# THE TOP 5

## Capabilities every modern **CPQ** solution should have

**vendavo**™

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Is your CPQ solution helping you

# gain a competitive edge?

Or is it holding you back?

As new technologies continue to emerge at breakneck speed, businesses across nearly every industry—from industrial manufacturing and distribution to high-tech and chemicals— are joining the digital revolution.

Best-in-class CPQ-enabled enterprises turn **30% more quotes into sales orders.** But as businesses adopt new tools and technologies, it's important to remember that **staying nimble is critical to survival.** Indeed, the CPQ solution you put in place today must be able to support your long-term business growth.

In this whitepaper, we'll discuss the 5 capabilities every modern CPQ solution must have to help businesses accelerate sales, increase margins, and sustain long-term profitability—no matter what changes lie ahead.

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# ADMINISTRATION

As you begin to assess your CPQ solution, **start with the administrative capabilities.**

**If your CPQ software is complex and unintuitive,** you're going to have a frustrated sales team that's slow and ineffective. What's more, to set up and maintain the software—and then train the sales team to use it—you'll need to either add  administrative responsibilities to someone's plate or hire a new employee. Either option **will increase your total cost of ownership.**

## ADMINISTRATION
### KEY CAPABILITIES

YOUR CPQ SOFTWARE SHOULD BE
# SIMPLE TO USE
AND REQUIRE MINIMAL TRAINING TO MASTER.

**It should have a straightforward web interface** that makes it easy to set up your product lists and pricing information.

**It should also update automatically** in unison with your CRM. This will ensure everyone in your organization has **seamless access to accurate, up-to-date information.** But before your CPQ can automatically update with your CRM, it needs to be integrated.

And that leads us to the next essential capability:
**EXTENSIBILITY.**

# EXTENSIBILITY

**Do you have a homegrown CPQ solution?**

If so, that's a potential red flag—because homegrown CPQ solutions are typically beholden to the legacy architecture and the one person that still knows how to program it.

Of course, not everyone sees that as a problem.

# EXTENSIBILITY

## Broader Thinking

Many people think that if the legacy CRM and the legacy CPQ are built for each other, and everything is humming along nicely and meeting current needs, then that's a benefit, not a detriment.

That kind of thinking is shortsighted and can lead to major problems down the line. Here are two big reasons why:

1. A legacy CPQ solution inhibits planning in the future, as you are restricted to the innovations that are possible only in that larger legacy structure.

2. Legacy platforms tend to move slower and are less capable of handling complex products, prices, and sales configurations.

# EXTENSIBILITY
## KEY CAPABILITIES

# FLEXIBLE

▶ If a CPQ solution doesn't connect with your CRM out-of-the-box, make sure it has been designed to give your developers abundant flexibility. Specifically, it should include an API that makes it easy for your developers to extend CPQ pages whichever way they want.

▶ CPQ can also provide valuable information to ERP systems. CPQ-to-ERP integration can help better inform margin and profitability decision-making. It can also improve product design and delivery, which ultimately impacts your customer experience.

For customization from the get-go, select a solution provider that will change the CPQ build based on your company's needs (things like incorporating custom fields on a product table or including pricing rules beyond what a native solution might offer).

## 12.1%

**Combining CPQ and ERP can lead to an average 12.1% reduction in operating costs.**

## PROPOSALS & CONTRACT MANAGEMENT

**Gone are the days** of the simple one- or two-page business quote.

Within most business-to-business industries, formal proposals have become complex, multi-page documents. They include multiple parts, from multiple departments—with a variety of content ranging from branding and marketing information to terms and conditions and service agreements.

**2.2X** Sales Efficiency

**Best-in-class CPQ-enabled sales organizations are 2.2 times more effective** in reducing the number of people, functions, and iterations required to deliver proposals to prospective buyers.

For sales reps, keeping track of all these moving parts and pieces is no easy task. The process is tedious, time-consuming, and increases the opportunity for errors. What's more, the time it takes to create a complex proposal can slow down the sales cycle, leading to missed sales opportunities.
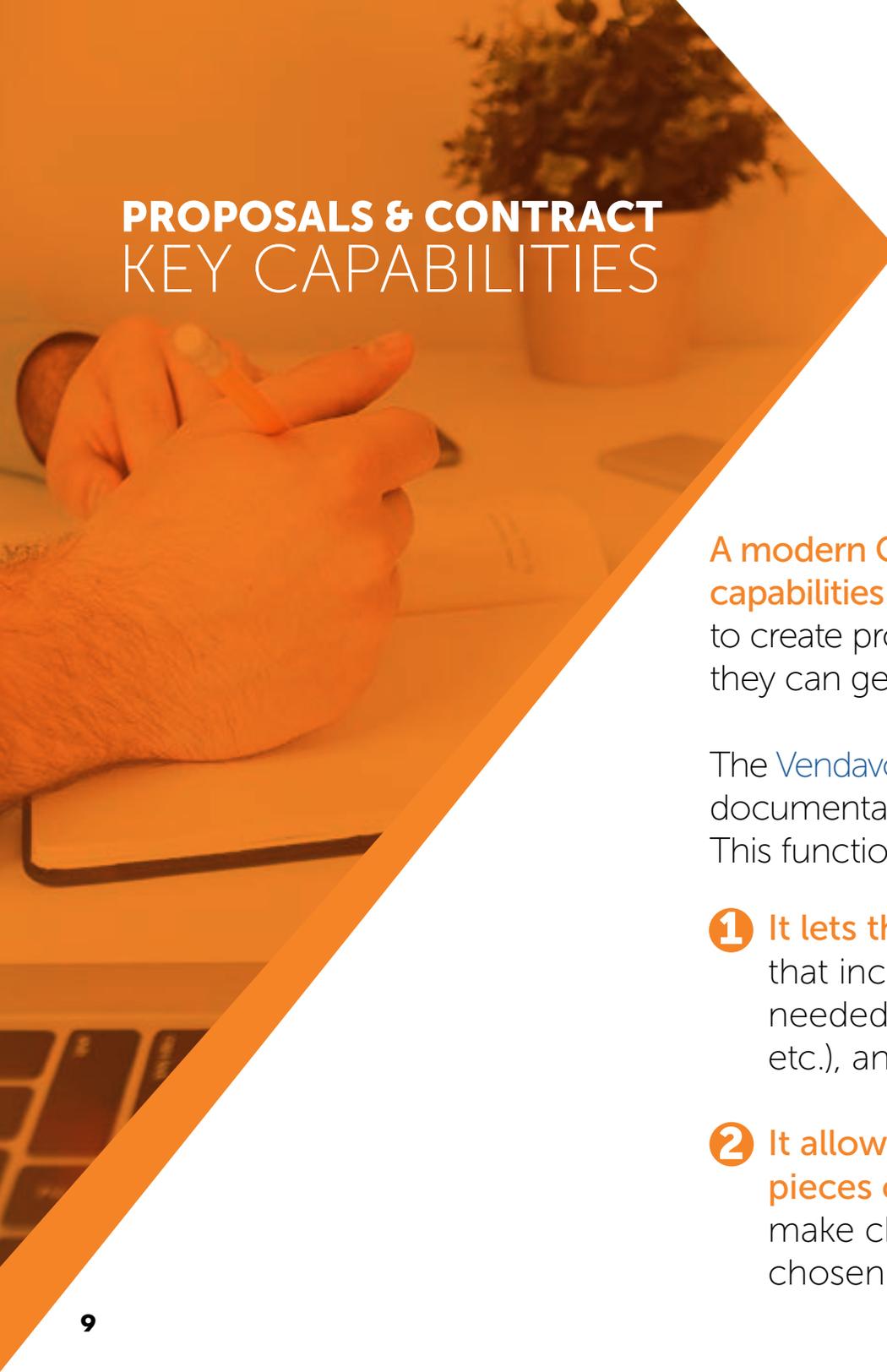
## PROPOSALS & CONTRACT
## KEY CAPABILITIES

## YOUR CPQ SOFTWARE SHOULD
## LAND MORE DEALS
## AT BETTER MARGINS

**A modern CPQ solution should have document generation capabilities that make it quick and easy for your sales team** to create professional, complete, and accurate proposals—so they can get back to landing more deals, at better margins.

The Vendavo® CPQ Cloud solution includes powerful documentation capabilities.
This functionality helps in two key ways:

**1** **It lets the administrator create a customizable template** that includes all the various content that might be needed for a proposal (branding, product info, legal items, etc.), and

**2** **It allows sales reps to pick and choose the necessary pieces of content** they need for a specific proposal—and make changes on the fly—as different products are chosen in the sales process.

# ADDRESSING BUSINESS TRENDS

**CPQ is no longer a "nice to have" business tool.**

It has become the new standard. As the CPQ market expands, solution vendors are racing to meet growing customer demands.

With that in mind, the final two CPQ capabilities we'll cover in this white paper are based on new tools and technologies that address significant business trends.

*"By 2018, 40% of B2B digital commerce sites will use price optimization algorithms and CPQ tools."*

As the demand for data-driven tools continues to grow, pricing automation has become one of the most useful new tools in the CPQ space.
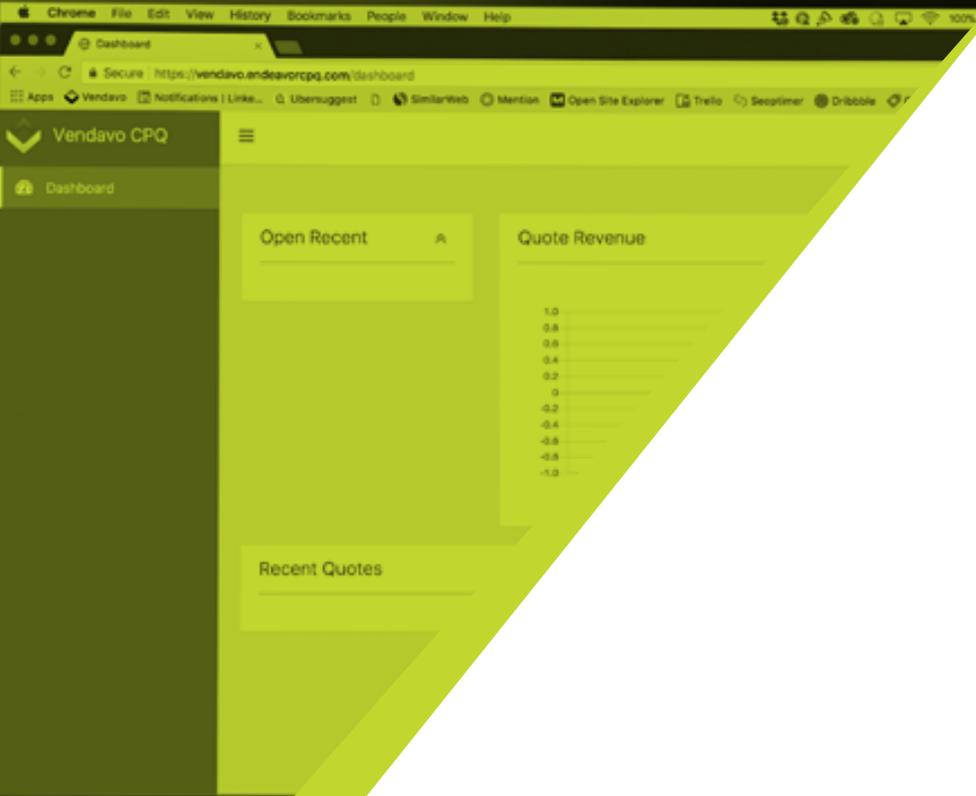
In fact, Gartner predicts that by 2018, 40% of B2B digital commerce sites will use price optimization algorithms and CPQ tools to price dynamically.

But be warned: pricing automation is still a relatively new technology, and not all pricing tools are equally "intelligent."

**40%**

# PRICING AUTOMATION

## PRICING AUTOMATION
## KEY CAPABILITIES

# REAL-TIME PRICING

Our CPQ should include a pricing tool that provides **accurate, real-time pricing** and product information during the quoting process, including **multi-currency transactions and cross-sell.** The rules engine should be flexible and adaptable. And it should be able to handle things like **product groupings, discount constraints, and role-based pricing.**

# MOQ
## MULTI-ORGANIZATIONAL QUOTING

**Increasingly** business-to-business buyers want to buy complete packages from their vendors, rather than purchasing piecemeal products or one-off solutions.

Although the demand for "packaged" solutions is a clear business trend, it hasn't been widely addressed by CPQ solution vendors.

Many large corporations, for example, have several business units. But because all the units are operating in silos and selling independently of each other, it is very difficult and time-con-suming for a sales rep to configure all the pieces into a single quote. That's where multi-organizational quoting comes in.

Because different business units operate in silos and sell independently of each other, it's difficult to configure all the pieces into a single quote.

# MOQ
## KEY CAPABILITIES

# SHARE
## PRODUCT CATALOGS

With multi-organizational quoting, **a sales rep from one division can source product from multiple divisions,** configure everything quickly and accurately, and provide the buyer with a single, consolidated proposal.

Similarly, **this capability lets distributors source products from multiple suppliers and sell everything as a packaged solution,** in one concise quote—quickly and easily, in an automated way.

**Multi-organizational quoting is still on the cutting edge of CPQ technology.** In fact, Vendavo® CPQ Cloud is currently the only solution that offers it. Here are three things the solution lets users do:

① Configure and sell multiple product lines together

② Pull up-to-date product and pricing data from multiple vendors—or from multiple business units within the organization

③ Share product catalogs internally or with other companies, with permission-based access to product data

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# A CPQ CASE STUDY:
*Gosiger Automation*

# Gosiger Automation

is a third-generation family-owned business that distributes CNC (computer numeric control) machine tools.

## BUSINESS CHALLENGE

The relationships that Gosiger resellers have with their customers and manufacturers are paramount to keeping the company growing.

But along with the company's growth came challenges that threatened its valuable customer relationships. Maintaining pricing sheets was keeping Gosiger sales reps from producing quotes in a timely fashion. And getting accurate pricing meant a laborious, ad hoc process of emailing back and forth with an administrator.

## CPQ SOLUTION OUTCOME

In the distributor/reseller marketplace, it was important for Gosiger to be able to give suppliers the ability to accurately forecast. CNC machinery is not built overnight and orders can take months. Understanding what's coming down the pipeline was vitally important.



*"The forecasting reports running out of our CRM allow the supplier to identify which opportunities are closing, so they can have the right inventory on hand,"* said Pete Haley, President of Gosiger.

This helps Gosiger deliver on time to customers.

**"That's another success story of CPQ, the very close alignment with our manufacturer," said Haley. "It is really nice for us to have a seamless relationship as it relates to their products."**

# Conclusion

A modern CPQ solution should improve every aspect of the product configuration process, leading to shorter sales quoting cycles and better ROI for every quote. Not just today, but long into the future.

The following five capabilities will help ensure the CPQ solution you put in place today can continue to meet your needs as your business continues to grow and evolve:

**1**   **Easy-to-use, intuitive administration**

**2**   **Extensibility through simple API**

**3**   **Programmatic document generation**

**4**   **Real-time pricing automation**

**5**   **Multi-organizational quoting**

# KNOW YOUR CPQ ROI

Calculate your potential CPQ ROI with our exclusive Vendavo® CPQ value assessment tool.

**https://www.vendavo.com/cpq-roi-calculator/**

## About Vendavo

Vendavo harnesses the power of Big Data to generate actionable insights that enable businesses to sell more profitably. Our margin and profit optimization solutions help global customers make better data-driven decisions for pricing and sales effectiveness. Vendavo® Intelligent CPQ combines intelligent pricing and CPQ to deliver a new generation of world-class margin optimization solutions directly to the front line of B2B sales organizations.

Located across the globe, Vendavo is the solution of choice for Global 2000 companies in industries such as chemicals, industrial manufacturing, high-tech, and distribution.

1. Configure, Price, Quote: Better, Faster Sales Deals Enabled, Aberdeen Research 2016

2. Maximizing the Sales Technology Ecosystem with Best-in-Class CPQ Deployments, Aberdeen Research 2016

3. Powering a Profitable Sales Organization: How CPQ Cuts Costs, Aberdeen Research 2016