THE BOTTOM LINE

As enterprise organizations continue to shift their operations into the cloud, they are increasingly looking to configure, price, quote (CPQ) solutions to streamline their daily operations. CPQ is mission critical for a wider range of business, regardless of industry or business model. Businesses need to support multiple sales channels and shorten overall sales cycles to remain competitive as companies win deals by providing quotes and offers faster than their opponents. Most CPQ vendors have not limited themselves to quoting configured products and have expanded their solutions to cover the entire lead-to-cash cycle with workflow management, order and delivery management, and contract lifecycle management (CLM) capabilities. Others have taken a vertical approach, delivering value to customers with best-of-breed solutions and deep industry expertise.
OVERVIEW

As customers look to streamline the process from lead generation to payment and delivery, CPQ solutions are beginning to cover more ground. The digitization of sales, especially within business-to-business (B2B) market areas has driven organizations to adopt new business models and software solutions to generate opportunities and capture market share. In the past, sales teams had to manually create quotes and proposals, which led to
inefficient and error-prone processes in delivering information to customers. CPQ solutions have already expedited sales cycles in virtually all business-to-consumer (B2C) channels, helping users improve their win-rates and increase deal sizes. Vendors must now equip businesses with the functionalities for B2B sales.

Any viable enterprise-scale CPQ solution must be able to handle the configuration and pricing requirements for an organization’s entire product line, and process complex proposals and quotes with thousands of lines. Customer demand for a B2B e-commerce experience has led vendors to focus on adding self-service portals to their supported channels. Comprehensive e-commerce platforms drive bottom-line benefits for end-users as automating B2B sales greatly increases lead generation opportunities and drives sales rep productivity. While many greenfield opportunities exist for vendors to service B2B organizations, developers face challenges in managing the nuances of complex product and pricing configurations.

Point solutions have an opportunity to challenge comprehensive platforms by delivering best-of-breed products to customers who have not received out-of-box functionality support. CPQ verticalization requires a vast amount of industry knowledge and expert experience surrounding the sales cycle and product lifecycle of clients’ offerings. The benefits of a vertical CPQ solution include reduced implementation costs and improved performance for niche requirements.

Across the board, customers cited vendor support as a differentiating factor for their final decisions. As such customer service is vital aspect when choosing a solution. Vendors who work closely with customers to scale to their growth, perform upgrades, and add additional channels and deployments in a timely low-cost manner are often the winners in competitive deals. Customers reported that lack of support was the primary motivation to upgrade from their solutions.

For this Value Matrix, Nucleus evaluated CPQ vendors based on their usability and functionality, as well as the value that customers realized from each product’s capabilities (Nucleus Research s142 – Understanding the Value Matrix – September 2018). The research is intended to serve as a snapshot of the CPQ technology market, help inform customers about how vendors are delivering value, and take stock of what can be expected in the future based on present investments.

**LEADERS**

Leaders in the Value Matrix include Apttus, Infor, Oracle, and Salesforce.
APTTUS

Apttus is a Leader in the 2020 CPQ Technology Value Matrix. The vendor’s CPQ delivers both breadth and depth of functionality by handling complex quotes for nearly all industries, including manufacturing, high technology, life sciences, healthcare, financial services, communications, media and entertainment, energy, and public sectors. Built on the Salesforce platform, Apttus CPQ integrates with Salesforce’s cloud services. Integration with third party software extends to Microsoft Dynamics 365, Workday, SAP, Oracle, and NetSuite. As Apttus’ quote-to-cash (Q2C) suite reaches maturity, its CPQ distinguishes itself through solution performance by handling large complex quotes at enterprise scales. The pairing of Apttus CPQ with its CLM solution closes the distance between sales and legal teams. The combination enables parallel review and in-document editing features, where the CPQ and order agreements are automatically updated as multiple reviewers reconcile redlines in the contract. Integration of the two solutions leverages customer and sales data to support legal teams in contract oversight and sales teams in generating revenue opportunities, reducing contract cycles, and managing risk.

Apttus has recently enhanced CPQ performance and its conversational AI features. Apttus CPQ SmartCart maintains performance with complex quotes—the SNAP Performance update generates 10,000-line quotes within minutes, and the Intellisplit feature breaks down complex documents into manageable formats. Improvements in automated Q2C processes support greater quoting flexibility. For example, Apttus added location-based quoting so buyers can base purchasing decisions by location. In addition, the solution now leverages greater natural language understanding (NLU) capabilities for Max, its AI enabled virtual assistant. Out-of-box conversation libraries have increased the conversational sophistication of Max, especially in understanding sales’ and legal’s lexicon. Based on the conversation, documents such as NDAs and budgetary quotes can be automatically generated and made available. As Apttus leads in solution performance, Nucleus expects the vendor to continue to grow its market share by attracting new customers from numerous serviced verticals.

INFOR

Infor is a Leader in the 2020 CPQ Technology Value Matrix, focusing its CloudSuite CPQ solution to target customers in select verticals. As part of the vendor’s strategy of targeting clients with complex and niche products, the CPQ solution addresses the quoting needs of customers, predominately in manufacturing: aerospace and defense, automotive, chemicals, construction, high technology, and industrial equipment. The solution also covers

The SNAP Performance update generates 10,000-line quotes within minutes.
healthcare, consumer goods, and a range of services, including financial and professional services. As part of CloudSuite, Infor’s CPQ is within its one to two-year process of transitioning most on-premise customers to the cloud. Being a cloud-based solution, the solution enables multi-tenant and multi-channel access to close the distance between buyers, manufacturers, and suppliers. The vendor continues to support hybrid options for customers that choose to remain on-premise.

Within the last year, Infor has paired its CPQ with its proprietary Coleman AI and Birst analytics technology, enabling sales assistance, quote and configuration analytics, and voice and rapid quote entry capabilities. Sales teams utilize the added functionality to drive further value from a streamlined lead-to-order process, optimizing pricing and discounting to better align with overarching goals and sales strategies. The mobile platform for CPQ was also released last year, complete with a tailorable UI that encompasses full CPQ functionality.

In pursuit of developing a best-of-breed application, Infor ventures into advanced visualization techniques for CPQ (Nucleus Research u1 – Infor leads the charge in CPQ XR development – January 2020). Moving away from CAD, the updated 3D visual configurators are lightweight to provide real-time modeling, and intuitive for buyer self-service. Dispersing improved visual configurators is a priority for Infor as manufacturers seek out easy-to-use configuration tools to drive sales productivity and production efficiency. For luxury retail customers, Infor is developing augmented reality functionality and virtual reality formats for furniture manufacturers, due for full-scale implementation within two years. As a result of industry-specific developments, Infor is winning deals across the vertical it serves. Nucleus expects Infor to advance its CPQ’s usability as its customer base and industry expertise deepens.

**ORACLE**

Oracle is a Leader in the 2020 CPQ Technology Value Matrix, and its Oracle CPQ Cloud services the complex product configuration and quoting needs of enterprise clients. Under the Oracle Customer Experience (CX) Cloud Suite umbrella, CPQ Cloud covers products in industrial manufacturing, communications, construction and engineering, financial services, utilities, high technology, and healthcare, among others. With a configurable product, the vendor is able to deploy the solution to fit with the business models and address the goals of clients in a wide range of verticals. As part of the CX Cloud Suite, CPQ Cloud integrates with all other Oracle services governing their clients’ sales experiences. A notable integration is with Oracle Subscription Management Cloud, which extends CPQ functionality to handle subscription quoting and payment options, such as managing subscription annuities, software license contracts, support agreements, renewals, and prorated pricing. Furthermore, Oracle places emphasis in providing end-to-end sales support for businesses’
entire product and service line. For example, the CPQ’s Migration Center tool allows data to be moved between the environments of users’ multiple CPQ implementations.

As part of its drive into B2B, Oracle continues developing CPQ functionality and pushes to improve usability, tackling both vertical specific deployments and overall capabilities. CPQ Cloud comes equipped with self-service functionality to deliver an e-commerce experience for B2B sales. Connected to the Oracle Commerce Cloud, CPQ Cloud performs on e-commerce sites built for both B2C and B2B organizations. Oracle provides a range of services to maximize the value of CPQ Cloud during the implementation process. Its enterprise support and product advisors are available year-round, and the vendor hosts webinar and product service classes. Oracle also leverages the latest in CPQ features: 3D visual configurators for complex manufacturing, AI-enabled guided selling coupled with deal prioritization to maximize profits, and robust document generation with embedded redlining functionality. Nucleus expects to see Oracle continue as a Leader, especially as B2B customers report great satisfaction from living within its CX Cloud Suite, and from leveraging the functionality added by comprehensive integrations.

SALESFORCE

Salesforce is a Leader of the 2020 CPQ Technology Value Matrix for its comprehensive solution that addresses a wide range of markets, from healthcare to high technology and professional services to industrial manufacturing. Salesforce continues to expand its customer base through its highly configurable implementation process supported by specialists and consultants. Furthermore, a system integrators library of over 2300 certifications allows solution integration with most customer SaaS ecosystems. With out-of-box capabilities to support multiple revenue models, transaction types, and currencies, as well as a marketplace ecosystem of 4000 plus solutions, end-users can address the quoting needs of their entire product range.

Once coupled with Salesforce Billing, an add-on extension of the solution, Salesforce CPQ provides a seamless Q2C process to drive greater usability. Features such as Einstein pricing guidance and guided selling suggest products and pricing to the end-user to help them create tailored deals for customers. In depth approval customization also ensures quotes are compliant and managers automatically notified, reducing time to quote and increasing sales productivity.

In 2019, Salesforce expanded its payment ecosystem. In Salesforce Billing, an API was developed for payment gateway partners to build their own payment tool for the AppExchange, further supporting horizontal growth. Upcoming functionality includes
customer asset lifecycle management capabilities which will provide organizations client order history with analytics for insights and trend analysis. Soon the CPQ will include Lightning Flow, enabling users to build tailored ordering experiences for various use cases, such as separate buying processes for new and existing customers. Nucleus expects Salesforce to maintain its position as leader as it grows its partner ecosystem and AppExchange, continuously improving the CPQ’s functionality.

**EXPERTS**

Experts in the Value Matrix include FPX, PROS, and SAP.

**FPX**

FPX is an Expert in the 2020 CPQ Technology Value Matrix, developing greater functionality by addressing overlooked verticals and industries. FPX Enterprise CPQ supports the niche-products for fluid handling equipment, specialty vehicle, industrial, high-technology, and medical device manufacturers. Subscribed to a client-centric approach, FPX CPQ is designed as a B2B sales point solution, integrating with the front and back office solutions of SAP, Salesforce, Microsoft, Oracle, IBM, and Adobe, among others. Highlighted by its B2B focus, FPX CPQ contains in-depth configuration options, including tiered levels of customization such that product specifications can be made within previously built configurations. This allows potential buyers to obtain highly configured products, while businesses can maintain brand consistency.

As part of FPX’s B2B cloud engine, out-of-box capabilities also include location-based selling and multi-channel portals. Products can be controlled for location to apply specific constraints and product rules. Sales representatives also perform price optimization and adjust product orders for compliance and delivery requirements within the solution. Multiple sales reps can collaborate to manage a quote and clients can promote their products through direct and indirect channels.

FPX is pursuing a vertical strategy to product development and market penetration. For over a decade, FPX has been pushing towards a best-of-breed application within serviced markets. Instead of pursuing a lengthy implementation process for new clients, the vendor acquires and seeks out partners with a dedicated CPQ to target new market niches. For example, Intelliquip was a leader in CPQ for the fluid handling equipment industry and longtime partner of FPX. FPX was able to leverage Intelliquip’s industry knowledge and expertise to attract fluid equipment manufacturers. In December 2019, FPX acquired Intelliquip to grow their CPQ offering and develop the product for future opportunities in
adjacent verticals. As FPX acquires additional point solutions, Nucleus expects the vendor to continue leading in functionality, especially as it remains largely unchallenged within its targeted verticals.

PROS

PROS is an Expert in the 2020 CPQ Technology Value Matrix, committing PROS Smart CPQ to tackling complex product configurations with a constraint-based engine, and automating approval workflow. The comprehensive solution targets large enterprise customers with over $250 million in revenue. PROS currently hosts CPQ deployments in the automotive, industrial manufacturing, professional services, chemical, energy, food and consumables, healthcare, and high technology markets. As the CPQ market propels the digitization of sales, PROS keeps pace in supporting the lead-to-order cycles for B2B organizations. Its omnichannel approach enables customers to drive sales directly, indirectly, or through e-commerce self-service portals. Currently, PROS has active e-commerce deployments for B2B organizations. Where the CPQ is tied into self-service portals, customers also report a significant reduction in quote generation time. Enabling both guided selling and price optimization, PROS’ AI provides out-of-box functionality and self-learns to personalize recommendations for each client and maximize profitability with continued usage. Furthermore, Smart CPQ’s pricing flexibility is able to take in third-party data signals to inform its price optimization algorithms. For example, oil prices are factored into the costs of shipping services to protect sales margins.

PROS entered the CPQ market in 2014 with the acquisition of Cameleon, a leading CPQ vendor. Since then, PROS has been continuously growing its CPQ technology to penetrate the B2B market. In 2019, the vendor made several enhancements to its core offering with the expansion of its quoting capabilities and addition of features to manage the sales agreements lifecycle. Performance upgrades to its quoting engine means the CPQ is better suited to handle the complex nature of B2B sales. These capabilities include handling over 100,000-line requests for proposals (RFP) with minimal performance degradation, managing the creation, amendment, and extension process of sales agreements, automating the terms and agreement management, as well as making mass agreement updates. The tool also includes sales agreement modeling and analytics. With a growing partner ecosystem, PROS is cultivating a mature B2B CPQ environment. Nucleus expects upcoming overhauls to product design and the user experience to streamline sales cycles and increase usability.
SAP

SAP is an Expert in the 2020 CPQ Technology Value Matrix. The vendor consistently develops CPQ features and capabilities to serve automotive, communications, financial services, high technology, insurance, manufacturing, and retail industries. By acquiring CallidusCloud in 2018, SAP was able to leverage Callidus’ CPQ technology to strengthen sales process automation, and customer and product data management. Solution performance is a differentiator for SAP CPQ—joining a select few vendors in its ability to handle 10,000 plus line quotes within minutes. SAP also touts its robust integration system, generating greater usability as end-users can integrate the CPQ with SAP services and most third-party CRM and ERPs.

Offering a single unified system for clients’ Q2C needs, SAP Sales Cloud supports multi-channel gateways for partners and buyers. It also supports a robust B2B e-commerce platform which aims to take advantage of IoT enabled transactions. SAP focuses on the experience economy, where customers evaluate an organization based on the total buying experience. Therefore, the vendor invests heavily in handling multiple transaction methods and agile pricing models to match buyers’ needs. Other customer-oriented features include one-time deal offerings, entitlement management capabilities, adaptive usage-based pricing, and support for price books in over 30 languages. SAP also invests in AI optimized pricing and guided selling for sales reps. By leveraging both customer generated data and out-of-box capabilities, sales teams are guided with selling strategies and optimized pricing suggestions to increase cross- and up-selling opportunities. As SAP CPQ matures, Nucleus expects greater user adoption across serviced verticals due to the solution’s performance and flexibility.

FACILITATORS

Facilitators in the Value Matrix include CloudSense and Dealhub.

CLOUDSENSE

CloudSense is a Facilitator in the 2020 CPQ Technology Value Matrix. Primarily serving digital asset-centric companies, CloudSense CPQ is best suited for media, marketing, telecommunication, and utility companies. Salesforce users stand to benefit the most from a CloudSense deployment as the solution is built natively on the Salesforce platform. Integration between the CPQ and Salesforce CRM, along with other Salesforce solutions enables customer data to be updated and exchanged seamlessly between software environments. The Salesforce platform enables CloudSense to manage clients’ digital assets.
and manage customer’s historical data, including emails, past order-history, special allowances, and other documentation. Users also receive real-time updates of customer activity to improve on the customer experience and improve close rates.

2019 was a pivotal year for the vendor with the release of CloudSense Digital Commerce and newfound partnerships with Openet and Ad-Juster. Partnering with Openet in February, CloudSense lent its platform’s billing and product delivery capabilities to release Digital Edge, a monetization solution for digital and 5G services. In June, CloudSense and Ad-Juster worked together to integrate Ad-Juster FlowIQ with the CloudSense platform. Media CPQ users can easily utilize FlowIQ to generate reports and analytics as data is consolidated on the Salesforce platform. CloudSense Digital Commerce was made available on the Salesforce AppExchange in October. This addition to the vendor’s platform equips it with in-depth subscription management and delivery capabilities for B2C and B2B organizations. Through Digital Commerce, subscription-based services have greater control over their sales process and products by leveraging dedicated configurator and order management features. Automation of the sales cycle through subscription self-service further drives bottom line value for communication, media, and utility companies. Nucleus expects CloudSense’s functionality to increase as it adds features and partnerships to grow its serviced verticals.

DEALHUB.IO

Originally founded as Valooto in 2014, DealHub.io changed its name in 2018 as it expanded its CPQ solution to address the sales cycle from end-to-end. Since this shift, DealHub has made a marked impact on the market as it rapidly expands its customer base. Primarily servicing SaaS businesses, DealHub has since shifted its focus to include manufacturing, insurance, printing, professional services, financial technology, and telecommunication verticals. Nucleus attributes DealHub’s success to its ease of implementation and leading usability. Customers reported implementation times of just a few months as compared to typical enterprise deployments that can easily surpass nine months. Due to the no-code scalable nature of the solution, IT involvement was also kept to a minimum.

DealHub CPQ takes a sales-centric approach in delivering features and tools designed to expedite sales activities and grant sales reps greater visibility into ongoing projects. Real time notifications update sales reps with customer engagement insights and the Sales Engagement Platform tracks buyers progress through varying stages of the sales process. Available add-ons are DealHub Playbooks, tools that offer guided selling flows: Prebuilt and customizable selling flows that contain triggers to recommend actions, potential questions,
products, and pricings for sales teams to maximize deal closings and cross- and up-sell opportunities. The guided playbook comes with buyer specific instructions for every stage of the buying process, and changes to flows can be made in a no-code environment, allowing sales reps and administrators to personalize the selling experience.

DealHub CPQ is also equipped with robust CLM capabilities to bring sales and legal teams closer together, expediting the close process with buyers. The Digital DealRoom is the user generated websites that host videos, power points, billing information, contracts, quotes, and terms and agreements. This portal allows legal teams on both sides of the deal to make amendments and adjustments. Changes to contracts are automatically updated in end-user’s CPQs, and upon confirmation of e-signatures, CRMs and ERPs are also updated, reducing the number of touch points required in a sales cycle.

DealHub.io has proven itself capable of delivering a CPQ that is accessible, easy to implement, and has the performance to manage the needs of mid-sized businesses. DealHub today handles complex product configurations for enterprise customers, competing head-on with the largest players in the space. As deployments in new verticals mature, Nucleus expects DealHub’s functionality to match the pace of market developments and its commitment to usability to serve as a differentiator.

**CORE PROVIDERS**

Core Providers in the Value Matrix include IBM, Model N, and Tacton.

**IBM**

IBM is a Core Provider in the 2020 CPQ Technology Value Matrix. Under the Sterling umbrella, IBM Sterling CPQ is the primary solution for managing the pricing and ordering for telecommunication providers, high technology organizations, and industrial manufacturers. Sterling CPQ is equipped with various solutions to streamline and automate the configure, price, and quote process for sales teams. Addressing the pricing aspect of the solution, Sterling Field Sales is the repository for customer, product, and pricing data, as well as payment and shipping terms. Furthermore, out-of-box integration with Salesforce enables Salesforce users to use Sterling Field Sales for CPQ functionality. IBM’s Omni-Configurator application manages the product and pricing configurations and governing
constraint rules. The configurator UI can be customized to best fit the multiple channel environments where the solution is deployed.

IBM released version 10 of Sterling CPQ in September 2019. The most prominent upgrades to the solution are enhancements to IBM Visual Modeler and Omni-Configurator tools via the introduction of a Data Driven Modeling (DDM) framework. The feature allows model properties and components based on data derived from other systems such as product catalog, CRM, Watson (IBM’s AI solution), and other integrated solutions to be injected into models built by the visual configurator. This technique eliminates the need to manual construct model components because model options can be updated in real-time through multiple data sources from the DDM framework. As new items are added to the catalog, the application updates the model and presents the new configuration options. Through its wide array of applications and technologies, IBM maintains a customer base for its comprehensive CPQ solution. If pricing remains on the higher end of the market, however, Nucleus expects the number of customers transitioning away from Sterling CPQ to verticalized CPQ point-solutions to continue to grow.

MODEL N

Model N is a Core Provider in the 2020 CPQ Technology Value Matrix. The company provides a wide range of revenue management solutions which aim to enhance sales and maximize revenues for B2B. Through price optimization, customizable approval workflows, and native integration with Salesforce and SAP, Model N CPQ targets industries such as pharmaceutical, medical technology, high-tech manufacturing, and semiconductor with end-to-end CPQ solutions. Users can expect features such as 3D rendering of products, parts, and equipment, and automated contract generation, which reduces time spent in converting quotes and allow users to close deals faster.

Model N guided selling functions provide sales teams with a price recommendations and deal score while also tracking team performance and pricing behaviors. Customers reported satisfaction with Model N’s ability to integrate with existing ERP and CRM solutions to support multiple business models and sales strategies through subscription, rental, and risk-based pricing options. The solution can function with SAP Variant Configuration out-of-box, which further improves information exchange between sales and engineering departments. Additionally, Model N CPQ is equipped for mobile and desktop use.

In recent months, Model N has seen success in the telecommunications and utility provider markets. Hosting a comprehensive solution platform that can be leveraged to maximize CPQ benefits, Model N has increased their coverage across markets. Nucleus believes Model N is poised to grow in these segments, driving overall functionality of its CPQ solution to cover additional markets.
TACTON

Tacton is a Core Provider in the 2020 CPQ Value Matrix. Founded in 1998 with headquarters in Stockholm, Sweden, the vendor provides specialized functionalities for manufacturing customers among industries including energy, industrial equipment, automotive and heavy vehicles, and medical devices. The solution has a customer-centric focus and provides both real-time and needs-based configuration capabilities that streamline communication between designers, engineers, and sales teams. Tacton also offers deep integrations with third-party CRM solutions, including Salesforce and Oracle.

In December 2018, Tacton announced that it was establishing a joint headquarters in Chicago, Illinois to drive its aggressive expansion plans for the North American market. In January 2019, the vendor launched the Tacton CoDesigner to facilitate collaboration between design, engineering, and sales departments when developing customized products. The new solution enables employees to see and contribute to additional steps in the product configuration process and includes integrations with multiple CAD solutions including Solidworks, PTC Creo, and Autodesk Inventor. Tacton also released various product updates over the course of 2019, included expanded integrations and enhancements to its augmented reality (AR) and workflow automation capabilities. In 2020, Tacton will continue to deliver value to its manufacturing customers through its deep functionalities and understanding of their complex needs. Nucleus also expects Tacton to maintain pace with the market’s advancements in usability.