



Increase Your SaaS Sales with Lead-to-Order Efficiency

Presented by:
Jim Scheper
Vice President, Sales



Agenda

- ❖ **The Value of On-Demand Quoting and Configuration**
- ❖ **Solutions and Tools Typically Used**
- ❖ **Examine the Costs of an Inadequate Solution Process**
- ❖ **ROI and Business Case Initiative**
- ❖ **Benefits of Implementation of SaaS Quoting Solutions**
- ❖ **Overview of Application Features Available Today**



“We needed a solution that provides us with the most efficient **tools to boost our sales process and productivity**. Since we aggressively sell products through our **direct and channel partners globally**, our quoting and configuration application absolutely needs to have the ability to **easily maintain and update** our product catalog and price books while **reducing the costs of inaccurate orders**.”

Jim Crum, Director of Information Systems





High Level Functional Requirements For a Quoting Solution

- ❖ **1) Complicated product configuration, depth of options and calculations for performance issues, changing product specifications - *Traditional Manufacturers.***
- ❖ **2) Complex pricing scenarios with multi-level discounting and pricing for SKU's extending out to global users with price, currency and language requirements – Renewals contracts for M&S or subscription services - *Software ISV***
- ❖ **3) Several Product Categories - Approval process of one-off pricing requests is not efficient. Workflow rules around price and margin thresholds – packaging this into a standard quote or proposal format becomes a challenge – *Technology/Medical Products***



Current Tools/Applications in Use

Prior to Implementation of a SaaS Quote and Configuration Solution:

- ❖ Often using spreadsheets, word documents and other home-grown tools for calculations, rules, proposals and data maintenance
- ❖ On-Premise Point Solutions, Possible Legacy Tool Use

Challenges, Inefficiencies and Results of Use:

- Difficult to rapidly communicate latest product specifications and pricing to all direct and indirect sales channels
- High rate of errors in data submitted to order-entry system
- Inconsistent proposal formats and content
- Lack of control over pricing and approval process
- Too much replication of data, entry of order information



Defined Business Problems

- ❖ **Multiple pricing and quoting tools throughout the sales organization**
- ❖ **Order Accuracy of both price and product create challenges for Finance and Order Processing**
- ❖ **Time consuming workflow process for Approving Quotes**
- ❖ **No consistency of proposal content and message being sent to customers**
- ❖ **Challenge to support global users direct and partner resellers**
- ❖ **Recent acquisitions & mergers introduce new product lines and SKUs and pricing challenges**
- ❖ **Releasing new products and monthly/quarterly pricing updates is a challenge**
- ❖ **New licensing programs were devised – all products to be re-SKUed**



Desired Results

The quoting application must deliver the following:

- ❖ **Simplify the complex, ensure accurate data in the final order**
- ❖ **Eliminate Order write downs, rework, credits after the sale**
- ❖ **Process - Take the pain out of finding the correct SKUs & pricing AND receiving approvals for discounts and special products**
- ❖ **Allow reps to create quotes quickly with accurate up-to-date data and improve sales productivity**
- ❖ **Produce consistent & professional output in multiple formats & languages**
- ❖ **Integrate with legacy systems CRM, ERP, Order Systems**
- ❖ **Support dependent processes - opportunity management & negotiation**
- ❖ **Deliver one enterprise-wide quoting tool & retire point solutions, and tools.**



- ❖ **Identify critical areas of project opportunity - Identify the Pain...**
- ❖ **Analyze cost-benefits of implementing SaaS based Quote to Order System.**
- ❖ **Provide budgetary estimates for the delivery of an OnDemand Quoting and Configuration System**
- ❖ **Develop a specific project benefit in order to deliver key functionality while delivering a quick ROI.**



Project Opportunity & Objectives

- ❖ **Subscribing to an OnDemand Service will provide Superior Time to Value over Current tools or Building new tool**
 - Rapid ROI - Facilitate Growth
 - Allow Technical Resources to focus on other important projects
 - Better Manage Product Lifecycle & Pricing
- ❖ **Reduce Order Processing time with a system that enforces business rules & Automates Key Business Processes**
 - Reduced Quote Time with Automated Approval Process
 - Reduced Configuration Errors
 - Automate Renewals for Recurring Revenues
 - Reduce Labor in the Quote to Order Process
 - Reduce time spent on reviewing orders for SOX Compliance
- ❖ **Increase Revenue & Margins**
 - Sales Force Productivity
 - Sales Support / Cost Reductions
 - Enforce Discounting via rules and workflow



ROI Assessment \$100M Revenue

Sales Revenue Per Year	\$120,000,000
Number of Salespeople Partner/Resellers	120
Number of Company Sales Per Year	800
Gross Profit On Sales Revenue	35.00%
Percent (%) of Sales Submitted With Configuration and/or Pricing Errors	10.00%
Cost to Process A Sale With Configuration and/or Pricing Error	\$1,000
Percent (%) of Sales Lost Due to Configuration and/or Pricing Errors	1.00%
Average Sales Revenue Per Contract	\$150,000
Number of Sales With Configuration and/or Pricing Errors Per Year	80
Total Costs to “Fix” a Sale With Configuration and/or Pricing Errors	***\$80,000
Number of Sales Lost Due to Configuration and/or Pricing Errors Per Year	8
Sales Revenue Lost Due to Configuration and/or Pricing Errors Per Year	***\$1,200,000
Gross Profit Lost Due to Configuration and/or Pricing Errors Per Year	***\$420,000



ROI Potential \$500M Company

Benefits

Scenario A

Year 1

100%	Reduce time spent on correcting orders	\$54,958
100%	Reduced labor to rekey orders into Softrax	\$36,355
80%	Reduction in Order Concessions and Rework	\$200,000
1%	Increased Margin - Enforce Discounting Rules	\$5,000
100%	Lost Services Hours Revenue in Process (20% of Orders)	\$55,000
100%	Reduce labor submitting orders for SOX (20% of all Orders)	\$51,827
25%	Workflow - Reduce labor in approving orders	\$150,060
100%	Reduce labor due to automating renewal process	\$35,577
1%	Increased Revenue @ Quota (Net Profit) per SE	\$50,000
1%	Increased Revenue Quota (Net Profit) per SR	\$7,000
	Savings and Additional Gross Profit Subtotal	\$645,777



Ordering Write-offs/Concessions/Margin Hits \$1B Company

- ❖ **Margin reductions caused by order errors**
- ❖ **Revenue Recognition Errors**
- ❖ **Margin Lost to uncontrolled Discounting**
- ❖ **Amount Firepond OnDemand CPQ 3 Year Impact:**
 - **Impact of Quote to Order System Calculated**
 - **Up sell Services** \$255,000 (255 Orders @ \$1000 order)
 - **Concessions & Rework** \$393,614 (.5% of all Orders)
 - **Uncontrolled Discounting** \$224,992 (2% Orders @ +1% =22%)
- ❖ **Year 1 Improvement Factor = \$873,606**
- ❖ **Less year one investment \$225,000**
- ❖ **Total Return \$600K+ Year One**



Identified Project Benefits

❖ Order Management Costs

- Reducing the number of orders that require moderate or heavy validation

❖ Write-offs/Discount Management

- Order Errors that result in Write-off Goodwill, Returns, and Re-orders
- Process for providing pricing parameters along approval management

❖ Sales Productivity

- Improve Deal Approval Time at Critical Month/Quarter/Year End
- Increased Sales Orders due to Efficiency Improvements
- Increased Order Size due to Cross-Sell and Up-sell



Application Screen Shots

File Edit View History Bookmarks Tools Help

https://na5.salesforce.com/0067000000FBXTF

Google



Setup System Log Help Logout

force.com apps Sales

Home Leads Accounts Contacts Opportunities Reports Dashboards Documents

Search

Search All

Go!

Limit to items I own

Advanced Search...

Create New...

Recent Items

- MedSoft Oppty 1stQ
- MedSoft Oppty Q2
- Actuate Corp. Oppty Q1
- REDBACK Oppty Q1
- OLP Demo V3
- WebMetrics Oppty Demo1
- Compuware
- OpenSolution Parent v3
- William Geoff
- Bob Jones

Recycle Bin

Opportunity MedSoft Oppty 1stQ

Printable View | Customize Page | Help for this Page

Products (Standard Price Book) | Line Items | Contact Roles | Notes & Attachments | Activity History | Stage History | NestedProds

Opportunity Detail

Edit Delete Clone Add/Edit Quotes v1 Add/Edit Quotes v2

Opportunity Owner	Rod Larson [Change]	Amount	USD 0.00
Opportunity Name	MedSoft Oppty 1stQ	Expected Revenue	USD 0.00
Account Name	Edge Communications	Close Date	6/15/2009
Type	New Customer	Stage	Proposal/Price Quote
Providers		Probability (%)	75%
Customer ID Number		Partner Discount	
Full Assets (Millions)		Service Contact	
BU Opportunity Type		Service Contact Phone	
		Service Contact Email	

Additional Information

Edit Delete Clone Add/Edit Quotes v1 Add/Edit Quotes v2

Products (Standard Price Book)

Choose Price Book Add Product v1 Add Product v2

Products (Standard Price Book) Help

No records to display

Line Items

New Line Item

Line Items Help

No records to display

Contact Roles

New

Contact Roles Help

No records to display

Search
 Search All ▼

 Go!
 Limit to items I own
 Advanced Search...
 Create New... ▼

- Recent Items**
- MedSoft Oppty 1stQ
 - MedSoft Oppty Q2
 - Actuate Corp. Oppty Q1
 - REDBACK. Oppty Q1
 - OLP Demo V3
 - WebMetrics Oppty Demo1
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Recycle Bin

Product Required Fields Help

Back Next Cancel

Type of Product Family selections:

- Product Family 1 (Version/OS based approach)
- Product Family 2 (User based approach)

Select Product Version:

- Version 4.0
- Version 4.5
- Version 5.0
- Version 5.5

Select Operation System:

- Windows XP
- Windows Server 2008
- Linux
- Solaris
- HP-UX
- AIX

Pricing Model:

- License
- Subscription
- Open

Back Next Cancel

Search
 Search All
 Limit to items I own
 Advanced Search...

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Recycle Bin

Product Solution
 MedWeRx Solutions

firepond POWERED BY

Dynamic Tabs

Price Summary Selection Summary Solution Notes

Filters

MedWeRx Solutions	
Base Software Pricing	\$0.00
Module Software Discount	(\$0.00)
Third Party Software Funding	(\$0.00)
Adjusted Software & Maintenance Amount	\$0.00
Content Fees (Annual Amount)	\$0.00
Commissionable Margin	\$0.00
Estimated Commission	\$0.00

Dynamic Images or Logos

Multiple Catalog Search Types

Options: All Catalog Search: None

Dynamic Catalog Tree Structure

- Catalog: Oct. 1, 2008 v.09
 - MedWeRx Solution
 - Software Packages
 - Software Modules
 - Interfaces / Conversions
 - Maintenance
 - Pricing Adjustments
 - AdditionalComponents

Dynamic Items display

Software Packages

Items per page: 20

Description	
<input checked="" type="checkbox"/>	Open Cafeteria (No Package)
<input type="checkbox"/>	EMR Package
<input type="checkbox"/>	EMR Upgrade Package
<input type="checkbox"/>	Add-On Licenses

« [Back to SFDC Opportunity](#) · [MedSoft Oppty 1stQ](#)

Quote Summary

[Edit](#) [Delete](#) [Copy](#) [View Printable](#) [Export](#)

Quote ID	FP181-007-0030000281	Total Amount	\$242,371.58
Quote Name	New Quote	Total Products	\$306,799.47
Primary	<input checked="" type="checkbox"/>	Total Quote Level Discounts	(\$64,427.89)
Last Exported	1/2/2009 5:05 PM	Workflow	Send for Management Approval ⓘ
Expiration Date	2/2/2009		
Description			
Notes			
Created By	Rod Larson, 1/2/2009 5:04 PM	Last Modified By	Rod Larson, 1/12/2009 1:58 PM

[Edit](#) [Delete](#) [Copy](#) [View Printable](#) [Export](#)

Product Solutions

[New](#) [Sort](#)

[Customize Table](#)

Action	Display Name	Workflow	Include	Quoted Price	Last Modified
Edit Del Customize	MedWeRx Solutions	No Approval Required	<input checked="" type="checkbox"/>	\$306,799.47	1/5/2009 1:35 PM
					Total Products \$306,799.47

Discounts

[New](#)

Action	Description	Include	Basis Type	%	Amount
Edit Del	One Time Discount	<input checked="" type="checkbox"/>	Percent	21.0	(\$64,427.89)
					Total Discounts (\$64,427.89)

Firepond Approvals

- [Workflow Console v1](#)
- [Workflow Console v2](#)

Firepond Setup

- [Admin Console v1](#)
- [Admin Console v2](#)

Search

Search All

Limit to items I own

[Advanced Search...](#)

Recent Items

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- [MedSoft Oppty 2ndQ](#)
- [OpenSolution Parent v3](#)
- [Compuware Oppty 2ndQ](#)
- [Ashland Oppty 2ndQ](#)
- [MedSoft Oppty Q2](#)
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- [REDBACK. Oppty Q1](#)
- [OLP Demo V3](#)
- [WebMetrics Oppty Demo1](#)

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Opportunity [Printable View](#) | [Customize Page](#) | [Help for this Page](#) 

MedSoft Oppty 1stQ

[◀ Back to List: Opportunities](#)

[Products \(Standard Price Book\) \[2\]](#) | [Line Items \[15\]](#) | [Contact Roles \[0\]](#) | [Notes & Attachments \[0\]](#) | [Activity History \[0\]](#) | [Stage History \[4\]](#) | [NestedProds \[0\]](#)

Opportunity Detail

Opportunity Owner	Rod Larson [Change]	Amount	USD 242,371.58
Opportunity Name	MedSoft Oppty 1stQ	Expected Revenue	USD 181,778.68
Account Name	Edge Communications	Close Date	6/15/2009
Type	New Customer	Stage	Proposal/Price Quote
		Probability (%)	75%

[▶ Other Information](#)

[▶ Additional Information](#)

Products (Standard Price Book)

[Products \(Standard Price Book\) Help](#) 

Action	Product	Line Description	Sales Price	Modified By
Edit Del	MedWeRx Solutions	MedWeRx Solutions	USD 306,799.47	Rod Larson , 1/12/2009 6:07 PM
Edit Del	One Time Discount	One Time Discount	USD -64,427.89	Rod Larson , 1/12/2009 6:07 PM

Line Items

[Line Items Help](#) 

Action	Option Name	Description	Unit Price	Quantity	Quoted Price	InstallCost
Edit Del	5738-B	BaseForm Module	USD 11,630.33	3.00	USD 34,891.00	USD 392.96
Edit Del	5740-R	Rx+ Module	USD 7,926.67	3.00	USD 23,780.00	USD 1,386.90
Edit Del	5742-C	Charge Module	USD 12,976.77	3.00	USD 38,930.32	USD 1,152.05
Edit Del	5746-Do	Document Module	USD 6,897.57	3.00	USD 20,692.70	USD 806.71
Edit Del	5748-R	Result Module	USD 6,721.27	3.00	USD 20,163.80	USD 707.32
Edit Del	5750-Q	Order Module	USD 6,696.67	3.00	USD 20,090.00	USD 693.45
Edit Del	5752-N	Notes Module	USD 7,844.67	3.00	USD 23,534.00	USD 1,340.67
Edit Del	5756-F	Forms Module	USD 7,653.33	3.00	USD 22,960.00	USD 462.30
Edit Del	6186-RS	Reg/Sched - Inbound - All Products	USD 15,000.00	1.00	USD 15,000.00	USD 6,934.50
Edit Del	6187-PL	Patient List - Inbound - Charge	USD 15,000.00	1.00	USD 15,000.00	USD 6,934.50
Edit Del	6192-T	Transcription - Inbound - Document	USD 10,000.00	1.00	USD 10,000.00	USD 4,623.00
Edit Del	6194-C	Charge - Outbound - Charge	USD 30,000.00	1.00	USD 30,000.00	USD 13,869.00
Edit Del	6195-R	Result - Inbound (per lab or rad)	USD 15,000.00	1.00	USD 15,000.00	USD 6,934.50



OnDemand Quoting & Order System

❖ Summary of business benefits that can be realized through the adoption of the Firepond OnDemand CPQ:

- Assisted selling tools that accurately guide sales reps through the sale of complex products & services with Integration to Salesforce.com
- Global users access the application efficiently and easily
- Reduced Quote to Order time by eliminating inaccurate orders, while automating the Quote review process and Order Entry process.
- Insure SOX Compliance during the Quote to Order Process
- Automate the Renewal of Reoccurring Revenue
- Potential to increase revenue and margins by enforcing sales & pricing while insuring order accuracy
- Provide Management with a view into Sales Forecast via Integration to CRM - Salesforce.com

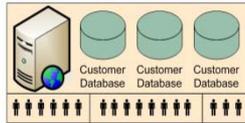


Firepond Key Differentiators

❖ Single Tenant (Isolated) Architecture



❖ Multi-Tenant Architecture



❖ Gartner SaaS Compliant

❖ Firepond integrates with the premier OnDemand CRM application Salesforce

❖ Ease of use/usability – leverage the Salesforce user experience resulting in high user adoption



❖ Flexible, easy to use administration tools: data and user setup and maintenance

❖ 25 years in business. Average tenure of employees 10+ years in the Configuration, Price & Quote market

❖ Scalable: Currently supports thousands of users who generate \$ Billions in proposals





Firepond Customers

Manufacturing



High Technology / Software



Medical/Telco/Other



Enterprise Customers/Partners





Contact Information

For a Free ROI Calculator and/or Consultation, Contact:

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