking, the price of any product or service can be set as "cost plus" or "what the market will bear," otherwise known as "list price," or MRP, or RRP.

• Cost plus pricing – involves adding a markup to the cost of goods and services to arrive at a selling price.

• List price or MRP (maximum retail price) – a manufacturer-calculated price that is the highest price that can be charged. Discounts are applied in certain circumstances.

Some companies set prices centrally based on one or other of these principles and allow no movement. Others put partial or complete control in the hands of their salespeople — possibly backed up by pricing analysts or commercial specialists and bid teams.

#3 / Better Looking Quotes and Proposals

Looks matter. In the world of CPQ, better looking quotes (and proposals) make sales. Salespeople understand the impact a well-written quote or proposal has on a deal, but many also resent the time they spend compiling and crafting the document. They'd prefer the freedom to focus on relationship building and selling instead.

Before CPQ Cloud entered the picture, companies would develop a template to mitigate the issue. The problem is that very few salespeople are good designers. Even if they have those skills, assembling a well-designed, appropriately branded document is a time-consuming task. When salespeople have customers to see and targets to hit, corners are often cut.

Some of the biggest mistakes that are made in customer-facing documents include out-of-date or low-resolution logos and images, misspellings, no/inconsistent use of brand guidelines, and amateurish layouts.

WHAT'S A SALESPERSON TO DO?

So how can a salesperson create a quote or proposal with an approach that's tailored to their customers?

The right Cloud CPQ solution will have a comprehensive document composition tool in which templates can be created with the needed guidance to obtain brand compliance. Salespeople can then utilize this properly-designed template to generate a proposal that is personalized to both the offer and the customer.

Conditional elements of the template can toggle on or off, based on the content of a deal. Sections can also be triggered by the salesperson. In addition, pricing summaries or quote details can be brought in directly. With CPQ Cloud, it is quick and easy to get (and add) accurate data. No more worries about the clash of formats that can occur between spreadsheets and word processors.

Finally, and perhaps most importantly, sections of the proposal can be left fully editable for the salesperson. This allows them to add rich-text to proposals, giving them the chance to add cover letters, executive summaries or any other content where their own style, their relationship, and their personal knowledge of a customer's situation cannot be replaced by a machine.

By combining accurate deal data and with corporate branding and salesperson input, you end up with a high quality, accurate, and personalized proposal.

Sometimes these downstream systems are highly structured and automated like an Enterprise Resource Planning (ERP) system. Other times, they're legacy order management or provisioning IT systems. They may even be manual/paper-based processes or a collection of disparate systems. For simplicity sake, let's just refer to them as "the ordering system."

#4 / Error-Free Orders

Cloud CPQ marketing materials often state that the solution can provide "Error-Free Orders." What does that really mean, and why should a company care? Yes, a company should care.

Here's where Cloud CPQ typically sits in the quote-to-order process:

CRM ←→ CPQ ←→ ERP/Order Management.

One of the critical jobs of a Cloud CPQ system is to deliver information to a downstream system that will execute the order.

The ordering system requires inputs, such as product details, customer information, billing factors, and more, to make that order happen.

How does Cloud CPQ help provide error-free orders?

CONFIGURE

An integral part of a Cloud CPQ system is the configuration engine, which confines users to the building of only valid configurations. Users utilize a list of approved components to generate sound combinations of parts or services. Only then can that configured product be added to an order.

PRICE

The pricing element of Cloud CPQ typically refers to the commercial and contractual terms of a deal. Rules are enforced at this stage so that all critical information is captured and shared with other systems. All customer information can be mandated, or even integrated with a customer relationship management (CRM) system. Billing terms can be specified, and prices established. A good CPQ system allows for every element of your workflow to be defined and all critical information specified.

One of the most important aspects of the commercial terms is the approval of pricing levels and any other non-standard elements of the deal. Discounts can be tracked and approved according to business rules. Factors such as expedited delivery or customer-specific terms can be checked and approved before the quote is finalized with the customer.

QUOTE

In most Cloud CPQ systems, a quote captures all needed information and presents it in the most appropriate way via customer-facing documents like proposals, quotes, and contracts.

It can also refer to the presentation of all the deal information in a structured way so that downstream systems can interpret it easily — either via direct integration, or at the very least, making manual re-entry as simple as possible.

So here is why companies should care

There are significant consequences of an inaccurately configured product/service and quote: failed orders and incorrect fulfillment.

At the simplest level, the order may fail when it is pushed into the ordering system. Most ordering systems have controls over what can be entered. Systems that are not designed with each other in mind may refuse to play nicely together.

In addition, some inaccurately configured orders may pass through validation in the ordering system, and parts may be delivered before anyone realizes that they simply don't work together.

When inaccurate orders aren't caught before delivery or provision, the customer receives the wrong item or a product or service that just doesn't work.

The cost to the organization — with any of those errors — quickly increases. Orders that stop at the administration stage will often be delayed, affecting shipment dates and potentially service-level agreements. Fixing the errors costs both time and money, and in some cases, it can even put an end to the deal. The compound effects can be enormous, and the cost of the mistake to reputation and credibility can be grim.

A well-designed CPQ Cloud that implements defined business rules helps to avoid all these problems.

#5 / Guided Selling

One of the oft-touted features of a Cloud CPQ system is "guided selling," which is a series of easily understandable questions about a customer's needs. When these questions are answered, the CPQ system presents a suitable choice (or choices) to the salesperson.

Guided selling is often best used where the range of products and services is extensive, and where there is a clear logic that can be defined, linking the customer's requirements to the choice of products.

FREEDOM OF CHOICE

Many organizations use guided selling to simplify available choices. A good implementation of guided selling is finding the balance between simplifying choices while not being overly restrictive.

In some industries, the limitations have further benefits. Where regulation and control is critical, guided selling obligates your salespeople to follow due process, ask relevant questions, and only present valid options to the customer. Also, there is a clearly auditable record of why a customer was sold a specific product or service, removing the possibility of misselling.

ELIMINATES ERRORS FROM FINANCIAL CALCULATIONS

A salesperson may have the authority to discount, though errors in quotes from "fat fingers" on a calculator or out-of-date "deal-calculator" spreadsheets are common. A Cloud CPQ system handles the financial calculations for salespeople. This may be critical for margin control when deals hit a certain level of complexity.

REDUCE MISTAKES

When product selection is based on a series of customer-centric questions rather than in-depth product knowledge, time to onboard new salespeople is dramatically reduced (since they do not have to spend massive amounts of time committing part numbers and SKUs to memory). The cost of product training can diminish as well. The reduced chance of mistakes in product selection will make salespeople more effective and prevent the wrong product being proposed, or worse, sold.

One potential hidden benefit of guided selling is the impact on sales product awareness and the retention of knowledge from training. If there is precise alignment between the materials used in sales product training and the information provided in the guided-selling process, the knowledge will seep in from repeated viewing and will be easier to use naturally later.

When guided selling is used wisely, it reduces mistakes, decreases sales training time, and increases effectiveness.

Guided selling example:

Consider the experience of trying to rent a car. Most car rental websites ask you to define your requirements before presenting you with any options. You are asked when you want the car and where you want to collect it. Then you may be given a selection like "economy vehicles," "luxury cars," "SUVs," and so forth. By making your choices, you narrow down the options available. This makes the final selection more practical and saves you from having to sift through irrelevant possibilities.

#6 / Improve the Deal-Approval Process

In many organizations, getting a deal approved can be a long and complicated process. Good news — CPQ Cloud reduces or eliminates these delays.

AUTOMATIC NOTIFICATIONS

Approvals generally mean one or more triggers require authorization. Approvals via CPQ can be faster than using manual approaches. With one system containing the quote or the deal and the set of integrated triggers, people who give their authorization are notified electronically.

EASY ACCESS TO REQUIRED INFORMATION

To make a decision, an approver generally requires both information about the specific item they're being asked to consent to and contextual information about the deal itself. CPQ approval systems provide this information by presenting a user/role-specific view of critical information on a screen (mobile or otherwise) or include vital data elements in an email notification.

APPROVAL PROCESS VISIBILITY

When a manual system is used for handling approvals, your salespeople may feel as if their deals go into a black hole when they are sent off for authorization. CPQ Cloud handles parallel and serial approval chains, providing visibility of the deal's progress to everyone involved, and updates when a deal is approved or rejected at any step to avoid wasting time.

AUDIT TRAIL

The beauty of a systemized approach to approvals extends to audit and compliance. A Cloud CPQ system provides a robust audit trail of who made the decision, when they made it, and why it was made. Having these records in one system can be the difference between passing or failing an audit.

#7 / Maximize Sales Opportunities

CPQ Cloud is often the salesperson's portal into the world of their deals. Having the ability to present the right prompts and information to a salesperson at just the right moment opens up amazing decision-making opportunities.

CROSS-SELLING AND UPSELLING

Product marketing departments can easily specify configuration rules to pull up other product/service recommendations to complement the main product so a salesperson can add them to their quote. These complementary products are often higher margin items that can unlock potential profit.

PRICING DECISIONS

Smart deal management tools show historical pricing trend information to a salesperson to help them decide what price to bid. Historical win/loss pricing data can be brought into view, represented graphically. Additionally, a win probability figure is provided to help the salesperson decide whether to push harder for a higher price or to discount to win.

INCREASING PERFORMANCE OBJECTIVES

It's even possible to link sales commission systems into CPQ Cloud to help a salesperson maximize their own earning opportunities. If compensation plans are well designed and drive the correct behaviors, this can be an amazing performance multiplier, resulting in happier sales and management teams.

The key to any successful CPQ Cloud implementation of these smart decision-making tools is to have good data and a clear understanding of what decisions you want your salespeople to make. Companies that know their customers well, understand the logic of the buying decisions, and have the data to back it up will be able to maximize revenue, profit, and the chance of success in any deal when using a Cloud CPQ system.

Asset-based ordering example:

A person subscribes to a basic television package. He receives an offer for an upgraded streaming service and internet combo package plus a sports channel package, if he extends his contract by one year. He contacts the provider and agrees to a discount based on extending his original contract for 12 more months. A year later, the he notices another company offering an even better deal. He calls his provider again and receives another discounted offer if he renews based on the longevity of his contract. Or he could terminate his contract and go with the other company.

#8 / Asset-Based Ordering

Asset-based ordering (ABO), sometimes referred to as "subscription ordering," is a powerful capability that extends the reach of CPQ.

For businesses that use subscription pricing, recurring licenses, support agreements, or modular solutions, it allows these transactions to be handled effectively beyond the initial sale and gives great scope for managing renewals. It also provides the capability for up-sell and cross-sell opportunities, delivering enhanced revenue and profit for those who implement it well.

ABO allows a provider to use their knowledge of what services a customer has and their contract status at any time, so the salesperson can offer an appropriate product, service, or contract to them. It also calculates any pricing adjustment and issues the correct instructions to supporting systems so that they can move, add, change, or delete the records for each asset.

The key benefits of working with an ABO-capable system is the ability to manage all these transactions in a sales-facing system. Traditionally, these contract changes were a back-office/ERP maintenance process, disconnected from the customer-facing sales or service teams. It's invaluable to have this information linked to the sales tools since ABO provides a crucial advantage in terms of giving a customer the right deal at the right price.

The right CPQ Cloud should allow ABO to draw information from different sources — a CRM opportunity, an ERP system, or an asset database.

#9 / Reduce Administrative Burden

Administrative duties are anathema to most salespeople. Good news — below are five ways that implementing a CPQ Cloud can save time spent on administrative tasks.

REKEYING INFORMATION

A Cloud CPQ is integrated with a CRM system. It's a straightforward process for all account information (names and addresses and more) to be passed seamlessly from CRM to CPQ.

Once the deal is in CPQ, the products, prices, and status of the deal can be automatically synced back into the CRM. This reduces the need for careful updating of two separate systems, and it also reduces errors.

FORECASTING

By putting the details of the deals into a Cloud CPQ system and seeking approvals for non-standard elements in advance, salespeople and managers can be more collaborative throughout a deal's lifecycle, building confidence in it or challenging it in a more productive way. If the customer requirements change, all systems are updated.

QUOTE/PROPOSAL CREATION

A Cloud CPQ system offers a major reduction in the administration required to generate a quote or proposal document. All deal information can be used in well-branded templates, reducing the time to create an accurate proposal from days to just minutes.

AUTOMATED APPROVALS

For many salespeople, chasing authorizers to say "yes" to a deal is time-consuming. Having a transparent and automated approval mechanism highlights when approvals are holding up deals. It also breeds a culture of support for salespeople if implemented correctly.

ORDER PROCESSING

When CPQ Cloud is integrated with ERP or order management, it provides all the information the downstream systems require— all at the press of a button, in a way that is fully validated and error free.

The streamlining of administrative tasks and moving them away from frontline sales is hugely beneficial to an organization. Take the tasks away, systemize them, automate them, and let the Cloud CPQ free your salespeople to do what they do best — sell.

#10 / Insights Through Analytics

Consider the amount of data that passes through a CPQ system—customer information, selling prices, costs, product and part quantities, approvals, and much more. The automation of intelligence around all that information can only benefit an organization.

When analyzed correctly, this data yields great insights into many metrics. For example, win-rates and achieved prices could be inspected to help influence future pricing decisions. If a company regularly wins deals in a sector at or above a given price, then it may make sense to set discount limits to that price.

Companies can also use the data inside a CPQ system to make their processes more efficient. For example, by tracking the amount of time a deal spends with different approvers or in different stages of its lifecycle, the business can locate bottlenecks.

IT'S STILL ABOUT THE DATA

Within most Cloud CPQ systems is a range of analytical tools that can help businesses extract insights. Simple reporting allows any stored attributes to be reported in a tabular manner and then analyzed. This is fast, simple, and gives most organizations the ability to get insight out with ease.

Additionally, some tools give organizations a real-time understanding of their data during the deal-construction process. For example, a company could present a scatter graph to their salespeople of "won" prices in their sector or territory by deal size to let them make their own estimate of how much discount to give. Or, they could even generate a simple regression curve to show the "best-fit" of prices.

Businesses can go further still with data-cube export functionality to allow the full Cloud CPQ data-set to be taken into a specialist business intelligence or data warehouse application.

#11 / Auditability

Audits are a necessary evil for organizations. The role of pricing decisions — who authorized what and when — and the accuracy of revenue reporting becomes paramount when evidencing compliance with audit arrangements.

A Cloud CPQ system is the answer to many organizations' audit needs. All discount requests, and the way revenue is allocated across products and services, is documented. All approvals are attributed to an individual, time-stamped, and reasons are captured at the time of approval.

More importantly, the ability to show an auditor the entire history of a decision and to follow the breadcrumbs from a signed deal all the way to reported revenue at the click of a button shows a clear understanding of these decisions.

When companies have all this information securely stored in the cloud, sharing access with only those necessary, passing an audit becomes so much easier. Auditors are no longer the enemy, and companies may find auditors provide advice on improvements to the rules in their systems to make future audits even smoother.

So CPQ Cloud is an auditor's friend, and an auditee's friend, too. It doesn't matter whether you're a telecommunications company affected by IFRS 15, an organization impacted by GDPR, or are required to follow any one of a thousand other guidelines, rules, or quality policies— having data and decisions stored in a CPQ Cloud will make you appreciate audits, too.

#12 / Simplify the Complex

One of the overarching benefits of Cloud CPQ technology is its ability to cut through the clutter that builds up in business processes. Simplification is not the same as simplicity. It refers to the art of making things as simple as they need to be, and no more.

Implementing Cloud CPQ is often transformative because it provides a lens through which to look at many processes and how they link together. A well-designed and implemented CPQ Cloud will strip away the layers of process inefficiency that have built up, providing every team has just the information it needs to work

at peak performance.

SALES TEAM APPRECIATE SIMPLIFICATION WITH A CLOUD CPQ BECAUSE:

- Bad/inaccurate product selections are eliminated before they cause problems for customers or back-office teams.

- Options are limited to just those available for a specific customer, at a particular moment, avoiding confusion.

- Product training information is provided when a salesperson is considering options.

IT DEPARTMENTS GAIN CONTROL WITHOUT EXTENSIVE INVESTMENT BECAUSE:

- Sensitive data is taken out of sprawling and rapidly spawning spreadsheets and held efficiently in a central, controllable system, reducing the risk of data breaches and inaccuracies.

- Cloud-based SaaS solutions (such as CPQ Cloud) are quick and easy to implement. No additional infrastructure is needed.

- Integration conforms to standards and can help highlight inefficiencies in data structures leading to a coherent architecture that moves data around the organization.

FINANCE TEAMS FIND THAT CPQ CLOUD CAN SIMPLIFY THEIR OPERATIONS BECAUSE:

- Pricing analysts (or deal approvers) clearly see the ramifications of each deal. The facts are clearly laid out with no obfuscation from various stakeholders.

- Margin and revenue dashboards provide just the right information to those who are authorized to see it. In addition, deal management tools deliver insight and comparisons within the historical context of the deal itself, or of future predictions, without needing to set up separate complex analytical tools.

- All necessary authorizations are in place, clarifying the approval process. Workflows can also be inspected—highlighting areas of process inefficiency. And of course, all approvals gain a full and automatic audit trail.

CPQ Cloud provides the lens through which you can inspect your company's products, services, and workflows to get quotes and proposals into your customers' hands first. It removes the clutter from the beginning of the sales process so that the perfect arrangement and flow enables you to deliver your promises.

Conclusion

Get Started on your CPQ Journey

You want to give your sales teams the best tools possible, so they can minimize errors, quicken the approval process, and sell faster. Oracle CPQ Cloud delivers mission-critical, cloud software solution to accelerate sales performance times with standard and mobile deployments. With a proven track record of quickly delivering long-term value to a wide variety of companies, Oracle CPQ Cloud boasts a 95 percent customer retention rate and unmatched customer satisfaction. Find out more today!

The Oracle Cloud offers complete SaaS application suites for ERP, HCM and CX, plus best-in-class database Platform as a Service (PaaS) and Infrastructure as a Service (IaaS) from data centers throughout the Americas, Europe and Asia. For more information about Oracle (NYSE:ORCL), please visit us at oracle.com

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Andy Pieroux is the Founder and Managing Director at Walpole Partnership, an IT consultancy firm formed of CPQ (Configure, Price, and Quote) experts. Their consultants have delivered some of the largest and most successful CPQ systems in the world. Andy has over 20 years of experience in sales, product marketing, finance, and enterprise IT implementation which provides a wealth of knowledge when helping companies sell more and sell faster with CPQ.

For more Information on Oracle CPQ Cloud for growing businesses:
Oracle CPQ Cloud | Oracle Small-to-Medium Business (SMB) | Oracle SMB Blog

For additional reading, read this e-book: The Complete Configure Price Quote (CPQ) Guide for Sales Professionals

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