



The C-Suite Guide to Pricing and CPQ Journey

Ask yourself these seven key questions to get started:

Are you thinking about pricing or a CPQ technology for your company?

If you are confused when seeking the pathways from early interest to scoping, budgeting to software selection, implementation to driving actual benefits, and the cat-herding that is managing expectations of multiple groups (ok, everybody), you are not alone. There are a multitude of questions that need to be answered or at least considered now and as your trek unfolds. This vertigo of choices can be described in one phrase: Price touches everything and everything touches price. So, when adding technology to an ascent team that also relies on strategy, sales, profit tuning, data, process, and organization alignment, experience teaches that there are many paths up the mountain, each having their own advantages and pitfalls.

As you start plotting your own adventure into pricing and CPQ technology, here are seven critical questions to consider.

1 WHERE IS THE VALUE GOING TO COME FROM, AND HOW?

A strong pricing / CPQ capability enables the commercial organization in a variety of ways – drives insight and data-driven pricing, provides up-sell and cross-sell opportunities, enables dynamic product positioning and personalized quotes, optimizes profitability, and helps close deals faster. However, it is important to understand where you expect the value to come from for your organization and clearly define the business case before you begin the journey. In our experience, Pricing and CPQ software solutions typically pay for themselves in 3-6 months of their implementation and provide recurring benefits year-on-year thereafter.

- What are the benefit areas? Where will the tangible and intangible benefits come from?
- How much benefit do you expect from efficiency and compliance, through increased visibility and control? How would you quantify that?

- Who will own the business case? Who are the key stakeholders to make the final decision? What is the best approach for their sign-off?
- Where will value come from within your organization? What are those processes that really drive value?

Asking the software vendors for a quote on cost of ownership is helpful but quantifying where the value comes from and prioritizing that is even more impactful. We have seen companies deliver benefits of 1-3% of top line as a result of solution implementations, but benefit sources vary – and yours will be specific to your solution, your capability maturity, your culture, and who is leading the charge.

2 WHAT IS YOUR END-TO-END COMMERCIAL PROCESS, WHAT SYNERGIES ARE YOU AFTER?

With an increasing number of technologies available in the market, selecting the best suite of solutions is both time-consuming as well as complex. Moreover, technology solutions today offer several new-age capabilities and are rapidly evolving and expanding their abilities, it's easy to get attracted to “shiny” solutions (AI/ML, Micro-segmentation, Cloud Platforms, Dynamic Pricing, Guided Selling), which may or may not be the most optimal answer for your specific business needs or provide process (or, capability) differentiation for success. Some software packages may be a better fit for your industry than others and it's uncommon to find a single solution that would solve all pricing or CPQ challenges for any company.

- What are your prioritized capability pain points across the Lead-to-Cash (LTC) process?
- Which tools will need to be woven together to solve them?
- Are there any custom needs that must be met for your organization?

Building a leading Pricing or CPQ capability requires viewing all components and enablers of the LTC framework. Even if you are starting small, take a holistic view of your process and capability to identify the end-to-end unique business scenarios and associated use-cases that most differentiate you and drive value, understand upstream and downstream impacts, identify the suite of solutions needed and accordingly, plan for your transformation journey.

3 YOUR PRODUCTS AND SOLUTIONS MAY BE COMPLEX, BUT DO YOUR PROCESSES NEED TO BE?

Modern customers today demand so much more and are rapidly evolving – faster quotes, flexible product bundling, and easy experience. Simply implementing a technology solution without first simplifying your current processes, product structures, price calculators, and commercial policies will ensure that you continue to make the same mistakes you are making now, just faster. Incorporate your simplified vision in your technology solution(s) selection to make sure you are “future ready” with your technology.

- Is there a consistent definition of a product and an enterprise-wide view of the product catalog?
- Is the pricing logic consistent and well-articulated across the organization?

- Can your commercial processes be simplified enough and designed to enable your go-to-market vision (cross-BU sales, flexible offers, changing customer, and channel dynamics, etc.)?
- Is your process and technology future ready to handle additional volume and complexity for the next X years?

Technology selection, design, and implementation with a “current state” mind-set inevitably leads to decisions which will cement your current sales processes, product structures, pricing strategies, and policies. Simplify and future-proof your processes and policies first to avoid institutionalization of legacy practices.

4 AGILITY IS TRENDY, BUT HOW MUCH?

While the motivation behind Agile and Minimal Viable Product (MVP) approach is still valid, organizations typically get into the pitfall of focusing on the “minimum” part of the MVP to quickly release a half-baked version of their solutions which hampers experience and adoption. Plan intelligently to focus efforts on parts of the process which are simple to implement, but also provide complete functionality that can actually be used by the end users.

- Will the end users find the functionality useful and can they start using it from day one?
- What is the 80:20 split of value vs. functionality for your solution?

- Will your solution be still viable if you lose funding after the first release?
- Do you have a clear idea of the functionality planned for the next release?
- Is the MVP approach right for you? Can you live with two processes during the transition?

Identify and continuously ask yourself - what needs to be solved now vs. what can be addressed later. Focus on building a simple, but complete product in the first release and expand it later - instead of an MVP which addresses multiple business requirements but fails to comprehensively solve any one of them on an end-to-end basis.

5 DO YOU LEAVE YOUR DATA IN IT'S HANDS?

Do not underestimate the effort required and the importance of complete and accurate data. For any commercial technology implementation, there are typically 30-200+ data entities from different sources and systems and their inter-relationships, dependencies, and hierarchies make this landscape even more complex. Leading companies have come to realize that for a successful implementation, Business, and not IT, needs to own the data.

- Who will own the commercial data during this effort?
- Do they have the right skills? How can you align them with IT to be successful?
- Are there any software-specific capabilities around inbound and outbound integration?

- How many systems will you need to pull data from? Should you be going to the source or Business Intelligence?
- How many different systems does the data need to go back to?

Any software vendor will expect you to provide clean and complete data, in our experience most organizations do not sufficiently investigate data dependencies, and often underestimate the effort to gather, cleanse, extract, condition, and integrate data across their technology stack. Having a Business Champion who can work with IT to navigate these challenges is essential for success.

6 HOW WILL YOU DRIVE ADOPTION?

Driving adoption requires a change in behavior. Leading companies tackle this with a multi-pronged approach which encompasses a) leadership messaging, training, and communication, b) clear process, policy, and roles/responsibility delineation, and c) end-user experience enhancement. Clear planning and investment across all these facets are key to adoption.

- Where would you like to go as an organization with this solution?
- Do you have a full buy-in from leadership to support the change? What is the appetite both within and outside the organization to absorb the change?
- How can you support the organization as they are asked to change?

- What is the user(s) journey through solution? Have you thought about the entire end-to-end experience for the user(s)? What specific pain points are you solving?
- Have you looked at the best-in-class solutions to identify ways you can further improve the user experience?

This is an area most organizations take too lightly. "Build it and they will come" approach seldom works in the world of pricing and CPQ. Remember, product configuration and pricing are critical ways in which you differentiate yourself in the marketplace. Do not delegate this large effort to junior resources – lead it with a visible and trusted executive.

7 WHO WILL BE YOUR JOURNEY PARTNER?

Pricing and CPQ projects are not intuitive. Insights and coaching are necessary all along the way. Value hides in places where you don't expect it to be; so, do roadblocks, and pitfalls. To help successfully navigate around these, you should partner with others who have been on this path before.

- What kind of advice do you expect to get from your implementation partner?
- Do they have enough experience and expertise in the pricing and CPQ space?
- What are the success stories and lessons learned from their experience?

- How can they help you achieve short-term and long-term benefits with their solution?
- How can they guide you in building road map to a sustainable long-term solution?

Don't do this alone, find others who have been on this path before. And remember, partners matter: Hillary and Norgay; Armstrong and Aldrin; Lennon and McCartney; Jordan and Pippen; Page and Brin; even Solo and Chewbacca... who do you have?

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