Winning the race to reinvent B2B sales

How industrial equipment manufacturers can reimagine the customer experience with Configure Price Quote (CPQ) solutions

accenture
Selling their products has never been more challenging for industrial equipment companies. Why? In the new era of software-driven, smart, connected offerings, a single core product can be configured in multiple variations. This creates challenges all along the B2B sales funnel. Demand from buyers for hyper-personalization is another side of the same coin. And particularly now, as a result of the COVID-19 pandemic, there is even more pressure on digital channels and platforms to cope with huge surges in demand.

There’s a race on to reinvent B2B sales. And it’s being given added urgency by the COVID-19 pandemic. With social distancing and travel restrictions that limit traditional high-touch sales processes, Industrial equipment companies need to move fast to enable “low touch or contactless” selling and build out scalable digital commerce capabilities that can handle the huge surge in online demand. The good news? While adding new layers of complexity to the sales process, technology also provides the answer through Configure Price Quote (CPQ) solutions. These can be used to help customers navigate the escalating trend of self-service/online business – and to help companies improve the buying experience and equip their sales reps with vital new skills.

And what’s more, CPQ doesn’t just improve the buying experience. In a world where products are becoming living platforms, embedded in ecosystems of third-party developers, suppliers and external marketers, it can also make a decisive financial impact as a value driver and engine of growth.
Configure Price Quote (CPQ) describes a software solution that supports customers and sales reps during the product purchase process. As well as helping customers select the right products, configurations or combinations of features and technologies, it enables manufacturers to accurately define the price of goods across a huge, constantly changing spectrum of variables.

By aggregating these variables, CPQ software allows companies to optimally configure products and services (e.g., through bundling and upselling) and price them (e.g., based on willingness to pay or local economic factors) to offer the best quote to the customers. CPQ solutions also support customers through guided purchasing, directing them to next-best alternatives where appropriate. Whatever the context, the starting point is always the problem the customer is trying to solve, rather than the product.

It’s not only customers that benefit from CPQ. Internal functions like commercial operations, customer service, pricing, and finance will all benefit from fewer errors and decreased handling time. CPQ is one of the foundational components of business, touching every aspect—bringing together the what, how, where, and why—covering every stage of the product sales lifecycle, and connecting with all the relevant systems (see Figure 1).

Figure 1. CPQ—a key component of business
Reinventing the B2B buying experience

B2B customers don’t just prefer the convenience and user-driven experiences they’ve grown accustomed to in the B2C world, they demand them. It’s a step-change in customer expectations that Accenture calls “industrial consumerism”\(^1\). Until now, however, these demands have not been met by industrial equipment companies.

Buying from them continues to be far from straightforward. Multiple interactions are often required, sometimes over a period of weeks, or even months, to get a quote, order a product to the right specifications and have it delivered and operational.

In an ultra-competitive market, the industrial equipment companies that thrive will be the ones that can transform the buying experience into something more closely resembling the consumer-centric B2C marketplace.

They’ll do this by becoming Living Businesses, continuously adapting to the evolving needs of their customers, and market conditions, at speed and scale. This will demand a connected approach combining technology, relevance, speed, and responsiveness – focusing the entire business on the customer and allowing each component of the organization to respond rapidly to market changes.

With industrial B2B customers migrating rapidly from offline to online, maximizing value from connected products is a race against time.

Already, the sales process typically begins with digital marketing and continues with buyers researching and, increasingly, selecting their products online.

Our research shows 74 percent of industrial buyers now research at least half their purchases online and 20 percent of all industrial purchases will take place online by 2025\(^2\). It’s why CPQ solutions have such a powerful role to play – opening the door to a new, connected and convenient world of B2B commerce for customers and sales people.

74% of industrial buyers now research at least half their purchases online.

20% of all industrial purchases will take place online by 2025.
To secure business in a fast-changing digital world, industrial equipment companies must improve the buying experience they offer, upskill sales staff and enable greater self-service possibilities. Information flows must improve so sales teams have the right facts at their fingertips to deal with customers’ complex enquiries.

Companies should move now to harness the potential of B2B digital commerce through smart quoting, cross- and upselling, next-best-action (NBA) recommendations and agile pricing.

They also need to be able to offer their customers new ways to experience the configuration process, harnessing much the same approach as the automotive industry, which now provides immersive visualizations using 3D modelling.

CPQ provides the right solution anywhere and at the right time. That’s because it’s designed to address changing B2B buying behavior head-on (see Figure 2).

**Figure 2: CPQ designed to address shifting customer buying behavior**

CPQ enables customers selecting and configuring products by themselves:

1. Based on guided selling functionalities, the customer needs lead to a preselection
2. Customer gets information about the products in general and sees features and benefits on the web
3. Customer fine-tunes solution
4. Internal automated approval flows validate product selection, pricing and terms and conditions
5. Customer chooses solution
6. Final solution is priced based on buying history (willingness to pay) and further price optimization
7. Based on detailed quote (including value / benefits), contractual details are finalized
8. All quote-relevant information (product data, price data, logistics, legal terms) is pulled together in one document
9. Based on agreed quote, customer orders product online
10. Research

**Purchasing Funnel**
Reaping the rewards of CPQ solutions

There are clear benefits for companies that deploy advanced customer engagement platforms like CPQ solutions

1. **Enhanced customer experience**: These new platforms respond to customers’ demands to buy more online and enhance customer experiences through seamless integration into CRM and product lifecycle management (PLM) processes.

2. **Value-add from sales**: Instead of focusing on transactional sales, teams can devote time to supporting more complex sales. Research shows that currently around 20 percent of sales time is devoted to routine tasks, which could be handled by smart solutions that help customers to help themselves (e.g., finding the right solution for their specific problem by using guided selling functionalities).

3. **Reduced time to sale, increased quote accuracy and higher win rates**: These new platforms improve handling time, accuracy and quote quality. Although figures vary by industry, estimates indicate up to 40 percent faster handling time and 30 percent increase in quote accuracy. And because guided selling can be used to discover more about a customer’s needs (and their willingness to pay a certain price), these platforms also boost sales. CPQ can drive 5–15 percent increase in win rates with efficiency gains in double digits.

The bottom line? New customer engagement platforms can boost companies’ sales by up to 7 percent and increase their margins by between 1–2 percent.

**Quote me on that: boosting accuracy and quality**

Yaskawa, the world’s leading supplier of robotic solutions, has deployed a state-of-the-art configure/price/quote (CPQ) solution from Tacton to boost the accuracy and quality of quotations.

It has cut the time to generate quotes from eight days to just one – despite the complexity of Yaskawa’s products and without the assistance of product specialists.
Disentangling complexity

It’s not only the B2B selling process that’s changing. It’s also the nature of what is being sold. Products and services increasingly integrate software and connectivity to provide more comprehensive solutions. And that makes them more complex.

To address this, sales approaches must move from a purely transactional emphasis to a consulting-led service (Figure 3). Technology will play a key part in this evolution. In future, CPQ will support customers to find easier solutions by themselves.

This evolution completely changes how the salesforce needs to work (see Figure 4). Simple transactional purchases need to be automated and moved online where they can be selected by customers (potentially supported by an easy filtering logic). Ninety-three percent of leading industrial companies (vs 27 percent of laggards) automate simple sales and service processes to streamline customer experiences.

More complex products will be sold through guided selling, with customers using a combination of online self-service and supporting questions to better understand the use-case.

Figure 3. Buying environment insight
For complex purchases B2B buyers expect more informed and effective consultative salespeople, as opposed to sales “navigators” or sales “explainers”.

Source: Digital Ups The Stakes For B2B Sales Pros, February 13, 2019. Forrester
before selecting and configuring the best-fit product. This process can be enriched by analytics-driven next-best actions or product/service recommendations.

Only the most complex products will be sold solely by salespersons, supported by digital tools that augment their know-how.

And it’s not all about improving price positioning by providing the best prices. To ensure seamless communication, the quote price will also be linked to ERP systems to avoid price deviation and prevent margin losses. Another advantage from standardized quoting will be having a single “look and feel” across all linked decisions. This is facilitated through a centralized provision of quotation templates, legally approved and aligned to brand guidelines.

**Figure 4: Evolution of sales force through CPQ**

- **High Complexity of product & service**
  - **Complex Selection**: Full configuration of complex solution
  - **Guided Selling**: Selection of product based on questions/filter logic
  - **Easy Selection**: Selection of known product done via self-service possibilities

- **Low Complexity of product & service**
  - **Self Service**: Selection of known product done via self-service possibilities
  - **Sales Rep**: Sales representative involvement
Lessons from the masters

Accenture research reveals a small group of B2B organizations, 16 percent, that are transforming their selling capabilities at pace. They are already reaping the rewards, with EBIT 13 percent higher – and growing 8 percent faster – than the rest of their peer group. These “masters” understand that the disruption of marketing, sales and service is inevitable. And they’re setting the pace in the race to reinvent these functions.

We found that 91 percent of them (vs 41 percent of laggards) have defined a future vision to deliver superior customer service through digital transformation of marketing, sales and service. Crucially, masters see CPQ not as a one-off implementation, but as one element of the bigger picture. They’re focused on aligning overall customer experience across all channels and touchpoints to provide consistency of information and service (95 percent of masters vs 31 percent of laggards).

CPQ implementation provides an opportunity to reshape the entire sales strategy and organization (from digital commerce to distribution), refresh old processes, upskill the salesforce and rethink the sales operating model. Crucially, in a world of connected product platforms, it enables companies to pivot from providing features toward delivering personalized digital experiences, as-a-service.

We found that 93 percent of masters (vs 35 percent of laggards) operate advanced customer engagement platforms offering comprehensive sets of tools (such as configurators and installed base management) and processes. Eighty-six percent of masters (vs 25 percent of laggards) provide advanced configurators for their products and services. And, tellingly, 93 percent of masters (vs just 53 percent of laggards) say they regularly match customer-facing employees adequately to customer expectations.

One leading industrial equipment company started with a “define-and-design” phase, which included reshaping quote processes and infusing industry best practices. In parallel, it improved pricing capabilities by designing and building a price engine to target margin improvements (supported by an improved understanding of customers’ willingness to pay).

A global template was developed for all business units involved, ensuring a uniform process for all quotes. In the first month, 50,000+ quotes were generated via this platform, and overall the business benefited from a more streamlined way of working and improved internal collaboration. Implementations like this can lead to an increase of 0.5–1 percent EBIT.

CPQ boosts price positioning as well as quotation quality and accuracy
Selecting the “right” CPQ solution

What is the starting point for any planned CPQ implementation? Always secure a clear understanding of its relevance to both price and product complexity and customers’ buying behavior and preferences. There are many solutions to select from, depending on customer needs. To name a few, these include (in alphabetical order): Apttus, Calidus Cloud, Cloud sense, encoway, FPX, Oracle, PROS, Salesforce CPQ (Steelbrick), SKUID, Tacton, Vlocity and Zuora.

The selection of a CPQ solution is a prerequisite for the future that needs to fulfil both business and IT needs. Some questions can help to define the best choice, based on specific circumstances and/or challenges. These questions also serve as selection criteria:

**Strategy**
- What target group is the CPQ solution used for (customer, sales, distributors)?
- What is the overarching goal of the implementation (customer experience, growth, self-service capabilities)?

**Usability**
- What is the user experience like/how easy is the solution to use?
- Can the user interface be updated/changed?

**Flexibility**
- How flexible is the solution to meet specific business needs (eg product hierarchy)?
- How advanced is its ability to create models from products (eg new products and options, attributes, bundles, comparisons, inclusion and exclusion rules etc)?

**Pricing capabilities**
- What pricing models are available (flat, matrices, subscription, contract-based)?
- Are there any price-optimization tools available (scoring/rating, margin calculations, full-cost model)?

**Approval flows**
- What kind of approvals are possible and at what specific level (eg line item vs global)?
- How granular is the authorization matrix that the tool can generate?
- Can the approval workflow be adapted not only to pricing/margin, but also to products and terms and conditions?

**Quote**
- Is it possible to generate a quote based on the existing library/global template?
- Are changes to finalized quotes easy to make?

**System**
- How well does the solution perform and what, if any, are its limitations?
- Is the solution scalable?
- Is it SaaS enabled?
- How easily can the CPQ solution be integrated into the existing IT landscape?

**Further questions to consider**
- Can the solution be linked to other tools to create and show an end-to-end lead-to-cash process?
Making a success of CPQ

As they make their selection of the right CPQ solution, companies must take various factors into account. In addition to identifying the right products and markets, they must ensure the implementation approach is agile in the face of rapidly changing customer needs.

Integrating CPQ with the wider day-to-day process and IT landscape is also essential. And it’s vital that CPQ is seen as a business-driven initiative – not solely an IT project.

It is vital that CPQ is seen as a business-driven initiative – not solely an IT project.
Key success factors include:

**Clear vision and stakeholder buy-in**
Know where you are and where you want to go. Define the future vision with key business drivers and secure senior stakeholder participation throughout the implementation. This goes hand in hand with a sophisticated change management approach, which is a key feature of successful implementations.

**The solution is only as good as the data it runs on**
All data (eg product attributes) within the system must be current, accurate and verifiable. Have processes documented and ensure availability of robust customer and product data. And bear in mind that a CPQ implementation is a perfect point in time to rethink old selling patterns and improve how configurations are handled. This might mean using additional rules and algorithms to limit configurations to those that are most useful. Supported by historical data and analytics, this increases both the company’s margins (through more streamlined offerings) and customer satisfaction.

**It’s a journey, not a “one and done” implementation**
Introducing CPQ is a huge step and not just another tool. Despite all the advantages it can provide, implementation can be a lengthy journey so change management is crucial. The system will affect teams across the organization – sales, marketing, operations, product management, finance, and IT – so make sure they not only have the opportunity to contribute but also understand the specific benefits they’ll receive.

**Flexibility is essential**
With customer needs changing constantly, agile implementations will require flexibility. This might mean adopting a platform approach and/or introducing several value-adding components such as a pricing engine. Flexibility is equally important for the future business model. For example, if that model is focused on selling software or services, then the future solution must be able to adapt to that.

**Training for success**
A rigorous training program incorporating innovative techniques (eg a 30-day challenge including gamification to foster system usage) can help secure the full benefits of a CPQ solution. Although most industrial equipment companies claim to have good training and reskilling programs in place, 74 percent still feel their workforce does not have all the capabilities to provide exceptional customer experiences in the digital age9.
The right time to start CPQ is **NOW**

At the moment, CPQ deals principally with product configuration and sending out quotes. Looking ahead, however, as companies (and systems) proliferate and combine in the industrial equipment sector, CPQ will bring together different tools from different divisions and business units to configure increasingly complex solutions and drive new value.
We may also see CPQ serving as a platform for bringing together different companies to collaborate on solution development, with these solutions being tested through digital twins before going into production. The same technology will also make after-sales servicing much easier.

If implemented correctly, CPQ solutions can result in

- **up to 40%** faster order handling time
- **up to 7%** increase in sales
- **up to 30%** increase in quote accuracy
- **5–15%** increase in win rates
- **1–2%** increase in margins

With no lack of choice in the CPQ marketplace, every industrial equipment manufacturer needs to carefully select a CPQ solution that meets its needs. But when it comes to timing, there’s much less flexibility.

To address the challenges they face now and in the future, industrial equipment companies need to join the race to reinvent B2B sales today.
This document is intended for general informational purposes only and does not take into account the reader’s specific circumstances, and may not reflect the most current developments. Accenture disclaims, to the fullest extent permitted by applicable law, any and all liability for the accuracy and completeness of the information in this presentation and for any acts or omissions made based on such information. Accenture does not provide legal, regulatory, audit, or tax advice. Readers are responsible for obtaining such advice from their own legal counsel or other licensed professionals.

This document makes descriptive reference to trademarks that may be owned by others. The use of such trademarks herein is not an assertion of ownership of such trademarks by Accenture and is not intended to represent or imply the existence of an association between Accenture and the lawful owners of such trademarks.