



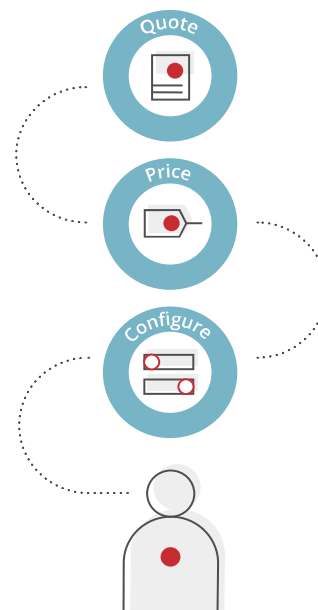
WHITEPAPER

How to start with CPQ:
Learnings from over 200 projects

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The TOP 6 reasons for introducing CPQ

Suppliers of technically complex and varied capital goods use CPQ to increase their sales efficiency - including machine builders like DMG Mori, system builders like Siemens Energy and elevator specialists like Schindler. They all share the motivation to configure the best product to suit their customers' requirements, to calculate prices precisely and to inspire customers with an outstanding user experience right from the quote process. The reasons for introducing CPQ are diverse:



Lack of sales efficiency

„Our sales processes are not efficient. We lose orders because the competition sends out quotes faster.“


 **28 % faster sales cycle**

Nestled between CRM, PIM, ERP and CAD, CPQ enables a 28 % faster sales cycle through end-to-end automation. Time-consuming coordination between sales, product management and production regarding the feasibility of the product is replaced by automated plausibility and completeness checks and workflows. Orders are created directly in the ERP system.



Error in the offer costs a lot of money

„We create our quotes using Word, Excel and other calculation tools. Manual data transfers and nested tables cost us a lot of time and money due to errors that creep in.“

 **100 % error-free quotes**

CPQ ensures that manual data transfers from different tools are a thing of the past, so errors are avoided. The product configurator's rules also ensure that only correct and buildable product variants can be put together. Since prices are automatically calculated from the finished configuration and a quote is created, errors are also excluded there.



Lack of emotionality in the offer process

„There is a lack of emotional connection in our quote process. The result is that the hit rate for our quotes is too low.“



30 % increase in hit rate

CPQ consistently focuses on the customer throughout the entire quote process with features such as Guided Selling and impresses with a technological emotional connection through 3D visualisation of the configured product. The result: Outstanding customer experience in the quote process and an increase in the hit rate by 30 %.



Use the opportunities of green selling

„We see that sustainability and an ecologically sustainable and energy-efficient product configuration will be a competitive advantage in future, but we don't know how we can use make use of these opportunities for ourselves.“



Green configuration

CPQ offers the opportunity to promote sustainable configuration decisions at the time of product configuration and to transparently communicate their positive effects on the environment as well as economic aspects such as ideal energy and resource consumption. These are clear selling points that increase sales.



Eliminate knowledge monopolies

„Sales and supply knowledge is in our employees' heads or is distributed across different systems. New sales employees have to undergo extensive training every time.“



New employees are ready from day 1

CPQ manages sales and quote knowledge centrally. It ensures that every sales employee advises customers based on a systematic process (guided selling) and a consistent database and sells the product that best meets the customer's requirements – and not the product that they themselves know best. New employees are also navigated through the CPQ process and can sell independently from their first day of work without any training.



E-commerce for products that require explanation

„We rely on the know-how and support of our sales engineers to sell our products. Our products are too complex to offer them online and leave the configuration to the customer themselves.“



CPQ as a prerequisite for customer self-service

CPQ integrations into websites, portals and online shops work very well for products that require explanation, because guided selling also guides product laypeople intuitively and specifically to the optimal product variant, which they can also get to know via 3D visualisation. Technically complex capital goods such as machine tools, excavators or drive solutions are increasingly being sold online.

How to start with CPQ: Learnings from over 200 projects

According to an analysis by Dr. Wüpping Consulting GmbH only around 50 percent of CPQ projects achieve their goals. Below we have analysed the most common errors in project preparation and software implementation so these do not happen to our customers during implementation. The best practices described are based on our experience from over 200 CPQ projects:



Clarification of expectations

Analyse the status quo of your quote process and be clear about the areas improvements that need improvement. Write down what these improvements should look like or how you want to measure the success of the project. For example, are you primarily concerned with increasing the hit rate, shortening the sales cycle or reducing the number of incorrect offers?



Data storage

Clearly define which systems (CPQ, ERP, PIM, CRM) should have data sovereignty over product data, relational knowledge, prices and discounts.



Organisation structure

CPQ projects affect different areas of the company. Make sure that all relevant departments such as sales, product management, order processing, marketing and IT are given time to work with



the project team or are represented in the project team. It is important to appoint a project manager/product owner who knows the project goals and requirements very well and can take over communication with the CPQ provider, coordination with the departments and stakeholder management.

Involvement of top management and users

A successful CPQ project requires the involvement of top management and end users. Top management must define the project vision and have a strong commitment to the project. The users are crucial for the success of the project and successful go-live. To ensure that the software is actually used after its introduction, users must be involved in the project and its implementation at an early stage. This is best done while the requirements are being recorded and through regular user acceptance tests.



Start with a pilot project

Start with a pilot, MVP (Minimum Viable Product) or a selected product area to test the effectiveness of the solution and gain experience.



Implementation in phases

It's a good idea to start with a product area where CPQ can make a real difference – this is particularly the case with products with many variants or customisation options. Based on the insights gained, you can then gradually expand the implementation to other areas.



Project approach

A CPQ project is a software development project. The CPQ software must be adapted to the individual needs of your organisation and interfaces must be integrated into your system landscape. The agile approach is ideal for such a project because it allows for short iterations in which reviews and, if necessary, adjustments can be made.



Change management

Implementing a CPQ solution requires effective change management to ensure

your employees accept and effectively use the new technology. Clearly communicate the benefits and provide training and support during the adoption process.



Support

Make sure you have a support team in place to provide assistance with questions and issues. A well-trained team and effective support ensure that solution users are not only helped with operational questions, but are also supported in putting together offers.



Product model preparation

Products should be structured in modules to enable the best possible support from the regulations. The combination of modules or product components then describes the finished product. Texts and prices for the components must also be available.



Be a visionary

From the outset, think about the potential of CPQ trends, for example in the areas of customer self-service and guided selling. These channels are rapidly gaining in importance.

Select CPQ solution and provider: What you need to pay attention to

Conduct thorough research to identify potential CPQ providers. Look for providers who have experience and expertise in your industry and whose solutions meet your needs. Browse case studies, customer reviews, and analyst reports to learn about other companies' experiences with CPQ providers. When selecting the solution, the following points should be taken into account:

User friendliness

If the solution is complex and difficult to use, users will have difficulty using it effectively. This often leads to frustration and inefficient work processes. So, when choosing a CPQ solution, pay attention to ease of use. Test the interface and workflows to ensure they are intuitive and easy to use.

Customer feedback

If you would like to integrate the CPQ functionalities online on your website, a web portal or an online shop and, for example, offer the product configuration as customer self-service to your customers, these must also be included in the customising. For example, you could invite selected customers to use your prototype. Based on customer feedback, you can identify and optimise weak points or unsuitable features.

Integration with existing systems

The product data of many variant products is constantly changing. These changes are typically maintained in an ERP or PLM system. In order for the CPQ system to be used efficiently, the changed product data must also be made available there. Therefore, integration with other business systems such as ERP (Enterprise Resource Planning), PLM (Product Lifecycle Management) and CRM (Customer Relationship Management), as well as with web shops and websites, plays a crucial role in the implementation of CPQ. Therefore, ensure that the CPQ software can be connected to these systems via standard interfaces and that the provider has experience in implementing these interfaces.



Complex configurations

Product variants quickly become complex due to the large number of options and dependencies. Make sure that the CPQ solution is able to reflect your product complexity, as not all solutions still achieve a high level of efficiency.

Scalability and customisation options

Compare the scalability as well as the customisation and expansion options of the CPQ solutions in detail.



Functionality

Make sure your specific requirements can be met. Here are some examples:

- Can the CPQ solution complete the required configuration tasks?
- Is guided needs analysis possible (guided selling)?
- Are the reasons for prohibited configurations explained in a user-friendly way, or are solutions suggested?
- Are the configured products visualised in an appealing way?
- Can the basis for the calculation be selected freely?
(Price lists, manufacturing costs, feature based pricing, ...)?
- Is subscription pricing possible?
- Can cross-system quotes be created with intercompany pricing?
- Can quote documents be easily adapted to the corporate design?
- Can quotes be versioned easily?
- Is it possible to print a quote in any language and currency?
- Are country-specific print formats possible?
- Is it possible to compare quotes in a table view?
- Is integration into web shops and websites possible?
- Is offline configuration possible?
- Is modelling possible without programming knowledge?
- Can services, spare parts or warranty extensions be offered efficiently?

Rely on a strategic partner

CPQ projects require close, long-term and strategic collaboration. This requires more than just a software supplier. Good CPQ providers are experts in the digitalisation of sales processes, know their industry and offer advice and project management. They provide high-quality support and training opportunities. Therefore, rely on a provider who will support you from advice and conception to implementation and operation. Work closely with your CPQ provider to ensure successful implementation and use of the solution.

Consider the provider's experience and reputation

Consider the CPQ provider's experience and reputation in the industry. Check the provider's experience implementing CPQ solutions in similar companies and industries. Read customer reviews and interview references to find out more about customer satisfaction and the success of other companies with the provider.

After the introduction: Continuous verification of CPQ

Implementing CPQ is not a one-time initiative, but a continuous optimisation process. Monitor system performance, analyse sales data, and collect feedback from employees and customers to identify possible improvements. Make regular adjustments to adapt the CPQ solution to changing needs and maximise its benefits. Stay up to date on current developments in CPQ technology and see if new features or integrations can add additional value to your business.

Summary

Implementing a CPQ system will significantly improve your sales process and lead to increased efficiency and sales. By incorporating best practices such as integration with ERP and CRM systems, engaging top management and users, and preparing the product model, you can ensure that your CPQ project is a success. Choose a CPQ provider that meets your specific needs and work closely with them to ensure successful implementation and continuous optimisation.



Contact us for a demo



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