

WHITE PAPER

# Driving Your Digital Business Transformation

How Manufacturers Can Own and  
Optimize Their Revenue Cycles

## Digital transformation has evolved in the past decades, from an operational, IT initiative to a revenue-focused, user experience-driven program.

For manufacturers seeking to unlock revenue and gain competitive advantage, there's a new opportunity to focus their sights on revenue transformation within their digital quote to cash process. First, it is key to reveal streams of hidden revenue, improve operational efficiencies, and create great digital experiences for customers, partners, and associates.

## The Quote-to-Cash Cycle and Digital Transformation

The quote-to-cash (QTC) cycle consists of a number of systems and resources working in tandem to service your business. Looking through the lens of digital revenue, there are a few ways to uncover new opportunities.

### Building for Self-Service

Building for self-service, whether through a specific portal, a section of your website, or an app, means reducing the friction and resourcing for partners and customers to do business with you online. Improve the digital experience for your customers by:

- Supporting research and education with detailed product data and accessible content.
- Allowing users to build a cart, with custom pricing, that can be submitted for approval.
- Transacting online via eCommerce.

### According to Gartner, digital transformation has the chance to evolve:

*"Many companies are still focused on cost optimization of processes ... We are past that moment of experimentation and are moving to how to actually deliver value. More and more CIOs are playing a very forward role in revenue generation, which is a significant shift in the role."*

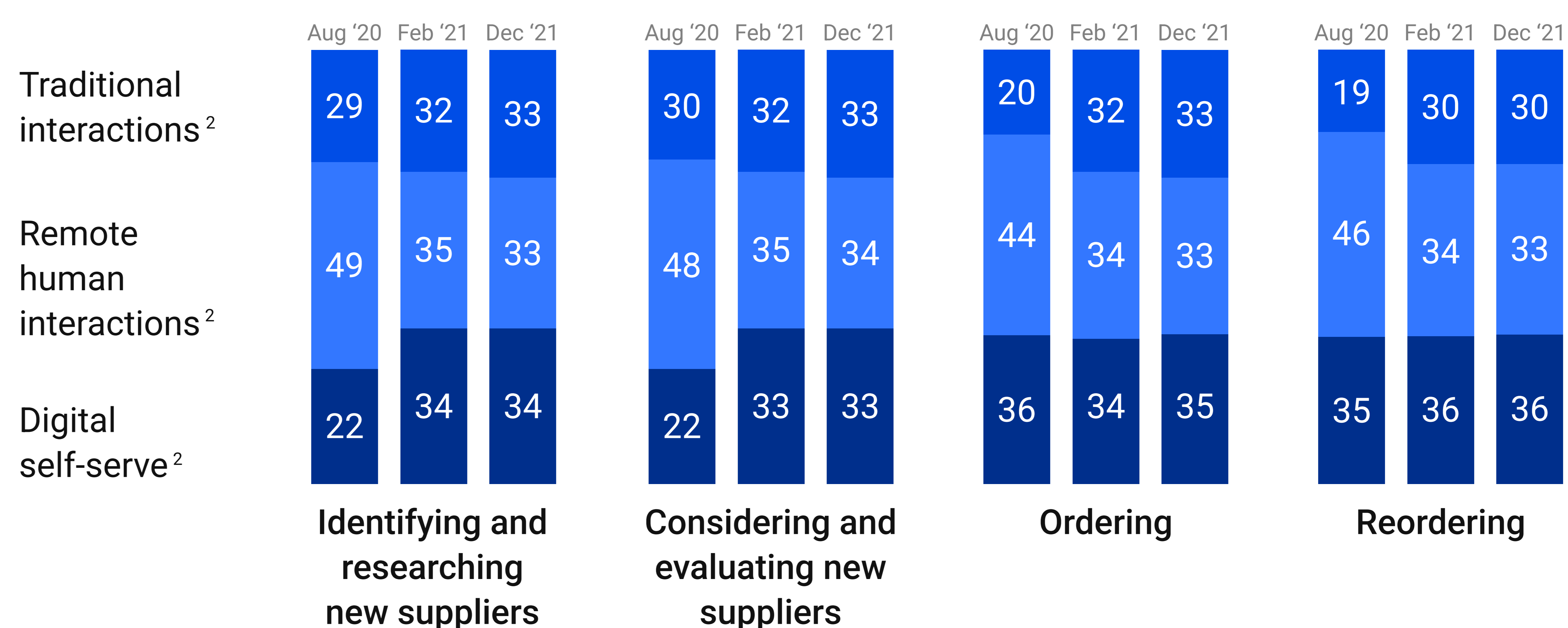
*"Increasing competition in the manufacturing industry puts pressure on organizations to reduce costs, improve customer/distributor experience and increase profitability. Organizations armed with digital forces are disrupting business models with new value propositions. This disruption causes a challenge for manufacturing organizations but is also a chance to adopt digital themselves."*



### The 'rule of thirds' has become entrenched: B2B buyers have settled into using an evenly divided mix of sales channels.

Current way of interacting with suppliers' sales reps; by stage of process

% of respondents per sales channel type



~2/3 of buyers in 2021 opted for remote human interactions or digital self-service

## CPQ Implementation and Optimization

Implementing a robust Configure, Pricing, and Quoting (CPQ) tool enables your sales team to quickly and accurately create and send quotes. However, if you're an enterprise, you have complex business rules, multiple systems and processes, and likely a lot of historical complexity. When your CPQ system is taxed with doing everything correctly, it slows down, leading to slow actions, pages timing out, and frustrated users.

There are three common factors contributing to CPQ performance issues:

- **Business complexity:**

While the CPQ system is complex, so are your CRM, backoffice, and commerce processes—requiring you to write complex rules to meet specific business requirements. Over time, these rules add layers of complexity, impacting CPQ performance.

- **System acquisitions:**

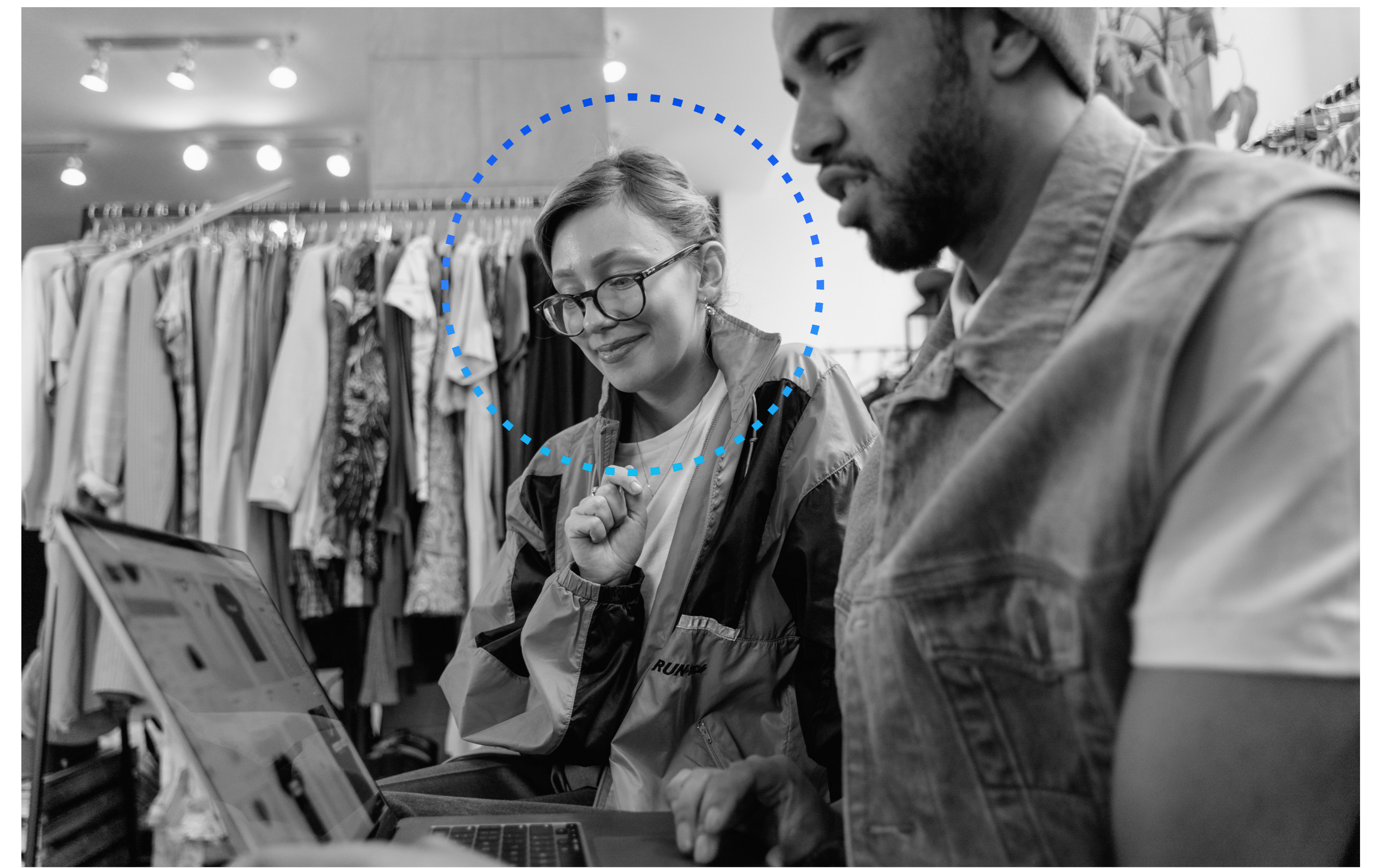
As your business acquires new companies, you need to integrate separate systems into your existing system. These systems may be older, more complex, or simply different from the processes you have in place. Having multiple systems and exceptions creates additional complexity that also slows down the CPQ system.

- **API calls:**

A third factor that often impacts performance is the number of API calls happening within your system. Misuse of APIs or improper API calls that request too much information can cause system delays. If your CPQ is SaaS based, those regular API calls to update rules will slow down your CPQ system.

These complexities degrade your CPQ performance and your user experience. It can make running CPQ more resource-intensive, more frustrating, and less efficient. It becomes a people problem: making it harder to train and retain your team and customers. And it becomes a revenue problem: slowing down your revenue.

The key metric “Quote Cycle Time” reveals the revenue impact of underperforming CPQ tools. **According to Louis Columbus, writing in Forbes:** “It’s been my experience that manufacturers who are the first to produce an accurate, complete quote win the deal at least 60% of the time or more. Reducing Quote Cycle Times increases close rates quickly.”



**According to a 2022 McKinsey report, the future of B2B selling is a hybrid model:**

*“Today’s B2B customers are very clear about what they want from suppliers: more channels, more convenience, and a more personalized experience. They want the right mix of in-person interactions, remote contact via phone or video, and eCommerce self-service across the purchasing journey. Adjusting to this new dynamic requires B2B organizations to shift from “traditional” and “inside” sales to “hybrid” in order to move with the customer.”*

**According to McKinsey,**

*“Organizations at the lowest level of tech maturity can gain significant benefits from implementing basic pricing and performance-management tools and processes, and embedding them in their customer performance-management processes. Companies with institutionalized customer performance-management processes, however, could improve the execution of their pricing strategy by integrating deal CPQ capabilities into their CRM tools. Updated discounting analytics, approval workflows, enhanced-deal desks (cross-functional teams that can help streamline deal processes and coordinate nonstandard or strategic deals), pricing committees, and robust performance management can help accomplish this work.”*

Sales leaders care about long quote times because it reduces their team's efficiency and impacts quote-to-close ratios as slower quotes are less likely to close. By improving both performance and efficiency for your associates, you can reduce time-to-quote and capture more online revenue. This includes: enabling robust and performant CPQ, integrating it with your backend systems, and designing it for fast adoption and usability. These actions free your sales team to focus on upselling, cross-selling, and providing white-glove service to key accounts, at-risk accounts, and target prospects.

## Marketing-Driven Revenue

Market to your existing and target customers with orchestrated content, product offerings, and personalized offers that integrate your customer data with a holistic, automated, and orchestrated marketing campaign. Design omnichannel digital experiences that are optimized for the platform and the person, and integrate digital revenue drivers like subscription, robust search, product recommendations, cross-sell/up-sell, loyalty, and payment options.

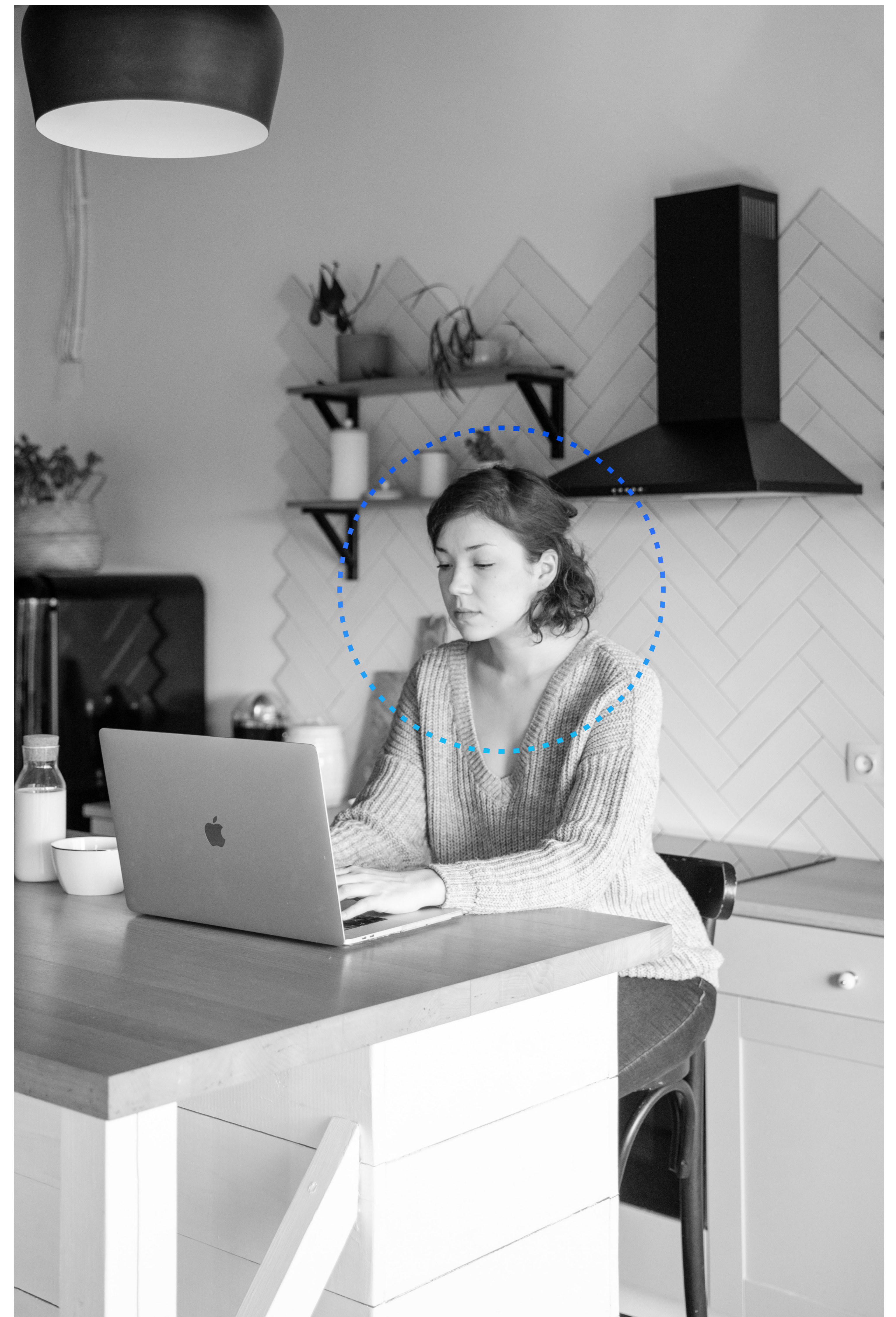
## Designing the Digital Experience

You have the opportunity to create how your users experience your brand by designing their interactions with your website, mobile app, POS experience, or desktop software. The best digital experience helps users do their key tasks (like research, search, buy, contact) as quickly and easily as possible.

As a complex business, you have the opportunity to design a digital experience for a variety of users with different needs and goals:

- Shoppers wanting to research, review product specs, compare pricing, and see delivery times
- Buyers wanting to order, manage payment and shipping options, and manage their order history
- Prospective customers who want to research and educate themselves
- Partners needing to order, reorder, subscribe, manage billing, and invoicing
- Associates needing to create contracts, build quotes, process orders, manage billing and invoices, and service customers

In all cases, creating your B2B experiences—especially for your own associates—is an opportunity to improve their work lives and increase bottom-line revenue and efficiency.



**According to McKinsey, owning, understanding, and operationalizing your data and digital capabilities is a critical competitive advantage for B2B enterprises:**

*“Most B2B companies have not yet mastered the digital capabilities needed to operationalize customer-centricity—and that’s making them vulnerable. Our benchmark shows that only 15 percent of B2B companies feel they have a complete view of their customers ... By contrast, top-performing B2B companies are using advanced analytics to improve their insights-generation capabilities and deploying tools that help marketing and sales understand what offers, content, and services will hit the right notes with key segments.”*

## How to Improve Your User Experience

- Create user journey mapping for each of your user groups to uncover roadblocks and opportunities to improve and innovate. For example: discover where your CPQ slows down, when your customers leave your site, and when your partners don't complete an order.
- Use consistent branding and share coherent experiences to elevate and reinforce your brand. This can be done through a comprehensive design system.
- Provide clear, structured content to drive discoverability (fueling your search engine optimization), search (providing clear information for your internal search engine), and conversion. Content that is written for your users, their devices, and their locations (e.g. multiple languages, multiple measurements, multiple environments) reduces the friction to conversion. Consider how content that is diverse and inclusive (across reading levels, ages, genders, races, ethnic backgrounds) can make your brand "speak to" a broader, more relevant, target audience.
- Recognize that usability and accessibility make your digital products easier for more people to use efficiently. Creating device-optimized experiences improves user satisfaction and conversion rates. It also protects your business from lawsuits for non-compliance with ADA guidelines.
- Make searches fast, easy, and productive. Google has trained us to look for the search bar, and has set an expectation that the output will be relevant and useful. Leverage your product data, your search tool, and your site design to meet this user expectation.

## Data Layers to Support Revenue Transformation

Underpinning this Q2C model is a robust data structure that integrates and uses data collected from disparate software platforms, including ERP, OMS, CPQ, Subscription, OMS, CRM, and commerce, as well as customer insights from website analytics, marketing engagement, and third-party marketing sources.

There are multiple ways to manage this data: a comprehensive data solution, API-based integrations that share data across platforms, or a hybrid approach. This data becomes critical to optimizing revenue by:

- Unlocking customer insights that inform products, pricing, seasonality, and margins.
- Improving software performance, especially in tools like CPQ, subscription, and commerce.
- Delivering seamless digital experiences for associates, partners, and customers.
- Creating data-driven, personalized, and strategic marketing campaigns.

### As reported in DigitalCommerce360,

*"As the "experience economy" continues to permeate businesses and organizations, B2B customers increasingly want the same level of shopping experiences they encounter in their non-professional lives. A Salesforce study suggests 70% of business buyers expect an "Amazon-like" buying experience from their vendors, and 74% of business buyers expect vendors to provide personalized experiences."*

## Data Privacy Regulations and Policies

The landscape is rapidly changing for B2B revenue leaders, especially for those focused on new customer acquisition. Historically, marketing organizations have relied on external tools and programs that are dependent on third-party data to market to existing customers, find lookalike prospects, and leverage intent and other data to build a marketing audience.

Widespread legal changes began in 2018 when Europe enacted GDPR (a comprehensive set of regulations that allowed customers to choose if a site they were using could sell their data). California, the world's 5th largest economy, followed with the California Consumer Privacy Act (CCPA) and the California Privacy Rights Act CPRA. It became clear that the ability for companies to buy third-party data was going away; however, smartphone apps had already grown in popularity over websites, which experienced the greatest impact.

Individual platforms have started blocking third-party cookies, with Safari blocking third-party cookies in 2017 and Firefox joining in 2019. Google Chrome, though still the market leader, has announced it will block third-party cookies in 2023. Additionally, in October 2021, Apple (56% of the U.S. smartphone market) gave users the choice of whether apps could track users. Overnight, Facebook estimated losing more than 30% accuracy on their targeting algorithms. To build for this new era, manufacturers need to create a rich store of first-party data and leverage that data to send targeted messages to prospects and existing customers. This is done through mining existing customer data stores (CRM, CPQ, CMS, ERP, commerce) and creating compliant opt-in options via website forms, chat tools, point-of-sale, app signup, and phone.

## Getting Started

Established in 1994, Object Edge is an award-winning, MACH-certified, digital consultancy working with leading global businesses. In a challenging digital landscape, we help businesses differentiate and compete by serving their customers, partners, and associates through effortless digital experiences. We design, implement, and support digital commerce experiences with a data-driven, highly collaborative, best-in-class team.

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