

# MAXIMIZING THE SALES TECHNOLOGY ECOSYSTEM WITH BEST-IN-CLASS CPQ DEPLOYMENTS

December 2015

→ **Peter Ostrow**, VP/Research Group Director,  
Customer Management, Sales Effectiveness



→ **Nick Castellina**, Research Director,  
Business Planning & Execution



## Report Highlights

p3

**Best-in-Class sales teams are 15% more efficient around proposal creation and dissemination.**

p4

**CPQ users reduce sales quote errors 2.6 times more efficiently than non-adopters.**

p7

**Sales teams enabled by CPQ are 146% more fully mobilized than non-users.**

p11

**Combining CPQ and ERP led to an average 12.1% reduction in operating costs.**

*“Why don’t the salespeople use the tools we give them? Don’t they know we’re trying to help them be more productive with technology?”* This refrain is too often uttered in the Sales Operations gossip chain, particularly among underperforming companies that haven’t evolved from IT-driven, CRM-focused sales support mindsets. This research report will detail how Best-in-Class firms build CPQ deployments into high-efficiency enterprise technology ecosystems.

# 2

**CPQ is used by Best-in-Class sales organizations to turn their CRM from a system of record into a system of engagement.**

If you're reading this, chances are you are somehow involved in the selling of relatively complex goods or services, perhaps with large average deal sizes and extended sales cycles. You might run sales or handle the sales operations function; perhaps you're the go-to IT guru for the line-of-business (LOB) leaders; maybe you're the CFO or purchasing director. The common thread here is supporting the nurturing and closing of profitable sales deals, and everyone on the team is obligated to do their best to help out. The traditional path toward empowering sales reps and channel partners focuses on technology investments, and most of these begin and end with the customer relationship management (CRM) deployment, which Aberdeen Group [research](#) has long judged as a necessary, but not standalone, sales effectiveness enabler. CRM solutions are certainly valuable as advanced systems of record, capturing data about people, prospects, and pipeline opportunities, but most of them fail to function as a dynamic system of *engagement*.

### ***Modern Selling Requires Modern Infrastructure***

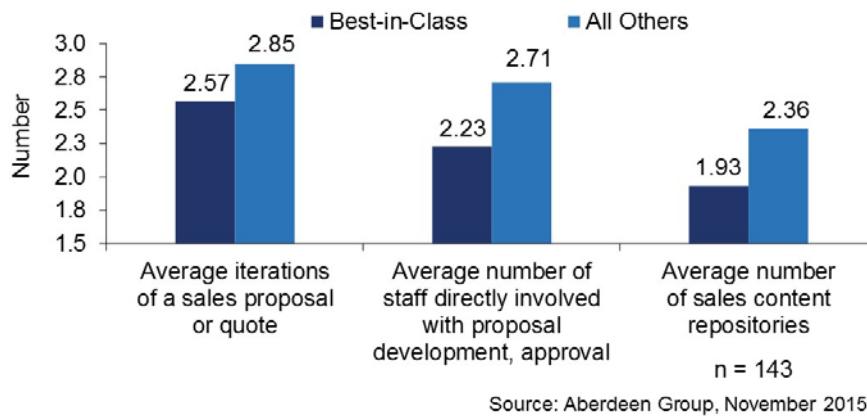
The reason for this is often rooted in how B2B sales technologies used to be handled — you know, back in the 20<sup>th</sup> century— which was normally to default to the IT department's expertise. After all, the last thing a VP of Sales should be spending their time on is software implementation. Also because the old, on-premise CRM systems demanded advanced deployment and integration skills, LOB leaders had no choice but to defer to their colleagues' knowledge, as well as their budget. Today, however, cloud-based technologies dominate the [sales effectiveness](#) space, freeing LOB managers to make faster, independent

# 3

decisions about solutions designed to maximize their staffs' time. In professional sales, this is the most valuable commodity of all.

Aberdeen's market research has identified the most significant barriers that prevent B2B sellers from closing their deals, on time and with acceptable profit margins. We see in Figure 1 that top-performing, Best-in-Class companies (sidebar) are significantly more efficient than other firms at reducing internal friction from the sales cadence in crucial, late-stage activities:

**Figure 1: Mitigating the Worst Late-Cycle Pain Points for B2B Sellers**



The 15% average time savings represented among these three barriers to forward selling progress can have a significant impact on whether sales contributors, and entire teams, deliver on forecasted revenue or achieve all-important quota thresholds. While no one ever says, "*when I grow up, I want to be a VP of Sales Prevention*," the reality of modern enterprises is that bulky approval processes, legal fearfulness, and procurement

---

## The Lead-to-Win Best-in-Class Defined

In June through July 2014, Aberdeen surveyed 143 end-user organizations to understand their sales best practices. The performance metrics used to define the Best-in-Class (top 20%), Industry Average (middle 50%), and Laggard (bottom 30%) among these sales teams are:

- 84% of sales reps achieving quota, vs. 54% among Industry Average and 18% for Laggard firms
- 17.9% average year-over-year increase in total company revenue, vs. 7.4% for the Industry Average and no change among Laggard respondents
- 6.6% average year-over-year increase in lead conversion rate, vs. 1.4% and 0.3% decreases for Industry Average and Laggard respondents

# 4

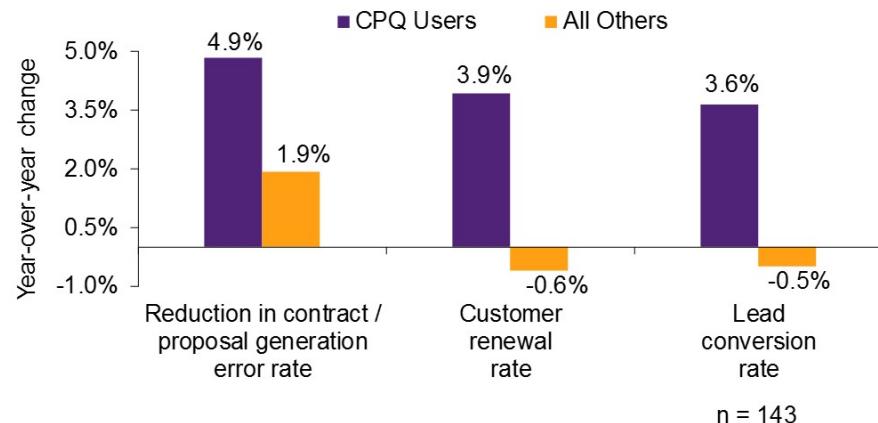
## CPQ Defined

Configure-price-quote (CPQ) tools are defined by Aberdeen as technology enablers with which selling organizations manage their opportunity-to-order (or lead-to-win) methodology with automated tools that impact the speed and accuracy of developing quotes, proposals, contracts, and products. The most common application solutions help literally configure, price, and generate quotes for buyers of goods and services. The solutions offered by commercial vendors help reduce bottlenecks in the overall sales process, enabling the presentation of “the right product, at the right time, at the right cost” for the customer.

standards can both help and harm a sales rep trying to get a formal proposal or quote out the door to their buyer.

The reason Best-in-Class sales organizations are more efficient around smoothing the process for their quota-carriers to maintain deal velocity is not associated, within Aberdeen’s research findings, with the deployment of foundational CRM systems. Rather, we see point configure-price-quote (CPQ) solutions (sidebar), integrated with existing CRM and enterprise resource planning (ERP) platforms, as a more effective enabling technology that specifically enhances the productivity of modern sellers seeking to maximize their time spent selling. CPQ also minimizes the red tape required by their employers while they try to close business.

**Figure 2: Establishing the Business Value of CPQ**



Source: Aberdeen Group, November 2015

In Figure 2, we see that on a year-over-year basis, companies reporting current CPQ deployments to Aberdeen outperform non-adopters around key performance indicators (KPIs) that every sales operations practitioner should seek to emulate. Minimizing the number of embarrassing document mistakes, keeping customers happy, converting more sales leads into

# 5

revenue — these are the hallmarks of technology-enabled sales leaders who win. Now, let's dig deeper into how CPQ-supported sellers leverage their investments.

## ***Why is Sales Efficiency So Important?***

In Aberdeen's [Ready for CPQ? Five Core Competencies You Can't Ignore](#) (October 2014), we learn that on average, only 56% of B2B sales organizations report strong or very strong proficiency around "*rapidly and effectively responding to requests for proposal or other formal bidding opportunities from current / prospective customers.*" This is clearly a crucial capability for time-strapped business development teams stressing about whether their current pipeline deals will close in the current month. When we break down all survey respondents into users and non-adopters of CPQ solutions, we see this competency rise by 26% among CPQ-enabled sellers, who are in turn 30% more likely than non-adopters (71% vs. 49%) to achieve strength in this crucial area. Combining this data with the second element in Figure 3, efficient quote generation (average 45% competency among all respondents), we clearly see that deploying this particular sales effectiveness technology helps streamline the overall customer acquisition process:

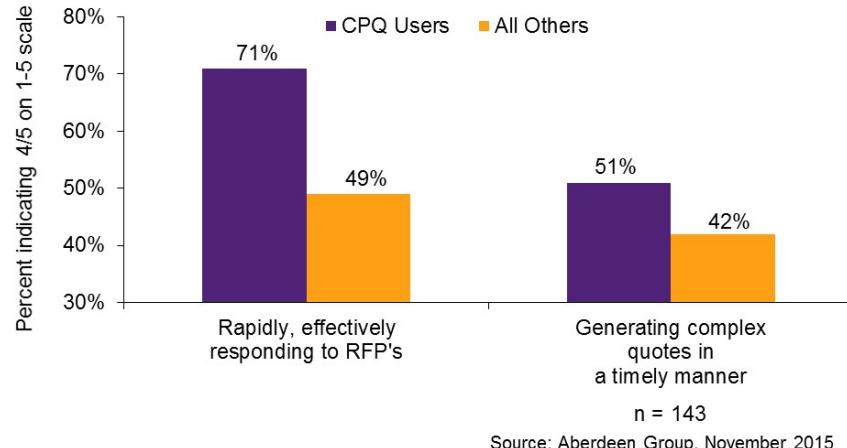
---

The reality of modern enterprises is that bulky approval processes, legal fearfulness, and procurement standards can both help and harm a sales rep trying to get a formal proposal or quote out the door to their buyer.

---

## 6

**CPQ users are 30% more effective at rapidly and efficiently responding to RFPs, and 21% stronger at generating complex quotes in a timely manner.**

**Figure 3: Sales Workflow Competencies You Need to Own**

It should be noted that Best-in-Class companies report 73% and 70% competency levels around these two metrics, so it's clear that they matter. Considering that 24% of "sure-thing" deals — those indicated by sellers as 80% or more likely to close in the current month — end up leaking into subsequent selling cycles, every moment that the sales team spends not waiting for internal administrative steps to proceed, helps them get closer toward quota.

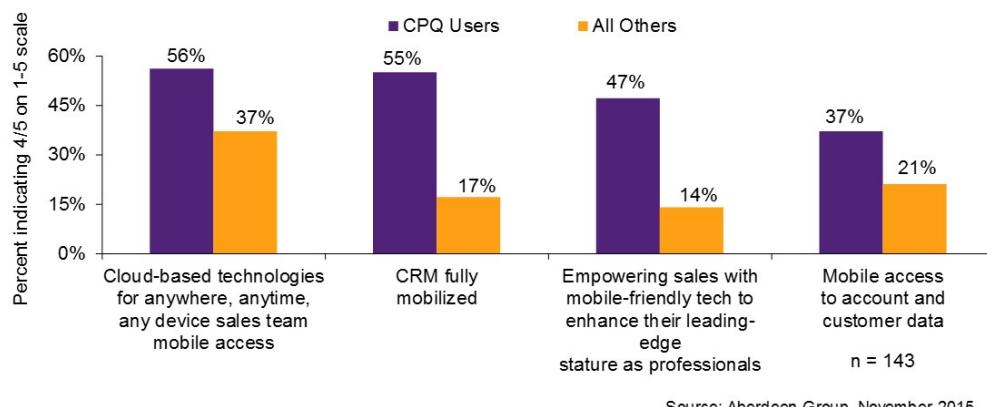
#### ***Anywhere, Anytime, Any Device: Supporting the 21<sup>st</sup> Century Seller***

No conversation about sales efficiency would be complete without acknowledging that in an era when traditional sales cycles have been co-opted by the "[buyer's journey](#)," the full mobilization of customer-facing, B2B sellers has evolved from a luxury into a must-have for today's sales leaders. As we learn from [CRM + Sales Mobility: Enabling Your Multi-Screen Seller](#) (February 2015), today's Millennial sellers are turning our sales

# 7

personnel into an increasingly mobile-first workforce, as evidenced by the fact that Best-in-Class companies average 85% higher proficiency, compared with All Others, around the competencies shown in Figure 4:

**Figure 4: Ensuring the Full Value of Sales Mobility**



It should come as little surprise that these capabilities are presented in the context of CPQ utilization. This is because plenty of professional sales situations involve complex product configurations, coupled with in-person and committee-based interactions and buying decision-making. Top-performing companies realize CRM by itself will not speed up sales cycles, so integrating and mobilizing CPQ-based full sales rep access to customizable products, pricing, and other buyer data become crucial processes that layer on top of the technology investment.

### ***Connecting Sales to the Back Office***

CPQ technology clearly impacts the sales staff's performance in a positive way. However, a less-often-cited benefit of this technology is its ability to connect with enterprise-level

---

**Today's Millennial sellers are turning our sales personnel into an increasingly mobile-first workforce.**

---

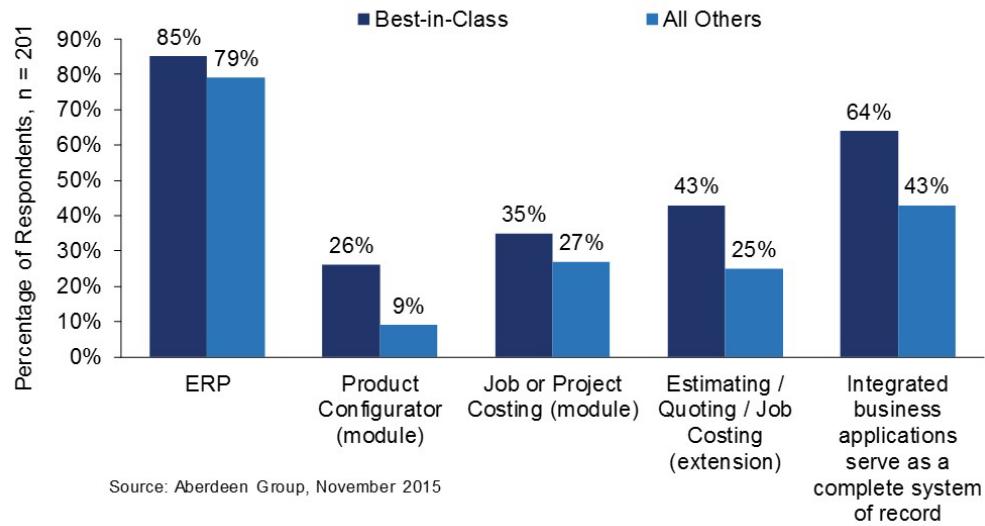
# 8

In Aberdeen's *Business Management and ERP Benchmark Survey*, respondents were ranked on the following criteria:

- **Complete and on-time delivery:**
  - Best-in-Class – 96%
  - Industry Average – 90%
  - Laggard – 77%
- **Improvement in profit margins over the past two years:**
  - Best-in-Class – 27%,
  - Industry Average – 7%
  - Laggard – 2%
- **Change in time to decision over the past year:**
  - Best-in-Class – 48% decrease
  - Industry Average – 9% decrease
  - Laggard – 1% increase
- **Improvement in cycle time of key business processes over the past two years:**
  - Best-in-Class – 27%
  - Industry Average – 9%
  - Laggard – 6%

technologies to inform executive decision-making, as well as operations planning and efficiency. Aberdeen's *Business Management and ERP Benchmark Survey* (2014) identified the technology environments of organizations that have been effective in managing their business from end-to-end. While enterprise resource planning (ERP) is all but ubiquitous in all survey respondent maturity classes, it is interesting to note the adoption rates of CPQ technology amongst the Best-in-Class in comparison to All Others (Figure 5). Whether it is a module related to CPQ or a more robust extension, this technology is most effectively paired with ERP in order to feed important information from sales to the rest of the organization. For example, the Best-in-Class are 72% more likely to have implemented an estimating / quoting / job costing solution. But enhanced benefits come through the effective integration of this technology and ERP, a capability that the Best-in-Class are 49% more likely to have.

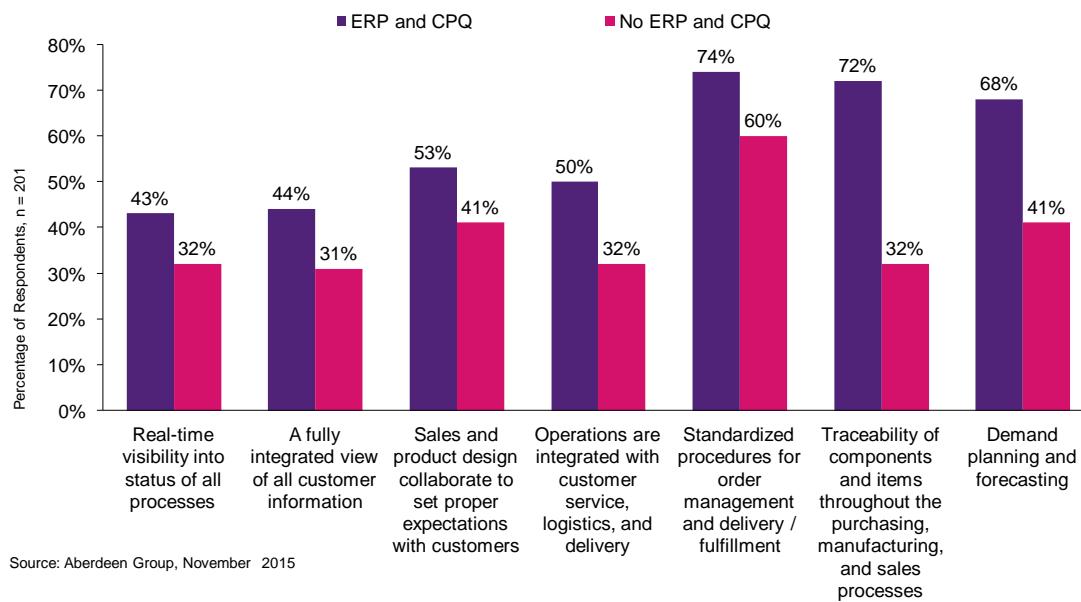
**Figure 5: Building a Valuable Connection Between CPQ and ERP**



# 9

Integrating ERP and CPQ can provide many benefits to your organization. Compare organizations with ERP and CPQ to organizations without (Figure 6). Integrating these technologies leads to improved visibility, as illustrated by the fact that those with ERP and CPQ are 34% more likely to have real-time visibility into the status of all processes. Further, this information can also help to better populate customer information on the back end. Executives and LOB leaders can better monitor the sales process in order to prepare for new deals. Conversely, sales can monitor the status of delivery of what they've sold to customers, which, in many cases, has a direct impact on the payment of commission dollars. In fact, collaboration across functions is a major benefit of integrating ERP and CPQ.

**Figure 6: Improving Efficiency, Visibility, and Decision-Making**



# 10

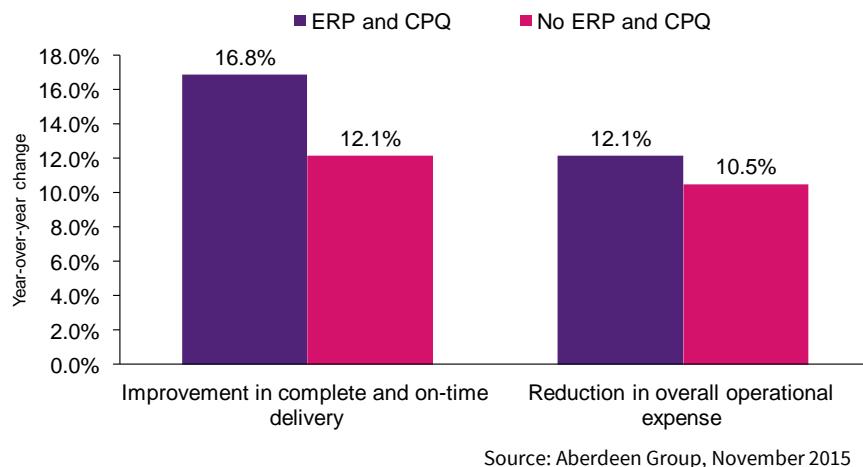
Truly, enhanced visibility afforded by combining these technologies will lead to collaboration that can improve performance. One example is how sales and product design teams can be better aligned to improve customer service. Sales can work with product design to better fashion customer requirements, and product design can communicate to sales when customer requirements are unfeasible. Another benefit could be the integration of delivery with customer service or production. Ultimately, your organization can become more collaborative, but also execute better-informed decisions while improving efficiency and quality in production and delivery.

Visibility, enabled through the combination of ERP and CPQ, leads to substantial improvements in decision-making capabilities. These include better, more streamlined procedures for delivery in order to meet customer needs, better traceability of components as they reach customers, and demand planning and forecasting. Since the line of business has insight into sales' needs, it can better plan production and purchasing, which will lead to fewer inventory holding costs and just-in-time purchasing.

The proof of the benefits of combining ERP and CPQ comes in the analysis of the resulting performance metrics (Figure 7). Since production and logistics can better prepare for incoming deals, those with CPQ and ERP saw a greater improvement in complete and on-time delivery as a result of their business systems. Additionally, these organizations were better able to manage operations, leading to a greater reduction in operational costs. These results clearly show that integrating ERP and CPQ can lead to tangible improvements in performance of the business as a whole — beyond sales.

# 11

**Figure 7: Reaping The Benefits of a Truly Integrated Sales Technology Ecosystem**



### **Key Takeaways**

CPQ is the key to improving your sales staff's efficiency, productivity, and, ultimately, success. But this information can be extended across the organization to deliver even more value. By integrating with ERP, CPQ technology can help executives to devise better-informed decisions while enabling operations to improve product design, production, delivery, and customer service. On the other side of the coin, combining these technologies can provide sales with better insight into the process after the sale has been made. They can make more accurate promises in the sales process, as well as improve their ability to manage client expectations before and after the sale. ERP and CPQ integration maximizes your technology ecosystem to excel in B2B sales.

# 12

For more information on this or other research topics, please visit [www.aberdeen.com](http://www.aberdeen.com).

## Related Research

[What Motivates Best-in-Class B2B Sellers? You'll Be Surprised](#); October 2015

[No Longer a Luxury: Why the Best-in-Class View Sales Enablement as a Must-Have](#); November 2015

[Analytics Meets Enablement: Data-Driven Content in Context](#); October 2015

[A Tale of Two "C's": Serving up Value to the CFO and CRO](#); September 2015

Author: Peter Ostrow, VP/Research Group Director; Customer Management, Sales Effectiveness ([peter.ostrow@aberdeen.com](mailto:peter.ostrow@aberdeen.com)); Nick Castellina, Research Director, Business Planning and Execution ([nick.castellina@aberdeen.com](mailto:nick.castellina@aberdeen.com))

## About Aberdeen Group

Since 1988, Aberdeen Group has published research that helps businesses worldwide improve their performance. Our analysts derive fact-based, vendor-agnostic insights from a proprietary analytical framework, which identifies Best-in-Class organizations from primary research conducted with industry practitioners. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision-making and improve business strategy. Aberdeen Group is headquartered in Boston, MA.

This document is the result of primary research performed by Aberdeen Group and represents the best analysis available at the time of publication. Unless otherwise noted, the entire contents of this publication are copyrighted by Aberdeen Group and may not be reproduced, distributed, archived, or transmitted in any form or by any means without prior written consent by Aberdeen Group.