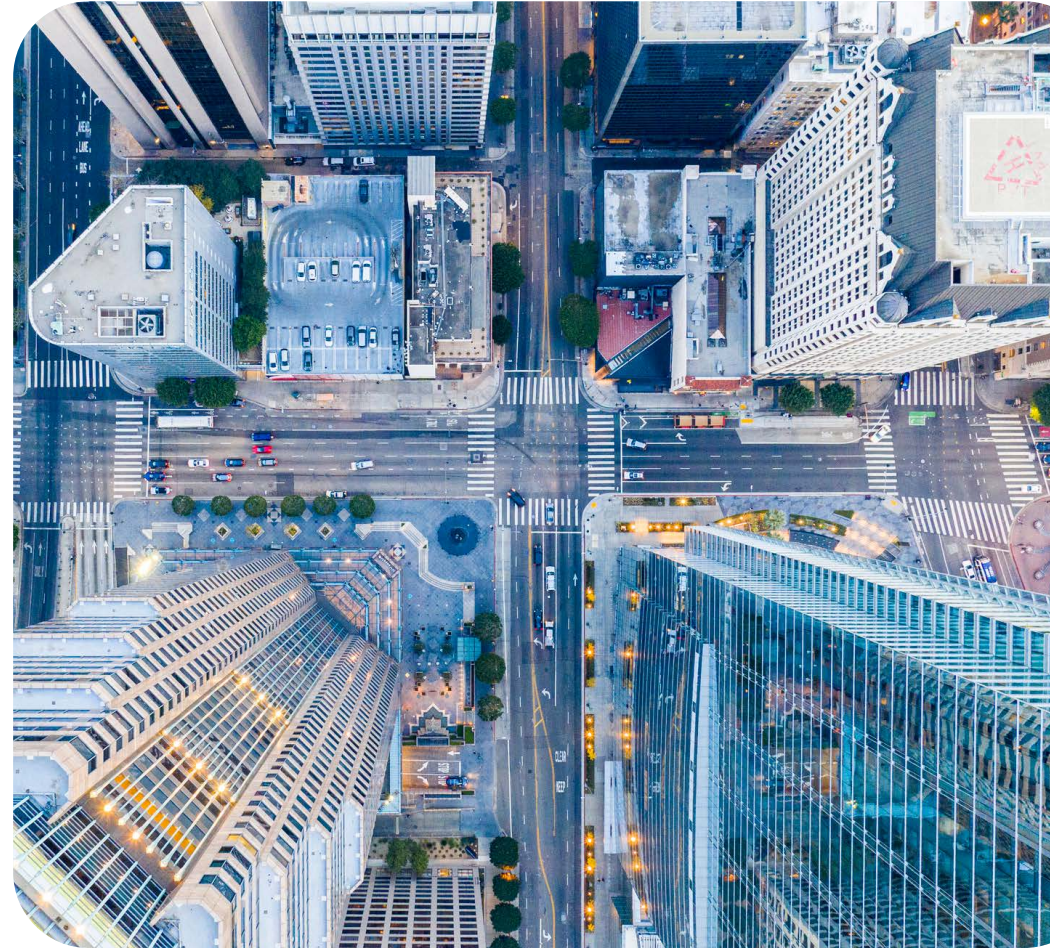# Maximizing Your Salesforce CPQ Investment

Leveraging the CPQ Vendor Ecosystem to Enhance Benefits and ROI

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Organizations today face challenges, including tension between the sales and finance organizations; service/support, sales and marketing team silos; and not being able to respond quickly to customer demands. [Forrester Consulting on behalf of Salesforce, March 2021]

Configure-Price-Quote (CPQ) software automates what can often be a manual process and streamlines the quote-to-cash (Q2C) process to accelerate sales. Integrating tax automation and compliance solutions further extends the value of CPQ solutions, adding additional scalability and agility while reducing tax and compliance risk.

This makes CPQ tools one of the hottest sectors of the customer relationship management (CRM) software market, and for good reason: whether B2B or B2C, today's customers expect a fast, streamlined purchase experience. Companies are working hard to digitally transform their organizations to meet these elevated expectations—on a global basis—by adopting powerful tools like Salesforce's CPQ app.

## Core CPQ capabilities include:

- Support for the digital commerce channel via prebuilt user interfaces (UIs), integrations and/or APIs.

- Support for sales users, including integration with Salesforce automation solutions.

- Automatic pricing of the chosen products and services.

- Negotiation of terms and proposal generation.

- Extensibility framework that enables a company to set up the application for its processes, products, and services.

## Products will typically include the following additional features:

- Subscription selling and management.

- Selling complex tangible goods.

- Prebuilt integrations with fulfillment applications, such as ERP.

According to Gartner's most recent **Magic Quadrant for Configure, Price, and Quote Application Suites**, Salesforce is a leading provider of CPQ solutions, known for its market presence, extensibility, and its ecosystem of partners offering an add-on solution that further extends the value of its solutions.

The CPQ software market will grow by

# $1.65 billion

between 2021 and 2026, driven by the increased need for higher productivity.

Technavio, **"Configure Price and Quote (CPQ) Market by Deployment and Geography – Forecast and Analysis 2022-2026,"** April 2022.

# Why Implement a CPQ Solution?

**As market forces evolve, the challenges businesses face—leading them to a CPQ solution—include:**

- Business models shifting toward a larger volume of business conducted via digital channels.

- Cross-border commerce becoming a larger percentage of sales.

- The expectation of instant gratification that customers are used to from their own personal commerce experiences.

- Calculating tax with greater accuracy, which depends on what goods and services are being sold, how they are being sold, and where they are being sold, as well as the applicable global, regional, and local tax rates and regulations.

- The need to adjust a quote multiple times in most B2B and many B2C transactions—meaning each time you change the quote, the tax must be recalculated.

- Taxes that are calculated incorrectly, which could either overinflate the price and lead to lost sales and legal risk, or if undervalued, eat away at margins and lead to lost profits.

- Finance and accounting teams that are stretched and, in many cases, understaffed—leading to slower response times and potential risk when managing manual processes for determining tax and responding to requests to support the business.

If you are going to invest in a CPQ system to automate the Q2C process, why wouldn't you also invest in an indirect tax automation solution to ensure that every quote is accurate the first time?

**The real-world results that Salesforce CPQ has delivered include:**

- Salesforce CPQ user Dexter + Chaney showed a **30% higher quote accuracy** after adoption.

- Domino Printing Sciences reports an 80% faster quote delivery, and Nimble Storage marks a 34% increase in approval time. Cloudera's quoting process is three times faster than before CPQ implementation. By speeding up the sales process, CPQ applications help sales organizations to reduce wasted time and protect more deals from stalling in the sales pipeline.

- Politico reports a 17% average revenue contribution and Mitsubishi shows a 50% increase ROI in quote-to-cash. (Source: CPQ Salesforce, "**What is Salesforce CPQ**.")

> "Configure, price, and quote (CPQ) systems are the link between what a customer purchased and what they still need. Therefore, they should be used to ensure quotes represent the best solution for the buyer."
>
> — Forrester, **"Improving Sales Rep Performance with Dynamic Guided Selling,"** October 12, 2021.

# The Necessity of Tax Automation

Tax calculation and compliance automation has become a necessity for tax and finance teams to help them meet regulatory requirements and ensure compliance, reduce risk, and support global business growth. And with the focus on supporting evolving business models (omnichannel), the shift toward selling more through digital channels, and the need to deliver a more frictionless, unified experience while providing consistent and competitive pricing, businesses are focused on adding agility, flexibility, and scalability.

Together, that means sales organizations feeling competitive pressure often have to make quick and subtle adjustments to quotes. Being able to deliver fast, accurate pricing and quotes in response to customer demands can make the difference between winning business or losing it.

Integrating a tax automation solution with your Salesforce CPQ solution provides value to both tax and finance, as well as sales. By extending the capabilities of Salesforce CPQ with automated tax determination—including the ability to handle exemptions, regional tax holidays, and other jurisdictional requirements—organizations can amplify the value of their investments, further adding efficiency and reducing the risk of both compliance and pricing errors, all while accelerating the Q2C process and supporting a more rapid response to sales.

# Scalability - Leveraging Admin Tools to Simplify Deployment and Maintenance

Whether it is the ability to handle high volumes of transactions and quotes quickly and easily, or the ability to scale to handle business from new channels and geographic regions, scalability is a key consideration.

In fact, this ability to scale, in addition to the powerful benefits Salesforce CPQ delivers to users, is why many companies choose it. Salesforce CPQ is a low-code application, but that doesn't mean companies should abandon the agile development process of moving changes across separate Salesforce orgs for development, testing, training, and release. On the contrary, since the revenue of the entire company is running through CPQ, good change management and governance are vital to ensure:

- Uninterrupted CPQ access for users creating, approving, and sending quotes.

- Accurate quotes with up-to-date pricing, bundles, and discounts.

- Issues are caught before they're introduced to production.

- Changes are tracked, and admins can roll back to previous versions of CPQ if needed.

Salesforce change sets were not designed to move the data in low-code apps, so it can take dozens of hours to deploy CPQ changes across Salesforce orgs, leaving little time for QA and testing. An incorrectly configured CPQ causes users to lose trust in the system, negatively impacting productivity and adoption. For these reasons, best practices suggest using third-party tools and expertise to ensure faster, smoother deployments, and easier maintenance moving forward.

**Maximizing CPQ Investment Strategy #2:**

# Use a Salesforce Application Operations Suite to Build, Test, Deploy, and Manage CPQ Improvements

A Salesforce Application Operations suite automates data deployments, version control, regression testing, and other CPQ configuration tasks that would otherwise be painful, tedious, and error prone. This is essential for migrating large volumes of data without errors, avoiding bottlenecks in the development process, and saving hours of manual work.

Successful adoption and rapid ROI from a Salesforce CPQ implementation depend on a well-crafted deployment and maintenance plan. By leveraging supporting technology tools, CPQ admins can be more productive, remove the risk of interruption to day-to-day operations, and deliver more frequent improvements to CPQ and the business.
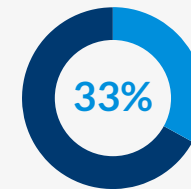
**GLOBAL CONFIGURE PRICE AND QUOTE (CPQ) SOFTWARE MARKET 2022-2026**

Market growth will **decelerate** at a CAGR **14.13%**

Incremental growth **$1.65B**

2021 2026
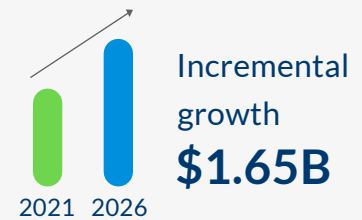
The market is **fragmented** with several players occupying the market

Growth Contributed by APAC **33%**

Growth for 2022 **18.73%**

Source: Gartner, "Gartner Magic Quadrant for Configure, Price and Quote Application Suites," Oct. 28, 2019.

# Developing Flexible Solutions

As business models shift via M&A, new products/services, and customer/market needs, the ability to handle tax determination for quotes regardless of what is being sold, where it is sold from, and where it is delivered is key. This is especially true with the volume, complexity, and pace of changes coming on a weekly and monthly basis.

When the CPQ, billing, and other systems that are part of the Q2C cycle don't perform at optimal capacity, bottlenecks occur that make the customer's experience anything but seamless. These include:

- Manual and error-prone data entry

- Compliance and audit risk

- Quoting and billing escalations

- Lengthy complaint resolution

- Extended Q2C cycles

- And especially important, the losses associated with dissatisfied customers

With the implementation of a Q2C platform like Salesforce Revenue Cloud, an organization addresses legacy system limitations by creating a framework on which they can build flexible solutions and seamless experiences for customers. In addition, organizations are able to develop new processes that are not dependent upon these legacy systems and platforms.

As a way to effectively manage and stay updated on the new and expanding indirect tax regulations and requirements—both domestically and globally—organizations need solutions that can integrate seamlessly and ensure fast and accurate tax determination. This includes the ability to integrate with other Salesforce solutions, as well as other transactional systems, to ensure a consistent and accurate calculation—and application of tax across all systems and touch points—in the Q2C process.

# Automating Sales Tax Calculation for Higher Accuracy

Getting the pricing right the first time can mean the difference between winning or losing a sales opportunity. Automating tax determination improves the accuracy of tax calculation, reduces compliance risk, and accelerates the process—getting sales the right price, at the right time, regardless of exemptions, tax holidays, or other regional or local jurisdictional considerations.

We know that buyers are accustomed to acquiring anything they need in just a few clicks. They bring those expectations to every transaction—from something as simple as today's lunch to the complex products they purchase in their jobs. It's essential that businesses provide a fast, accurate quote every time, no matter how many changes are made to the product configuration or other details along the way.

Consider the potential ramifications. Without an application such as Vertex, an account executive developing a quote in Salesforce would have to go into a separate sales tax calculator to get the right tax or VAT rate, then manually re-enter that data into the quote—and then repeat these processes if the customer changes the shipping destination, purchasing entity or other details. Manual data entry leads to:

- Higher costs
- Errors
- Delays
- Liability

"Customers across all industries are showing signs of decreased patience and brand loyalty, highlighting the importance of an organization's ability to deliver efficient and personalized buying experiences."

— Cameron March, Research Analyst, Nucleus Research

Nucleus Research, **"Nucleus Research Releases 2022 Configure Price Quote Technology Value Matrix,"** Nov. 15, 2022.

A connector tool such as Vertex for Salesforce integrates tightly into the CPQ module, so users can access fast, accurate tax data every time, without adding any friction. Here's how it works:

- A salesperson enters or modifies a customer's ship-to address in Salesforce and then creates a quote.

- The integrated Vertex connector sends a call to its address verification master tool partner to ensure that the address is properly formatted and verified.

- Vertex matches that verified address to the tax rules that apply to that specific product, material, and tax jurisdiction.

- Vertex provides the correct tax back to Salesforce CPQ, so the quote is accurate.

All this happens within seconds, so the quote is always up to date with the latest, most accurate data, no matter how many times it's changed.

There are more than 13,000 tax districts in the U.S. alone, and their regulations change constantly, requiring expert maintenance of a tax database.

**By integrating Vertex's CPQ module—part of The Vertex for Salesforce CRM Connector—in a Salesforce CPQ implementation, businesses enjoy benefits including:**

- Reduced manual entry
- Higher accuracy levels
- More real-time reporting
- Increased productivity
- A faster order-to-pay cycle

**In addition, businesses are also able to:**

- Calculate sales, use, and value-added tax to keep transactions running smoothly for global e-commerce business.
- Utilize cross-border logic in place of supply routes.
- Have their tax calculations managed by experts without the need to update internal systems with changing tax rules and regulations.
- Eliminate the need for lengthy tax research and updates.

# Achieving an Expertly Maintained Solution for Sales Tax Determination

As we've said, with the Q2C process, it's essential for tax to be calculated quickly and with enhanced accuracy every time—whether it's a salesperson revising a quote, a customer changing the shipping address on a subscription, or finance generating an invoice. And that's where an expertly maintained solution for sales tax determination comes into play—one that is tightly integrated into every step of the Q2C process, and positively impacts enterprise risk delays, errors, and tax liability; improves their process and staffing costs; and lowers their audit and non-compliance risk.

Vertex provides that solution by offering connectors for Salesforce CRM, CPQ, and Billing, as well as many other enterprise software platforms as part of the AppExchange ecosystem. Fully integrated, these solutions automatically call out to the Vertex system to calculate the tax amount and get an accurate figure quickly, leveraging a single Vertex environment over multiple integration points to ensure consistency across systems and channels. In addition to streamlining the customer experience—and improving tax compliance—Vertex's connectors mean a single tax connector can deliver internal efficiencies for enterprises, leading to fewer resources for maintaining tax data or resolving discrepancies.

Finally, with the shift toward omnichannel business models, businesses have instantly expanded their global reach. With that comes the need to meet global tax and regulatory compliance requirements. As a result, having a solution that can support global tax determination and compliance needs is imperative.

> "With CPQ, customers can serve themselves, allowing them to access what they need, when they need it. The advantage of modern CPQ platforms is that you can build for one channel and re-use across others. So, when you build a CPQ flow for sales agents, you can also use it to build customer self-service."
>
> — Jennifer Romano, Accenture, **"How can CPQ transform CX faster and increase profitability?"** Oct. 15, 2021.

**VERTEX**®

Vertex is a leading global provider of indirect tax software and solutions. The company's mission is to deliver the most trusted tax technology enabling global businesses to transact, comply and grow with confidence. Vertex provides solutions that can be tailored to specific industries for major lines of indirect tax, including sales and consumer use, value added and payroll. Headquartered in North America, and with offices in South America and Europe, Vertex employs over 1,300 professionals and serves companies across the globe.

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Salesforce, the global CRM leader, empowers companies of every size and industry to digitally transform and create a 360° view of their customers. For more information about Salesforce (NYSE: CRM), visit: www.salesforce.com.

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