



How Manufacturers Are Leveraging

CPQ As Part Of Their Digital Transformation

Insights from leaders in various
manufacturing sectors





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Introduction

Manufacturers today are looking for every way possible to optimize process and grow revenue. “Digital transformation” is a catchphrase often used by leaders, but what does that mean for the revenue operations side of the business?

One tool often considered a key component of digital transformation is a configure-price-quote software suite, or CPQ. CPQ software allows an organization to auto-mate the way it produces quotes and process orders for configurable products. Without adoption of CPQ tools, manufacturers often rely on very manual methods like print catalogs, Excel spreadsheets, and tenured salespeople who had anecdotal knowledge of what could be built and what could not.

Where are manufacturers in the cycle of adoption of CPQ? What are the hurdles they have to overcome, and what results are those already using CPQ experiencing? Read on to hear what more than 500 manufacturing industry executives, directors and sales leaders had to say about the role CPQ plays in their organization.



Key Insights

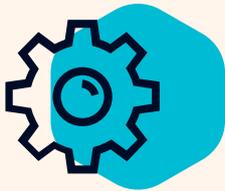
Manufacturers consider configurable products a critical component of their product portfolio, and they expect to increase their investment in CPQ.



71%

of organizations surveyed expected to increase their investment in CPQ in the the next 12 months.

Manufacturers seem to understand that selection of a CPQ partner is a critical decision with long-term impacts to their organization.



50%

name “stability and reputation of CPQ software provider” as one of their top three considerations when selecting a partner.

Manufacturers are most comfortable with software partners that have experience in their sector.



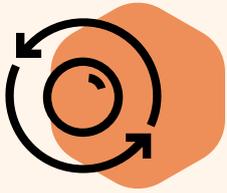
63%

of respondents checked “purpose built for my manufacturing sector” as a top factor when considering CPQ software providers.



Key Insights cont.

Manufacturing efficiency is an important metric for success.



54%

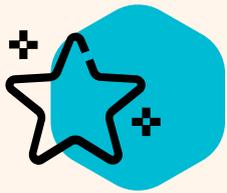
of CPQ-enabled organizations are seeing a reduction in order errors by 50% or more.

Overall, organizations are finding compelling success in their CPQ implementations.



80%

of respondents stated that they returned their investment on their CPQ solution in 12 months or less.



91%

stated that they plan to grow their relationship with their CPQ provider within the next 3 years.



Insights and data based on an anonymous survey of 543 respondents conducted in November 2021. For detailed respondent data, see the Summary.



Configurable Products In The Market

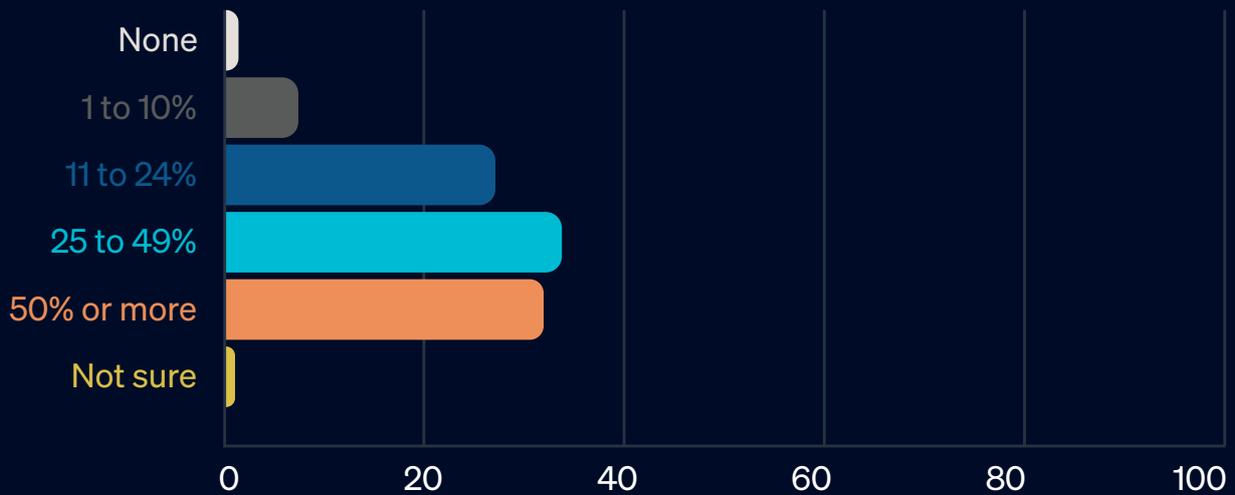
Manufacturing organizations are constantly evolving to meet the needs of their customer base. Standard products are simplest to scale, but customized products create opportunities to differentiate from competitors and build “sticky” relationships with customers. However, configurable products introduce additional challenges to the revenue chain.



Are Manufacturers Leveraging Configurable Products?

Of the 543 respondents, all but 5 indicated that their organization offers configurable products. The percentage of respondents that stated at least 25% of their revenue is from configurable products.

“As a percentage of total annual revenue, what percentage of your sales of manufactured products are configurable at time of order?”



63%

The percentage of respondents that stated at least 25% of their revenue is from configurable products.

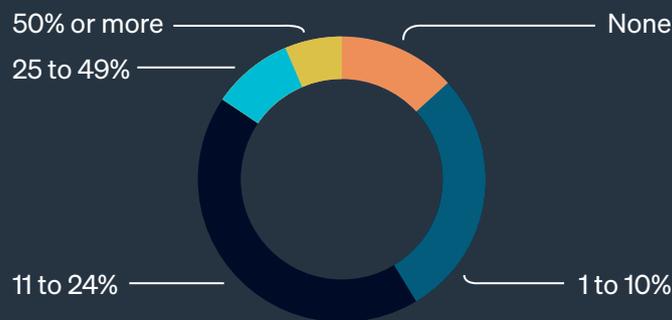


What Is The Correlation To CPQ Software Usage?

Not surprisingly, organizations with higher percentages of configurable products were more likely to leverage CPQ software.

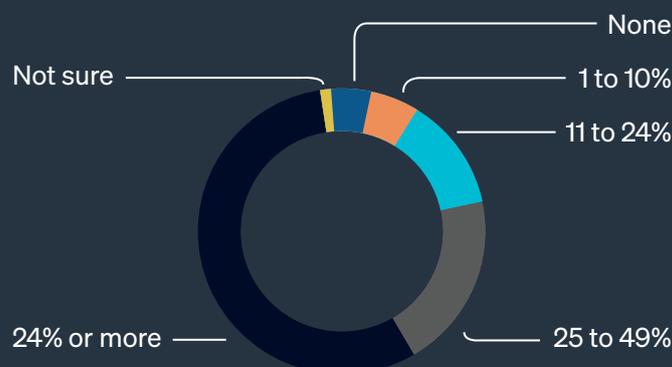
✓ Organizations With Overall Revenue Made Up Of 10% Or Less Of Configurable Products

“As a percentage of revenue, what percentage of your sales of configurable products are configured, priced, or quoted through a third-party CPQ software tool?”



✓ Organizations With Overall Revenue Made Up Of 50% Or Less Of Configurable Products

“As a percentage of revenue, what percentage of your sales of configurable products are configured, priced, or quoted through a third-party CPQ software tool?”



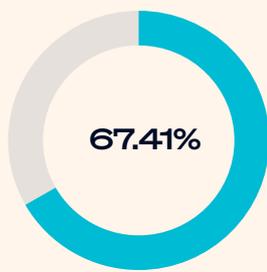
What About Spend?

Digital transformation, or the adoption of digital technology throughout an organization, is a popular subject these days. How does the spend from manufacturing organizations illustrate how this trend is impacting decisions today?

✓ Digital Transformation Is Definitely A Priority.

Manufacturing companies are continuing to grow their investment in digital transformation.

“Do you expect your organization’s spend on overall digital transformation to change in the next 12 months?”



It will most likely increase



It will stay the same



It may decrease

✓ What About Spend On CPQ Solutions?

Digital transformation often includes a configuration, price, and quoting (CPQ) software component. A large majority of manufacturing organizations see CPQ as an increasing investment over the next 12 months.

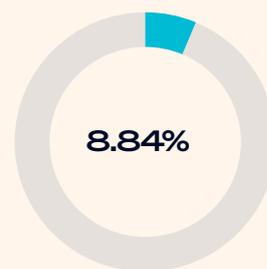
“Do you expect your organization’s spend on CPQ software tools to change in the next 12 months?”



It will most likely increase



It will stay the same

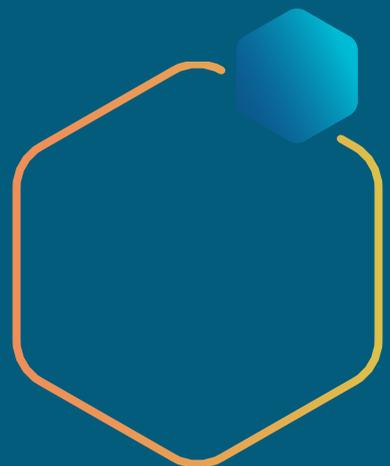


It may decrease



Data Summary: Configurable Products In The Market

Manufacturers are ramping up their spend on digital transformation, and CPQ implementation is high on the list of priorities. With significant percentages of revenue tied to configurable products, manufacturers need to have an implementation roadmap in place to remain competitive and efficient.



A woman with curly hair is smiling and looking towards the camera while working on a laptop. In the background, two other people are visible, one talking on a phone and another looking at a document. A dark blue callout box with a yellow-to-orange gradient top is overlaid on the image.

Consideration

Is your organization considering CPQ, but hasn't yet implemented it? Here is a glimpse into companies that are also at an early stage in the digital transformation journey

What Are Organizations Considering When It Comes To CPQ?

Every organization has priorities, and it takes a clear understanding of how dedicating resources to a project will advance company interests to move something to the top of the list.

“Please identify the reasons why your organization has not yet moved forward with a CPQ implementation.”



(Data shows percentage of total respondents that selected each as a reason.)

“Please identify the reasons your organization would move forward with CPQ in the future.”



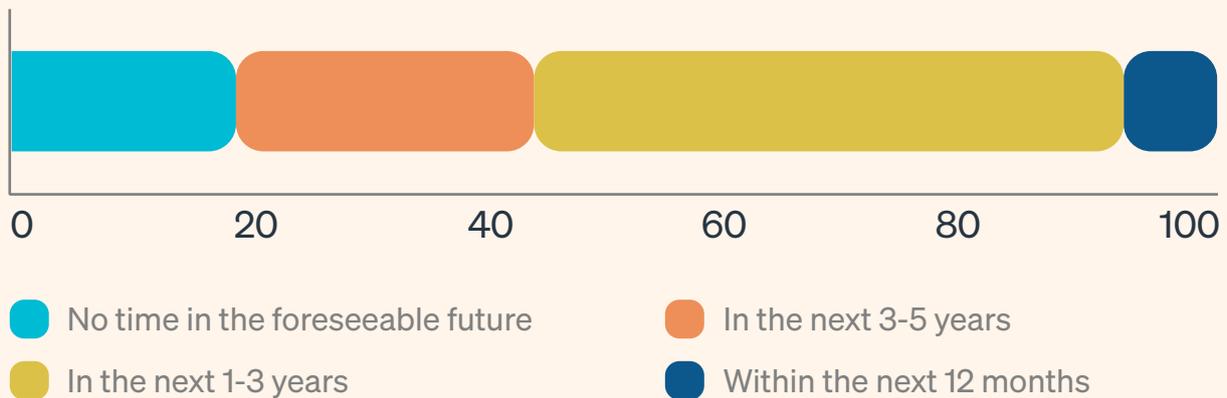
(Data shows percentage of total respondents that selected each as a reason.)

Moving Towards Adoption

As organizations evaluate the need, what does moving forward with CPQ adoption look like?

✓ How Urgent Is The Need?

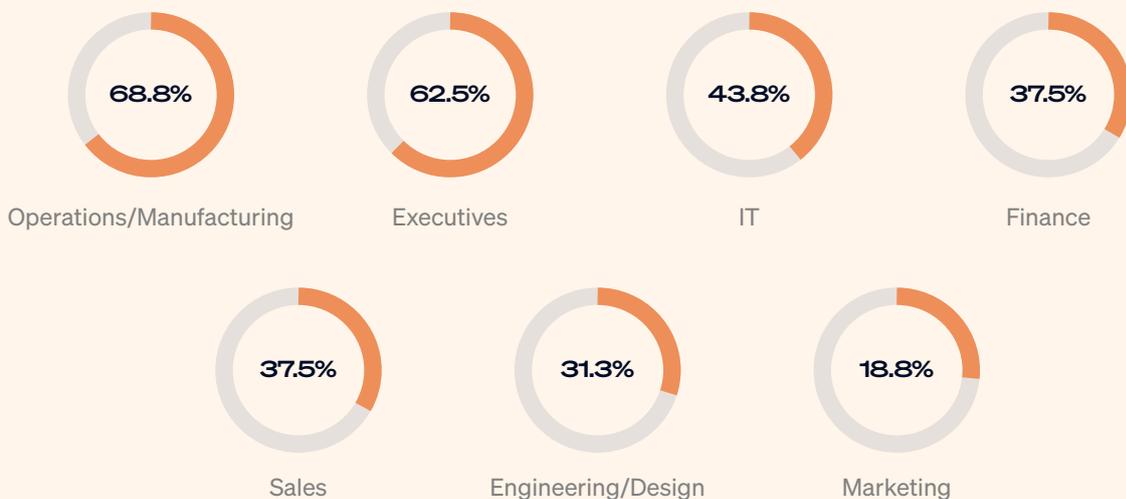
“When, if at all, do you believe your organization will begin implementation of a CPQ solution?”



✓ Who Should Be Part Of The Discussion?

Equally important to “when” is “who”: who should be at the table when these decisions are made on behalf of the organization?

“Please identify the reasons why your organization has not yet moved forward with a CPQ implementation.”

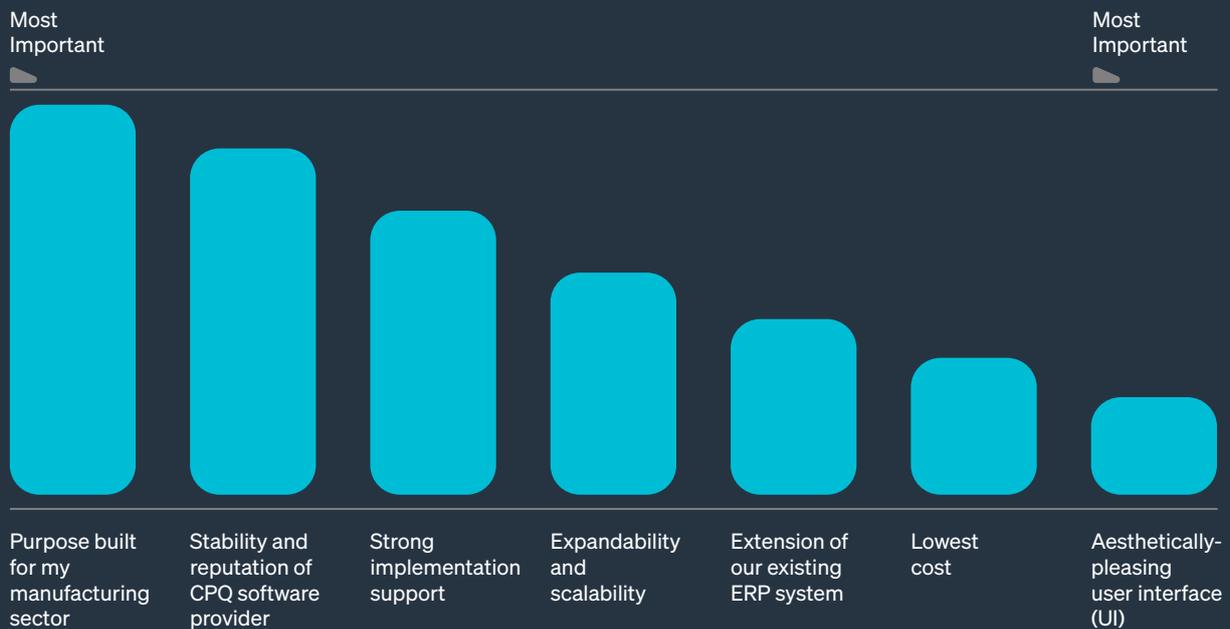


(Data shows percentage of total respondents that selected each as a reason.)

What Is Most Important In Your Selection Of A Tool?

With a number of CPQ software solutions providers to choose from, what primary factors will drive selection?

“Please rank the following qualities you would prioritize to determine the best CPQ solution for your organization.”



(Data shows the accumulated order of ranking across all respondents.)



of respondents selected “Purpose built for my manufacturing sector” in their top 3 responses. Companies are looking for tools that are designed to address the complex needs of their specialty industries. Next on the list was “Stability and reputation of CPQ software provider”, with 50% of respondents including this in their top three.

How Are Organizations Finding Solutions?

With so many choices out there, how do respondents find the best options for their organization?

“What avenues would/do you use to educate yourself on the software solutions that are available in the market?”



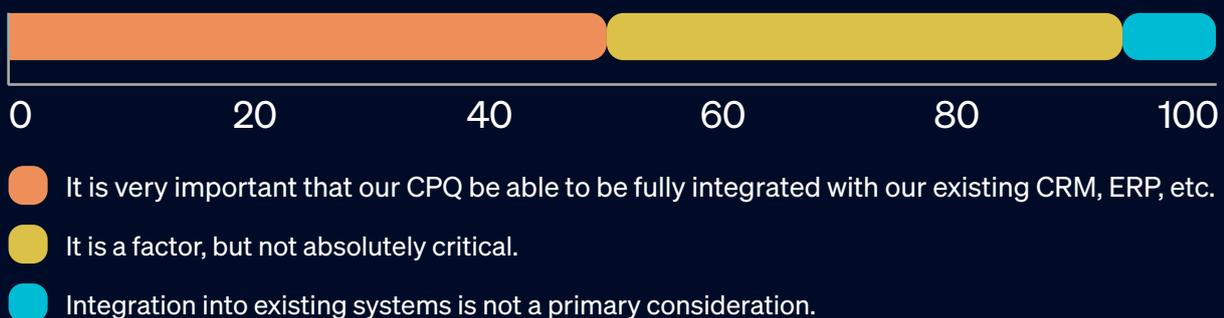
(Data shows percentage of total respondents that selected each as a reason.)

Peer recommendations are key when choosing a CPQ solution. Search engines also ranked high in influencing buying decisions, but respondents said their first choice was to talk to others in their manufacturing sector to help guide their selection.

✓ Is Integration A Factor?

Most modern manufacturing organizations rely on multiple systems – ERP and CRM, as examples. How do potential CPQ users think about integration with those systems?

“How important would it be for a CPQ solution to easily integrate into your existing technology stack?”



Data Summary: CPQ Consideration

Cost is not the most important consideration. Organizations are thinking about integration and functionality, and are looking to their peers and industry experts to find tools that are purpose-built for their sector.





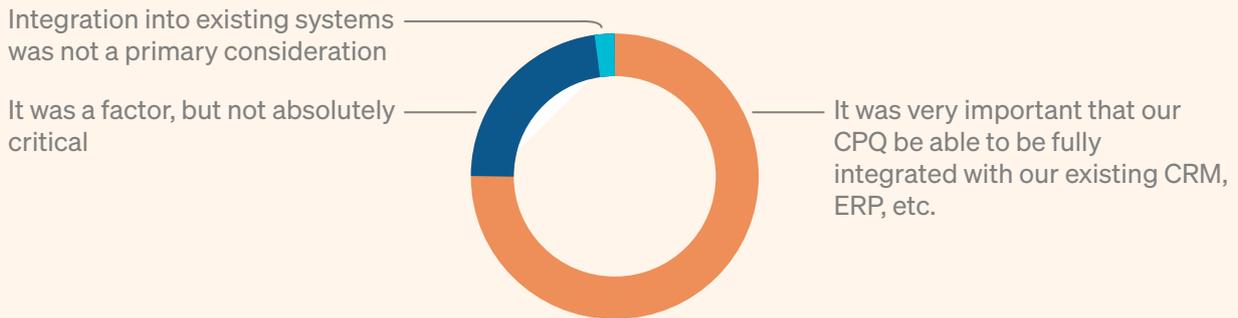
Adoption

Organizations that have chosen to adopt CPQ can share learnings with organizations that are still considering. They have gone through the decision-making process, selected a solution, and implemented it. What led to their decision and what did they learn?

How Important Is Integration With Existing Software Solutions?

With most organizations having multiple data systems, how does CPQ fit into the existing landscape of solutions?

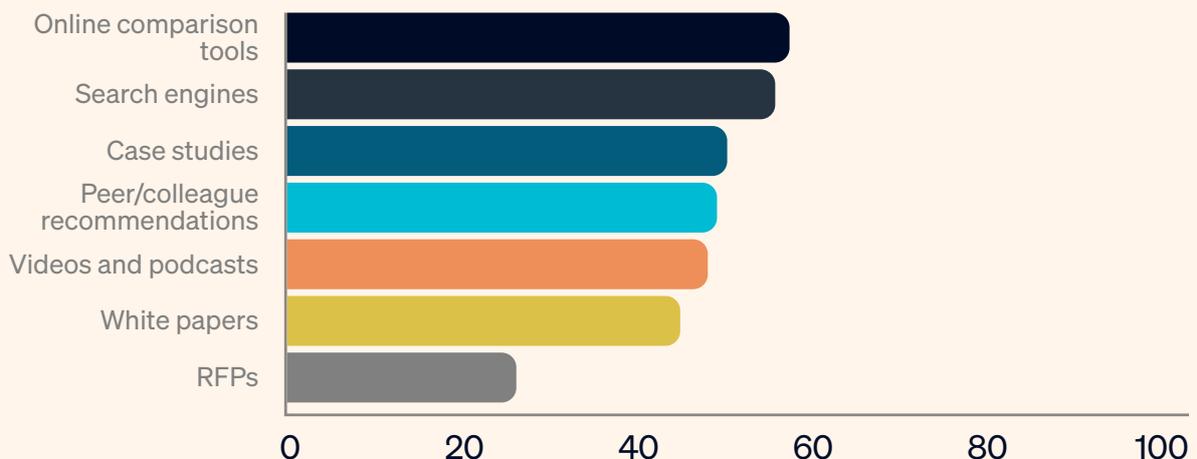
“How important was it for the CPQ solution you selected to easily integrate into your existing technology stack?”



✓ What Research Methods Are Most Effective?

Since these organizations have already undertaken a CPQ selection process, they can provide insight on how they narrowed down their choices and decided on the best solutions for their needs.

“What avenues did you use to educate yourself on the software solutions that are available in the market?”

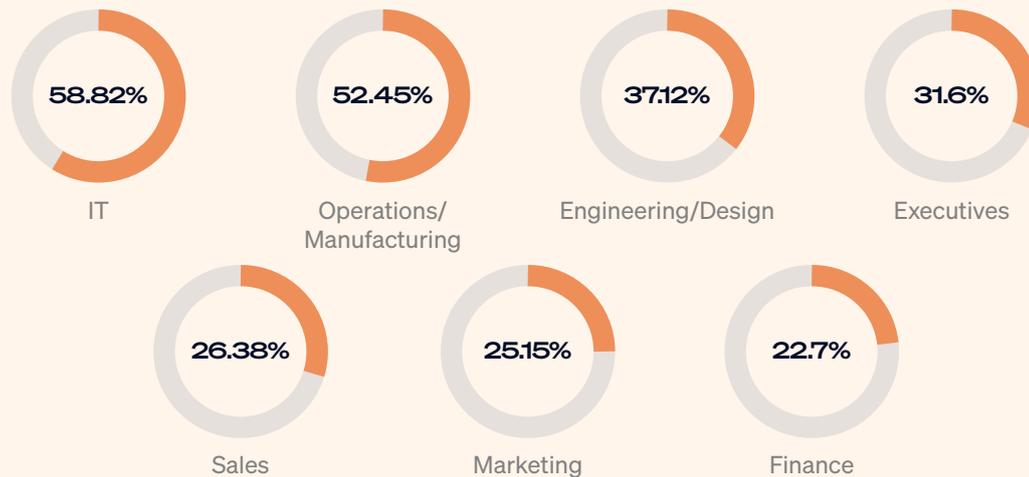


(Data shows percentage of total respondents that selected each as one of their top 3 choices.)

✓ What Teams Are Needed To Complete An Integration?

Resource planning is critical to any project. Understanding who needs to be at the table can help companies plan for a more successful implementation.

“What avenues did you use to educate yourself on the software solutions that are available in the market?”

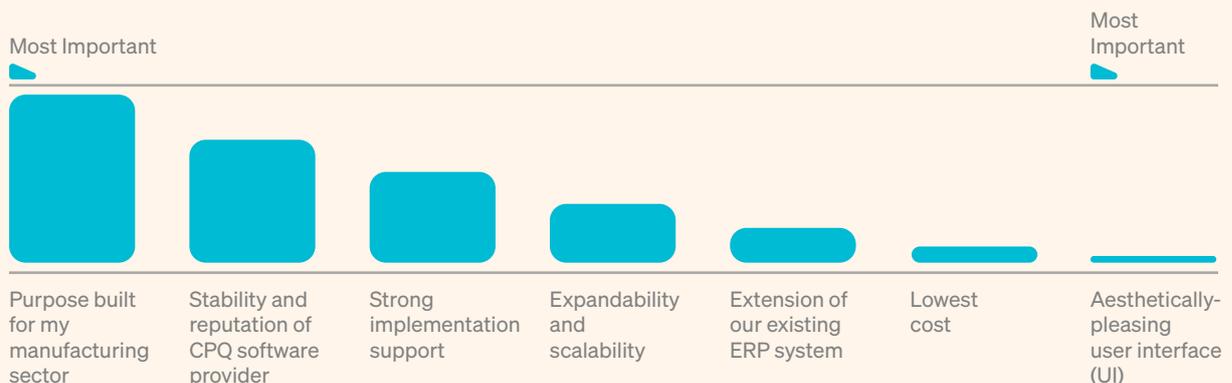


(Data shows percentage of total respondents that selected each as one of their top 3 choices.)

✓ What Was Most Important In Your Selection Of A Tool?

With a number of CPQ software solutions to choose from in various sectors, what primary factors drove your selection of a tool?

“Please rank the following qualities you prioritized to determine the best CPQ solution for your organization.”

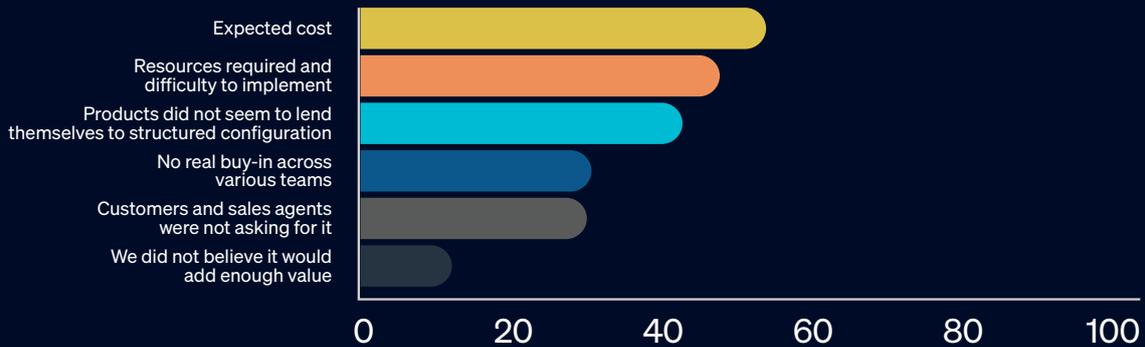


(Data shows the accumulated order of ranking across all respondents.)

✓ What Internal Concerns Need To Be Addressed?

Each organization has different stakeholders, and their points of view are important as you work towards a collaborative decision on a tool like CPQ.

“Please identify the reasons why your organization may have waited to implement CPQ.”



(Data shows percentage of total respondents that selected each.)

✓ In The End, Why Do Organizations Choose To Move Forward With CPQ?

Though there may be concerns, many organizations determine that the benefits outweigh those concerns. Consider several factors.

“Please identify the reasons your organization decided to move forward with CPQ.”

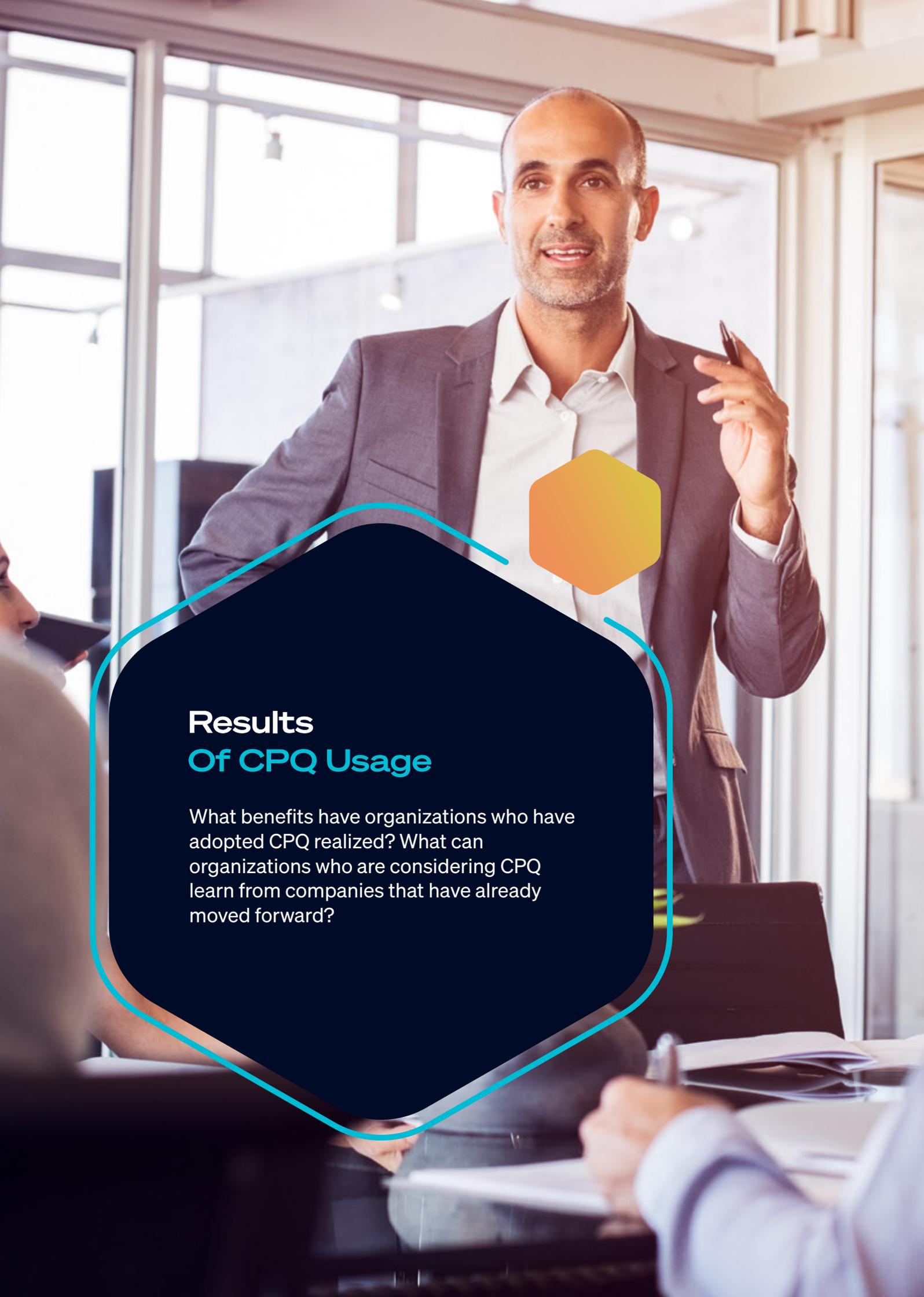


(Data shows percentage of total respondents that selected each as one of their top 3 choices.)



Data Summary: CPQ Adoption

Efficiency and accuracy are huge focus areas when implementing CPQ. IT and operations will need to be heavily involved for best chances of success, and perceived cost can be one of the roadblocks that can stall implementation.

A man in a grey suit and white shirt is standing in a meeting room, gesturing with his right hand while holding a pen. He is looking towards the camera. In the foreground, the back of a person's head and shoulders is visible on the left, and another person's hand is writing on a document on the right. A large, dark blue, rounded hexagonal graphic is overlaid on the lower half of the image, containing text. A yellow-to-orange gradient hexagon is positioned above the text box. The background shows large windows and office furniture.

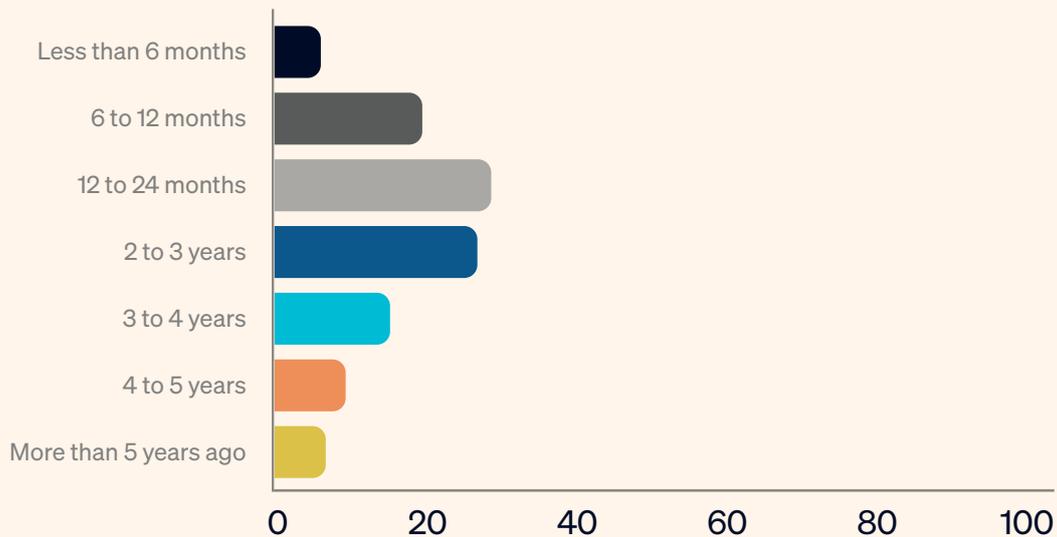
Results Of CPQ Usage

What benefits have organizations who have adopted CPQ realized? What can organizations who are considering CPQ learn from companies that have already moved forward?

✓ How Recently Have Organizations Implemented CPQ?

To understand the survey respondent perspective, we asked each participant when they began the implementation process.

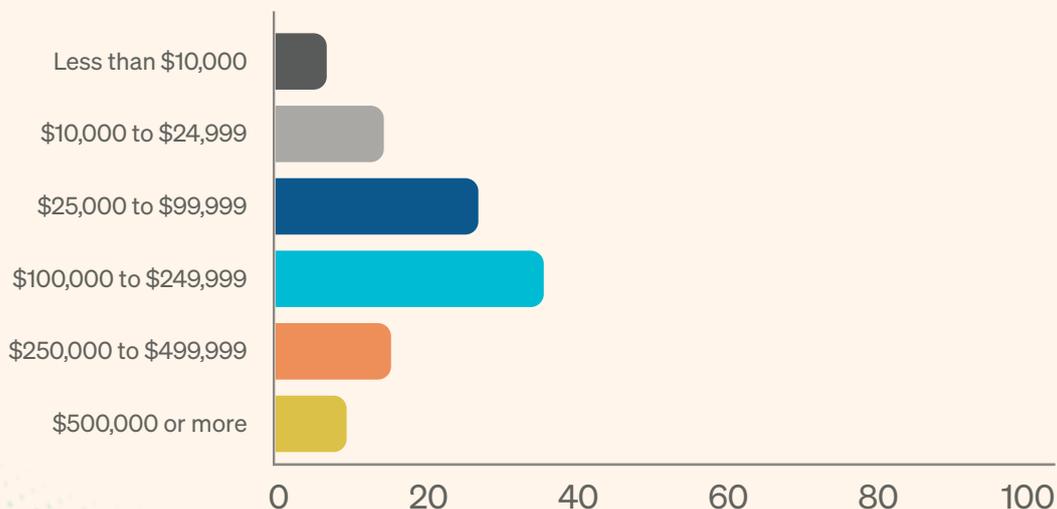
“How long ago did you initially implement CPQ for your organization?”



✓ How Much Of An Investment Is CPQ?

To make an educated decision, it is critical that an organization have a realistic view of the financial investment required. What are companies seeing as far as expense?

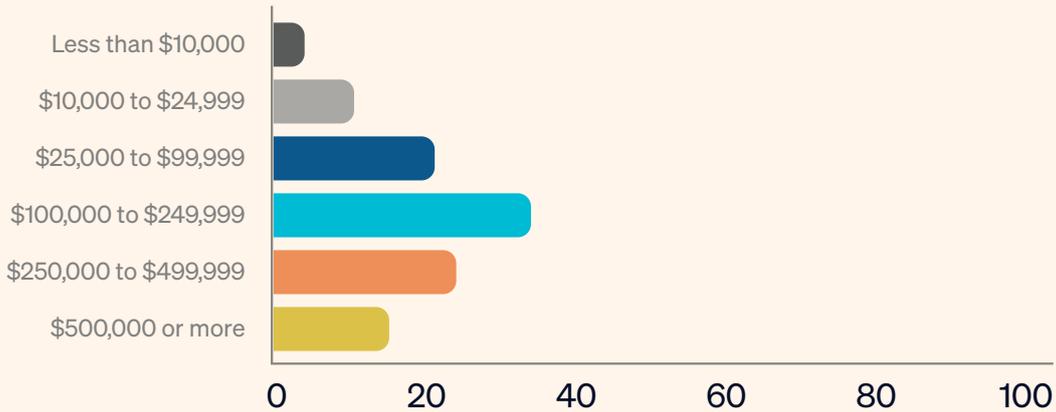
“How much does your CPQ solution cost your organization each year in U.S. dollars?”



✓ Is There Direct Roi On That Expense?

Many of the features of CPQ lead to better customer experience, easier ordering, more accurate quoting, and more efficient manufacturing. Are organizations seeing tangible returns on their CPQ investment?

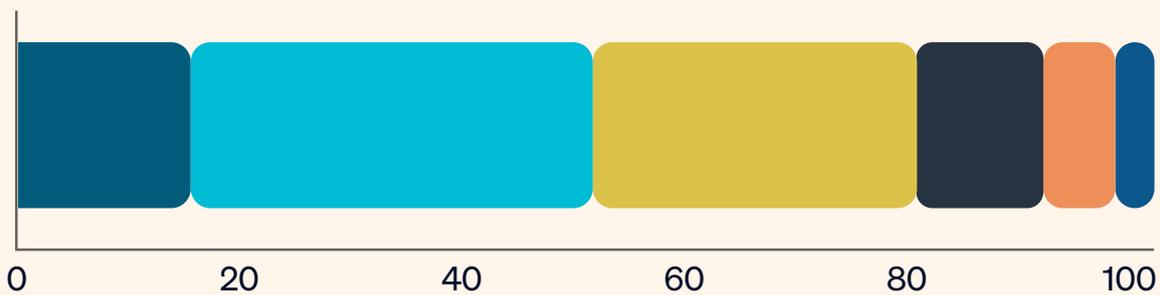
“What would you estimate is the additional annual earnings your organization receives through better order accuracy, sales team efficiency, and additional orders attributed to your CPQ solution?”



✓ What Is The Roi Horizon?

In today's world of transparent financials and growing focus on margin, the speed at which ROI is achieved also matters.

“When evaluating the benefits of CPQ compared to the investment, which statement best describes your analysis?”



- was returned within 3 months of implementation
- was returned within 6 months of implementation
- was returned within 12 months of implementation
- was returned within 18 months of implementation
- was returned within 24 months of implementation
- has not yet been returned

✓ Do Organizations See Improvement In Order Accuracy?

With all the time and money required to implement a CPQ solution, it is critical that it meets or exceeds quality expectations.

“CPQ is often helpful in improving quote and order accuracy. Compared to a time period prior to your implementation of CPQ, what improvement has your organization experienced in accuracy?”



We have not seen improvement



We have seen errors decrease by at least 10%



We have seen errors decrease by at least 50%

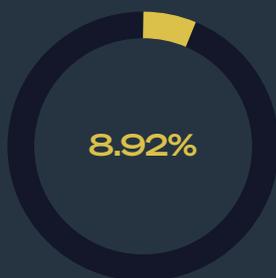


Virtually all errors have been eliminated

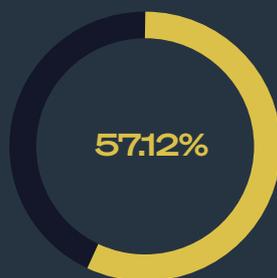
✓ Will Organizations Grow Their Investment In CPQ?

Now that these organizations have taken the plunge, are they seeing enough return on their investment to continue to increase their spend on the tool?

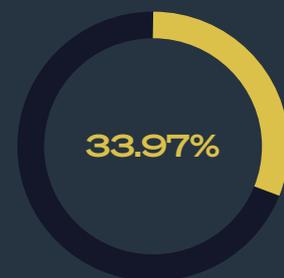
“Do you believe your organization will expand your relationship with your current CPQ provider?”



Not any time in the foreseeable future



Yes, we will add new products or features in the next 1-3 years



We expect to expand our relationship within the next 12 months



Data Summary: Results Of CPQ Adoption

The concern over initial cost when considering CPQ seems to be overshadowed by the quick ROI most manufacturers are experiencing. The increased order accuracy and manufacturing efficiencies are proving valuable, and organizations plan to continue to increase their partnership with their CPQ partner.



Summary

Methodology And Demographics

For our study, we solicited input from 543 industry contacts across the United States. To qualify as a respondent, each had to meet the following criteria:

- ▶ Must identify as an employee of a manufacturing organization
- ▶ Must have some familiarity with CPQ software solutions, either having personal experience with a software suite or at least knowledge of the purpose of CPQ
- ▶ Must have some influence in their organization's decisions about software solutions, including CPQ
- ▶ Must be from one of the following sectors of manufacturing:



Building Products



Medical Devices & Equipment



Mechanical Equipment



Fluid Handling



Foodservice Equipment



Specialty Vehicles



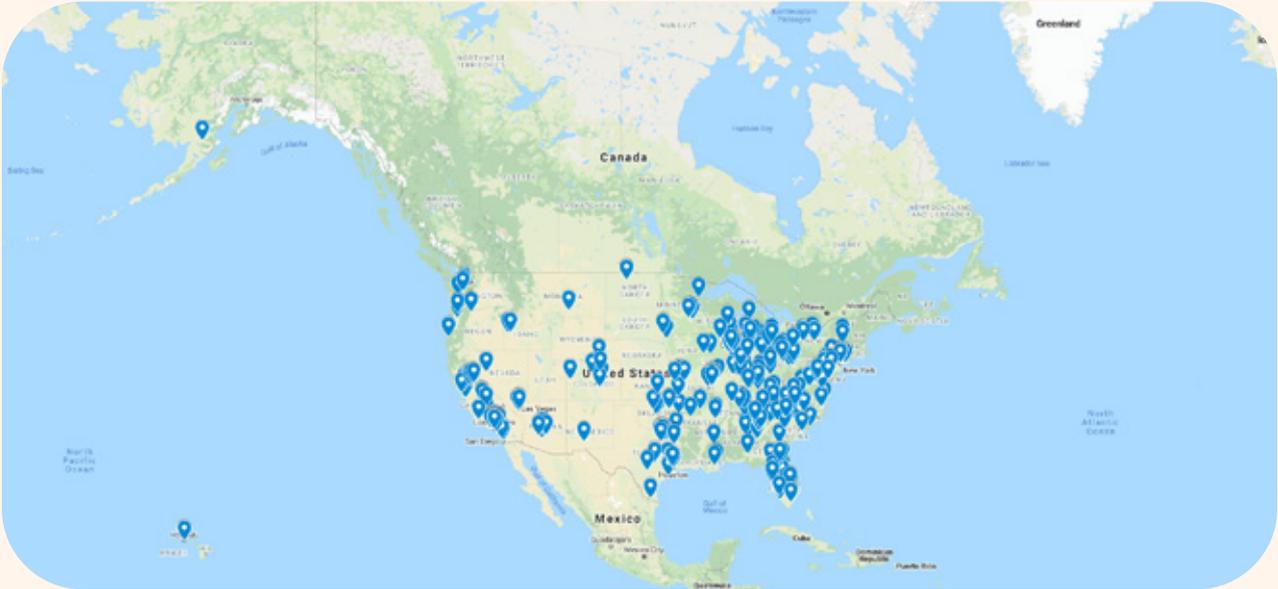
Specialty Manufacturing

- ▶ Must have a title similar to at least one of the following:



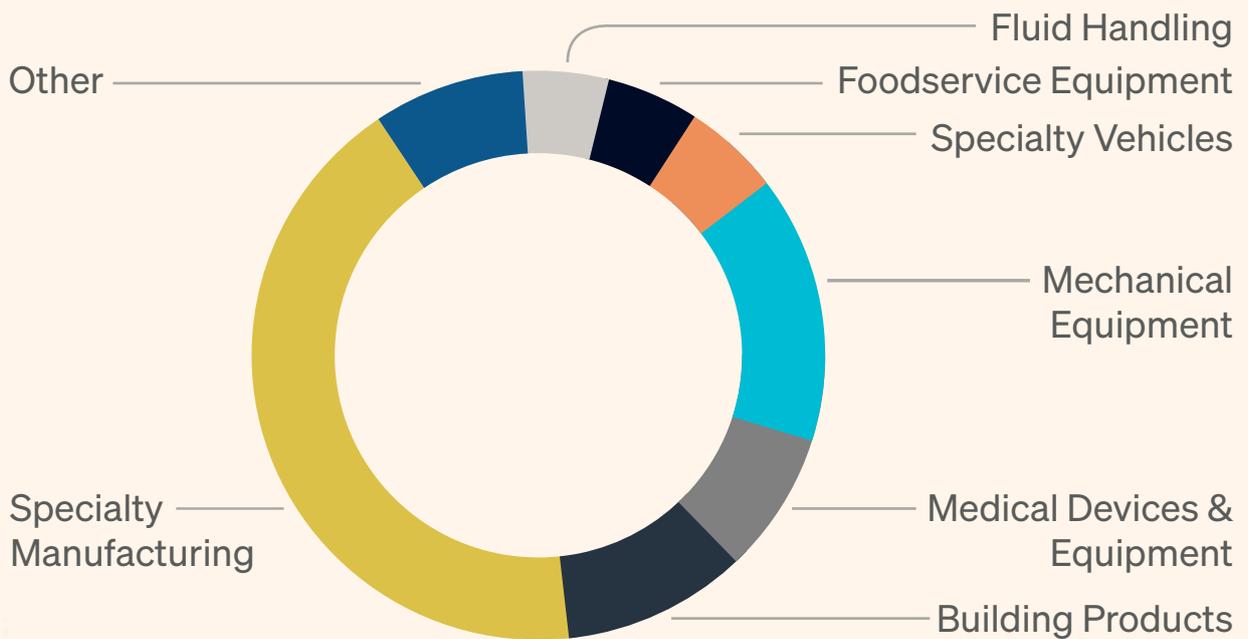
Geographic Diversity

Respondents were scattered throughout key markets across the United States.



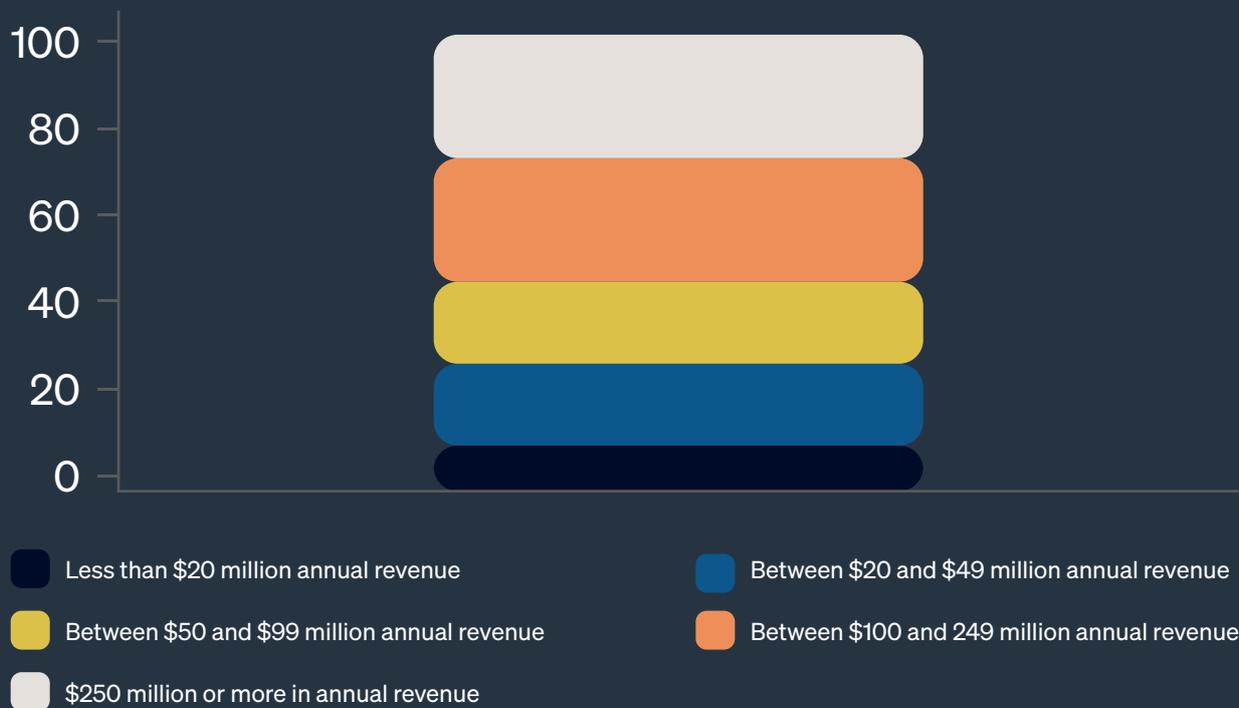
Sector Breakout

Participants in the survey were asked to self-identify which manufacturing sector best described their organization:



Diversity Of Scale

Respondents identified a balanced mix of organization sizes. Results showed very little distinction between organizations with smaller and larger annual revenue.



✓ Revenue Acceleration for Manufacturing

Industry is moving faster than ever. Demand is increasing, and supply chain is global. The world's manufacturers, designers, planners, and sales teams need modern software solutions that empower them to keep up — and get ahead.

Revalize transforms and accelerates revenue operations for complex industries. With full-spectrum design-to-cash solutions, Revalize offers a better, faster, and more accurate way for teams to specify and sell products.

✓ Designed for the Unique Needs of Specialty Industries

- ▶ **Faster time to revenue.** Close deals up to 70% faster with tools that automate sales processes.
- ▶ **Total accuracy.** Reduce errors and eliminate re-quoting requests with powerful rules-based automation for product
- ▶ **Real-time product data.** Leverage the most up-to-date data for millions of products with our industry-leading product catalogs.
- ▶ **Powerful simulations.** Unlock immersive experiences for the most complex of products and projects with virtual twins, 2-D and 3-D visualizations, and virtual reality and augmented reality experiences.
- ▶ **Integrate with industry-leading solutions.** Extend the value of the Revalize portfolio with 65 integrations into industry-leading solutions from Microsoft, Oracle, SAP, Salesforce, and more.



Configure Price Quote

Streamline your sales process and provide accurate and fast quotes every time.



Product Solutions

Manage large product inventories and detailed product information, and tie into configuration tools.



Design Solutions

Easily visualize custom product configurations, real - world system build outs, and facilities layouts.



✓ Flagship Solutions for Complex Industries

- ▶ Facilities and Space Planning
- ▶ Fluid Handling
- ▶ Food Service
- ▶ Furniture Manufacturing
- ▶ Specialty Manufacturing



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