

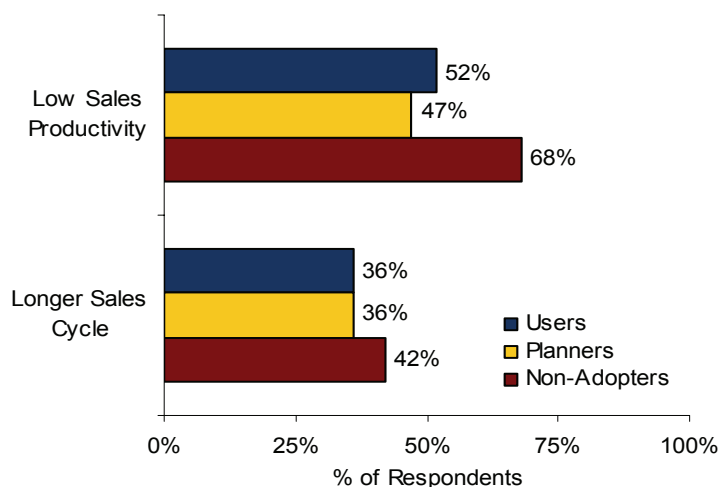
Product Configuration + Proposal Automation = Faster Closes

As some organizations struggle with ways to increase sales productivity and overall sales effectiveness, other companies are implementing technological solutions to reduce the amount of time sales representatives spend on manual processes. Research conducted for Aberdeen Group's July 2007 benchmark report *Sales Effectiveness: Getting Sales Back to Selling* revealed that sales configuration and document automation solutions help companies reduce the length of their sales cycle by an average of seven days. Furthermore, companies currently using document automation are more likely to monitor their performance in key areas, such as conversion rates, customer acquisition costs, and average order margins. These organizations, with insight into KPI performance, are able to book orders 33% faster than other companies. This Sector Insight examines the performance of companies that currently use (users), plan to use (planners), or do not plan to use (non-adopters) proposal generators, product configuration tools, and order / quote generators.

The Road to Sales Productivity - Paved with Technology

Sales effectiveness is the art, skill, and practice of maximizing top-line revenue by quickly closing a number of deals. Fifty-two percent (52%) of the solution users contacted by Aberdeen indicate that low sales productivity, such as missed quotas and stalled sales opportunity, is the top factor causing organizations to focus resources on sales effectiveness (Figure 1).

Figure 1: Top Pressures to Increase Sales Effectiveness



Source: Aberdeen Group, October 2007

Sector Insight

Aberdeen's Sector Insights provide strategic introspective and analysis of primary research results by industry, market segment, or geography

Recommendations for Action

- ✓ Define and measure key performance metrics
- ✓ Develop formal proposal generation process
- ✓ Implement technology to automate existing processes

Sector Definition

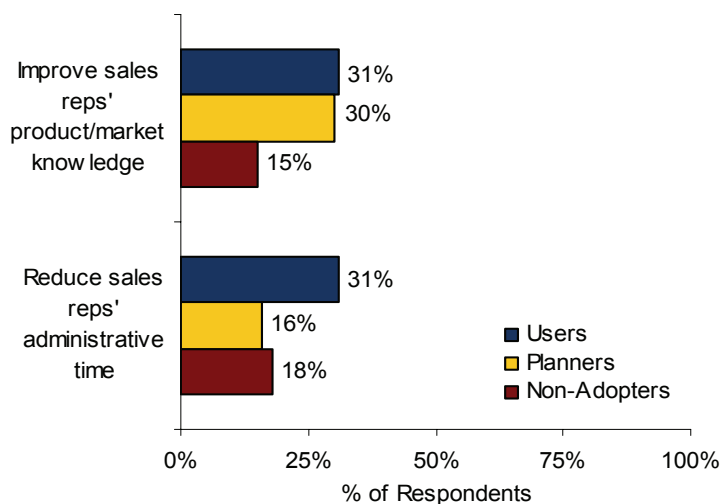
In June to July, 2007, Aberdeen surveyed 305 companies on sales effectiveness. This report separates those companies into three categories based on their usage of proposal generators, product configuration tools, and order / quote generators:

- ✓ Users (35) - currently use all three categories
- ✓ Planners (37) - plan to use all three categories
- ✓ Non-adopters (60) - do not plan to use any category

Despite the fact that non-adopters are most likely to feel pressured by low sales productivity and longer sales cycles, cited by 68% and 42% of survey respondents respectively, the strategic actions implemented to alleviate these pressures differ between users and planners.

Users and planners are both focused on improving the sales representatives' knowledge of products, customer needs, and competitive offerings (31% and 30% respectively). Users are also taking action to reduce sales representatives' non-selling time (31%), compared to 18% of non-adopters (Figure 2). Planners will combine a reduction in administrative time (16%) with increasing sales representatives' selling skills (22%) to increase overall sales effectiveness.

Figure 2: Strategic Actions



Source: Aberdeen Group, July 2007

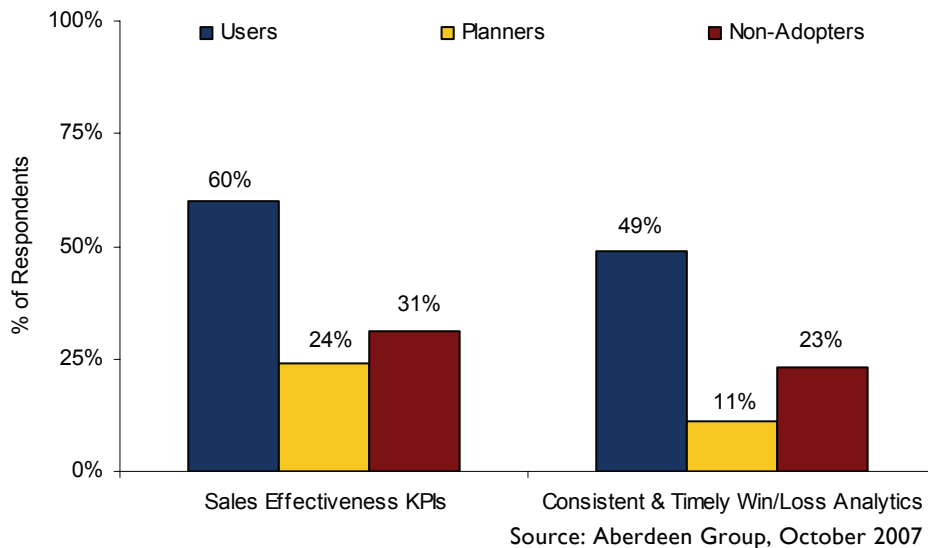
In order to achieve the overall goal of increased sales productivity and decreased length of the sales cycle, companies are turning to document automation for help. Those companies (users) that currently leverage proposal generators, product configuration tools, and order / quote generators ensure that their sales representatives spend less time preparing client-facing documents and more time selling. Moreover, the materials they present to clients are crafted using collected best practices to result in higher closer rates.

Non-adopters do not have a cohesive set of targeted actions to improve sales effectiveness. With only 15% planning to improve representatives' product / market knowledge and 18% aiming to reduce representatives' admin time, it is not surprising that a majority of non-adopters are pressured by low sales productivity.

Measurement Capabilities a Key to Success

Users are at least 25% more likely to have the capability to measure their performance than other companies. While half of planners surveyed indicated they will leverage these capabilities in the future, less than one-quarter currently have programs in place.

Figure 3: Performance Measurement Capabilities

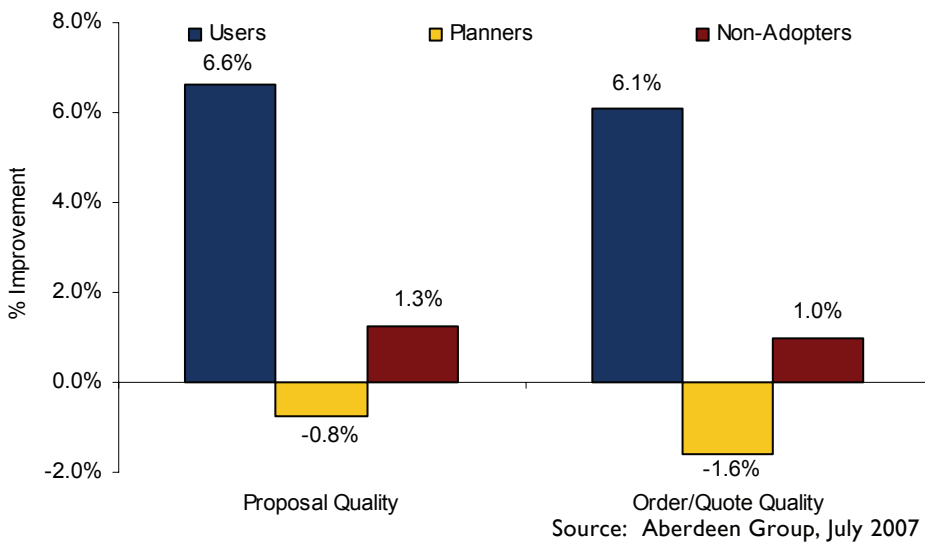


Performance measurement allows companies to take action and better utilize the technology enablers deployed to their sales force (Figure 3). With 60% of users currently measuring sales effectiveness KPIs, and nearly half conducting consistent win / loss analysis on every deal in a timely manner, it follows that users achieve higher performance than planners and non-adopters.

Technology Adoption Results in Efficient Pipeline

The key to increasing sales effectiveness is to move high quality leads through the sales pipeline in a timely and efficient manner, thereby resulting in heightened productivity and shorter sales cycles. Aberdeen research reveals that document automation technologies enable users to move leads through the sales pipeline more quickly. Users are able to generate a proposal 12% faster than all others, 5.0 days versus 5.7 days respectively. Furthermore, users that implement document automation technologies are able to book orders 33% faster than planners and non-adopters, 5.5 days versus 8.3 days respectively. The adoption of document automation technologies helps users achieve their ultimate goal of sales effectiveness by reducing the sales cycle by 7% compared to planners and non-adopters, 100 days versus 107 days respectively.

Figure 4: Document Automation Successes



As shown in Figure 4, users of document automation technologies experience better year-over-year performance in key metrics compared to planners and non-adopters. For example, users improved their bid-to-win rates 6.1%, compared to the 0.1% increase experienced by planners and non-adopters. Furthermore, users are able to save additional resources by lowering their customer acquisition costs by 5.0%, compared to the 1.8% reduction of the same metric by planners and non-adopters.

Aberdeen research reveals that the basic features of document automation are significantly impacting improvement in the quality of proposals and order / quotes. For instance, Users rate their quality improvement for proposals at 6.6%; the quality improvement for order / quotes is rated at 6.1%. Those companies who plan to implement document automation technologies rated themselves with less quality than the previous year.

Case in Point

Elekta, a medical technology company headquartered in Stockholm, Sweden, is a leading provider of state-of-the-art medical tools designed to aid medical specialists in their fight against serious disease. Once Elekta started building up the business through the purchase of radiation and oncology technologies, the need for a global system to be used internally for configuration and forecasting, as well as for sales people to prepare quotes, became a priority. The goal was to implement a solution that allowed guided selling and product configurations with a system of checks and balances to make sure it's technically correct.

One challenge the company faced was finding a product configuration process that would work well with Elekta's technical complex and modular products. The time-consuming process of a salesperson passing over customer needs to the product management department responsible for

"We are setting up guided selling processes and technologies for our sales force that we will leverage on the internet to provide our customers with self-service product configuration and pricing. Soon a Neurosurgeon or Radiation Oncologist will be able to configure the treatment system online the same as they could do for their new car. Not only is this easier for the customer to get the product they need, it will greatly reduce the length of our sales cycle."

~ Peter Gaccione, VP Global Marketing, Elekta

configuring it and generating the quote was quite cumbersome. Elekta envisioned speeding up the process by granting their salespeople the ability to configure the systems in collaboration with customers, without the need for numerous iterations with product management. This newly automated process is reducing the length of the sales cycle as the products are correctly configured from the outset.

In addition to the need for a front-end configuration and quote generator that tied back into their internal system to forecast, thereby ensuring that a sale doesn't get ahead of manufacturing, Elekta also wanted to ensure that sales productivity increased through the automated system of checks and balances in the system. The measured result has been a reduction of the time sales representatives spend on administrative tasks and a significantly higher quote volume per month. For example, the current solution enables Elekta to produce a quote in about one-half hour, a significant reduction from the half, to a full day time frame that existed before.

Elekta's improvements in configuration have resulted in an increase in margins and reduction in the number of discounts, or "give-aways" handed out to make up for incorrect configuration.

Required Actions

- **Define and measure key performance metrics.** Measuring key metrics like time to close, sales representative non-selling time, and bid-to-win ratio will establish a baseline by which to measure improvements from new processes and technology. Management gains insight into areas that need improvement and can make better strategic decisions.
- **Develop a formal process for generating proposals.** A consistent method and practice for generating proposals will increase the amount of time salespeople spend selling. Understanding the steps necessary to produce a quality proposal and how to execute them is critical to reducing the time to book an order.
- **Implement technology to automate existing processes.** Once metrics and processes are in place, technology has the greatest impact. Salespeople see immediate results in the time saved, and the data shows that the quality of the documents they produce improves.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research

[Demand Generation: Kick-Start Your Business](#); September 2007

[Sales Effectiveness: Getting Sales Back to Selling](#); July 2007

[Success Strategies in Marketing Automation](#); July 2007

[Automating Leads to Sales](#); March 2007

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