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Increase speed, accuracy, and revenue

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Companies that have experienced significant changes such as extended growth, new business acquisition, portfolio changes, organizational shifts or additional new sales channels often find themselves at a point in their evolution where moving ahead means stepping back for a bit of self-evaluation. Will the systems and process that brought them to this point be the same ones who will get them through the next phase of development?

Market behaviors are also changing rapidly. From a buying perspective, companies are seeing that more B2B buyers prefer to do independent research to validate what sales reps tell them or bypass interacting with the sales rep altogether. Expectations of B2B buyers have exceeded typical buying standards – with B2B buyers expecting more B2C-type interactions, such as the ability to access accurate information anytime day or night. Buyers want to create their own configurations and generate a sample quote. Also, when doing repeat orders, they want the process to be as easy as possible using the information and solution requirements from their purchasing history that they've already established.

The path that takes B2B organizations to the next level of development must include more than just a CRM system helping manage sales staff to monitor and administer sales leads or customer opportunities. Sales channels have proliferated way beyond the direct sales team and now include channel partners, online commerce stores and even customer support staff. B2B customers are demanding more flexibility and highly personalized buying experiences. The process of selling has become more complex. To effectively compete and win new business, companies need the added power of an advanced Configure, Price, Quote (CPQ) solution to drive productivity within this new sales environment.

B2B customers are demanding more flexibility and highly-personalized buying experiences.

The CPQ bridge

Oracle CPQ Cloud offers a seamless bridge between customer facing front-end systems such as CRM, Customer Service, and eCommerce solutions and back-end systems such as ERP or other legacy solutions that work to increase operational efficiencies, profit margins, and sales success. Modern CPQ cloud solutions accelerate sales strategies where it can provide the most significant impact by centralizing business rules, product data, pricing, discounting, contracts, renewals and automating the approval process. By making this data available in real-time, it can be used to respond to customer needs much faster.

Upgrading sales processes

Traditionally, direct sales reps have relied on personal relationships and extending offers they feel are competitive based on prior experience or desire for an easy win. Forward-thinking companies are embracing web enabled sales solutions to break reliance on sales rep driven pricing and achieve breakthrough business benefits. Sales reps must be more consultative focusing on providing long term solutions to the underlying customer challenges to improve competitive advantage. To support this role shift, all sales channels must have reliably accurate product and price information and the logical upsell or cross-sell opportunities. It doesn't benefit the organization to have sales reps wasting time on administrative tasks, searching for accurate product information, hunting for the latest costs in spreadsheets then manually configuring, pricing products and blindly chasing acceptable discount levels. Wasting time this way has enormous hidden costs with the real impact being missed win opportunities which could go to vendors with the ability to quickly respond with the right offer at the right price.

Looking to further eliminate waste, reduce inefficiencies, and improve order accuracy? Investigate all areas of the challenging sales process, including product selection and configuration, pricing, quoting, and order processing. By applying innovative thinking and cloud technology, companies around the world realize they can eliminate much of the inefficiency, delays, and errors characteristic of the cumbersome processes typically used to sell complex solutions across multiple channels. Companies must stay agile and leverage available CPQ technology to their advantage. This agility helps deliver an authentic connection to customers.

The right CPQ technology can increase sales force effectiveness by allowing them to automatically offer the right product at the right price without excessive product training.

Guided selling empowers sales reps to quickly quote common solution configurations with little-to-no assistance from product experts. This guided direction allows every member of your sales team to perform at the level of the most experienced staff and deliver precise, tailored proposals to customers quickly using any device and in the format the customer desires. The value that a sophisticated CPQ solution offers goes beyond merely removing the heavy admin load on sales staff and enabling maximum face-to-face selling time to include benefiting from the freedom of mobility, machine learning intelligence and advanced deal management capabilities.
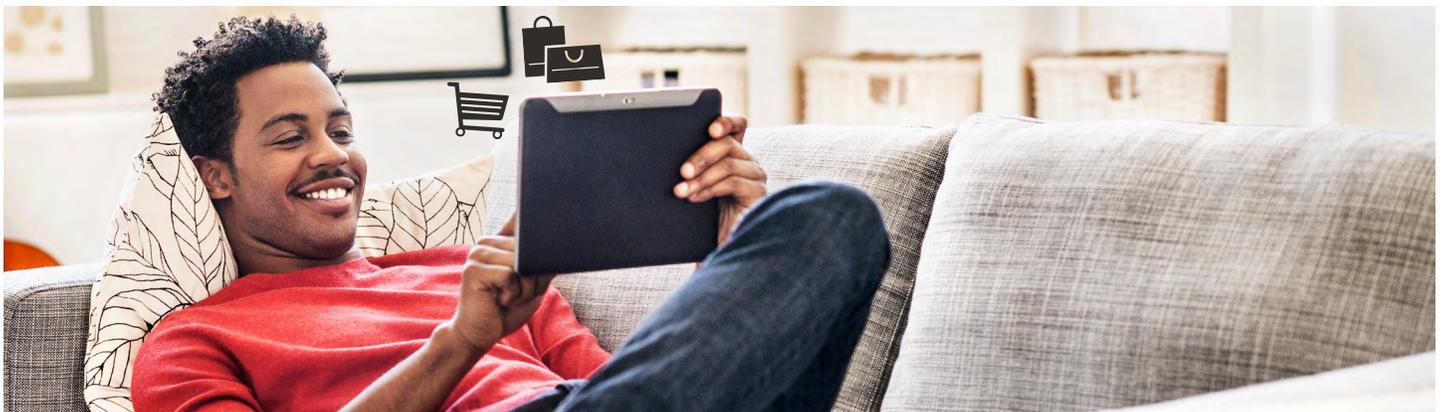
Reasons to augment the sales process with CPQ

In working closely with similar companies who are evaluating their organization for potential improvements in the sales process, Oracle teams have seen that many are typically seeking one or more compelling objectives to embark on the project. The following are sample objectives from Oracle CPQ existing customers:

- Enable sales representatives and distributors to easily generate quotes online in the field, without reliance on product management or engineering teams.

- Reduce quoting time by 50% – 90% and with 100% quoting accuracy.

- Reduce "quote to cash" order generation to a single click.

- Automate quotes and orders to flow 'hands-off' from the field directly into back-end enterprise systems or production environments, with little or no manual involvement.

- Reduce quotations costs by 20% – 90%.

- Reduce order entry costs by 50% – 80%.

- Improve order fulfillment cycle times by 50%.

- Eliminate simple jurisdictional taxation errors costing millions annually.

- Efforts to share tribal knowledge reduce bottlenecks that restrict growth.

- Harmonize multiple quoting processes and eliminate duplicate costs.

- Resolve 80% of customer service inquiries through self-service web channels.

- Eliminate cost and complexity of the manually printing and distributing catalogs, technical bulletins, and price sheets.

Every organization has developed in unique ways as they addressed growth, made acquisitions, modified portfolios, undertaken organizational shifts or added new sales channels. For that reason, there isn't a single one-size-fits-all solution to address individual company needs and take them to the next level.
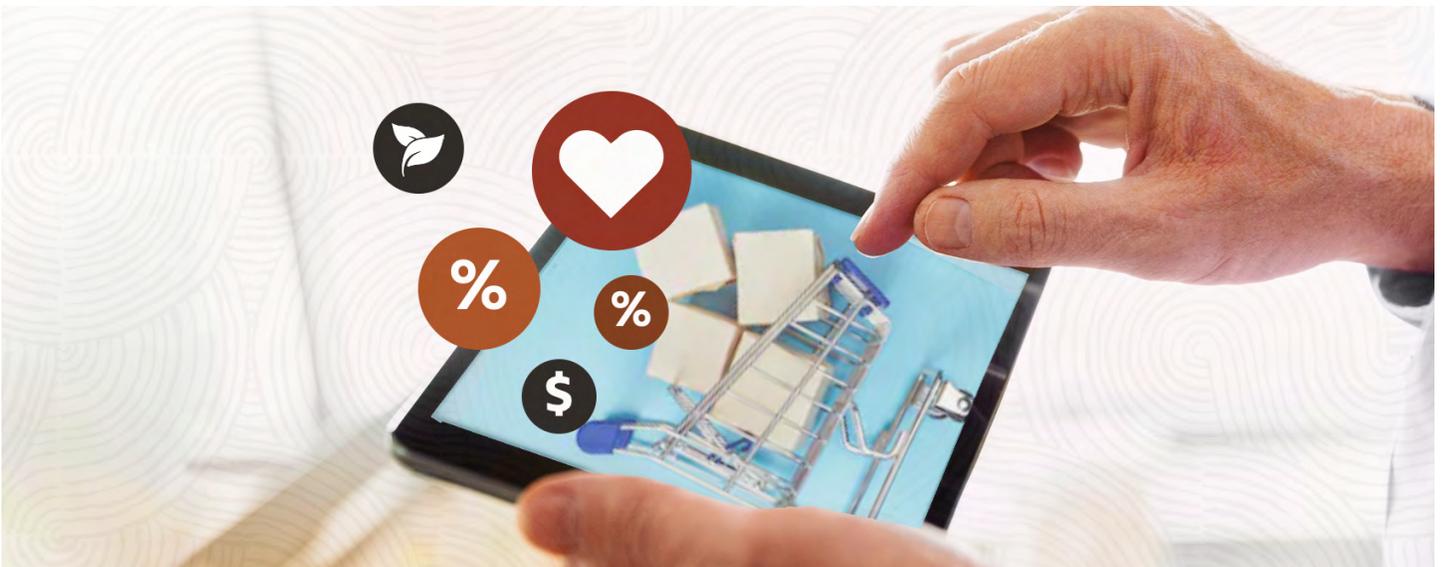
Benchmarking the effectiveness of sales optimization

What you do not measure, you cannot improve. Managing the process of making improvements can be especially vexing for suppliers of complex products or services, as well as for companies with large, complex sales and distribution channels. Undeniably, addressing inefficiencies in the front end of the sales and quoting cycle, will have a direct impact on the customer experience that resonates across the entire organization— affecting quality, customer service levels, profit margins, and profitability.

Speed, cost, and quality are typically the most critical metrics in determining ROI value. Additional metrics may upsell rates, profit margins, customer retention or overall revenue growth. The sales process is usually the least optimized of any segment in the value chain because it is the intersection between the individual personalities of the sales channel and the solution set of the organization. Applying process innovation to the initial stages of customer contact often provides a dramatic impact.

The following scenarios all contribute to a 'less-than-optimal' performance in each of the critical sales process areas:

- Inconsistent quoting and frequent pricing errors because of a lack of standardized practices often due to an overreliance on tribal knowledge which could result in lost profits or dissatisfied customers.

- Configuration errors in proposals using incorrect stock-keeping units, outdated bill of materials or order entry mistakes that necessitate time-consuming rework and multiple handoffs.

- Slow customer responses, lengthy quote to cash cycles, and lost business opportunities.

- High administration and operational costs erode gross profit margins and contribute to reduced marketplace competitiveness.

- Sales channel inaccuracies, inconsistencies, and confusion resulting from outdated print catalogs or misunderstandings of customer requirements led to decreased sales effectiveness and lost business opportunities.

Implementing an effective and efficient technology solution can help streamline the entire range of sales processes and enable measurable process improvements and results.

Take a strategic approach to sales processes

Companies that can maximize speed, accuracy, and efficiency will succeed in satisfying customers, reducing costs, and enhancing margins. Achieving these goals demands a well-planned and intelligently implemented strategy, driven by the specific business model and workflow pain points, as well as strategic corporate objectives related to ROI and bottom-line benefits.

The first step should be a thorough mapping of the portions of the sales process.

Typical methods to be mapped include all the organizational steps required to convert a customer inquiry into a cash-generating order, such as:

- Quote and order management.

- Product selection and configuration.

- Services estimation and statement of work creation.

- Discounting and pricing approvals.

- Bill of material generation.

- Sales reporting and analytics.

- Channel and customer management.

This mapping will help illustrate how each of the existing steps contributes or detracts from the overall value stream. The analysis will then serve to identify the source of bottlenecks and waste to help companies determine how inefficient processes may be improved to add value.

After mapping, the next step is to evaluate how current systems support the ongoing value stream. In the front-office sales process, companies typically deal with information flow in paper form or electronic documents, including customer specifications, requests for quotes and proposals, quotes, proposal packages, drawings, and purchase orders. Understanding how the underlying information systems support the value stream is critical because the limitations of current systems often cause substantial waste such as duplicative data entry, redundant work steps, inability to track progress, lack of organizational governance and so on. This is different from back-office optimization, in which the delivery flow of the solution is crucial. Before there is an order, there is no solution flow; there is only the flow of information.

With the current processes and systems fully required to support the improved processes. This requires an understanding of how new solution technology—web-based software for online collaboration and information sharing, for instance—can eliminate wasteful process steps.

Without considering new solution technology, the potential improvements are limited. Take the airline check-in process, for example. Without technology, a check-in agent would physically need to be on-site, and the interaction would be limited to that specific agent's skills and training. By introducing technology, airlines can now provide

self-service check-in – making the process more streamlined and efficient. Self-service check-in can be completed in far less time and frustration.

After the future state process and systems have been designed, companies should then develop an implementation plan, inclusive of a sales technology solution with the power and scope to support the future state process and systems. This solution should be a virtual platform that provides all the knowledge, information, and tools required by sales, channel partners, and customers. It should be scalable to accommodate business growth—whether organically or growth through mergers and acquisitions. Finally, it should provide deep, multifaceted functionality that encompasses the entire quote, order, and

product configuration cycle. Selecting a sales optimization solution is critical to success given the velocity of change and new channels or models of doing business.

Many companies have embarked on process optimization initiatives of their back-office operations and fulfillment to improve the speed, cost, and quality and soon realize that the next most significant opportunity for improvement is within front-office sales processes. These processes can be streamlined with cloud-based solutions connecting the company's internal and external sales forces, dealers, distributors, and customers in real-time with the latest product information, accurate pricing, correct terms and conditions, and order status available anytime, anywhere on any device.

Streamlining the sales process is not just a technology decision; it is a commitment to a customer-centric, value-based business transformation.

Measuring the success of a sales process transformation

Establishing metrics helps companies evaluate and ensure the success of any technology-driven process improvement initiative. This includes measuring how the solution will improve the speed, accuracy, and efficiency of operating procedures. It also provides business performance metrics; such as: "How the transformation will affect the business, in faster throughput, higher productivity, reduced costs, increased sales, higher profit margins, and superior customer satisfaction" and "How quickly will the investment pay for itself in ROI and competitive advantage?"

The most significant KPIs of a successful sales process transformation include:

Reduced lead and cycle times.
With a single cohesive system, sales personnel, distributors or value-added resellers can quickly create consistent, accurate, and cost-effective proposals, complete with supporting documentation and graphics, and accurate pricing. By granting 24/7 access and providing complete guided selling information, companies can reduce sales cycle times 50% – 90%.

Eliminate human errors and mistakes in configuration, quoting and pricing.
Standardizing and automating configuration logic, pricing rules, and approval workflows improve order accuracy to close to 100% and eliminate 80% – 90% of credit memos caused by pricing errors.

Faster customer response time.
With required data, including historical order information available via a centralized solution, sales personnel can respond to customer queries in seconds or minutes, rather than hours or days.

Higher fulfillment rates.
Technology-enabled automation results in quoting efficiency and fast order processing—from order to production—which leads to a higher throughput of finished goods.

Margin improvements.
Standardizing, automating, and synchronizing front-end processes can reduce selling, general, and administrative expenses 10% – 20%. This, in turn, typically reduces operating costs 1% – 5% of revenue and boosts operating profit 30% – 50%. Margin improvements generally are achieved through faster and more accurate quote generation, automated order entry, decreased need for sales engineering support, and fewer demands on customer service resources.

Revenue growth.
Automating quote follow-up and improving quote management through accurate real-time reports can increase quote conversion rates by several percentage points. Improved pricing control, discounting governance and automated up-sell or cross-sell capabilities can increase average order values by 10%.

Adopters of technology-enabled sales strategies report dramatic results

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Streamlining sales processes and incorporating CPQ technology has enabled many organizations to dramatically improve their quote-to-cash efficiency, speed, and accuracy. In addition, the streamlined sales solution also enhances the reliability and performance of existing enterprise resource planning (ERP) systems.

Below are a few real-world examples of sales optimization results from Oracle CPQ customers.

A global provider of collaborative payment, invoice, and document automation solutions implemented cloud-based sales platform enabling product selection, configuration, pricing, quoting management, and proposal generation capabilities integrated into its existing customer relationship management tooling and ERP systems. The solution led to the following:

- 35% increase in maintenance contract accuracy.

- 25% increase in productivity for credit control and order administration.

- 66% reduction in over-90-day debt over 18 months.

- 85% reduction in returned revenue credit to customers due to incorrect pricing.

A rapidly growing supplier of enterprise Voice over IP solutions found that their spreadsheet based order entry and fulfillment system was not only labor intensive, but it also didn't support scale and limited future opportunities. After the company deployed a comprehensive CPQ solution, they saw:

- A decreased average quote process from 27 minutes to less than 10 minutes.

- A reduction in order error rates to nearly 0%.

- 85% of orders by reseller channels now completed online.

A leading manufacturer of fluid handling systems for industrial applications changed from using several disparate configuration and quoting systems. By enabling the manufacturer's representatives to configure, price, quote, and order mixers and parts online, orders flow directly into the company's enterprise system and onto the shop floor without manual processing. The solution led to the following:

- $1M annual cost savings vs. manual order processing.

- 10x increase in quote volume per month.

- Decreased average quote process from 4 days to 20 minutes.

- 20% increase in productivity of inside sales group.

- Reduction in error rate from 70% to 0%.

- 400% increase in sales with only a 50% increase in support.

A manufacturer of specialized connectors & electronic components for Original Equipment Manufacturers (OEMs) worldwide replaced multiple siloed business processes and technologies that were contributing to a difficult buying journey and a poor customer experience. They adopted a guided selling process for their staff that

enabled them to effectively engage new business opportunities and offer accurate product data and pricing. Their integrated process and fully integrated solution led to the following:

- 40% reduction in the workload of Customer Service, Tech Services & Engineering.

- 70% reduction in overall error rate.

- Reduction in quote creation from 3 – 10 days down to a few hours.

- Reduction in order input time from 3 – 10 days down to minutes.

A leading manufacturer of robotics and process automation technology for industries including aerospace, automotive, consumer goods, education, food, metal fabrication, medical, pharmaceutical and solar panels wanted to increase the velocity of sale engagements by automating internal approval processes to maximize sales efficiency. The solution led to the following:

- 26% Reduction in quote turnaround time.

- 200% increase in quote volumes.

- 50% Reduction in order fulfillment cycle time.

- Automated approval workflows to improve process efficiency.

A global provider of background checking services for enterprises and employers had grown through multiple acquisitions leading to disparate product masters, pricing tools, sales systems, and underlying technologies. The resulting sales process relied on spreadsheets and manual tools which were difficult for sales staff to learn and use. Existing systems restricted the ability to expand into new markets and ramp up new staff. The solution led to the following:

- Ability to quote renewals, products, and services on the same quote, creating additional cross-sell and up-sell opportunities.

- Reduced quote times from 2-3 days to less than 10 minutes.

- Enabled effective lawful compliance for services sold in hundreds of legal jurisdictions.

- Millions in cost savings previously lost due to simple jurisdictional taxation errors.

A large multi-national information technology company had a sales process that incorporated a spreadsheet-based quoting application that was completely dependent upon a single individual to operate and maintain. The liability was an unscalable, single-point-of-failure that could impact their ability to serve a global customer base

including government, health and education sectors. In addition to the excessive risk, product launches or modification were difficult and time-consuming. The new solution led to the following:

- 29% increase in quote volume.

- 1% – 3% Improvement in regional margins.

- 7% Improvement in win rate in some regions.

- Average deal size increase of 2x.

- 92% of direct quotes produced in less than 30 mins.

- Elimination of process bottleneck and single point of failure.

Conclusion

Sales optimization is a process of continuous improvement. Optimizing operations across the organization, including critical customer-facing sales processes, makes business sense in both the short and long term. As many industry analysts have noted, relative to targeted process improvements, such gains are not measured in mere basis points but in orders of magnitude.

Companies challenged to increase earnings in difficult conditions cannot rely on marketing alone to drive growth. Many businesses turn to mergers and acquisitions, global outsourcing, and expanding penetration into high-growth global markets. Depending on a company's size and market position, these growth strategies can be costly and their outcome uncertain. Optimizing and streamlining the sales process, however, presents a more cost-effective, less risky opportunity to drive out bottom-line costs and pave the way for organic top-line growth.

Even modest improvements can provide significant impact in order rate accuracy, increases in customer and partner satisfaction, repeat business, and decreases in quote-to-cash cycles. Many of these results are accessible to benchmark and track improvements. To find out how Oracle CPQ solutions can aid your sales process, visit oracle.com/cpq today!

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