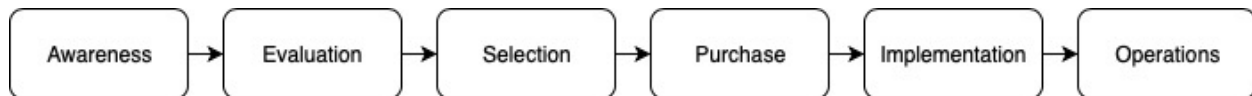


A Typical CPQ Customer Journey

When potential CPQ Customers look for a new CPQ (Configure – Price – Quote) Solution they typically go through certain phases. Below are the typical phases with some explanatory notes and customer guidance to increase the likelihood of success for your CPQ Business Transformation Project.

CPQ Customer Phases



Customer Phases in detail

Awareness Phase

- **In this phase the customer becomes aware of a business problem that needs to be addressed**

This could mean they regularly notice wrong products on customer quotes meaning that these products can't be build or sold as quoted. It could also be that the customer regularly loses money on quotes because of excessive discounting practices. Further options are that a company wants to share best practices with their Sales Team, Channel Sales Partners and/or their e-Commerce store. Or that they want to increase their profit margins or that they want to close more deals or that they want to increase their revenue. As you can see there are numerous situations when a CPQ Solution could be the right answer to a business problem.

Typical ways a customer becomes aware of the need for a CPQ Solution

1. Pain – they notice the problems mentioned above and decide to do something about it (i.e. go to Industry Events)
2. Marketing/Sales from CPQ Vendors / System Integrators / Reports from Industry Analysts or discussions with Consulting companies they usually work with

Customer Guidance: Focus on your business problems and ignore technology considerations!

Evaluation Phase

- **Customer starts investigating a number of CPQ Solutions.** This can happen online or offline. Most common is that customers start online with Google searches, look at Software Review sites, look for Industry Analyst Reports and/or use other resources. This initial list may contain 10–15 Solutions. Let's look at these different investigation options in more detail.

Google searches: Many customers are not necessarily aware of search terms like “CPQ” and may use terms like “guided selling”, “configure price quote” etc instead. Tip: Checkout the Google Keyword Planner to find the best CPQ related keywords. Notice how expensive advertising with CPQ relevant keywords is!

Software Review sites: [G2 Crowd](#), [capterra](#), [trustradius](#), [softwareadvice](#) and many more are available. G2 Crowd and capterra seem to be most popular in North America. In Europe G2 Crowd and capterra are popular as well but they also have numerous local consulting companies that provide information on smaller, local CPQ Solutions.

Industry Analyst Reports: This depends largely on the customer size because many medium and Enterprise businesses have subscriptions with large Industry Analysts like Gartner and Forrester. If they have subscriptions they probably have seen either the Gartner Magic Quadrant Report or the Forrester Wave Report. Manufacturing customers may have also checked the IDC Marketscape Report. SMB customers typically download “CPQ Vendor specific versions” of these Analyst Reports for free on the respective websites.

Other resources: “CPQ Podcast” (available on iTunes, GooglePlay, Stitcher and Spotify as well as on the [Novus CPQ website](#)), [CPQ Circle Community](#), [LinkedIn](#), many customers also checkout the websites of CPQ Vendors they are interested in. If customers do offline research they mostly attend Industry Events or talk to consulting companies that they typically work with. In many cases these are not CPQ Consulting companies.

- **Customer looks for Management Guidance and/or Budget Approval for Transformation Project**

In many cases a company internal discussion is scheduled to decide if the problem that was discovered needs to be addressed and if a CPQ or Quote-to-Cash Solution may be the right option to address it. Another common step here is that new executives that were responsible for CPQ or Quote-to-Cash related Transformation Projects in the past at another company “suggest” a solution / project based on their previous experience. Meaning if they worked with Solution A (with success) at their previous employer(s) they are highly likely to recommend that Solution and approach with their new employer. If that is the case then it is common that the possible CPQ Solutions are limited to the solutions the new executive recommends plus maybe 1 or 2 more to keep the appearance of being unbiased.

- **Customer contacts CPQ Vendors**

After the initial research many customers decide to contact CPQ Vendors directly for more information. Some ask for generic demos while others want to discuss open questions. This is usually the point where a customer wants to “see something”. In most cases there is no clear guidance for the CPQ Vendor on what they have to show to be a serious contender. Most often this is about getting a “feeling” for the CPQ Solution and frequently do customers appreciate the effort and knowledge of the Sales person they work with more than specific CPQ capabilities they are shown. This is a critical point because typically the customer builds a preconceived notion about any solution they see or learn about.

- **After the initial demo or discussion a customer frequently requests a customer-specific demo from CPQ Vendors**

After a customer has seen the initial demos from a number of CPQ Vendors they typically take some time to build their shortlist based on the high level info they gathered to this point. That means the initial list of 10–15 Solutions is reduced to 3–8 Solutions. Now the customer wants to gain confidence that the remaining CPQ Vendors and their Solutions can address their critical business use cases. This typically happens after a customer has further reviewed their business requirements and documented and/or reviewed their business processes. At this point there is typically a script that is send out to CPQ Vendors to proof that they can handle these scenarios.

Customer Guidance: Engage a vendor-agnostic expert to increase the likelihood of success. Many times CPQ Projects are not quick and easy and since you will most likely spend considerable money, time and effort on it you should do it right the first time. Some of the things you should do are, getting executive leadership support early on and focus on your most pressing business pain points. There is much more to this step which can't be described quickly so please send an email to info@novuscpq.com for more info.

Selection Phase

- **CPQ Vendors provide customer references**

Many customers want to talk to other customers similar to them (i.e. same industry, same location, same size) to learn what their experience with a CPQ Vendor was.

- **CPQ Vendors provides a Proof of Concept or Prototype**

For more complex scenarios it is common to build a Proof of Concept or a Prototype Solution. This allows the customer to see their products in the CPQ Vendors System and helps to visualize the solution instead of leaving it up to the customers imagination. These systems will only contain a small subset of a customers products! Depending on the complexity and duration of the setup this may include billable hours for the CPQ Vendors. Note: Some CPQ Vendors can build PoC and Prototypes within hours or days which typically provides an advantage!

- **Customer chooses which CPQ Vendor they will work with**

After the final demo is done it is time to make a decision. Often the decision makers come from Sales Operations, Product Management and/or IT teams.

Customer Guidance: Ensure all teams impacted by the new CPQ Solution are actively engaged to prevent confusion and disruption afterwards! Typically Sales, Sales Operations, Marketing, Product Management, Finance, Legal and IT should be engaged. Before a decision is made there should be a clear agreement about how to evaluate the solutions presented. The clear understanding of the evaluation criteria will help all “decision makers” to select the best CPQ Solution. All CPQ Vendors should clearly understand what they are expected to demonstrate. A vendor-agnostic expert can provide some guidance here. Send an email to info@novuscpq.com for more info.

Purchasing Phase

● Customer negotiates contract with a CPQ Vendor

During contract negotiations many questions will come up. Some example are

- What kind of User Licenses do I need? A developer license, a user license?
- What Solution Instances do I need? Development, Test, Pre-Production, Production?
- What are the costs for these different Solution Instances?

● Customer needs to determine what System Integrator they want to work with

If the CPQ Vendor does not offer to implement their CPQ Solution then it is necessary to work with a System Integrator. Here it is important that the System Integrator and CPQ Vendor have a good relationship since they will have to work closely together.

Customer Guidance: Work closely with the CPQ Vendor to determine what System Integrator they recommend. Check also with a vendor-agnostic expert to see what they recommend regarding System Integrators. It is important to ensure that the System Integrator team can start working effectively on day 1 of the Project! The System Integrator Discovery Phase should build on the information that was gathered in previous phases especially regarding Business Requirements and Business Process Flows. Send email to info@novuscpq.com for more info.

Implementation Phase

● Selected System Integrator(s) start implementing the selected CPQ Solution

The System Integrator Team(s) will most likely come for an initial workshop on-site. They will go through their project plan (i.e. Discovery, Planning, Development, Test, Training, Production) and present to the full team how they plan to implement the selected CPQ Solution. Plus they want to learn as much as possible about the customers requirements and processes to discuss how these can be implemented in the selected CPQ Solution. Most implementation Projects will be agile or a hybrid of agile/waterfall project methodologies.

Customer Guidance: Setup a Project Leader and a senior Change Management Leader. Build a communication plan, risk plan, test plan, go-live plan, support plan and ensure that the team is familiar with agile Project Management. Make sure that all Project Roles are understood (i.e. Solution Architect, Customer Success Manager) by the core Team.

Operations Phase

● Customer uses the CPQ Solution in a production environment

Customer Guidance: Determine who provides on-going maintenance to product models, pricing logic and other CPQ Tasks. Also determine who addresses administrative tasks (i.e. create users, setup single sign-on). Keep communication needs to a minimum.