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The ultimate guide to CPQ for manufacturing

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Missed revenue opportunities

Below are common concerns raised by manufacturers and each one is an indicator that money is being left on the table. So what business processes cause problems like these to arise? Which of these challenges is your business currently facing?

"I don't know which products can be sold together."

"Retaining skilled workers and getting new employees onboarded is a huge drain on time and budget."

"In uncertain markets, we need to be able to pivot quickly, implement preventative measures, and protect long-term profitability by improving efficiency."

"Customers only want to pay for what they need on a residual basis, rather than making a one-time purchase."

"I discounted too much in order to close the deal."

"I don't have enough information to forecast my pipeline."

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75% of manufacturing leaders list attracting and retaining a quality workforce as a primary concern.[1]

Manufacturers continue to grapple with talent challenges that may limit the industry's growth momentum.

1. https://www.industryweek.com/the-economy/data-and-statistics/article/21257544/nam-outlook-survey-manufacturers-plan-to-invest-despite-recession-worries

Complex and revolving offerings

If your manufacturing business has complex product offerings that change frequently, your team is likely facing these challenges:

- Difficulty finding current and complete product info
- Thousands of SKUs to sort through
- Dynamic price points that are hard to calculate
- Physical goods, subscription-based products, services, and usage-based services that need to be sold differently
- Complex product and service configurations making it difficult to provide the correct offering without time-consuming reviews and corrections

Complexity and consistent change can cause unfamiliarity with offerings. Time spent on things like hunting down the right price or figuring out what products work together leads to human error and inadequate deal sizes with lower win rates.

Products as a service

In today's market, customers expect near-constant access to and regular engagement with brands. Rather than making a one-time purchase, customers want to pay only for what they need on a residual basis. Though this change in expectations introduces certain challenges for manufacturers, it also opens the door to new opportunities—including products as a service.

It is increasingly difficult for reps to memorize the product catalog and keep up with the changes—which means engineers spend too much time reviewing deals and customers are stuck with slow sales cycles.

Inefficient, manual processes

If your business relies on manual processes to get complex quotes to prospects, you're likely experiencing some of these acute pains:

- Incorrect order configurations because teams don't know the correct options
- Product experts constantly getting called into deals to create accurate configurations
- Data in multiple systems results in slower response times as well as incorrect quoting and product configurations
- Quotes that take too long to get out the door and contain many errors
- Managers become bottlenecks for approvals

Inefficient manual sales processes delay quoting and ultimately cost extra in fulfillment, leading to dissatisfied customers. **As the way people are buying evolves, the way you sell needs to adapt.** Customers want speed. Taking too long to create complex quotes can greatly impact your win rate and sales reps' quota success.

Disconnected revenue lifecycle

For many, the revenue lifecycle operations process is disconnected and fragmented. Many companies and organizations are using multiple products and solutions, which creates a multitude of business and customer challenges including:

- Poor customer experiences
- Compliance issues
- Lack of consistent and historical data
- Unpredictable revenue
- Poor employee experiences

Operational complexity causes challenges for employees and pain for your customers. When these processes are not working, your revenue becomes unpredictable.

82% **of B2B decision-makers think sales reps are unprepared**

UP TO 50% **of sales wins go to the vendor that responds first**

The solution: configure, price, quote (CPQ)

For forward-thinking organizations with complex products, complicated pricing, and manual processes, CPQ can be a meaningful change.

What is CPQ?

CPQ empowers sales, partners, and customers to efficiently configure complex products and services offerings while providing personalized prices and quotes that utilize rules-based configurations and pricing information—ensuring higher win rates and a more pleasurable buying experience. Maintain a single price book, discounting structure, and quoting structure across all your channels with Conga's CPQ solution.
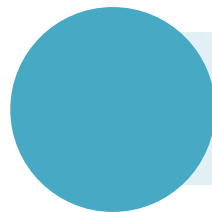
Smart factory initiatives and CPQ

As the name implies, a smart factory is... smart. There is a fourth industrial revolution happening right now—a boom in the development of innovative technology that is completely changing the game in manufacturing. A smart factory works by integrating machines, people, and data into a single, digitally connected ecosystem.

A smart factory not only curates and analyzes data but also learns from experience. It interprets and gains insights from data sets to forecast trends and events and to recommend and implement smart manufacturing workflows and automated processes. A smart factory undergoes continuous procedural improvement to self-correct and self-optimize to be more resilient, productive, and safe. You need the right technology to do it right—and that technology is CPQ.

As smart factory initiatives take hold, it is also changing the many ways you can sell your product. Having automated processes in place allows you to adopt smart factory initiatives and adapt to these huge advances in manufacturing to keep up with an ever-changing market.

What does CPQ do?

CPQ delivers increased sales and improved margins by automating the selling of complex products and services, which enables a more efficient and profitable sales process. CPQ enforces processes that mimic the actions of an organization's best sales reps, driving faster and more accurate quotes at the optimal price.

CPQ picks up where CRM leaves off by making your complex product, pricing, and business rules available to sales reps and partners in real time. As a result, they always have access to the information, guidance, and tools they need to configure, price, and quote every opportunity quickly and accurately.

Customers see on average 32% decrease in rogue discounting, 30% increase in win rate, and 25% increase in sales revenue with Conga CPQ.

Configuration guidance

Search for desired products or services based on features and options. Pre-defined rules will guide the user through any required configurations as well as offer insights into any optional components or services for cross-selling or upselling opportunities to increase deal size. Rules-based configuration improves the accuracy of selling items with unlimited product complexity, including nested bundles.

Leverage the knowledge of your top sellers within the organization by incorporating their successful selling processes into a guided selling model that can be replicated at scale across the organization.

Conga sets itself apart with large cart support for thousands of order lines, fast performance, and a platform that can plug into any tool. This empowers sales teams to independently configure orders with fewer errors, engineers to spend less time reviewing configurations, and customers to get a smoother buying experience.

TAKE THE QUIZ

☐ **Do you have an up-to-date catalog and product data for your customers across all channels?**

☐ **Can you configure and sell optimal solutions to your customers?**

☐ **Can you produce accurate configurations that do not result in errors, delays, fulfillment issues, or lost revenue?**

If you answered "no" to any of these questions, you have some **configuration** challenges to solve.

Pricing optimization

The P in CPQ—pricing—incorporates the optimal price to sell an item and the approval routes that should kick in when sales reps offer prices outside the preferred parameters. These rules are an essential part of controlling your margins—without guardrails like this in place, your deals are at risk of rogue discounting or inconsistent pricing across channels. This creates lost revenue that quickly adds up.

With the right CPQ solution, users get a sophisticated pricing engine to define multiple price types (one-time, recurring, contracted pricing, cancellation, etc.) for any product. Dimensional or formula pricing can also be defined based on quantity, customer rating, region, etc. Pricing discounts can be tailored based on company goals and suggested discounting can be provided and enforced to meet those goals.

TAKE THE QUIZ

☐ **Are sales reps sending quotes with incorrect prices to customers?**

☐ **Are customers contesting the prices based on what was contracted?**

☐ **Are you requiring time from a developer to update prices or add new prices?**

☐ **Are sales reps not getting the necessary visibility during price negotiation?**

If you answered "yes" to any of these questions, you have some **pricing** challenges to solve.

Quote collaboration

CPQ enables easy collaboration for complex quotes that require participation from multiple people or teams within the organization. You can send a quote (or just the relevant portions) to different team members or groups, so contributors can work in tandem to help with configuration and pricing—expediting the process without compromising quality.

Conga CPQ can handle quotes of up to 10k lines—far beyond what our competitors alone can handle (800 lines). Conga CPQ solves solution selling complexity that other CPQ providers struggle with, like selling physical goods, subscriptions, and services side-by-side. Speed up quote creation time and accuracy with configuration rules such as catalog filters, recommendations, auto inclusions, and exclusions. nsure compliance, and drive loyalty?

TAKE THE QUIZ

☐ **Are your quotes created and sent to customers quickly and accurately?**

☐ **Are you able to process small to large carts with optimal configuration and price?**

☐ **Can you easily manage contract pricing, ensure compliance, and drive loyalty?**

☐ **Are your teams enabled to work together and produce quotes quickly?**

If you answered "no" to any of these questions, you have some **quoting** challenges to solve.

A single data model

In order to provide real-time, up-to-date information to all parties, it's imperative to consolidate all your data in the same system. A single data model eliminates silos and allows for executive decision-making from a single source of truth with trusted analytics of the entire revenue lifecycle. This lowers the risk of data inconsistency between quotes and contracts while ensuring accurate billing forecasts upfront during the quoting process.

A single data model also has a lower total cost of ownership. Managing multiple sets of data increases risk and as well as cost, however with a single data platform, when you add new products, you don't have to worry about new databases or integrating databases between existing and new products.

Single data source

Pipeline   Orders   Invoices   Contracts
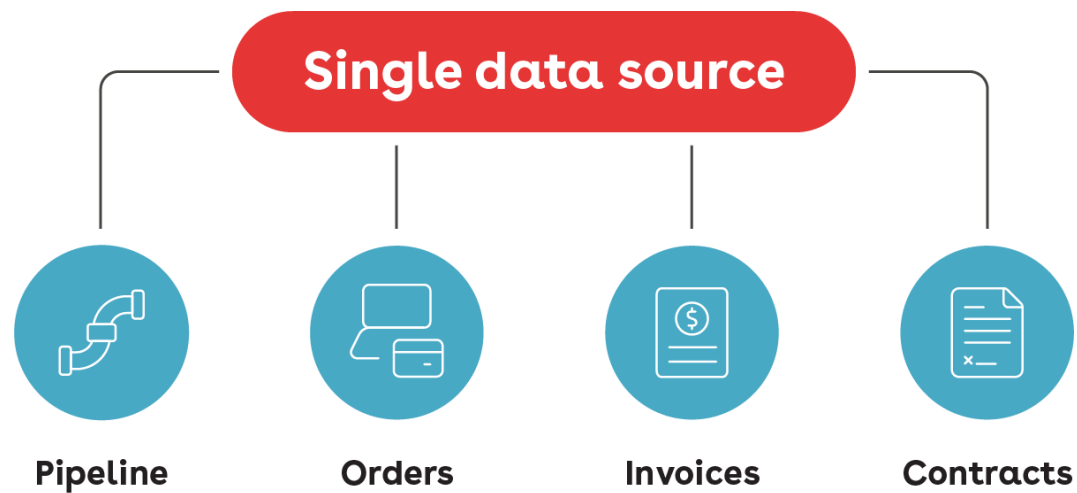
Smart factory and product as a service

In an evolving world, you must be able to sell different types of goods in one quote. Conga CPQ supports orders with unlimited product and service complexity on large, technical configurations. Conga can do this at the line level, whereas other vendors do it at the quote/header level. This is one of Conga CPQs greatest strengths because you can:

- Sell services side-by-side in the same quote
- Simplify output for sales
- Sign one piece of paper instead of four
- Increase velocity because sales reps aren't chasing separate quotes
- Enable conditional assembly of the right contract based on various items in the quote (including descriptions, subscriptions, SaaS agreement/clauses, and professional services)
- Suggest/suppress items based on eligibility

Connecting the revenue lifecycle

Businesses often consider a sent proposal to be the end of the quoting process. However, the sales cycle doesn't stop there. Quoting continues until finalized quotes turn into contracts and completed orders.

If it takes weeks to negotiate terms and conditions and get a signed contract, you've limited the advantages of a CPQ solution. Instead, quotes should flow seamlessly into contracts, so you can close deals and get them on the books quickly and efficiently.

CPQ is the first step in an end-to-end process that transforms the revenue lifecycle and connects all your major business functions, from sales to legal to finance. As a result, it's vital to choose a CPQ solution that is part of a unified set of revenue lifecycle solutions built together on the same platform.

Want to learn more about the revenue lifecycle? Check out our guide.

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Benefits of CPQ

With a CPQ tool, sales teams and leaders can create complex quotes faster with better accuracy, reverse revenue leakage into guided upsell and cross-sell opportunities, and harvest data to drive predictable revenue.

Increase speed without errors

With CPQ, organizations can provide faster, more accurate quotes to prospects, creating a better buying experience for both the buyer and the seller—regardless of the selling channel.

For organizations that sell complex offerings, CPQ eliminates manual quoting processes and helps simplify business complexity, so your reps have more time to spend with customers. Here are the top ways that CPQ shortens your sales cycles:

- Provides one centralized location containing all product and pricing information which is easy to navigate, update, and scale globally

- Guided selling and user-friendly interfaces make it simple for reps to find and configure the right products for their customers

- A powerful configurator simplifies product complexity, so it is efficient for both reps and admins to use

- Automated workflow approvals take real-world situations into account, like non-sequential approvals or unavailable managers

- Collaboration tools allow all experts and contributors to work on a complex quote in the same system

- Grow revenue with multiple business models like subscription services, usage-based services, physical goods, and professional services on a single quote

38%
faster
time-to-quote

Onboarding and workforce retention

A CPQ tool helps companies onboard faster because new employees don't have to learn and memorize every detail around configurations and pricing. With Conga CPQ's guided selling framework, sales reps can find valid solutions faster, build accurate quotes, and win deals quickly—without involving product specialists. We specifically suppress items that conflict with a configuration for a smoother overall customer experience.

Conga is the only solution in the market that supports rule framework for service eligibility with existing purchased assets. With these guardrails, you can get sellers up and running quickly. Easily handle complex configurations like nested bundles, attribute rules, attribute compatibility matrix, and asset-based rules.

CPQ also helps with retention by eliminating busy work, removing the stress of memorizing product details, and reducing the potential for mistakes. **Conga helps teams get quotes out 38% faster** with configuration rules like catalog filters, recommendations, auto inclusions, and exclusions to make the process faster and more accurate. Utilizing a sophisticated pricing engine, users can define multiple price types (one-time, recurring, cancellation, etc.) for any product. Dimensional or formula pricing can be defined based on quantity, customer rating, region, and more. Pricing discounts can be tailored based on company goals and suggested discounting can be enforced to meet those goals. As a result, **Conga customers see a 22% increase in deal size.**

Maximize value

When manual processes collide with business complexity, your bottom line suffers. Reps become too engrossed in manual processes to spend time on cross-selling and upselling. And, in a frenzy to close deals, they often give deep discounts that can leave your margins empty.

A sophisticated CPQ:

- Does more than just prevent deep discounts—it helps your sales team expand the value of your deals

- Provides guided configuration to highlight cross-sell and upsell opportunities

- Has intelligent pricing tools that protect your margin while guiding reps on prices that win

- Stops rogue discounts with approved discounts and workflows to get reviews on other pricing changes if necessary

- Allows you to see what deal configurations are more profitable and successful

When your pricing accounts for market conditions, prospect and buyer demographics, close rates, geography-based factors, and pricing history, you can offer smarter discounts based on data—and avoid making mistakes that cut into your margins.

22% increase in overall deal size

32% reduction in rogue discounting

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Predictable revenue

CPQ is foundational to predictive revenue models. It creates a repository of configurations and discounts that can be tied to deal attributes, like competitors, segments, industry, deal size, and win/loss data. You can start probing the data to answer questions like:

- What configurations and combinations typically sell together, and at what price points?

- Can we deliver standard, reusable configuration and discounts as a starting point to reduce the time it takes to generate a quote?

- How long does it take to turn around a quote approval?

- How much variation do we see in terms of discounts? Can we auto-approve certain discount thresholds?

- Can we sell standard, simple configurations with an online, self-service e-commerce solution?

- Are we doing low-margin deals to win the opportunity? Are those deals worth doing?

With these answers, you can start surfacing the characteristics of historically successful deals, position complementary products and optimize discount levels with recommendations at quote time for all your in-flight opportunities. These outcomes can maximize revenue, margin, or a combination of the two.

Investing in the right technologies—like CPQ—can help manufacturers secure more predictable revenue. Conga CPQ improves bottom-line revenue by reducing the potential for pricing errors and unapproved discounts. Customers see on average **32% decrease in rogue discounting, 30% increase in win rate, and 25% increase in sales revenue** with Conga CPQ.

Looking to implement a predictable revenue model? Learn more about how Conga CPQ drives predictable growth.
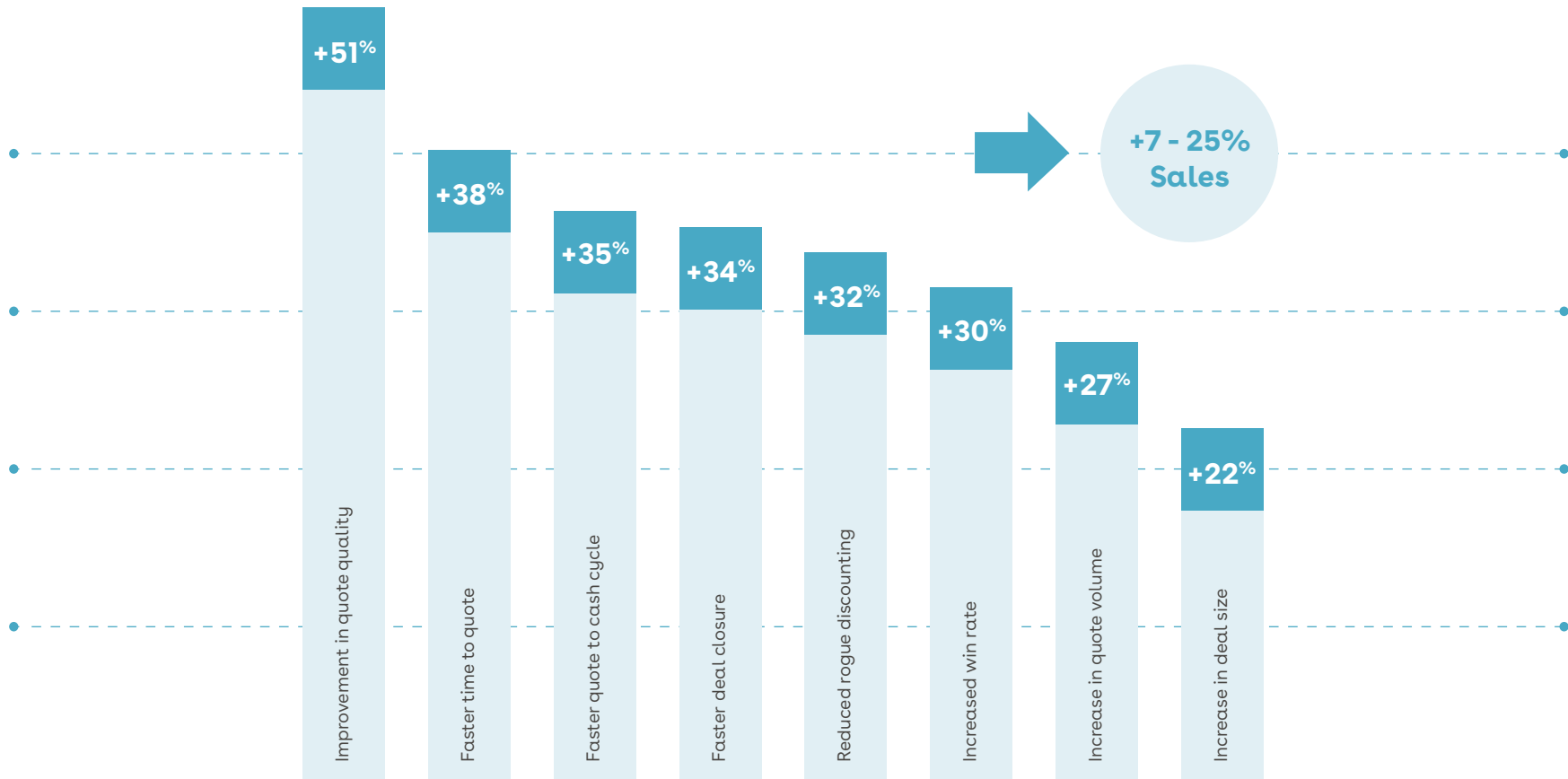
25% increase in sales revenue

20% improvement in win rate

The return on investment of CPQ

CPQ is paramount for sales efficiency and effectiveness, especially when quotes and contracts are fully integrated from end–to-end. Here are some of the real business outcomes of an automated CPQ solution, according to our customers.

+51% Improvement in quote quality

+38% Faster time to quote

+35% Faster quote to cash cycle

+34% Faster deal closure

+32% Reduced rogue discounting

+30% Increased win rate

+27% Increase in quote volume

+22% Increase in deal size

+7 - 25% Sales

Average percentage improvements reported by Conga customers

Source: Apttus Quote-to-Cash (QTC) Impact Study conducted June 2017 by an independent third-party, Satmetrix, on 200+ Conga (Apttus) customer contacts selected at random. Performance metrics are intended as a guideline based upon historical results from a sample set of customers. Results are dependent upon many different, customer-specific factors. Therefore, actual results will vary. Response size per question varies.

Conclusion

By eliminating complex processes and driving better selling behaviors, CPQ allows sales reps to generate complex quotes faster and with improved accuracy, leading to bigger deals at a higher win rate.

Don't take our word for it. Our customers tell us every day what a major improvement our solutions make for their teams.

Hear more about how other companies use CPQ tools to solve business challenges.

Read more customer stories

"
Conga solutions have been critical in not just transforming our sales operations, but also in making our event sales teams substantially more effective. They now can produce quotes immediately, on-site at events.

Minus Tjeenk Willink | Vice President | AV Flexologic

"
Choosing Conga CPQ to help us streamline our quoting processes has helped sharpen our competitive position, drive continued sales excellence, and enhance the customer experience. Conga CPQ enables our sales team to provide complex quotes faster and more accurately, improving productivity.

David Bibby | Global Digital Services | Finning International

About Conga

Conga, the Revenue Company, is the pioneer and market leader in Revenue Lifecycle Management. Its platform is chosen by the world's growth champions to accelerate the end-to-end revenue lifecycle and achieve a Revenue Advantage. Conga brings Configure, Price, Quote, Contract Lifecycle Management, and Document Automation capabilities together on a single open platform that works with any ERP, any CRM, and any Cloud. Conga is born for the top line—powered by a unified revenue data model, complete revenue intelligence, and purpose-built AI—to help companies grow, protect, and expand their revenue.

Conga delivers a Revenue Advantage to over 10,000 customers and 6.4 million users around the world. More than 7 million contracts and 46 million quotes are generated annually with Conga. Founded in 2006, the company is headquartered in Broomfield, CO and has offices across the United States, India, and Ireland. Visit conga.com for more information.

Learn more at conga.com or follow Conga on LinkedIn.