Netcracker Configure-Price-Quote Solution

Whitepaper

Netcracker
An NEC Company

1 Introduction

To provide accurate quotes rapidly through any channel is a critical goal in the sales process. The provider that delivers the best price, confers the most confidence and responds the fastest is most likely to win.

A digital era configure-price-quote (CPQ) component should help to automate this critical aspect of the customer engagement, but CPQ needs to be able to support and drive successful B2B product sales. As CSPs work to deliver more B2B offerings, more value added components of those offerings and more vertical-specific services, the bundling and quotation processes become more intertwined and closely linked. Integration with a product catalog, therefore, becomes a critical differentiator because of the direct relationship among products, special offers, negotiated prices, and business controls that ensure new offers are both competitive and profitable.

As CSPs survey their B2B sales organizations and tools, they often find common problems that any new solution and process improvement would need to address. Some of the most common problems include:

- **Decentralized solutions are spread across different channels and lines of business.** This causes an inability to provide omnichannel quotes across product lines such as connectivity, IT, security services, data center, cloud, and SDN/NFV. Lacking a "single source of truth," the CSP is unable to manage bundle offers and must put forth multiple contracts, accounts and bills in order to serve one customer with multiple types of services and across multiple sites.

- **Manual processes are required to produce proposals, quotes and contracts and to turn quotes into orders.** These manual processes introduce errors and inaccuracies that can have a devastating impact on the customer experience; create unnecessary cost as a result of operational inefficiencies; limit the ability to scale; and slow the process for delivering quotes and proposals. This makes for poor optics and creates opportunities for more nimble competitors.

- **Inability to process complex service requests and custom pricing.** Service providers find they are limited in their ability to prepare dedicated proposals that meet unique customer needs with special and negotiated pricing. B2B pricing is complex and depends on a variety of potential parameters such as underlying costs, competition, regulations and promotion eligibility. They are unable to navigate complex commercial terms and conditions, service levels and other factors easily. They also struggle with providing profitability analyses in a timely fashion. This all contributes to a poor customer experience, slow process and degraded close rate.

2 Netcracker Solution Overview

Our solution was created to bring automation and transparency into B2B sales process of any scale and duration: from small & medium businesses (SMB) to large enterprises (LE) and Governments.

In Netcracker CPQ a quote will pass several stages before it is submitted for processing (order management), as shown in Figure 1 below.

CPQ lifecycle process is highly adjustable. It can be configured to bypass certain stages that are irrelevant for specific products in the quote. This may lead to a quote being submitted bypassing certain steps for a product with high automation.

Netcracker solution is modular and is based on a cloud-native platform. The microservices-based architecture allows to nimbly adapt to market and customer demand, as well as guarantee the necessary digital-native efficiency. Netcracker commitment to openness and compliance with TM Forum standards allow for seamless integration of the solution into an existing BSS environment, such as Sales Management, Product Catalog and Order Management, no matter whether Netcracker own or 3rd party applications.

Netcracker CPQ provides a comprehensive set of functionalities and a user-friendly interface to ensure streamlined quotation management. Netcracker supports flexible pricing based on market, customer category,
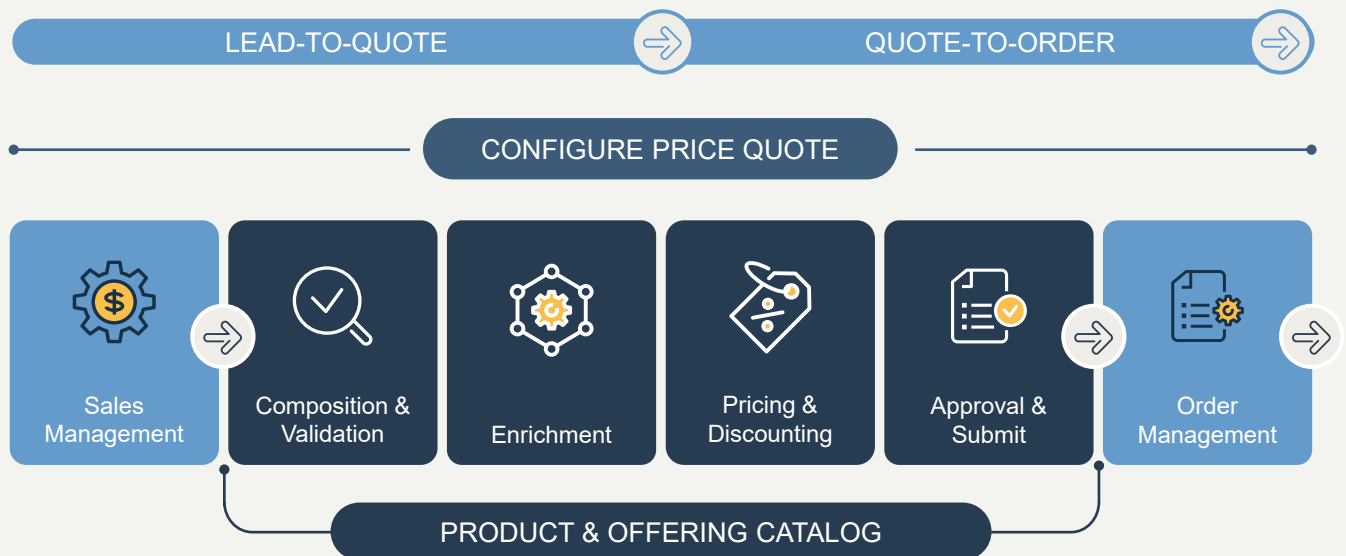

Figure 1. Different Stages of a Quote in Netcracker CPQ Solution

distribution channel and more; profitability and loss calculation; technical information enrichment; validation and processing based on product specifications, dependencies, constraints and business rules; and full support for new sales and complex change and up-sell scenarios. Netcracker CPQ provides the following key capabilities:

- An intuitive and fast way for sales teams to get accurate quotes for customers in close collaboration with the pre-sales teams.
- Guided selling – user prompts based on customer needs, guiding the sales user to a narrowed set of solutions. Visual selling aids help engaging the customer in a business value conversation.
- Pre-integrated industry agnostic offering catalog with advanced pricing and discounting.
- Pricing management – allows adjusting pricing within certain parameters, support for multiple pricing methods and functions, specific customer information can be used as an input to the pricing model.
- Discounts / incentives management – allows defining discounts and incentives that can be assigned to a customer deal.
- Technical information enrichment for quote finalization and provisioning accuracy.
- Online quote validation to ensure technical and commercial viability based on flexible rules, dependencies and constraints.
- Powerful profit and loss analysis – costing, assumptions and financial models that support the governance of the deal.
- Sales offer authorization process – flexibly configurable review and approval workflow.
- Reporting and Dashboards for pricing, quotation, opportunities, and forecast to CPQ users and / or customers.

The chapter below provides details on key functional capabilities.

3 | CPQ as Part of Pre-Integrated Lead-to-Activation Solution

As can be seen in Figure 2 below, CPQ is a native component of Netcracker Lead-to-Activation solution. All components of Netcracker solution are pre-integrated with each other. Centralized Product Catalog drives both the sales and order entry in CPQ and Order Management processes.

Pre-integration of CPQ with Product Catalog and Order Management for B2B line of business is critical.

CPQ needs Product Catalog for:

- Offering details.
- Business rules and validations.
- Pricing and discounting information.

CPQ needs Order Management for:

- Feasibility checks for sites, technology, etc.
- Facilitate pre-design of Enterprise Orders.
- Quote enrichment and technical Order entry.

Such pre-integrated architecture leads to streamlined sales and fulfillment processes due to no additional integration costs and no data inconsistency between quote generation, order entry and fulfillment processes.
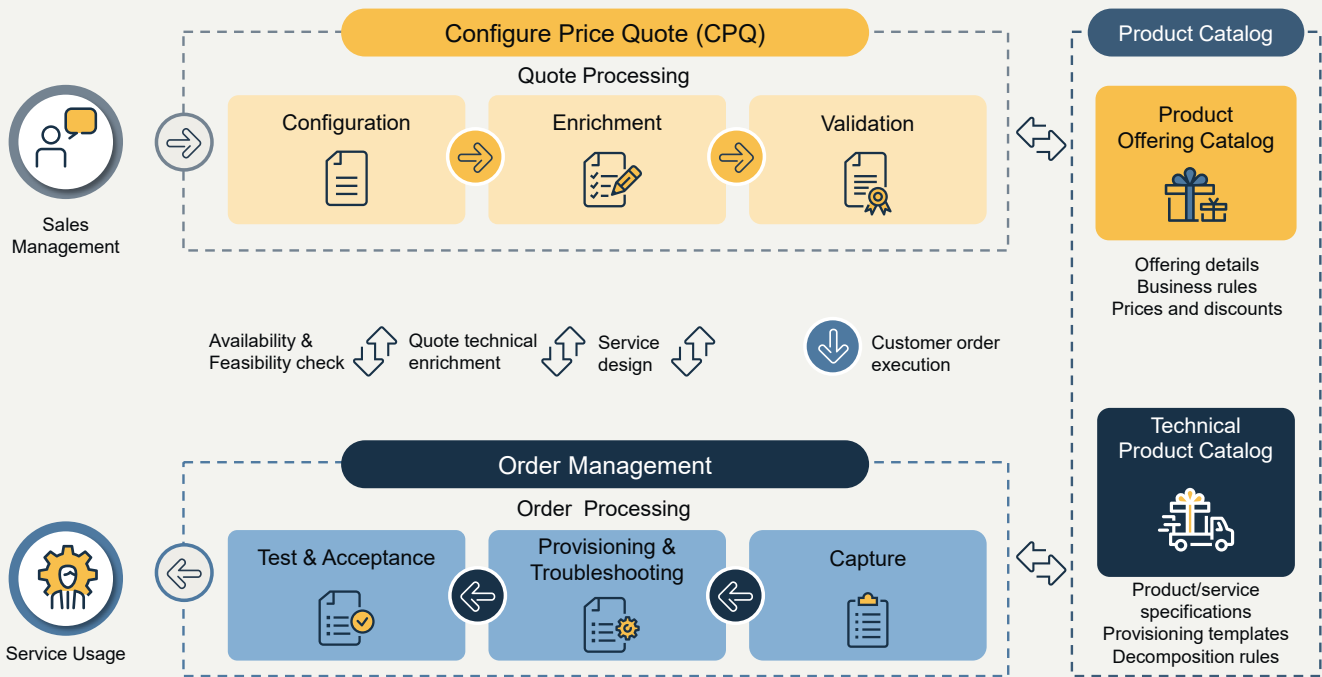

Figure 2. End-to-end Lead-to-Activation Solution

4 Key Netcracker CPQ Functional Capabilities

4.1 Quote Composition and Validation

Netcracker CPQ user-friendly UI allows for intuitive and rapid quote creation process though any sales channel. Netcracker CPQ architecture is fully open and TMF data model compliant. This allows to seamlessly embed CPQ UI into any third-party Lead & Opportunity and Sales Management tools.
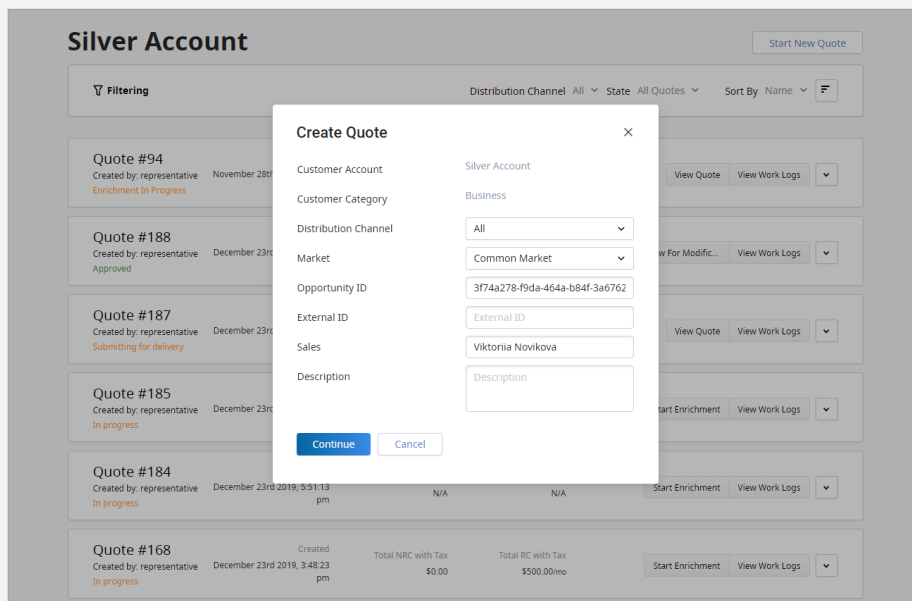

Figure 3. Quote Creation

Natively pre-integrated with Netcracker Product Catalog, CPQ allows quote configuration by selecting product offerings, their configuration and references to external objects (e.g. opportunity, agreement, etc.). The system also performs validation against business rules, such as eligibility rules, configured in the Product catalog. This helps to check if the selected product offerings are available for the market, distribution channel and customer category.

To make the proposal more profitable, sales representative may get dynamic contextual suggestions for guided selling, up-sell and cross-sell opportunities. This intelligent suggestions help sales representative to choose product and services best fulfilling customer needs.
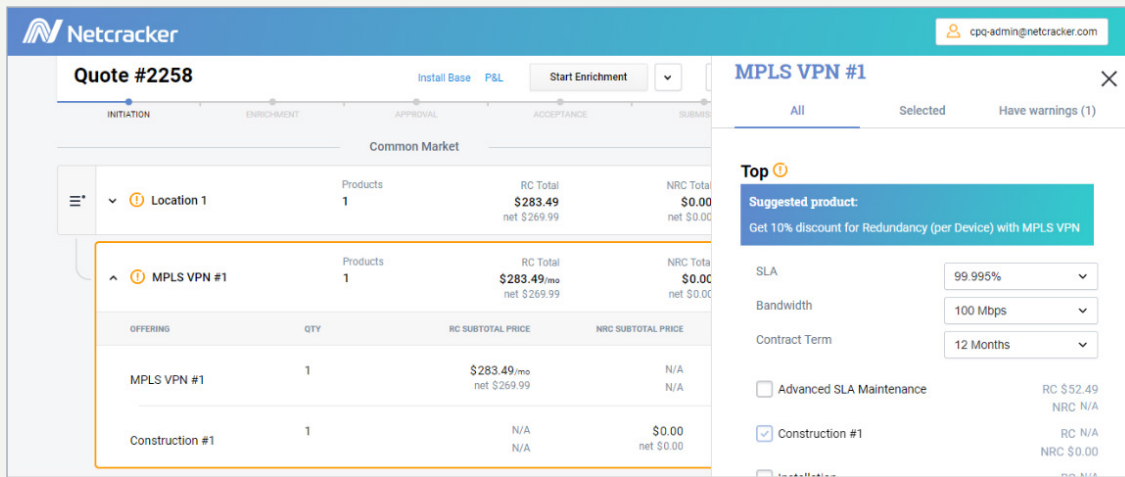
Figure 4. Intelligent Suggestions for a Quote

4.2 Quote Enrichment

When it comes to complex pre-sales support (feasibility check, solution options, network construction project, bill of materials generations, cost estimates, etc.) for a certain quote, Netcracker provides a special project management tool. Our solution enables to track tasks execution, manage time, budget, and scope constraints. It allows for end-to-end project orchestration and provides you with a tool to govern the process in an easy way.
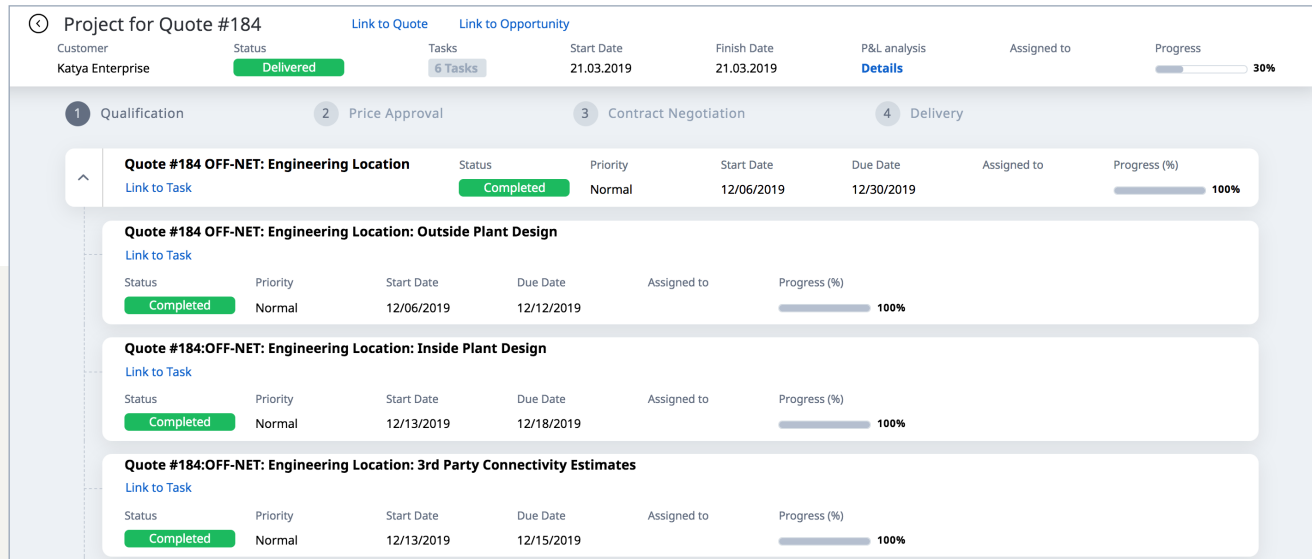

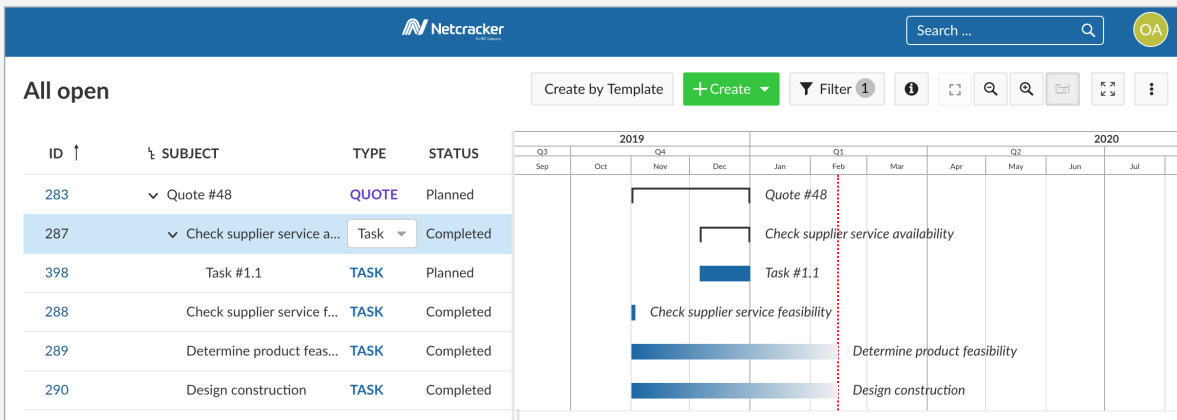Figure 5. Project Creation for a Quote

Figure 6. Project Planning

It is also critical to have access and transparency into the workforce and human resources that will be helping in the sales process. Netcracker provides an effective and convenient tool to make the most of your pre-sales team.

4.3 Pricing and Discounting

Besides comprehensive support for pricing (recurring, non-recurring, price tax alterations, etc.) and discounting (automated, manual, consumption-based discounts, etc.) Netcracker provides powerful profitability & loss (P&L) analysis, which provides a transparent view of the opportunity cost. Our solution provides immediate access to P&L analysis for any proposal at any stage, thereby enabling close monitoring of financial performance, fast decision making and complete transparency into a sales process.
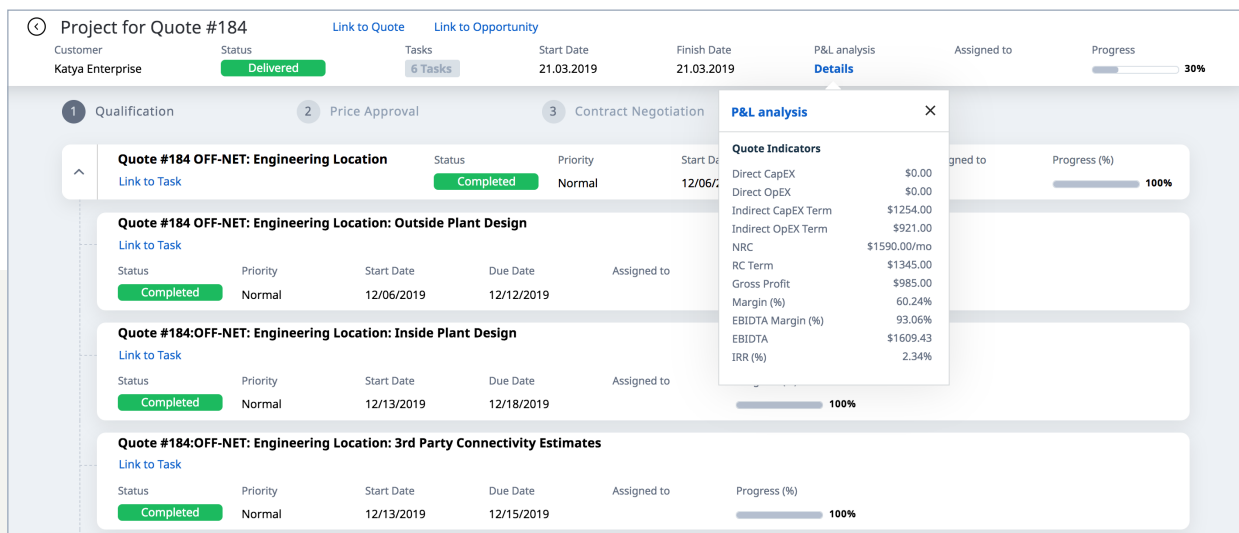

Figure 7. Profitability and Loss Analysis

4.4 Agreement Management

Each complex B2B project requires flexible approval workflow before the final sign off. Netcracker CPQ enables configuration of the approval flow that can be triggered based on financial and/or technical thresholds and KPIs.

One of the other critical capabilities for B2B processes is Credit Score validation provided by integration with a credit scoring system. Depending on the results (e.g. customer is in debt with operator), Netcracker CPQ allows to blacklist such prospect and close the opportunity or set a "top" spending amount to it.

Once the proposal has been reviewed, approved and negotiated with a trustworthy customer, Netcracker provides an ability to trigger generation of an agreement (contract) from the quote. The solution enables to manage and create the following contract types:

- Commercial Agreement - used to capture conditions for sold products.
- Master Service Agreement - a framework contract used to capture sales conditions for a set of product offerings that are going to be consumed by the customer during contract validity period.

Netcracker solution allows to capture minimum and maximum agreed consumption of a product offering in scope of the Master Service Agreement. The system also provides contract lifecycle management capabilities and support for several versions of agreements.

To eliminate manual effort and provide error-free proposal, Netcracker automates agreement creation based on a set of templates and provides e-signature capabilities to simplify the last steps.
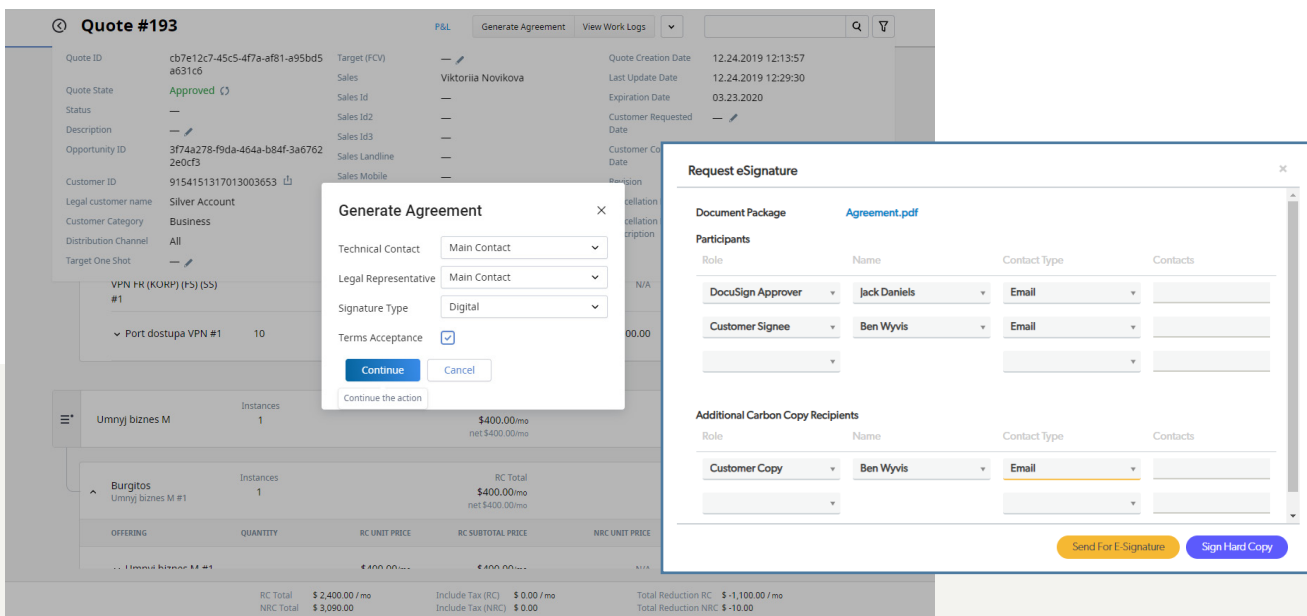

Figure 8. Agreement Generation and Request for Electronic Signature

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4.5 Order Status Monitoring

When a customer order is submitted for processing, it is mission critical to verify end-to-end process from a single place and timely react on possible obstacles. Netcracker provides comprehensive 360-view via centralized control panel enabling to proactively react, measure, coordinate, estimate and manage mission critical delivery processes.
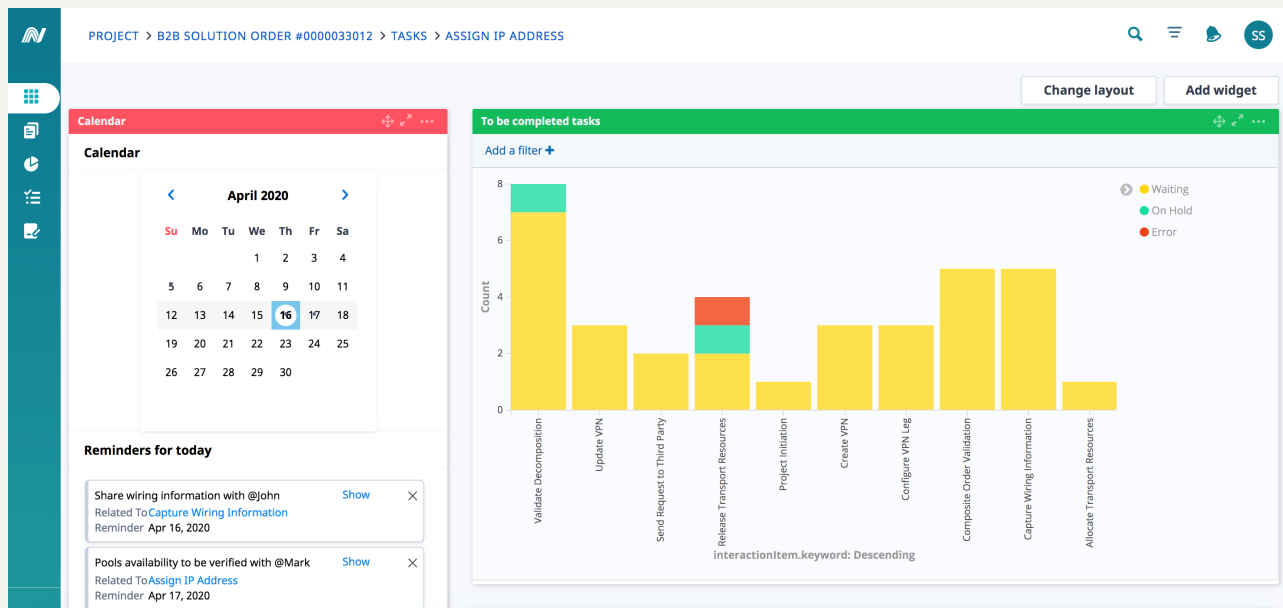

Figure 9. Project Management Dashboard

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5 | Business Benefits

Netcracker B2B CPQ solution has proven to bring business benefits to our customers and empower with future-proof digitalization capabilities. It improves sales performance with digital user interfaces and intelligent recommendations, enhances customer experience through personalized bundles and omni-channel approach, drives quote accuracy up through catalog-driven lead-to-order process and effective integration, and finally increases average deal value with additional cross-sell and up-sell opportunities and faster deal closure. It enables sales staff to focus on and maximize the revenue potential of their customer interactions.

The business-focused approach we take has also allowed us to identify the key KPIs affected:

- Deal closure:
  - Close rate or % of qualified leads where sale was closed.
  - Time required to close.
  - Number of customer interactions required to close.
  - Average value of quote closed.
- Conversion:
  - % up-sell and/or cross-sell opportunities converted.
  - % quotes converted to orders.
- Sales costs:
  - $ sales per hour.
  - % sales cost, of revenue for existing or new services.
- Customer experience / process efficiency:
  - % customer orders failed and/or requiring rework.
  - Time to generate and communicate quotes.
  - Number of customer inquiries required to clarify quotes.

Real Results of Netcracker CPQ Implementation

Up to **5**x — Faster Process from quote creation to contract generation

Up to **10**x — More Contracts accepted

Down to **2**h — Time for an agent to create a quote, a contract and to submit order

33% — Ideal Conversion rate achieved for Large Enterprises