Enable the Modern Revenue Team by Modernizing Lead to Cash

Why are customers asking for subscription, usage, and milestone pricing?

Major trends continue to reflect the changing ways that customers want to buy and engage with vendors: growth in digital products and services; the expansion of multi-channel and remote selling; and the familiarity and expressed desire customers have for a digital buying experience that takes place when and where they want.

Alongside these customer trends, many vendors are looking to create new ways to drive revenue growth by offering additional complementary digital services to further monetize physical deliveries. Examples include harnessing device-generated data for monitoring and preemptive maintenance or introducing software to manage product usage. One important characteristic of these offerings is the ability to bundle products and services into tiered packages that match customer needs.

These subscription and usage pricing methods represent an opportunity for customers to spread costs more predictably over time and avoid the risk of large upfront payments. For vendors, subscriptions provide a more consistent and predictable revenue stream, though they do increase the need for sustained engagement if the customer is going to be profitable.

Why is modernizing lead to cash so important for sustained growth and hitting revenue targets?

For customers, initial engagement is a key driver for an ongoing relationship. Rather than just focusing on the top and middle of the sales funnel, it is also important to pay attention to the processes that take place towards the conclusion of the sales process as this is where a positive customer experience comes to fruition and sets the stage for sustained engagement.

And for many of today's customers, service is the product differentiation. Because it plays a role in both the initial order and any subsequent amendments, an accurate configure, price and quoting system is part of ensuring that all the information needed to deliver, fulfill, account and bill should flow through, and that any changes can be self-service and pro-rated in-period. If an organization is not addressing
this, their competitors probably are. Customers should perceive that they are dealing with a single vendor with consolidated invoices and order history and details, even if their bundle of products and services crosses internal business units.

What are the key considerations for the Office of Sales and the wider revenue team?

Modern lead-to-cash systems and processes should facilitate frictionless engagement across teams for the entire customer life cycle: from initial lead, through sale, onboarding, deployment, adoption, and servicing processes, and also with renewal and upsell/cross-sell opportunities.

A key consideration for B2B and B2C vendors is the need for strong operations support to ensure organizations are delivering and fulfilling accurately across all types of products and services and meeting today's heightened customer expectations along the way. Mistakes and errors can damage the all-important customer experience, potentially impacting future sales opportunities.

Over time, the modern lead-to-cash system and process will also surface data that can be used to identify and address bottlenecks and inefficiencies. When harnessed effectively, this allows for constantly improving internal delivery against customer expectations.

What issues could older systems have on an organization’s ability to support a modern process?

In a competitive market, vendors must be able to quickly innovate and develop new products and services and bundles. Quickly operationalizing new offerings is key to getting to market faster and to shortening lead-to-cash cycles. Older systems are not best suited to support the dynamic nature of modern digital products and bundles. For example, with legacy systems, adding new products and service offerings often requires technical resources to implement, thus delaying full-scale roll out and impacting market competitiveness.

Disconnected, siloed systems and “bolt-on” point solutions make it difficult to source and merge necessary data for efficient processing. This will, in addition, complicate the creation of a full view of the customer which is important to understanding customer renewal risk and to identifying upsell and cross sell opportunities or suggesting new offerings. Assuring data security and privacy is also harder to achieve with multiple disconnected applications.
Sales and revenue teams are crucial for our organization. How can we avoid disruption that could impact achieving growth and targets?

As sales and revenue organizations consider deploying any new system, a concern is the potential disruption this could cause at important selling times. We recommend seeking expertise and guidance from vendors who have experience with deploying these capabilities in an incremental fashion that acknowledges and accommodates the need to ensure sales and revenue teams are not negatively impacted.

Technology choices based on immediate needs have the potential to scale poorly and impede further roll-out, potentially impacting competitiveness and market share. The best consulting and implementation partners can advise an organization based on their experience with how point solutions may have held others back. As is often said, the only constant is change, so it is crucial to partner with a third party that can identify and raise awareness of future needs, especially those that may not be apparent today.

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Stephen Hurrell is responsible for the overall research direction for the Office of Revenue at Ventana Research, including the areas of digital commerce, price and revenue management, product information management, sales enablement, revenue performance management and subscription management. His focus areas include product and CS leadership, data-driven applications in sales enablement, financial reporting and planning, and billing and monetization platforms.