

# Twelve ways CPQ can help you sell more

**Improve efficiency, effectiveness, and build momentum in sales cycles**

Oracle + Walpole Partnership

## Introduction

Smart enterprises are looking to streamline the entire opportunity-to-quote-to-order process, including product selection, configuration, pricing, quoting, ordering, and approval workflows.

So you might read marketing copy for configure, price, and quote (CPQ) cloud solutions that summarizes the many benefits that CPQ brings an organization into jargon-like phrases, such as “sell faster,” “eliminate errors,” “close deals quickly,” or “improve margins.”

And while these phrases are certainly descriptive, 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?”

Putting all the marketing spin aside, CPQ offers significant advantages for today’s organizations. With it, businesses can quickly configure and price complex products or services, maximize margins, avoid errors, simplify approval processes, as well as leverage up-sell, 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 system that any business can get on board with. To get more details about how CPQ can help your organization, keep reading.

### A TOP 12 LIST

- |  |                                 |
|--|---------------------------------|
| 1. Sell faster                         | 7. Maximize sales opportunities |
| 2. Maximize margins                    | 8. Subscription management      |
| 3. Better-looking quotes and proposals | 9. Reduce administrative burden |
| 4. Error-free orders                   | 10. Insights through analytics  |
| 5. Guided selling                      | 11. Auditability                |
| 6. Improve the deal approval process   | 12. Simplify the complex        |

# 1. Sell faster

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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 sales teams to focus on the next big deal.

## So how exactly can CPQ do this?

A CPQ system measurably improves the speed of the selling cycle 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 solutions can never fully replace the interactions needed between a professional salesperson and their client. But they can drastically reduce the time spent on administrative tasks between meetings and calls.

CPQ systems 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 just a click.

If CPQ is used 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.

During that time, 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 capture your prospect's attention. Whether it's merely a reduction in the dead time built into the deal cycle or maintaining the momentum of your deal, a well-implemented CPQ solution shortens a complex sales cycle and helps your company sell faster and more profitably.

# 2. Maximize margins

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## 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, CPQ solutions help to maximize margins.

### A cloud CPQ system:

#### Establishes and maintains up-to-date pricing

Even with a simple pricing structure with preset, static prices, salespeople need assurance that 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, but what price list are they working from? Out-of-date deal-calculator spreadsheets can cause costly errors. CPQ handles the financial calculations for salespeople and can be centrally maintained. This may be critical for margin control when deals hit a certain level of complexity or the organization is growing.

#### Assists in managing complex deals

How well does your company manage pricing on things such as temporary promotions, customer-specific pricing, and (if you deal globally) currency fluctuations? CPQ 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, companies securely

store all deal costs to use in margin calculations. Only authorized individuals can gain access to this data. This way, the cost base isn't easily downloadable or accessible.

#### 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, a CPQ system 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, maximum resale price (MRP), or recommended resale price (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:** 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

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Looks matter. In sales, better-looking quotes and proposals help close the deal. Salespeople understand the impact a well-written quote or proposal has on a deal. Many sellers resent the time they spend compiling and crafting the document. They'd prefer to focus on relationship building and selling.

Before CPQ systems 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. Sales people may cut corners when they have customers to see and targets to hit.

Some of the biggest mistakes made in customer-facing documents include out-of-date or low-resolution logos and images, misspellings, 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 CPQ solution has a comprehensive document composition tool in which templates can be created with the needed guidance to obtain brand compliance. Using this template, salespeople can easily 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. Pricing summaries or quote details can be brought in directly. With



CPQ, it's quick and easy to get, add, and update 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, relationship, and 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.

# 4. Error-free orders

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CPQ marketing material often states that the solution can provide error-free orders. What does that really mean, and why should a company care?

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

## **CRM ↔ CPQ ↔ ERP/order management**

One of the critical jobs of a 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.

Sometimes these downstream systems are highly structured and automated, for example, an enterprise resource planning (ERP) system. Other times, they're legacy order management or provisioning IT systems. They may be manual and paper-based processes or a collection of disparate systems.

For simplicity's sake, we will refer to them as "the ordering system."

## **How does CPQ help provide error-free orders?**

### **Configure**

An integral part of a CPQ system is the configuration engine, which guides users to build valid, accurate product configurations. Users select from 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 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 preset with all critical information.

One of the most important aspects of the commercial terms is the approval of pricing levels and other nonstandard 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 CPQ systems, a quote captures all needed information and presents it in the most appropriate way via customer-facing documents, such as proposals, quotes, and contracts. CPQ systems structure the deal data so that it flows easily into—or directly integrates with—your downstream systems, reducing manual order re-entry.

## Why companies should care

Inaccurately configured and quoted products/services result in failed orders and incorrect fulfillment.

At the simplest level, the order may fail when it's 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 not work together.

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 doesn't work for them.

With any of those errors, the cost to the organization 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 time and money. In some cases, it can kill the deal. The compound effects can be enormous, and can even put your company's reputation and credibility at risk.

A well-designed cloud CPQ solution implements defined business rules to help prevent these problems.



# 5. Guided selling

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One of the oft-touted features of a CPQ system is guided selling, which automates the process of analyzing a customer's needs with easily understandable questions about a customer's needs. When these questions are answered, the CPQ system presents a suitable choice or choices to the seller. Guided selling is often best used where the range of products or services is extensive and there is clearly defined logic that can link the customer's requirements to the choice of products.

## 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're asked when you want the car and where you want to collect it. Then, you may be given a selection such as "economy vehicles," "luxury cars," or "SUVs." By making your choices, you narrow down the options available. This makes the final selection more practical and saves you from sifting through irrelevant possibilities.



### Freedom of choice

Many organizations use guided selling to simplify available choices where a good implementation will find the balance between simplifying choices but not be overly restrictive. In some industries, 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.

### Reduce mistakes

When product selection is based on a series of customer-centric questions rather than in-depth product knowledge, the time to onboard new salespeople is dramatically reduced since they don't have to spend 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 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 among sales product training materials and the information provided in the guided selling process, the knowledge will seep in from repeated viewing and will naturally be easier to use later.

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

# 6. Improve the deal approval process

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In many organizations, getting a deal approved can be a long and complicated process. The good news is that CPQ 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 approve 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 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're sent off for authorization. CPQ handles parallel and serial approval chains, providing visibility of the deal's progress to everyone involved. It also updates when a deal is approved or rejected at any step to avoid wasting time.

### Audit trail

The beauty of a systematized approach to approvals extends to audit and compliance. A 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

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

## Cross selling and up selling

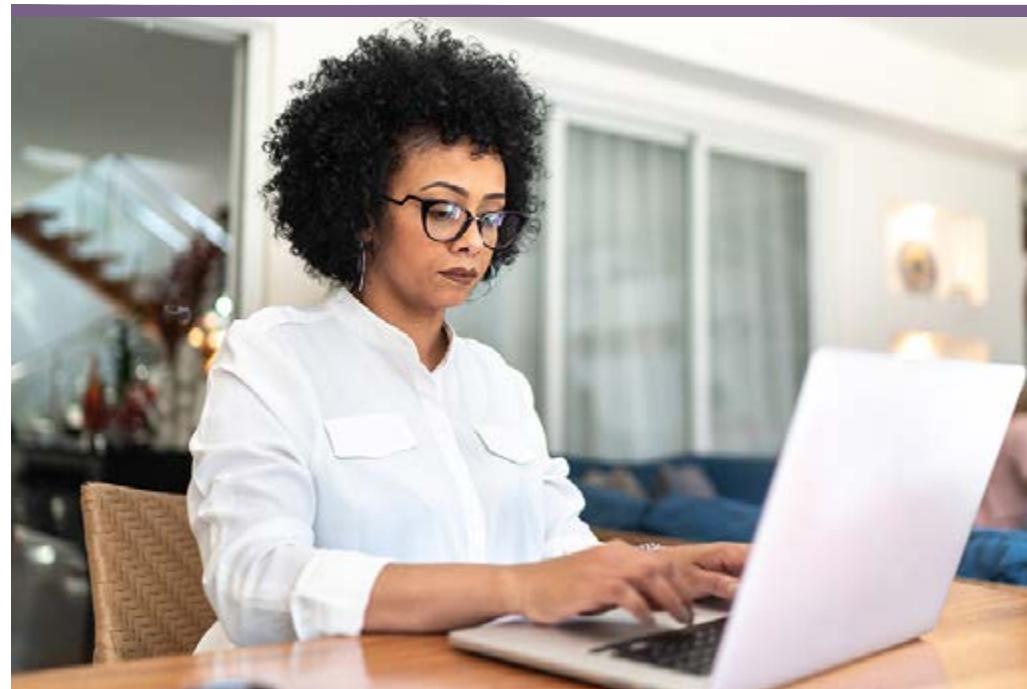
Product marketing departments can easily specify configuration rules to pull up other product/service recommendations that complement the main product so a salesperson can add them to their quote. These complementary products are often higher margin items that can unlock potential profit.

## Pricing decisions

Smart deal management tools show sellers historical pricing trend data to help them decide what price to bid. Historical win/loss pricing data can be represented graphically. A win probability figure is provided to help the salesperson decide whether to push for a higher price or offer a discount.

## Increasing performance objectives

It's even possible to link sales commission systems into a CPQ system 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 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 buying decisions, and have the data to back it up will be able to maximize revenue, profit, and their chances of winning deals.

# 8. Subscription management

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Managing subscription-based business models is a powerful capability that extends the reach of CPQ.

For businesses that use subscription pricing, recurring licenses, support agreements, or modular solutions, CPQ gives great scope for managing renewals and provides up-sell and cross-sell opportunities that can deliver enhanced revenue and profit.

With subscription management, providers can use their knowledge of what services a customer has and their contract status so that sellers can offer them appropriate products, services, or contracts. It calculates any pricing adjustment and issues the correct instructions to supporting systems so that they can change or delete the move, add, change, and disconnect (MACD) records for each asset.

The key benefit of working with an asset-based ordering (ABO) system is being able to manage all these transactions in a sales-facing system. Traditionally, these contract changes were a back-office/ERP process, disconnected from customer-facing sales and service teams. It's invaluable to link this information to sales tools since ABO provides a crucial advantage by giving a customer the right deal at the right price. A CPQ solution should allow ABO to draw information from different sources: a CRM opportunity, an ERP system, or an asset database.

Oracle Configure, Price, Quote (CPQ) has ABO capability built in to begin the journey to full subscription management. For customers with more complex business needs, Oracle CPQ can integrate with Oracle Subscription Management.



## Subscription-based order example

A person subscribes to a basic television package. He receives an upgrade offer for a streaming service, an 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, he notices another company offering an even better deal. He calls his provider 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.

# 9. Reduce administrative burden

Most salespeople would rather spend their time selling, not filling out paperwork. Here are five ways that a CPQ solution can help remove the burden of administrative tasks:

1.

## Re-keying information

When CPQ is integrated with CRM, it's a straightforward process for all account information (names, address, contact information, titles, and more) to be passed seamlessly from the CRM to the CPQ system.

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 to update two separate systems while also reducing errors.

2.

## Forecasting

By putting deal details into the CPQ system and seeking approvals for nonstandard elements in advance, sellers and managers can collaborate throughout a deal's lifecycle. This builds more confidence or challenges the deal in a productive way. If customer requirements change, all systems get updated.

3.

## Quote/proposal creation

CPQ reduces the time-consuming administrative required to generate a quote or a proposal document. All deal information can be generated into professional-looking, branded templates, reducing the time it takes to create an accurate proposal from days to just minutes.



4.

## Automated approvals

It can be time consuming to chase down all the people who need to approve a deal before it moves forward. With CPQ, you can support your salespeople with a more streamlined process that provides an automated and transparent approval mechanism that alerts the team when deals are approved or rejected.

5.

## Order processing

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

Streamlining administrative tasks and moving them away from front-line sales empowers your teams to sell more. Take the tasks away, systematize them, automate them, and let CPQ free your salespeople to do what they do best—sell.

# 10. Insights through analytics

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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 analyzed 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 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 insights 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 their territory by deal size, to let them make their own estimates of how much to discount. Or they could even generate a simple regression curve to show the “best-fit” prices.

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



# 11. Auditability

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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 revenue allocation 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, having the ability to show an auditor the entire history of a decision shows a clear understanding of these decisions. With a click of a button, you can follow a pricing decision through its breadcrumbs, from a signed deal all the way to reported revenue.

Passing an audit is much easier when all this information is securely stored in the cloud and only accessible to preauthorized users. When auditors are no longer the adversary, companies may find they provide advice on improvements to the rules in their systems that can make future audits even smoother.

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 cloud-based CPQ system might just make you appreciate audits, too.



# 12. Simplify the complex

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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 a cloud CPQ solution 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 with the right information it needs to work at peak performance.

## Sales teams appreciate simplification with 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 Oracle CPQ, 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 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. Deal management tools deliver insights and comparisons within the historical context of the deal as well as 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.



Oracle CPQ 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 on your promises.

# Conclusion

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## Get started on your CPQ journey

You want to give your sales teams the best possible tools so they can minimize errors, quicken the approval process, and sell faster. Oracle CPQ delivers a 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 boasts a 95 percent customer retention rate and unmatched customer satisfaction.

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.



**Author:** Andy Pieroux is the founder and managing director at Walpole Partnership, an IT consultancy firm that specializes in configure, price, quote (CPQ) systems and customer experience (CX) integrations. Walpole Partnership consultants have delivered some of the largest and most successful CPQ systems in the world. Their range of services start with the discovery process,

continue through your implementation, and are there to support you going forward. They also audit, improve, and upgrade existing systems and can provide ongoing assistance. Andy has more than 25 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:

[Oracle CPQ](#)

[Oracle Advertising and Customer Experience \(CX\)](#)

[Oracle CX Blog](#)

## Get more insights in this ebook:

[The Complete Configure Price Quote \(CPO\) Guide for Sales Professionals](#)

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