



CPQ Made Simple

A GUIDE TO
CONFIGURE, PRICE, QUOTE

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CHAPTER 01

Simplifying Sales Quoting

The Need for Simplified Quoting

How does your business create sales quotes? Are you still using word processing software and spreadsheets to manage pricing and create quotes? If so, you're not alone. Many businesses are still building quotes with the same tools and processes that were considered cutting-edge in 1990, but hardly represent best practices today. While these tools may be familiar and convenient, they are not reliable platforms on which to build product configurations and generate accurate quotes and proposals for your prospects and customers.

A better way is to use **Configure Price Quote** software apps, **often referred to as CPQ**. CPQ apps have become vital tools for today's fast-growing businesses. They represent a rapidly growing software category that eliminates a common problem facing many sales organizations: how to produce accurate and professional sales quotes for prospects quickly, while eliminating errors and inefficiencies.

C is for Configure

Whether you realize it or not, we are configuring products all the time. We have options in almost all facets of our lives and have come to expect everything to be configurable to our specific wants and needs. We create custom playlists for our music and we build our cars on dealer websites to identify which features best fit our desires and budgets (*I'll take mine with racing stripes!*). Build your own lunch restaurants for sandwiches, salads and burritos have grown in popularity, and we can even design our own personalized shoes, backpacks and jeans online. In our consumer purchases, this desire to configure may be driven by “want,” **but in our business purchases, configuration is often driven by “need.”**

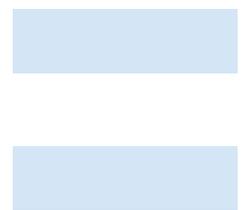
CPQ software fulfills this need by enabling B2B sellers to offer unique combinations of products and services that deliver exactly what their buyers need. A good sales person understands each customer’s needs and guides the buyer to the best mix of products and services to solve her problems. CPQ software enables the sales person to easily and accurately create a quote with a custom configuration for each customer, as needed. Rarely does one size fit all.

P is for Price

How often do you sell at full list price? In a competitive space, few businesses are able to sell their products at full price to all customers in all situations. Perhaps you offer special pricing, bundle pricing or volume pricing, or maybe your sales reps like to apply extra discounts to “sweeten the deal.” Keeping track of current pricing, discount rules and bundle pricing can be a major headache. But more importantly, it can be disastrous to the bottom line when discounts are applied incorrectly or inconsistently. It can also be embarrassing when you misquote prices to a customer, and can even cause you to lose the deal.

CPQ software helps manage pricing for all your products and services. It enables your sales team to create quotes with consistent pricing, including available discounts, quickly and accurately. Advanced pricing rules can be set to handle volume discounts, percent-of-total subscriptions, pre-negotiated contact pricing and channel and partner pricing.

By using CPQ software, you can be sure that your pricing is accurate and optimized.



Q is for Quote

Once a sales rep gets to the stage of actually providing a quote, the focus is usually on closing the deal. The rep doesn't want to worry about losing a deal because of an error in pricing or a quote document that is poorly formatted or contains cut-and-paste errors. When sales reps create their own quotes manually, they leave room for human errors such as typos or mismatched fonts, which can cause the prospect to think the rep is unprofessional, or worse, uncaring.

With CPQ software, a sales rep quickly generates a quote, sends it via email, and can even include an e-signature to close the deal in just a few clicks. The software eliminates errors by automatically pulling in product data, calculating pricing, and accurately displaying product configurations. CPQ software can also generate a quote document that matches your company's branding guidelines, makes a polished and professional impression, and can **help you seal the deal.**

CPQ : Three Letters That Lead to Simpler Selling

As a sales rep, when you configure, price and quote quickly and efficiently, you will sell more and sell faster.

CPQ software not only helps experienced reps do their jobs more efficiently, but it's a lifesaver for newer, less-experienced reps because it can guide a rep to the best mix of products for each customer. CPQ software helps sales reps **automatically narrow down the product selections to those that are most applicable to the client** based on the client's needs, company size, and other relevant factors. After selecting a product, CPQ software can then help the rep with any additional configurations and can even suggest appropriate add-ons, such as extra training sessions, extended service contracts, or complimentary products.

Next, CPQ software helps the sales rep with pricing. The software “knows” your standard pricing for all of the selected products and can provide guidance for the rep to add line-item or package discounts. In some cases, you can even enter the client’s budget and the software will automatically calculate individual product discounts to meet the specified budget.

Finally, CPQ software generates a quote or proposal that is customer-ready. These documents can include your company branding and formats, cover pages, tailored cover letters, custom terms and conditions and even marketing materials related to the products, in addition to the quote itself. All of this can be done in mere minutes, which saves the sales rep time and energy and speeds up the sales process.

CASE STUDY: CLOUDERA

As an enterprise data management company, Cloudera manages a high volume of renewals, add-ons, co-terminations and pro-rating. Prior to using CPQ software, this was a very complicated process. Thanks to CPQ, it is now easy for Cloudera salespeople to configure, price and quote complicated blends of renewals, co-terminations and add-ons within the familiarity of Salesforce. [Click here](#) to view the full case study.



CHAPTER 02

**Traditional Quoting Versus
CPQ**

After learning about the benefits of using CPQ software apps, you may be wondering how sales people ever did their jobs without them! In this section, we'll focus on traditional quoting methods and how they differ from CPQ.

Traditional Quoting

Without CPQ apps, pricing and quoting can be a long and messy process. Traditionally, the pricing process has been completely manual. Here are the typical steps a sales rep would take in a traditional quoting process:

1. Figure out what products are best for a given customer and then what configuration of those products is necessary
2. Consult pricing spreadsheets or documents to determine the base price of those products
3. Determine which discounts the client is eligible for and manually apply them, hoping not to make any errors along the way
4. If a particularly large discount is requested, there may be a review period, which adds delays to the process
5. Finally, once everything is approved, the rep now begins to create the actual quote document that can be sent to the customer

This traditional process of manual pricing and quoting has a number of drawbacks, including inaccuracies, lost time and money and unapproved discounting.



Inaccuracies

Inaccurate quotes can be a huge problem for sales people because once pricing is presented to a customer, it can only go lower, not higher. One small typo could lead to a huge monetary loss. With manual quoting, there are a myriad of chances to create errors, from typos and misspellings to including the wrong configurations or incorrect calculations. Ruchika Chopra, Manager Sales Operations at Nimble Storage, reports that when her team used a manual quoting process, one in five quotes contained errors in pricing, configuration, or account information. In contrast, **when using CPQ solutions, nearly 100 percent of quotes are accurate.**



Lost Time & Money

The phrase “time is money” may be a cliché, but there’s a reason. Whenever employees are not as productive as they could be, their company is losing money. Manual quoting can be a long and painful process that keeps sales reps from finding and landing more customers. CPQ software automates and streamlines the selling process, saving time for sales reps. **Many CPQ users say that the time to create an accurate quote is reduced from hours to minutes.** It gives sales reps time back so they can do what they really love to do: sell.



Unapproved Discounting

Sales reps will do just about anything to close a deal, and may try to offer discounts that are lower than company guidelines allow, cutting into the bottom line of the business. CPQ software ensures that your sales reps generate quotes with consistent, accurate pricing and adhere to all discounting guidelines. If your CPQ software offers advanced pricing options, you can even manage volume discounts, percent-of-total subscriptions, pre-negotiated contract pricing and channel and partner pricing.

Signs You Should Switch to CPQ

When talking to sales leaders, we see patterns of poor quoting in many organizations. In fact, we have identified six common signs that indicate underlying problems; all of which can be alleviated by making the switch from traditional quoting processes to using CPQ software. These six signs are:

1. You have someone who manually reviews all quotes

Having a person look over sales quotes to ensure accuracy for product configuration may work for the short term, but it's not really a long-term solution. It just doesn't scale. What happens when that person goes on vacation or gets sick? Will configuration approvals just stop? Can a temp be trained to take over? Not likely! Having a dedicated reviewer is not a long-term solution, especially since CPQ software can automate the process and improve accuracy and speed.

2. You are sending inaccurate sales quotes to prospects

Whether it has to do with incorrect pricing or incorrect configuration, sending out inaccurate quotes to prospects and customers is unacceptable. You are just starting a relationship with this new customer, and you don't want to start with embarrassing mistakes. These mistakes are not only avoidable, but can hit you in the bottom line.

3. You have plans to increase revenue

If your company is planning to grow over the next few years, then you are a prime candidate for CPQ software. As your business grows, so will the number of sales quotes you generate, and the amount of time your team will spend generating these quotes will also rise. You can free up extra time for your sales team with the use of CPQ software, which enables your reps to generate quotes quickly and accurately.

4. You are using Word or Excel to produce sales quotes

If you are using Word or Excel (or similar legacy software products) to configure products and create price quotes, it's time to move on. By using these outdated tools to create quotes, you risk errors, waste time and produce non-standard sales documents.



5. Your sales team spends a lot of time on the road

Sales teams are increasingly mobile and tend to do a lot of work from hotels, airplanes, coffee shops, taxis, waiting rooms, and wherever else they can find the time. They need the ability to generate accurate quotes and proposals anytime, anywhere, on any device. With a mobile CPQ app, sales teams can be more productive, more competitive and close more deals from their phones and tablets.

6. Your business is always looking for new ways to improve

Technology can help you run your business more efficiently and with greater accuracy. If your business is like most, you are already doing things faster, better and smarter than ever before. With CPQ software, you can apply this “smarter, better, faster” approach to the creation of sales quotes and proposals.

If any of these warning signs sound familiar to you, [it may be time for your company to make the move to a CPQ solution](#). In the next section, you will learn about what to look for when selecting a CPQ software app.



CHAPTER 03

How to Select the Best CPQ Software for Your Business

How to Select the Best CPQ Software for Your Business

Once you decide that CPQ software is the right decision for your organization, how do you know which CPQ app is the best choice for you? We recommend that you consider these questions in your initial evaluation:

- What CRM system does your team currently use?
- Is your sales team mobile (or do you anticipate that they will need mobile selling tools in the future)?
- How important is quick (and affordable) implementation?

What CRM Do You Use?

Is your team already using a CRM system throughout the sales process? **CRM stands for Customer Relationship Management** and is software used to organize and track prospects and customers, among other business details. CPQ apps can integrate with CRM systems, allowing sales people to use existing information within the CRM to generate sales quotes. If you're already using a CRM system, such as Salesforce or others, then it's important that your CPQ app integrates and shares data with your CRM.

If you want the most seamless flow of data and the tightest integration, then **look for a CPQ app that is built native on the CRM platform**. Because a native CPQ app is delivered and hosted directly within the CRM, users can leverage the CRM platform for customization and administration without a learning curve and typically with higher user adoption. Some native CPQ apps take it further by utilizing the user interface of the CRM platform, meaning that **your CPQ features will look and act like your familiar CRM** and will therefore seem totally familiar to your sales team. In many cases, the user experience is so seamless that users can't tell where the CRM ends and CPQ starts.

Another benefit of having CPQ that is built on your CRM platform is that **your CPQ software scales along with your CRM, so growth is never an issue**. In addition, when your CRM software is upgraded to a new version, you don't have to worry about breaking the integration with your CPQ app because they share a common platform.

Not all native CPQ apps are the same, however. **Be sure to look for a native CPQ app that truly uses the native features and functions of your CRM**. For example, some CPQ apps are built native on the Salesforce platform, but then require extensive custom coding outside of the platform. Save yourself headaches and go with a fully-native CPQ app that builds on the core features of your CRM.

CASE STUDY: NETMOTION WIRELESS

In order to grow faster, NetMotion Wireless needed to create a more profitable and efficient sales machine that integrated with Salesforce CRM. With Salesforce CPQ, NetMotion Wireless employees now save time by creating quotes within Salesforce, and more than 97% of their quotes are now made within the system. **Click here** to view the full case study.

Is Your Sales Team Mobile?

For sales reps on the go, you'll want to choose CPQ software that is optimized for mobile devices – phones and tablets. Even if your team spends most of its time in the office, mobile features can still be essential for winning deals. Has your sales team ever been in a meeting with a customer, and the customer said, “This all sounds good, but can I see a quote first?” When your sales rep is armed with a mobile CPQ app, she can pull out a tablet or phone, create an accurate, professional-looking quote in just a few minutes, and deliver it to the customer's inbox before the meeting is over.

Your competition is probably not sitting still, and **your sales team needs every advantage to win deals at every opportunity... including using mobile quoting.** Sales reps are becoming increasingly mobile in almost every industry, so giving them the ability to quote anytime, anywhere on any device is a great way to make their lives easier, help them respond faster and give your company a competitive advantage.

How Important is Quick and Affordable?

We have heard countless horror stories of long, slow software implementations that take much longer than projected and run way over budget. You may have experienced some of these nightmares yourself. We have spoken to sales leaders and executives who have shared tales of CPQ implementations that were expected to take weeks, but in fact have taken months or even years before the software could be used by the sales team. Not only does a long implementation add to the cost of your CPQ project, but it also can cause frustration for the sales team and the executives who are waiting to gain the benefits and see ROI.

CPQ software should simplify life for your sales team, and that should begin with the implementation. Once you have selected a CPQ software app that meets your criteria, be sure to check references and speak to other customers who have implemented the same software in a company similar to yours. What was their experience? How easy was the implementation? Who supported them during the deployment? How responsive was the vendor? Were promises kept or were excuses made?

Asking these questions can make the difference between going live quickly or feeling the frustration of a seemingly endless implementation.



CHAPTER 04

The ROI of CPQ

Return on Investment

You want your CPQ software to deliver tangible benefits and real ROI quickly after deployment. But who will experience the benefits? Because CPQ software is generally considered a sales app, you may think that it only delivers benefits to sales professionals. While CPQ apps can help sales reps create accurate quotes faster, **you may not realize the return on investment for people with non-sales roles, both inside and outside your company.** Who will benefit when you implement CPQ software? Here's our list (and you may add others):

Your Customers

In every industry, companies are striving to become more customer-centric, customer-focused and customer-connected. **Can implementing CPQ in your company actually benefit your customers? Absolutely!** We all appreciate rapid response times. When you implement CPQ software, your customers receive price quotes faster. CPQ software tracks which customers are eligible for discounts so sales reps can offer the best pricing options for each customer. Your customers will also appreciate getting sales proposals that include accurate and appropriate product bundles and configurations.

Your Operations and Technical Teams

Operations and technical teams often have to clean up the mess that results when sales quotes contain inaccurate product configurations or when the wrong products are included by inexperienced (or just busy) sales reps. **A solution that prevents these inaccuracies from occurring will make your operations and technical teams much happier.** By implementing CPQ software, reps are guided to create sales quotes that are correctly configured and accurately priced -- every time.

The Quote Approval Team

Your company may have one person who reviews all sales quotes to check for correct product configurations, and perhaps another person who reviews them for pricing accuracy. These can be never-ending jobs, and as your company grows, those responsibilities do as well. With CPQ software, you can use the software to enforce your business rules for pricing and configuration, so the knowledge can be automated, **saving time and ensuring accuracy.**

Your Sales Team

With CPQ software, your sales team creates **accurate, professional-looking, quotes and proposals** and spends less time doing it. Your reps will be thrilled with the additional time they now have to prospect, generate more leads and close more deals!



You

Perhaps your role has nothing to do with generating sales quotes or managing product configurations or pricing. But after reading this eBook, you are now inspired to recommend the right CPQ software to your organization. You will very likely be recognized as a hero for improving the lives of so many of your colleagues. **You can thank us later.**



CPQ Made Simple



There's Always More to Learn

Are you ready to learn more and keep up to date on the latest information about sales productivity, effectiveness and CPQ software? Visit our blog at www.salesforce.com/blog.