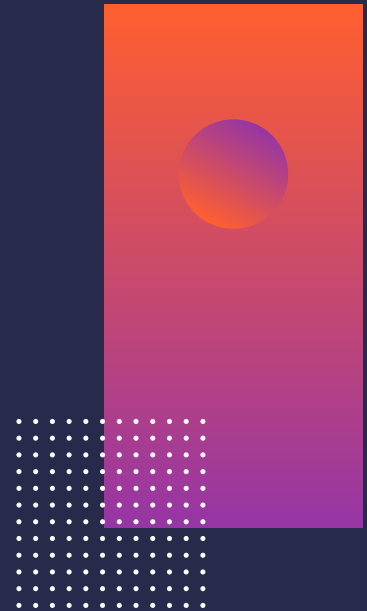dealhub

When is the Right Time to Consider CPQ

The Complete Guide to CPQ Business Justification

Are you considering CPQ for your sales organization?

Configure-Price-Quote software helps sales teams close deals faster by improving the efficiency and accuracy of the quote generation process. But, you may have lingering questions about CPQ implementation and the business justification of CPQ.

At DealHub, we speak with Sales Operations leaders daily. They often wonder if they have the right number of salespeople to justify purchasing CPQ, or if you need very complex pricing or configurations for CPQ to be worthwhile. If you're considering CPQ, you may also be concerned that CPQ implementation could be a long and costly process.

To address these concerns, let's take a look at the factors that should be considered in your decision to implement a CPQ solution.

Determining the Right Time to Implement CPQ

There are a number of questions you should ask yourself that will help you determine whether or not it's the right time for CPQ.

If you see opportunities to improve productivity, increase efficiency, and better meet the needs of your customers in your response to these questions, it's the right time to evaluate what CPQ can do for your sales operations.

· How much time are our salespeople spending generating quotes?

· How fast are our sales reps able to respond to buyers?

· Can every member of my sales team engage with prospects easily, discover their needs, and quickly produce accurate pricing and quotes to meet those needs?

· How long does it take to train new sales reps?

· What is the time-to-value of our new hires?

· Is my sales team able to work collaboratively on deals while working remotely?

· Are sales reps adding their own unapproved discounts?

· Am I able to track your quotes?

· Is product configuration and quote generation integrated natively with my CRM?

· Am I losing revenue by sending out incorrect configurations and pricing?

Regardless of the size of your organization or the complexity of your products, if your sales team is spending too much time creating quotes, is sending out inaccurate quotes, or is not able to track quotes through your CRM, it is time to consider how CPQ can streamline your pricing and quote generation process.

Today, response time is crucial to the success of a deal and you have to get back to customers with your pricing quickly. They've gone a long way into the sales process before reaching out to you and you've got to be responsive to their needs. If the quote generation process is delaying your salespeople from responding to their customers, it's the right time to consider CPQ.

Sales Responsivenes

Buyers choose the vendor that responds first

50%

50% of buyers choose the vendor that responds first

61Hrs.

Industry average response time is 61 hours
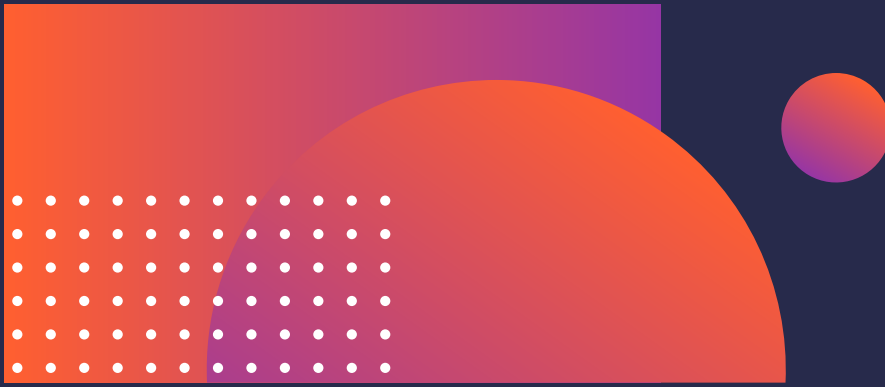
x21

Lead Response time in under 5-min has a X21 progression rate

47%

47% of businesses don't respond at all

Source: InsideSales

Business Justification for Configure Price Quote Software?

There are many reasons why organizations need to implement CPQ. Among them are:

- Sales process inefficiencies

- Burdensome administrative tasks

- Quotes going out with errors

- Frequent rework of quotes

- Rogue discounting

- Quotes sent without approvals

- Missed upsell and cross-sell opportunities

- Missed renewals

- Leaking revenue

- Poor response time to customers' quotes requests

- Poor customer experience and low satisfaction with the sales process

When justifying the need for CPQ, consider the needs of your organization, the sales operations department, the sales team, and customers.

Organizations need CPQ for pricing standardization, quote accuracy, and corporate branding. CPQ enables sales teams to represent the company in a standardized manner in pricing, messaging, and the look and branding of the proposal. CPQ shortens the sales cycle by ensuring sales reps respond quickly to customers, produce quotes fast, and generate proposals that get noticed by decision-makers.

CPQ Users Outperform Non-CPQ Users

| Percent of Sales Reps Achieving Quota | **58%** CPQ users | 46% Non-CPQ users |

| Overall Team Attainment of Sales Quota | **56%** CPQ users | 52% Non-CPQ users |

| Lead Conversion Rate | **35%** CPQ users | 30% Non-CPQ users |

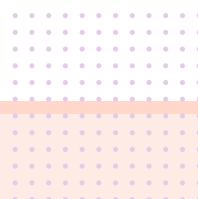| Average Deal Size or Contract Value | **$432k** CPQ users | $211k Non-CPQ users |

Source: Aberdeen Group

Sales Operations needs CPQ to ensure efficiency in the sales process, including quote and proposal generation, as well as sales rep training. A CPQ ensures that each step in the sales process is carried out according to a standard playbook and that pricing and configurations are accurate. Team members always have updated pricing and discounting built into the software, so the quote generation process is error-free.

CPQ solutions include tracking and analytics to measure customer response to quotes and determine where quotes are stuck in the pipeline. Analyzing the value of quotes and the acceptance and rejection of deals helps improve revenue operations.

CPQ benefits sales teams by reducing the amount of time they spend on non-sales activities. A CPQ helps them respond faster to their customers with the right pricing, messaging, and marketing documentation while eliminating time-consuming administrative tasks.

CPQ benefits customers when they receive a quick response to their requests for quotes. They enjoy greater satisfaction with the sales process, and a greater sense of trust as well. Quotes are accurate and have gone through an approval workflow before being sent to the customer. Proposals include personalized content to help customers make sound business decisions. These factors are essential to a customer-centric sales process.

Time-to-Revenue: CPQ vs. PDF/Word

It's always the "right time" to contribute positively to your organization's revenue growth. At DealHub, we were curious about the impact of sales technology use on our customers' ability to be productive and generate revenue. We wanted to understand the performance patterns of closed-won deals. So, we measured the sales cycle duration from quote to close from March to May 2020, and compared traditional CPQ, delivered by either a PDF or Word document, against our innovative DealRoom sales proposal software.

Analyzing our software industry customers' performance during COVID-19 2020, we measured sales cycle duration from quote to close. We compared the use of CPQ inside our DealRoom sales proposal software to the use of Word/PDF to generate price quotes. We determined that CPQ software is outperforms PDF/Word formats for quote generation in two key areas:

01   **Sales cycle duration** (time-to-revenue)

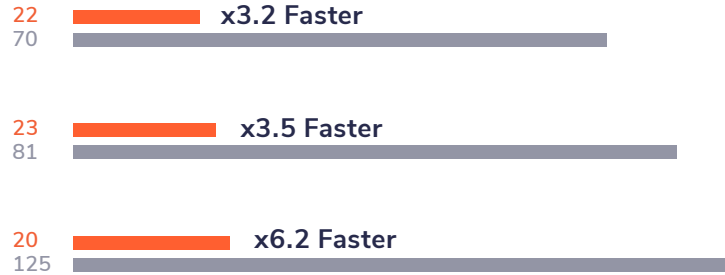02   **Time spent in creation** (operational efficiency)

01 Average Sales Cycle Duration Results

DealRoom reduces the sales cycle duration by an average of 3.5X days compared to PDF/Word documents.

Revenue average time-to-win (in days)

DealHub

PDF
Pdf/Word documents

22
70
x3.2 Faster

23
81
x3.5 Faster
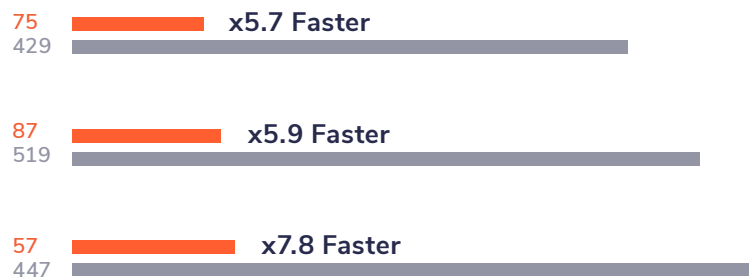
20
125
x6.2 Faster

02 Average time spent creating a quote

We also determined that it takes significantly less time per person to create, manage, and execute a price quote inside DealRoom compared to quoting with a PDF/Word document.

Efficiency average time playbook (in minutes)

DealHub

PDF
Pdf/Word documents

75
429
x5.7 Faster

87
519
x5.9 Faster

57
447
x7.8 Faster

DealHub CPQ
Quick Implementation
& Easy to Use

If productivity, efficiency, and revenue growth are issues that resonate with you, you may be wondering if CPQ implementation is a lengthy process. If the right time to consider CPQ is now, you want to get your team started soon so your sales operations can start reaping the benefits.

DealHub is the highest-rated CPQ for ease of implementation and ease of use, as determined by user reviews on G2.

Why do we rate so highly on ease of implementation? We developed our solution to address many of the pains that businesses have experienced when using cumbersome legacy systems. DealHub's CEO and co-founder Eyal Elbahary has developed a new breed of CPQ solution, tailored to the needs of fast-growth sales teams. DealHub is purpose-built precisely as an end-to-end solution to accelerate the sales process, with minimal implementation time, no coding, and a short learning curve. Our dynamic product architecture and native CRM integration reduce configuration time.

With DealHub CPQ, plug in your products and pricing, configure your business rules, and start quoting. The following built-in benefits allow sales teams to adopt DealHub CPQ quickly and see value immediately.

✓ Guided Selling

Sales playbooks with a questions-based flow allow salespeople to easily configure complex pricing, produce customized quotes, and track buyer engagement.

✓ Reduces Administrative Tasks

Administrative burden is reduced as many sales tasks are automated.

✓ Customizable Quotes

The buyer's needs are at the forefront of every touchpoint, including quotes and proposals, so customized quote creation is an essential feature.

✓ Aligns with Corporate Policies

Standardized quotes and pricing policies ensure every team member is playing by the same rules while meeting legal requirements.

✓ Easy Configuration

Configuration is intuitive and highly agile.

✓ Syncs with Your CRM

Data is automatically synced with your CRM.
We encourage you to schedule a personalized demo to see for yourself how DealHub CPQ can accelerate your sales cycle and help your team win more deals.

Visit DealHub.io

Schedule a Demo