CPQ ENABLEMENT FRAMEWORK

Infosys®
Navigate your next

Introduction

Products manufactured today by companies must be available in a large set of variants to meet the customer demands. Furthermore, these variants need to be managed across the product's value chain, from rolling out a new variant to upgrading existing ones.

For variants to be successfully managed, manufacturers must ensure the following -

- Maintain configuration data across the entire supply chain from design through manufacture, pricing to final delivery, installation, and services.

- Regularly change the configuration and pricing of products to match customer requests for different applications or upgrades. Collaborate efficiently and seamlessly across the global network.

However, they must tackle these challenges first.

- The practice of different processes, datasets, and terminologies across different locations.
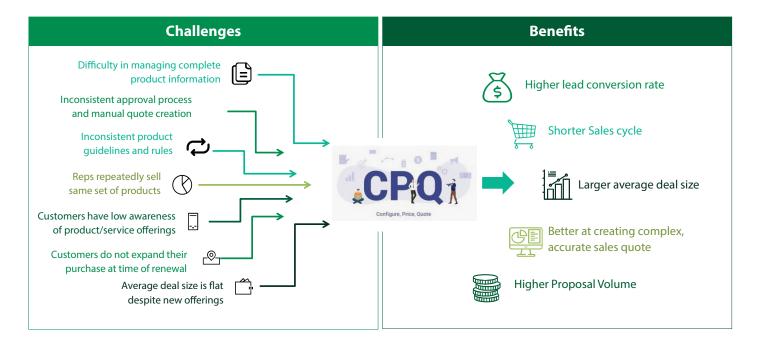
- The age of the businesses, legacy systems, and a mixture of organic and inorganic growth has resulted in data duplication across different teams with no common database and variation of business processes across business units and locations.

- Usage of traditional tools such as spreadsheets and homegrown applications to create product configurations can cause significant delays in responding to customer demand. Additionally, the quality of quotes can be poor. For example, an obsolete part that is past its effectivity date in the master system may still be active in a regional system, misleading customers, Disconnected configuration data, and applications hinder Product Data Management teams from maintaining a high standard of data quality across the value chain. A typical revision of the product release means preparing data in collaboration with R&D (design) teams, preparing a new catalog to be printed with updated information, working with sales and marketing teams to understand market-specific rules, working with the pricing department to update list prices, and working with the compliance department to upload product certification for specific variants - the list goes on.

- The lack of a single platform to maintain the information and the need to publish it in various configuration solutions is another issue

As more manufacturing organizations look to have robust Configure-Price-Quote (CPQ) solutions, they struggle to establish the right, all-inclusive framework. While organizations start on their CPQ journey, they are unlikely to reach their goals without such frameworks. They often end up at the starting point to redraw the strategy resulting in wasting valuable time and money.

This whitepaper provides a high-level CPQ enablement framework for organizations to start right on their CPQ journey.

Challenges	Benefits
Difficulty in managing complete product information	Higher lead conversion rate
Inconsistent approval process and manual quote creation	Shorter Sales cycle
Inconsistent product guidelines and rules	Larger average deal size
Reps repeatedly sell same set of products	Better at creating complex, accurate sales quote
Customers have low awareness of product/service offerings	Higher Proposal Volume
Customers do not expand their purchase at time of renewal	
Average deal size is flat despite new offerings	

About this framework

Infosys's CPQ enablement framework is designed to help organizations maneuver the complex CPQ implementation process. This central framework covers the different stages in the lifecycle of a CPQ software implementation process that can help teams connect with the right stakeholders with the right data. We are confident that organizations get the right start by using this framework enabling them to deliver results in record time. In addition, this framework will help them identify and record desired requirements and organize their CPQ software implementation process more robustly.

This framework includes distinct steps found in configure price quote solutions available in the market. It is created and maintained by our industry experts and consists of solution-based data along with details derived from the extensive, hands-on experience gathered during CPQ implementation projects for our numerous customers.

How can this framework help in decision-making?

A well-designed and implemented CPQ solution can shorten the users' time to create configurations and quotes for their requirements, thereby reducing the work involved in completing sales cycles. However, if implemented the solution doesn't contain specific features and functionalities that support vital business processes, the solution will not provide the expected benefits.

In some cases, the CPQ solution may be misaligned to the point that sales representatives and other users struggle to adapt to the software. Therefore, it is critical to complete the groundwork properly before starting the actual implementation process to avoid such issues. Teams need to take the time to determine their specific requirements, identify the functions and features that fit their needs, and reject those that don't provide much of a benefit. Our CPQ framework provides an excellent method to distinguish between important and superfluous steps and acts as a valuable guide through the implementation.

Our CPQ enablement framework helps achieve the following objectives:

- Identify critical internal stakeholders (business, technical, sales, marketing, etc.) at the outset to help plan the implementation better

- Build consensus on CPQ solution vision among company stakeholders.

- Determine the core configure price quote software features that your business needs.

- Learn about a full range of CPQ features available from solutions on the market.

- Match valuable software features to business processes that could use digital support.

- Enforce accountability and prevent scope creep by adhering to documented requirements.

- Kick off the project in a few weeks rather than months with the traditional approach.

In a nutshell, through this CPQ enablement framework, companies can clarify what they need from the CPQ solution, thereby maintaining control over the implementation process.

The Five Step FRAMEWORK

In many organizations, "CPQ Enablement" has been a one-way inclusion of marketing material into a sales portal or intranet without any real insight into what's being used or is valued by the buyer.
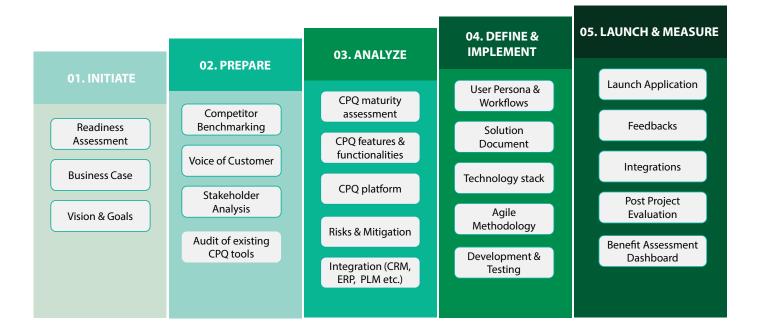
Symptoms of a failing CPQ enablement strategy include content repositories that contain:

- Too much content – good quality material is buried underneath volumes of documents

- Minimal insight – Marketing has no idea what content is used by sales or what's working well

- Organized by product – instead of by buyer profile, industry or specific sales situations

- Out of date content – most reps store files locally and use outdated sales support documents

- Adoption issues – when not integrated with CRM, mobile devices or email, reps don't use it thus failing to achieve full potential of the CPQ platform.

After considering the above challenges, we created a CPQ enablement framework as a five-step process across the CPQ implementation lifecycle. Our CPQ enablement framework is designed to educate organizations that enabling sales is a cross-departmental endeavor and requires careful coordination.

We break CPQ Enablement down by the key roles, responsibilities, processes, technology, content and metrics needed for success.

01. INITIATE	02. PREPARE	03. ANALYZE	04. DEFINE & IMPLEMENT	05. LAUNCH & MEASURE
Readiness Assessment	Competitor Benchmarking	CPQ maturity assessment	User Persona & Workflows	Launch Application
Business Case	Voice of Customer	CPQ features & functionalities	Solution Document	Feedbacks
Vision & Goals	Stakeholder Analysis	CPQ platform	Technology stack	Integrations
	Audit of existing CPQ tools	Risks & Mitigation	Agile Methodology	Post Project Evaluation
		Integration (CRM, ERP, PLM etc.)	Development & Testing	Benefit Assessment Dashboard

01. Initiate

First, it is critical to initiate the project to build a business case for allocating resources and funding. Second, it is essential to align the senior management team with the CPQ Enablement initiative vision.

In this stage, efforts must be focused on the preliminary analyses required to get approval for a CPQ enablement project.

To start with, the readiness of an organization for this initiative must be assessed. Areas of readiness assessment include:

• Senior Management Commitment

• Digital Asset Management

• Content Management Process

• Sales & Marketing Alignment

• Systems & Technology

Finally, a strong business case is necessary to get senior management support.

The business case document should include:

• Executive summary

• Opportunity overview

• Key success factors

• Assumptions

• Decision-making criterion

• Business impact analysis

• Risks and contingency plans

• Recommendations

It is also recommended to have a clear vision and goals defined for the CPQ solution. Examples of common goals are:

• Improve the average deal size

• Reduce length of the sales cycle

• Gain adoption of a CPQ platform

• Customer satisfaction

02. Prepare

In this stage, enterprises seek to understand the gaps between the various departments sales support, organizational alignment, content and assets, and missing job functions and skills.

Before starting, it is important to check competitors' maturity in terms of a CPQ solution. Competitor benchmarking should include:

- Kind of CPQ solutions have they implemented
- Average sales through CPQ platform

- Average sales cycle
- % Market share

The voice of customer survey can identify strengths and weaknesses in the current sales support processes, systems, assets, and knowledge management. It also ensures that the opinion of stakeholders is considered.

Stakeholder analysis helps to outline new roles and responsibilities for the team.

A high-level plan for the short-term with long-term goals will provide senior management with the CPQ implementation roadmap.

03. Analyze

Before kick-off, it is important to assess the selected CPQ solution against industry benchmarks.

Infosys has carefully drafted a CPQ maturity model based on the knowledge gained over 15 years of delivery excellence.

This maturity model will help enterprises progress through the CPQ enablement journey successfully. There are clearly defined stages and a roadmap for improving capabilities over time.

Lagging
No or manual Configurator with data residing in multiple systems

Basic
A CPQ solution with basic features:
- ✓ Standalone application
- ✓ Central Rule & Pricing engines
- ✓ Simple Quote generation

Smart
A standard CPQ solution with most of must-have features available
- ✓ Dynamic Quote generation
- ✓ Integrated with data lakes
- ✓ Integrated with CRM
- ✓ Automated Discounts
- ✓ Automated approval workflows

Adaptable
One step above rest of them all with a adaptable CPQ solution which is highly customized for business needs
- ✓ Available for end customers
- ✓ Integration with Channel partners
- ✓ 3D Visualization
- ✓ Available in multiple geographies

NextGen
This is the best-in-class CPQ solution available which are delivering end to end value across quote to cash process.
- ✓ Advanced Analytics
- ✓ IOT Integrated
- ✓ AI/ML driven
- ✓ Integrated with downstream enterprise applications (ERP, PLM etc.)
- ✓ Advanced Analytics

The most critical task during the analysis phase is to finalize the CPQ platform that best suits the enterprise's requirements. To select the right CPQ platform, it is important to have a CPQ features and functionalities list created and approved by all stakeholders. This list should contain:

- Critical to functionalities
- Details of features under each functionality to a level that can be developed independently
- Categorizations of must-have and good to have features

Next step is to release an RFP with this feature list and other important parameters to the shortlisted CPQ platforms.

After the CPQ platform is selected, the following must be listed –

- all integration scenarios of CPQ with enterprise systems like CRM, ERP, PLM or any other in-house systems
- All risks along with the mitigation plan

04. Define & Implement

The critical success factors for the sales enablement initiative are – Approval, assessment, adequate preparation of the organization and the right technology solutions.

As a first step, the user personas must be created to capture the relevant information about the prototypical 'key players involved in deciding to purchase the company's products and services.

Characteristics to capture:

- Background (job title, roles and responsibilities)

- Situation (priorities, pain points, motivation, needs, goals)

- Habits (likes/dislikes, trusted resources, research methods)

- Decision-making (authority, budget, purchase process)

As part of the design phase, a detailed solution document must be developed containing all the information needed for the management to make decisions. This solution document should include:

- Learnings, recommendations, benefits, risks, and assumptions matching objectives and scope

- As-is and to-be process/ use cases and integration

- Integration with enterprise systems scenarios.

- Solution and recommendations

It is important to have a design document approved by the enterprise architect before the development begins.

The design document should include:

- Detailed solution architecture

- Technology stack

- Infrastructure details

- Any dependencies

Now the actual work begins with the development team starting the actual development of the solution. Looking at the impact CPQ solution has across departments, it is recommended to use Agile methodology for development work so that all stakeholders are part of the development process & regular demos can be planned to seek feedback.

05. Launch & Measure

In this stage, the CPQ solution will be made available to sales. We recommend piloting the solution on a small group of up to10 reps, who are well-respected and solid performers. Once the teething issues are ironed out and the pilot group's feedback incorporated, the solution is ready to be launched to the entire sales team and channel partners. Some important considerations -

- A training workshop to educate the sales team on the CPQ solution.

- A few key success factors for the roll-out include:

- Formal commitment to CPQ platform

- Top Reps Champion Program

- Preparing answers for objections from sales reps

- Ensuring senior management sponsorship

- Making the CPQ solution easily available

After the launch, the next step is to measure the success of the initiative and plan for the evolution and maintenance of the solution.

At this post-project evaluation stage, enterprises must determine the project's overall success, document lessons learned, and provide closure on the first round of activities.

Here are the key sections of the post-project evaluation report:

- Overall Project Assessment

- Scope Management

- Quality of Deliverables

- Key Accomplishments

- Best Practices Developed

We also recommended keeping track of key metrics and comparing them with results experienced before the CPQ enablement initiative was launched.

Some key metrics to analyze:

- Average deal size

- Win/loss rate

- Sales cycle length (days)

- Number of monthly downloads from the CPQ platform

- ETO to CTO conversion

Conclusion

The CPQ enablement framework is conceptualized by Infosys CPQ consultants based on experience and research performed over the years. The purpose of this framework is to help customers start the CPQ journey with proper guidance to achieve their goals quickly and accurately.

Infosys has also created important templates as part of the readily available framework to accelerate its CPQ journey.

Infosys has the necessary tools and expertise to help build an effective CPQ Enablement framework:

- Creating or auditing the existing framework

- Assisting with any of the tools referenced in this framework

- Providing hands-on assistance to accelerate achieving sales goals.

About the Author

Unmesh Jadhav

Principal Consultant – Engineering Services, Infosys

Unmesh Jadhav is a Principal Consultant working with the IoT group of Infosys Engineering Services. He has over 20 years of experience focusing on configure-price-quote solutions, mechanical product design and application development projects. In addition, he is a cloud enthusiast and is continuously exploring new trends in cloud computing.

Unmesh works on CPQ consulting engagements for Infosys, where he helps clients solve their business problems and create roadmaps for the future.

For more information, contact askus@infosys.com

Infosys

Navigate your next

Infosys.com | NYSE: INFY

Stay Connected