

Bridging the Gap between Sales and Manufacturing with CPQ

Manufacturing technology has progressed more rapidly than business processes. It's time to redress the balance.

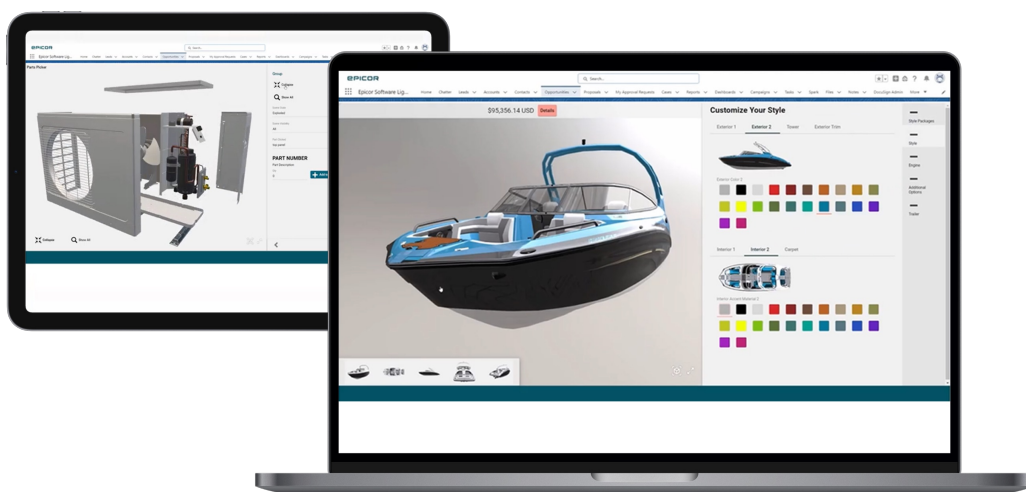
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Manufacturing technology has progressed more rapidly than business processes. It's time to redress the balance.

CPQ, which stands for Configure, Price, and Quote, is a type of software that helps manufacturers work more efficiently. It lets them configure, price, and quote their products more quickly and accurately. It also helps manage the manufacturing process.

Manufacturers who use CPQ can sell faster, build stronger customer relationships, and work more efficiently by automating and simplifying their operations.



Purpose of the Guide

We created this guide to help manufacturers learn what they need to succeed with CPQ. It points out features that top-notch CPQ solutions should include. This guide will be particularly useful for manufacturers looking to digitally transform their businesses using CPQ. It will help them excel in a market that increasingly demands complex, configurable products.

Why should manufacturers care about CPQ?

CPQ might just be your company's newest competitive advantage. It's digital transformation at its best!



- **Customers** receive a quick, guided, controlled, and immersive buying experience.



- **Engineers** are freed from the burden of tedious and time-consuming design tasks.



- **Salespeople** can configure products independently, with lightning speed and accuracy.



- **Manufacturing** teams are better organized and more productive than ever before.

What Does Gartner Say?

“(Companies can) lower costs and shorten time to quote by replacing back-office quoting and ordering functions with modern, cloud-based CPQ applications.”

The CPQ Software market, worth \$1.02 billion in 2022, is projected to grow at a 14.36% CAGR, reaching \$2.3 billion by 2028.

Understanding Sales Challenges:

How Buyers in the Manufacturing Industry Are Changing

B2B buying preferences in manufacturing have evolved in three fundamental ways.



1. Millennials just aren't that into you.

The traditional model of a strong bond between a knowledgeable sales rep and a dedicated customer is gradually becoming outdated. Instead, there's a growing preference for low-touch, flexible sales methods. This shift can be attributed to changing demographics, specifically the rise of millennials. They now constitute the majority of the US workforce and are progressively assuming the primary buying roles within larger firms.

Millennials, who have grown up with the internet, typically prioritize technological know-how (IQ) over the emotional intelligence (EQ) needed for "relationship selling." They prefer to gather information and establish their needs through online research before getting in touch with a sales representative. Furthermore, they expect both the purchasing process and the products they buy to be tailored to their individual preferences.



2. Amazon's influence is reshaping buyer expectations.

Amazon is leading in the B2C market and establishing the benchmark for seller service. This is causing the lines between B2C and B2B to blur. Buyers in the manufacturing industry now expect the same purchasing convenience at work as they do as consumers. Manufacturers must implement new technology to adapt.



3. B2B eCommerce is growing.

The global B2B eCommerce market is enormous, exceeding the B2C market by more than five times. By 2027, it's estimated to contribute more than \$3 billion in US sales. Currently, 70% of B2B decision-makers are open to self-service purchases worth over \$50K. Even more notably, a third are comfortable spending over \$500K online. To keep pace, manufacturers must focus on their eCommerce strategies.

Warning: Not all CPQ solutions can handle the complexity of manufacturing!



Epicor CPQ is an all-in-one solution ensuring seamless management of complex manufacturing processes without the need for external support.



The Snap rules engine makes handling the complex rules specific to manufacturing simple, no matter how many product variations there are.



Native CAD automation lets manufacturers automate the creation of CAD files. This makes managing complex engineering designs easier.



2D, 3D, and augmented reality features simplify product visualization and comprehension.



The solution can automatically produce accurate Bills of Materials (BOMs), additive manufacturing files, and other key manufacturing documents.

You may be asking yourself ...
“OK, so what has this all got to do with manufacturing?”

Both sides of your manufacturing business can benefit from CPQ.

Benefits for the Sales Department

- CPQ transforms how customers interact with your business.
- It speeds sales cycles and response times for quotes.
- It increases overall customer satisfaction and loyalty.

Benefits for the Manufacturing Department

- CPQ improves how teams communicate and how products are made.
- It ensures orders are correct from the start.
- It connects sales, customers, and engineering systems to automate processes and increase accuracy on the shop floor.

Deeper Dive: CPQ Benefits for Sales

How CPQ Improves Sales Rep Performance

Sales reps are having a hard time right now.

Manufacturing is becoming more sophisticated, buyers are increasingly demanding custom options, and sales reps need help to keep up.

It's impossible for sales reps to remember every detail, like part numbers, assembly rules, and pricing. So, they often recommend a limited selection of products they know well. But this strategy might not be the most profitable or meet the customers' unique needs.

Sales reps are also dealing with huge time constraints. They are overwhelmed with extensive product lists, intricate pricing, and mundane, repetitive sales tasks. This distracts them from what they should focus on: selling.

Empower sales reps for optimal efficiency.

CPQ automates processes like formatting quotes and calculating prices. This saves valuable selling time and reduces the risk of errors that accompany manual work. It also ensures that sales reps can only create technically and financially feasible configurations.

CPQ tools support sales reps by offering a guided journey through the sales process. This is achieved through a series of questions and prompts that highlight upselling and cross-selling opportunities. Such guidance guarantees accuracy and consistency and often results in larger deal sizes.

In addition, these solutions can automatically generate essential sales documents, including quotes, proposals, and visual representations. For manufacturers with slim profit margins, a CPQ system can significantly influence their financial success, transforming them from merely surviving to thriving.

The Benefits in Brief.

Manual and time-consuming sales tasks like pricing and document creation are automated. This makes the sales process faster, boosts productivity, and gives salespeople more time to focus on selling.

Mistakes in configuration and pricing are entirely avoided. This improves accuracy and confidence, allowing salespeople to defend their prices and increase deal sizes. All salespeople, regardless of experience, can become top performers through guided selling.

Salespeople get a detailed visual understanding of the products, allowing them to become reliable advisors to their customers. New employees can be onboarded quickly.

Keeping product information and price lists current is easy. Any changes made centrally are immediately available to salespeople on the ground.

A centralized platform improves collaboration, efficiency, and transparency—everyone has access to the same information.

Deeper Dive: CPQ Benefits Manufacturing

How CPQ Improves Engineering and Production Efficiency

Engineers are buried in requests.

The market demands quick responses to quote requests, meaning engineers must produce technical drawings faster than ever. This is a significant challenge, made even more difficult by unintentional errors from the sales team at the configuration stage.

Customers must also be involved in the process, resulting in even more requests and modifications. The lack of an efficient system for managing these changes leads to continuous back-and-forth communication, resulting in delays, cancellations, refunds, and rework.

The right CPQ solution can overcome this complexity. Product rules ensure designs are correct from the outset, avoiding this cycle. Configuration data is transferred seamlessly between departments, eliminating the need for continuous exchange.

The Benefits in Brief

- Sales reps make fewer mistakes when setting up technical configurations.
- Order accuracy is guaranteed from the beginning, reducing the need for engineers to correct errors later.
- Automating design and CAD tasks lets engineers focus on more creative work. This helps keep top engineering talent happy and committed.

Using integration and automation frees up time for technical employees.

Best-in-class CPQ systems enable sales reps to generate technical drawings and CAD files automatically. They can do this for all common CAD platforms (like SolidWorks®, AutoCAD®, Autodesk Inventor®, or PTC Creo®) without help from the engineering department.

This automation removes a significant roadblock in the sales process, allowing engineers to concentrate on research and development. This shift in focus increases your company's potential to generate future profits through innovation. It's a big win for engineering.

Finding the Right CPQ Match

Four Key Considerations for Choosing a Product Configurator

KEY TAKEAWAY

The product configurator is a vital part of the CPQ system. Users interact with it to tailor-make the perfect product for their needs.

1. Does the product configurator support 'structured selling'?

In the complex world of product configuration, ensuring that the final product aligns with sales and production guidelines is crucial. Yet, many businesses find this a struggle. Most manufacturers rely on custom code to manage the intricacies of manufactured goods. But custom code leads to increased expenses, binding service contracts, and maintenance challenges.

So, how can businesses navigate this challenge without falling into the custom code trap?

With a best-in-class product configurator, manufacturers can set up and manage product rules in a dedicated rules engine. This ensures every product configuration is optimized from an engineering viewpoint. It lets salespeople serve customers more efficiently, without waiting for approvals and other delays. And it enables customers to serve themselves.

What sets the Epicor CPQ product configurator apart is its flexibility. Unlike some CPQ solutions that stick to either attribute-based or product-based configuration, Epicor CPQ is not limited to a pre-set product data model—it can handle both types. This adaptability empowers customers to sell their products—their way.

The Pains

- Establishing and enforcing clear business rules that govern the sales and production process.
- Creating a product configurator that can adapt to these rules.
- Adopting a custom-code solution that ties you in for years.

The Gains

- Customers get personalized service and products designed to meet their requirements.
- A structured selling process leads to consistent outputs every time.
- A flexible SaaS solution is affordable, easy to maintain, and scalable.

2. Does the configurator use visual and interactive features?

Navigating through a vast and intricate product catalog can be a daunting task. The challenge is about more than just offering a diverse range of products. It is about ensuring customers can seamlessly and effectively assemble and personalize their selections. Traditional configurators often fall short, leaving users overwhelmed and dissatisfied.

A truly effective product configurator should offer a platform where users can effortlessly select, drag, and drop components. This should be paired with a responsive interface where product visualizations adapt in real-time as users adjust dimensions, swap parts, or incorporate add-ons.

The best configurators display products in 3D. Users can try out different choices in realistic 3D settings and "test" them with Virtual Reality and Augmented Reality. These visual and interactive features, available online and in-person, make customers more invested in their configurations. This heightened engagement often translates to customers being more willing to invest in premium configurations, thereby driving higher revenue.

The Pains

- An overly-complicated user experience that negatively affects user engagement or slows browser performance.
- A text-heavy configurator that's unable to represent your entire product range effectively.
- A configurator that can't handle the complexity of configure-to-order manufacturing.

The Gains

- 2D, 3D, Virtual Reality (VR), and Augmented Reality (AR) visual configuration gives customers a sense of physically interacting with your products. This boosts their confidence and helps them make purchase decisions.
- Customers get a fully interactive shopping experience that increases average conversion rates by 40% and annual sales by up to 168%*.
- Embedding your configurator in your website enhances your online experience, giving you a global reach.

3. Does the configurator support omnichannel and self-service?

Your product configurator may serve your sales team well. But is it adaptable for all your channel partners across every sales channel?

Robust CPQ solutions are omnichannel. Configurators can be used by branches, partners, distributors, end customers, and the in-house sales team. Manufacturers can embed product configurators into their websites or dedicated portals and define usage permissions. They also have the flexibility to tailor distinct configurators for each user group.

The Pains

- Centralizing product configuration across multiple users and sales channels is impossible.
- Integrating channel-specific product rules with a user-friendly interface becomes a complex challenge when managing multiple configurators.

The Gains

- Customized access to different stakeholders enhances collaboration and customer interaction.
- Inherent scalability ensures a smooth addition of new channels and partners as the business expands.
- Improved ROI thanks to the configurator's accessibility to all stakeholders.

4. Does the configurator boost manufacturing efficiency?

When selecting a product configurator, a crucial consideration is its ability to seamlessly connect your customers, sales, and engineering teams with your shop floor. This automated process should start with the customer and culminate in the delivery of the finished product.

A common issue arises when sales reps submit product configurations that are not optimized, affecting both efficiency and profitability. Engineers, meanwhile, are often overloaded with requests and revisions, slowing down the sales process and stifling innovation. Such situations often result in manufacturing departments not fully comprehending what they need to produce and how.

CPQ solutions offer a fix. Sales reps can automatically generate technical drawings, CAD files, CNC cut sheets, bills of materials, and product renderings without help from the engineering team. This is because all the critical production decisions have already been made by the buyer and validated by the CPQ.

The ability to manage your product rules effectively eliminates unnecessary back-and-forth communication, preventing any potential delay that could jeopardize a deal. Consequently, the sales team can be confident that products will be made to customers' specifications and shipped on schedule.

The Pains

- Connecting people, processes, and technology requires a strong commitment from business and department leaders. Success can only be achieved with thoughtful planning and buy-in.
- Transforming established manual processes into structured, automated, and scalable processes can sometimes be met with resistance.

The Gains

- By adopting Epicor CPQ, manufacturers see a 20-35% jump in productivity and a dramatic 82% decrease in errors.
- CAD and design automation enhance engineer-to-order processes and facilitate seamless data sharing with other systems.
- CPQ can generate documents automatically to kickstart and support production, parts selection, assembly, and shipping.

Unlock the potential of Epicor CPQ and experience these powerful outcomes:



Faster Sales Cycle

99% increase in quotes



Reduced Errors

\$2.9M in soft cost savings



Increased Engagement

75% boost in website traffic

Don't feel overwhelmed. We're here to help!

Contact us to learn more



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Our Epicor CPQ team has assisted hundreds of manufacturers in defining their CPQ project requirements and pinpointing the features vital for their success. Having undergone a digital transformation with CPQ, these manufacturers are now thriving in fiercely competitive markets. We're here to help you achieve the same level of success.