THE ULTIMATE GUIDE TO QUOTE-TO-CASH
Why You Should Read The Ultimate Guide to Quote-to-Cash

If you’re looking to streamline sales cycles, increase deal sizes, eliminate risk from your financial agreements, and improve collaboration between Sales, Finance, Legal, and Operations, you’ve come to the right place.

The Ultimate Guide to Quote-to-Cash is your ticket to understanding today’s fastest growing business-critical process. Just by reading this guide, you are giving yourself—and your entire organization—a leg up when it comes to effectively generating, collecting and managing revenue.

Whether you are in Sales, Sales Ops, Legal, Finance, Operations, or any management position, you share one common goal with everyone else in your company—the desire to drive revenue. Understanding and optimizing the Quote-to-Cash process will allow you to accomplish this, while also reducing risk and increasing sales efficiency.

In this guide, you will find a step-by-step overview of the Quote-to-Cash process, and the challenges—and opportunities—of each stage, so you can manage the Quote-to-Cash process more proactively, and take the steps needed to drive better business results.

Read on to learn how to turn product interest into products sold, realized revenue and repeat business, easier and faster than ever before.
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What is Quote-to-Cash?

Simply put, Quote-to-Cash is today’s most important business process. Quote-to-Cash describes the end-to-end process that covers your entire sales lifecycle—from product and service configuration, to pricing, quote creation, contract negotiation and execution, all the way through to invoicing, billing, orders, revenue recognition and renewals. A streamlined Quote-to-Cash process makes “closing deals” a highly visible, effective, and integrated process that can be managed—even across geographies—all in one place.

**Quote-to-Cash Must Be Integrated from End-to-End**

For many organizations, the elements of the Quote-to-Cash process; namely, quotes, contracts, and revenue collection, are treated as siloed, independent processes. But managing each piece separately and manually introduces tremendous inefficiencies to your sales cycle and opens your deals up to risk.

When you integrate the Quote-to-Cash process, you optimize the highly collaborative aspects of quoting, contracts, and revenue collection, bring visibility to everyone involved, and speed sales and contracting cycles. In turn, this enables you to close a higher percentage of your deals, increase customer satisfaction, beat your competition, and most importantly, grow revenue.

With an optimized Quote-to-Cash process, sales reps can see which product combinations are most profitable, which discounts, bundles and add-ons can increase a deal’s value, and which deals are up for renewal. Legal can drive more favorable deals by flowing up-to-date Legal language from quotes to contracts, and Finance can recognize revenue faster and more accurately. Finally, when your Quote-to-Cash process is optimized, executives have the visibility to confidentially assess cash flow, and ensure business is running effectively.

On the next page, we’ll explain the components of the Quote-to-Cash process, and share how managing these components holistically can help you grow revenue, reduce costs and minimize risk.
From Quote-to-Cash in Ten Steps

There’s a lot of under-the-hood work that goes into closing a deal. Here is an outline of the ten critical steps that bring your deals to close.

1. **Configuration**: An ideal combination of products and services is created

   Configuration—identifying the right combination of goods and services to recommend to the customer—is the first step toward closing a deal. And depending on the complexity of your product lines, it might be more difficult than you think. For example, if your products come with a variety of options, upgrades and services—such as warranties or rebates—deal configuration may present multiple opportunities for error.

   To successfully navigate product configuration, you need skilled reps that can listen to the customer’s needs, and then recommend a combination of products and services that best align with what the customer wants. While your best reps can do this in their sleep, it gets tricky when you have a constantly changing product catalog, high turnover, or rapid growth. If you want all your reps to be configuration experts, you need an automatic way to guide reps to the right product.

2. **Pricing**: Discounts, promotions and bundles are applied

   When it comes to pricing, identifying the right price for your products is only half the battle. Pricing can be an incredible complicated subject, and there are whole classes—and even degree programs—dedicated to defining an effective strategy. But in the Quote-to-Cash world, “pricing” refers to the set of rules that dictate how Sales can price a deal, and what creative incentives can be offered to the customer without cutting into margins.

   Pricing is the best way to influence behavior—not only your customers’ behavior but your reps and partners too—so pricing should be determined strategically. It should give your reps the ability to push deals across the finish line without impacting deal profitability, and be flexible enough to change with the market while consistent enough to maximize the output of all your channels.

3. **Quoting**: A quote is generated, approved and sent to the customer

   Quotes are an extremely important part of the sales cycle. Not only are quotes the blueprint for your contract, but they are often the first impression you leave on your customer. Quotes give you an opportunity to make a strong brand impression, and demonstrate your commitment to the customer. But they can also introduce risk—while an accurate, polished quote is a step toward closing, a delayed, error-filled quote can torpedo the deal.
Quoting typically causes a lot of stress during the sales process because effective quoting requires speed and accuracy, which can be hard to balance. Everyone wants the first-mover advantage, but quality control is equally important. To be successful, you need a quote approval process that introduces control but not bottlenecks. When too many people need to weigh in on the quote, or too many people across different buildings, geographies and time zones need to approve, you set your deals up for trouble. But if there isn’t a proper review process, your quotes will likely include mistakes.

4. **Contract Creation:** A contract or order form is created

Whether you call them “orders” or “contracts,” all deals end with an agreement that includes a set of terms and conditions.

Business agreements carry a lot of risk, and effective contract management is the best way to prevent that risk from impacting your revenue stream. When it comes to protecting your business, the details matter—especially when there are millions of dollars on the line.

As contracts are created, it’s important to ensure that the right people have visibility into things like built-in renewal clauses, ramp pricing or termination clauses, and anything else that could introduce risk to the deal. And if you want to give multiple people in your organization the ability to create contracts, it’s best to rely on a partner or customer portal, where contracts can be requested—and the correct language populated, automatically.

5. **Contract Negotiation:** Contract terms and clauses are redlined and changed

If you’ve ever been involved in contract negotiation, you know that these living, changing documents always represent a compromise. That’s why it’s important to start negotiating from a position of strength. You can set yourself up for success here by paying close attention to the terms and conditions, and employing a thorough review process before the contract ever reaches the customer.

Once you begin negotiations, it’s critical to get detailed visibility into what is changing in your contracts, and to give Legal the ability to quickly intercede if something is added or removed that will negatively impact the profitability of the deal. You don’t want your expensive Legal resources combing through contracts line-by-line, so the ability to identify changes or irregularities is key.

And if you’re negotiating a deal on third-party paper, getting visibility into how the third party’s terms and conditions differ from your own standard language is an important part of effective due-diligence.
6. **Contract Execution**: An approved contract is signed and the deal is finalized

Getting the contract inked is the last thing you want slowing down your deals. That’s why it’s important to make it as easy as possible for your clients to return signed agreements. If you don’t want your clients to waste any time printing out a document, walking it around the office for signatures, and potentially forgetting about it, e-signature tools can provide a faster, more automated way to close deals. E-signature tools give you visibility into who has already signed the document, where the bottlenecks might be, and make it easy to send laggards a gentle reminder to keep the process moving along.

7. **Order Fulfillment**: The order is received, processed and delivered

Once a contract is signed, Operations (usually a fulfillment center or a services implementation team) kicks into high gear to ensure the right products are delivered to the customer fast. During this part of the deal, an integrated, streamlined process can give you the visibility you need to stay abreast of inflight changes to the order, as well as changing delivery conditions and requirements.

Ideally, your Quote-to-Cash solution should provide ongoing visibility to the fulfillment center and support teams, so there are never surprises when a deal closes. It should also be able to flow order details from the quote to the contract and through to your enterprise resource management (ERP) system or order management system, and back again to your CRM to enable fast, more intelligent renewals.

8. **Billing**: Final charges are calculated and an invoice is sent to the customer

Billing can be complicated, but it’s important to get it right as it’s an integral part of cash forecasting and revenue recognition. Your billing schedule is what ultimately determines your cash flow, so if you aren’t punctually billing customers or collecting the correct amounts, your funds will suffer.

When your invoices are incorrect, your billing time frames are inflexible, or you’re slow to send the bill, you’re telling your customers that you don’t care about making business easy. That, once they sign the contract, they’re on their own.

But when you make Quote-to-Cash a smooth, streamlined process, billing is easy. If you can automatically pass everything captured in the quote to the contract and on then on to your finance team, getting correct terms, billing information, and renewal information is automatic, and the risk of frustrating your customers dramatically decreases.

9. **Revenue Recognition**: Cash is received

If you’ve done everything right in the Quote-to-Cash process, you’ll eventually close the deal. But closing a deal, and recognizing cash are not the same thing. Unless you’re in Finance, you probably don’t think much about revenue recognition, but recognizing revenue incorrectly introduces a lot of risk—for public
companies, it is part of your valuation, and can even make your stock plummet!

When the important details in your contract terms, like pricing, net payment terms and delivery schedules, are made available to the people writing the invoices, you are more likely to recognize revenue correctly, and keep cash flowing smoothly to the business.

10. Renew: Manage customer retention and recurring revenue

Remember, an enormous percentage of revenue comes from repeat or subscription customers, so Quote-to-Cash is an ongoing process. Even if you aren’t selling a service or a subscription, there is still tremendous revenue potential in your customer base from upsells and cross-sells, so it’s important to stay on top of contract renewals and customer buying history. This is why so many best-in-class organizations have adopted Quote-to-Cash solutions to shorten renewal cycle times, increase renewal deal size and reduce churn.

How Quote-to-Cash Impacts Your Business

As you can see, Quote-to-Cash impacts almost everyone and every process in your organization. In organizations where the Quote-to-Cash process is manual and disconnected, each of these teams faces extreme challenges when it comes to quickly and effectively completing their role in the sales cycle. In this next section, we’ll take a look at how Quote-to-Cash impacts four key departments in your company—Sales, Finance, Legal, and Operations—and examine some of the key challenges these departments face in the quest for cash.
Sales and Sales Operations

“If I can wrap upsells and cross-sells and offer intelligent discounts and bundling options, I know I can increase the size of the deal. But most importantly, the quote has to be accurate, and I have to get it to the customer fast!”

Sales and sales operations professionals are usually very familiar with the challenges of the Quote-to-Cash process—especially if that process is manual. When sales cycles drag or reps can’t meet their quotas, it’s a sure sign that your Quote-to-Cash process needs an overhaul.

What makes the Quote-to-Cash process difficult for Sales? Common challenges include a changing or growing product catalog, disagreements around what discounts to offer, and difficulties or delays getting quotes and contracts approved.

When Quote-to-Cash is a Problem for Sales:

- Reps respond slower than competitors to customer requests
- Execs are needed to approve even routine deals
- Reps lack the product and catalog knowledge to make effective customer recommendations
- Reps get bogged down in manual, error-prone processes
- Reps are unable to create bundles and kits for solution selling
- Low quota attainment and high sales turnover
- Inability to upsell and cross-sell
- Low customer renewal rates
- Renewals are not given priority as revenue opportunities
- Rogue discounting is common and tolerated
- Sales quotes products that can’t be built
- Quotes are unprofessionally presented, poorly branded
- Inability to respond to competitive pricing pressures
Finance

“Our shareholders expect us to provide accurate revenue forecasts. But it’s a moving target. Invoice credits, performance bonuses, special discounts, non-standard payment terms, product bundles, regional differences—they’re all over the place and drastically impact when we’re allowed to realize revenue.”

When you’re thinking about who’s involved in an optimized deal flow, Finance may not be the first department that comes to your mind. But Finance is chiefly concerned with revenue growth and profitability. Not to mention, today’s CFOs are also under a lot of pressure to drive effective operations, and achieve better business results in new, innovative ways.

For Finance to be successful the financial process must be efficient and transparent—visibility is the key. Effective use of Quote-to-Cash technology is incredibly helpful to Finance because the same data that is found in contracts—like pricing, renewal uplifts, and expirations—can be used to more accurately forecast revenue, and when this data connects with backend systems, it can be used to assess deal profitability.

When Quote-to-Cash is a Problem for Finance

- Limited visibility into spending across various lines of business
- Lack of insight into customer obligations and increase clauses
- Revenue left on the table
- Rogue discounting and reps turning unprofitable deals to hit numbers
- Billing schedules frequently do not align with contract terms
- Manual effort needed to map rogue deal structures to approved financial policies
- Inefficiencies to collect revenue after the deal is closed
- Difficult to track or collect on complex invoices for swaps, upgrades, co-terminations and true-ups
- Contracts are paid above agreed-upon rates
- Takes too long to monetize acquired products through current channels
- Legacy sales systems are expensive to upgrade/update
"It's always a back and forth struggle between wanting to help Sales close deals quickly and making sure they include the necessary terms—and the most up-to-date language—to avoid putting our company at risk."

Legal’s primary responsibility is to ensure legal compliance, and manage corporate risk. Time is often divided between putting out fires (i.e. "we need this contract immediately!") and ensuring the business is taking the proper steps to avoid risk. Legal’s biggest challenge is often visibility—and if you can’t see it, you can’t control it. While Legal’s preference is to be meticulous, and examine contracts with a fine toothcomb, Legal teams are also pressured by Sales to get out of the way so deals can be closed fast.

For manual, paper-based Legal departments, ensuring compliance is a challenge! Without legal playbooks or templates, every contract is a one-off proposition, contract cycles lag, and errors increase.

When Quote-to-Cash is a Problem for Legal:

- No visibility into contract changes, operational challenges and bottlenecks
- Inconsistent approval process for contracts
- No visibility into expiring contracts, renewals and compliance
- Outdated and inconsistent legal language and errors in agreements
- Unfavorable vendor contracts automatically renew without review
- Non-standard legal language and errors in agreements
- No visibility into contract compliance, changes or amendments
- Unanticipated fines and litigation costs
Operations

“We carry the company on our back, and we do it with fragmented processes, and with limited visibility into customer data, service contracts, warranties and entitlements.”

“Operations” refers to a wide range of roles and responsibilities, and can even include professional services groups, call centers, or customer success teams, alongside the more traditional inventory and logistics groups.

For most operations teams, efficiency and costs are a top concern. So when there is no integration between quotes, contracts, and order fulfillment, order errors, expensive rework costs, and supply chain inefficiencies cause immense headache and grief.

When Quote-to-Cash is a Problem for Operations:

- Limited visibility into transactions in flight and how they impact business strategy
- It takes too long to collect revenue after the deal is closed
- No visibility into operational challenges and bottlenecks
- High operational and rework costs
- Legacy sales systems are expensive to upgrade/update
- Rogue supplier spend goes unchecked and unnoticed
- Inability to handle payments for credit cards, ACH transactions and purchase orders
- Bundles and kits are often delivered with missing parts
- Disconnected systems and manual processes
Quote-to-Cash Automation Bridges the Gap in Enterprise Silos

If your Quote-to-Cash process is difficult, it’s most likely because you’re dealing with siloed processes and homegrown or point solutions with limited connectivity.

To make closing deals a holistic repeatable process, boost revenue, improve customer responsiveness and reduce risks, you need a suite of tools that connect the Quote-to-Cash process from end-to-end.

The ROI of Quote-to-Cash:

- **105%** larger deal size
- **49%** higher proposal volume
- **28%** shorter sales cycle
- **26%** more reps achieving quota
- **17%** higher lead to conversion rate

Source: Aberdeen Group’s “Breaking the Laws of Physics: Shortening the Last Mile Through Workflow Automation” by Peter Ostrow (April 2013)
Why Apttus

What makes Apttus the clear Quote-to-Cash choice for more than 500,000 users. Our comprehensive functionality, innovative usability, and world-class cloud delivery on Salesforce1 set us apart from all other Quote-to-Cash solutions on the market.

Apttus offers true enterprise capabilities with multi-channel support, e-commerce, support for multiple languages and currencies, comprehensive reporting and real time analytics built right in.

Apttus has carved out the fullest, most comprehensive Quote-to-Cash footprint to date, so no matter how complex your business gets, we have the tools to support you.

What Apttus Customers Have Experienced:

- 30% deal size increase for new deals
- 20% increase in renewal contract value
- 25% reduction in rogue discounting
- 80% faster time to quote
- 80% faster contract process
Quote-to-Cash Case Study - Ceridian

Once Ceridian’s sales and legal evaluation teams reviewed Apttus’ products, we quickly realized we needed Apttus’ end-to-end Quote-to-Cash solutions to manage the complexity of offerings driven by our expanding product catalog.

- Larry Dunivan, Executive Vice President and CIO, Ceridian HCM

With a growing sales team expanding into new markets, Ceridian required a solution to manage an increasingly complex sales process and growing product catalog. The company turned to Apttus to provide a Quote-to-Cash solution that:

- Provides sales reps with the flexibility to respond to customer-desired configurations of products and services while maintaining internal controls on approvals and agreement terms
- Gives reps efficient access to information within existing customer agreements to both better manage accounts and expand opportunities with current customers
- Allows reps to complete quotes and obtain approvals on iPads while keeping all customer data synchronized.

Summary

Quote-to-Cash is the single link between top-line growth, bottom-line results and customer satisfaction. No other process is as critical for maximizing the value of capturing revenue in a profitable way as well as meeting the needs of customer sales requests. This process relies on the collective intelligence of the enterprise. The impact of accurate quotes, proposals, contracts and orders make the flow of all data and processes within an enterprise work smoothly, thus creating value for enterprises and their partners and customers.

About Apttus

Apttus, the category-defining Quote-to-Cash software company, drives the vital business process between the buyer’s interest in a purchase and the realization of revenue. Apttus is delivered on the Salesforce1 Platform, the world’s most trusted and comprehensive cloud delivery infrastructure. Applications include Configure-Price-Quote (CPQ), Renewals, Contract Management and Revenue Management. Additionally, Apttus’ patent pending X-Author technology enables Microsoft Office to be a user-interface with full interaction and control between Salesforce™ and Microsoft Office. Apttus is based in San Mateo, California, with additional offices in London, UK, Bozeman, Montana and Ahmedabad, India. For more information visit: www.apttus.com