



WHITEPAPER

CPQ in mechanical and plant engineering: functions, trends & use cases at a glance

Overview whitepaper

This whitepaper summarizes the key functions and trends regarding Configure, Price, Quote (CPQ). It answers the following key questions that manufacturing companies need to know about complex and multi-variant products - especially in mechanical and plant engineering:

1. Why is CPQ becoming so important for sales?
2. Where is CPQ located in the digital process?
3. What are CPQ core functions?
4. On which foundation is CPQ based?
5. How does CPQ support the customer journey?
6. What is the benefit in sales?
7. What are concrete best-practice-examples?

1. Why is CPQ becoming so important for sales?

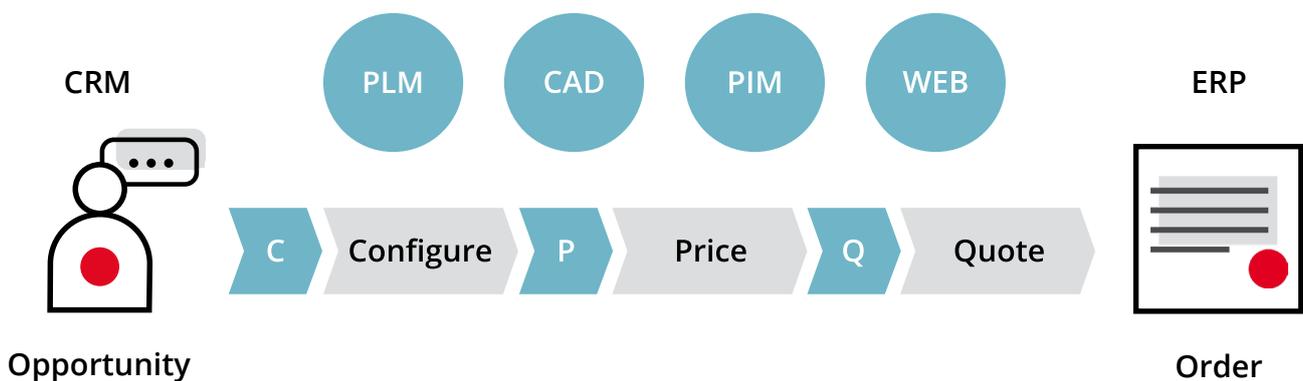
Mechanical and plant engineering is at the forefront when it comes to production batch sizes of one. According to the study „German Industry 4.0 Index 2019“ by Staufen AG, almost two thirds of the companies in this segment strive for this new level of individualisation. They have recognised that in future it will no longer be sufficient to rely solely on the success factors of quality, time and price. Digitisation offers companies new opportunities to customise their products in order to meet specific customer requirements. However, this means that the sales process has to be brought

even closer to the customer and the resulting new high number of variants must be made economically manageable for sales and in-house production. More and more providers of multi-variant products are relying on CPQ systems (configure, price, quote) in sales in order to ensure future viability: A recent survey by the Association of German Machine and Plant Manufacturers (VDMA) shows that CPQ systems are already high up on the list when it comes to top investments in IT systems.

2. Where is CPQ located in the digital process?

A CPQ system can be seen as a digital bridge that brings the sales process closer to the customer and maps the customer requirements to production. It ensures that the growing demand for individualised products is met. From an IT perspective, this represents the link between the opportunity in the CRM system and the order in the ERP system. The CPQ system often imports

the necessary information from other sources to create a convincing offer, for example from PLM, PIM or CAD systems. In B2B, product configuration is also increasingly being integrated into the company's own website, so that customers or dealers can initiate the offer and order process via the Internet.



Integration of CPQ systems into the overall digital process.

3. What are CPQ core functions?

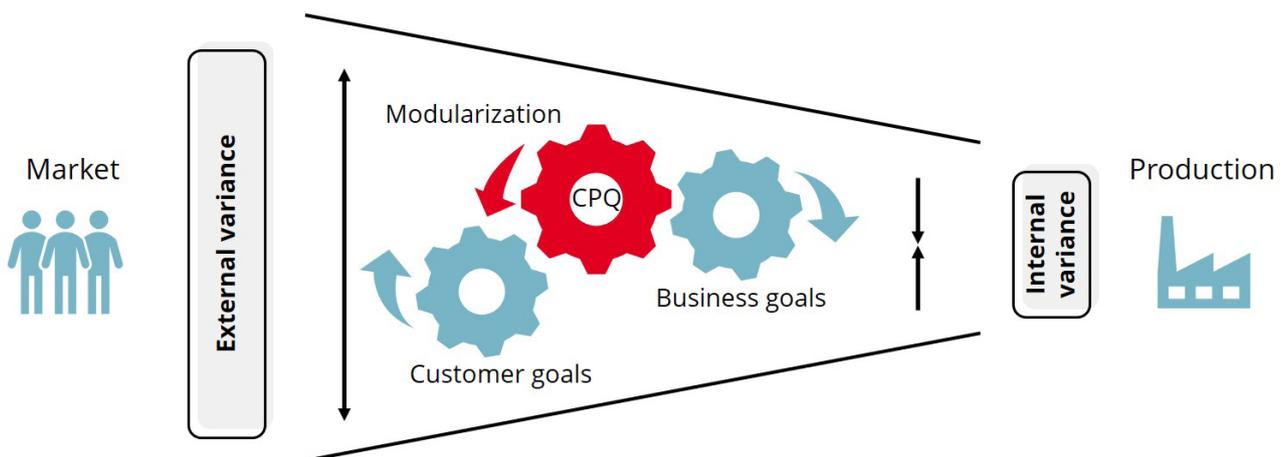
A CPQ system is an IT application that digitises and automates the offer and sales process and centrally manages sales-relevant product and offer knowledge. The core functions are product configuration, price determination and the preparation of offer documents. Product configuration is based on a previously conducted needs analysis. By posing specific questions, it suggests suitable product variants to the user - i.e. the sales

representative, dealer or customer himself - and navigates to the best solution for the customer. Plausibility and completeness checks ensure that only technically possible product variants can be configured. Parallel to the design of the products, the system determines the prices and manufacturing costs. In a final step, it creates personalised offer documents, such as a technical description, commercial offer or a 3D visualisation.

4. On which foundation is CPQ based?

However, CPQ systems not only create a wide range of variants through individualisation. They also enable them to be mastered cost-effectively. To this end, products and systems are modularised. Using the resulting modular system, standardised functional modules can be combined to create customer-specific product variants. A well thought-out module can generate a large number of customer variants with a manageable

number of components, and at low internal costs. This concept, which makes customisation a normal-case scenario, is brought to the customer via the product configurator of a CPQ system: This translates the customer view into suitable products and their product characteristics – always taking into account established technical and economic rules.

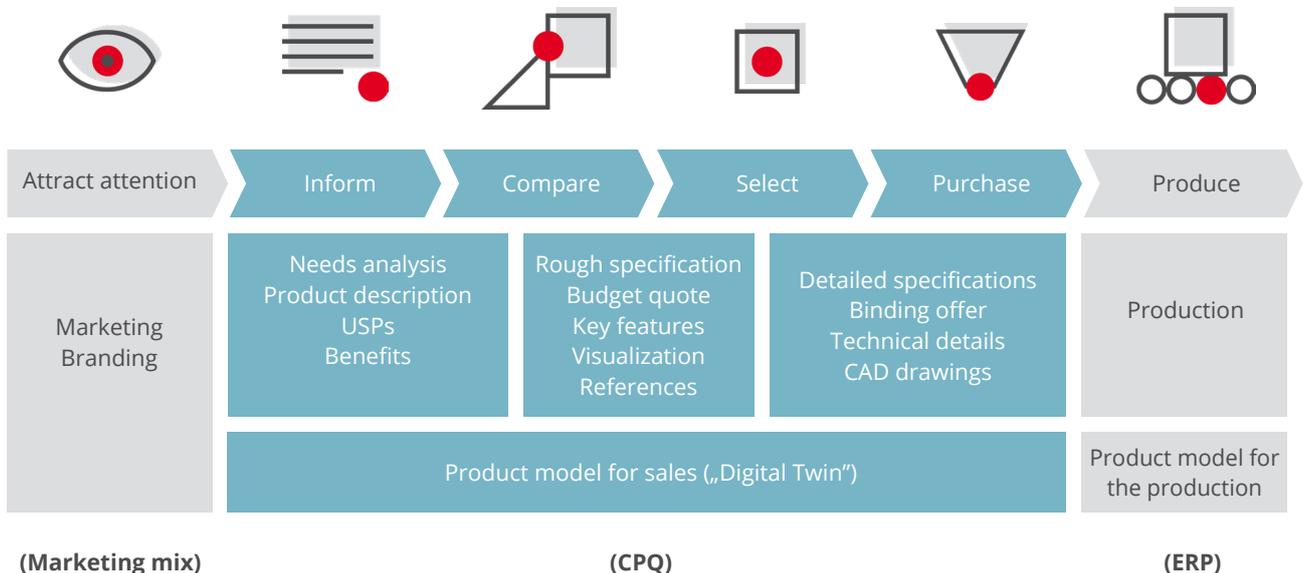


Target image of individualisation with high variance in the market and low variance in production.

5. How does CPQ implement the customer journey?

Information and buying behaviour in the B2B environment is changing. According to a Forrester study, 60% of B2B buyers already use information from the Internet to make investment decisions. Even when it comes to complex goods, prospective customers seek information and increasingly also purchase online. This creates a new challenge: it is no longer the sales department that decides what information to give to whom, but the prospective customer himself. Thus the customer

journey model has taken on central importance in controlling information offerings. This model can be realised using modern CPQ systems. They ensure that the level of detail of offer information is adapted to the specific information needs of the prospective customer: The level of detail is gradually increased from initial information provided on an ad-hoc basis and a low-cost offer, until a binding offer is reached.



CPQ within the customer journey.

6. What is the benefit in sales?

All in all, CPQ systems make sales processes up to 50 percent more efficient, because routine tasks such as coordination on technical feasibility are replaced by automated plausibility checks, or approval processes are accelerated due to rule-based workflows. Furthermore, the CPQ system also goes hand in hand with a qualitative improvement. The product knowledge is anchored

in a central set of rules, so that sales staff always has an overview of what is technically feasible and the range of variants offered from a market perspective. The following principle applies: The more complex and varied the products and the more explanation they require, the greater the benefits of the CPQ system.

7. What are concrete best-practice-examples?

Best-Practice Haver & Boecker

Haver & Boecker specialises in machines and systems for filling bulk materials that are used in the packaging and processing of cement, building materials and minerals, chemicals and food. The packaging machine must be configured individually for each application scenario. Since the introduction of the CPQ solution by camos Software und Beratung GmbH, the sales staff have been creating the right machine using a product con-

figurator. As soon as they have selected all the components, the system automatically generates the offer with all the prices and descriptive texts. Instead of the two days previously required, this process only takes three hours. On confirmation, the order is forwarded directly to the ERP system via an SAP interface. The sales staff use the time gained to win new customers and thus increase sales.



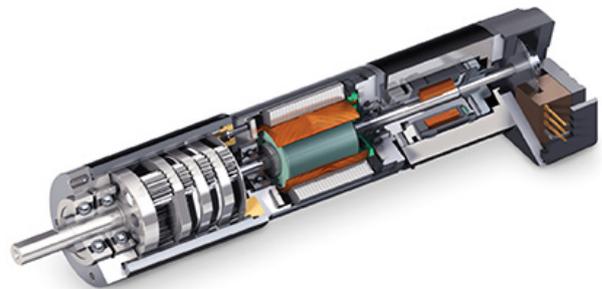
“ We were looking for an efficient system capable of mapping the entire sales process and significantly accelerating quotation generation. camos came up with the perfect solution

Ann-Kristin Kaltefleiter-Jürgens, Head of Machine Shop Sales Management at Haver & Boecker

Best-Practice Maxon Motor

The same CPQ solution is used by Maxon Motor. The company specialises in customised drive solutions. The use case differs fundamentally from that of Haver & Boecker, in that Maxon Motor also has prospective customers configure their own products via the Internet, thereby relying on the customer journey model: The prospective customer can flexibly control the level of detail of the information in the configuration process and simply use the info buttons to show and hide additional information that is relevant to him. If desired, he can access all the technical specifications, drawings, information about delivery times and prices for all options directly on the website, or view his configuration result in a 3D model. He receives the order confirmation from the CPQ system immediately after placing his online

order. At the same time, the system transmits all the data necessary to start a production order. This is possible because the set of rules of the configurator checks the buildability of customer specifications.



Maxon motor's high-precision drive systems based on innovative technology can be configured to match individual requirements.

camos CPQ – because everyone involved benefits

- Customer:**
- Orientation on their individual requirements
 - Clear idea of their product's properties
 - Information available ad hoc – offers virtually in real time

- Sales:**
- Faster offer process – higher success rate
 - Cross- and up-selling options for the system
 - Profit increase – rules for complying with discount limits
 - Centrally managed knowledge – sales without technical know-how



18 % less
coordination with
other departments



33 % shorter
processing times for
creating offers

- Marketing:**
- Intelligent evaluation of sales data
 - Data on market and product trends
 - User interfaces and offer templates in the corporate design

- Production:**
- Only technically correct and complete specifications
 - Scale effects through product modularisation reduce costs

- IT:**
- Fewer system disruptions – comprehensive configuration, calculation and sales tool

In support of camos

- 200 successful CPQ projects: leading provider in Europe
- One of the leading CPQ solutions for the B2B market since 15 years
- Notable customers with technically complex products such as Siemens, KONE, KSB or MAN use the software worldwide
- camos takes its customers by the hand' and supports them from the consultation phase during implementation to the personal support and execution of updates.



Customers who place their trust in us

ABB

ARBURG

BERG

DEMAG
A TEREX BRAND

DMG MORI

EIRICH

FAUN
KIRCHHOFF GRUPPE

HAYER & BOECKER

HÖRMANN
Tore • Türen • Zargen • Antriebe

HOMAG

KONE

KSB

LIEBHERR

MAN

maxon motor

MULTIVAC
BETTER PACKAGING

Reifenhäuser

ROHDE & SCHWARZ

SCHAEFFLER
LUK **INA** **FAG**

SIEMENS

TROX® TECHNIK
The art of handling air

VOITH

WITZENMANN
managing flexibility

HAUNI
KÖRBER SOLUTIONS

For further information visit our Website
Website www.camos.de/en.

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