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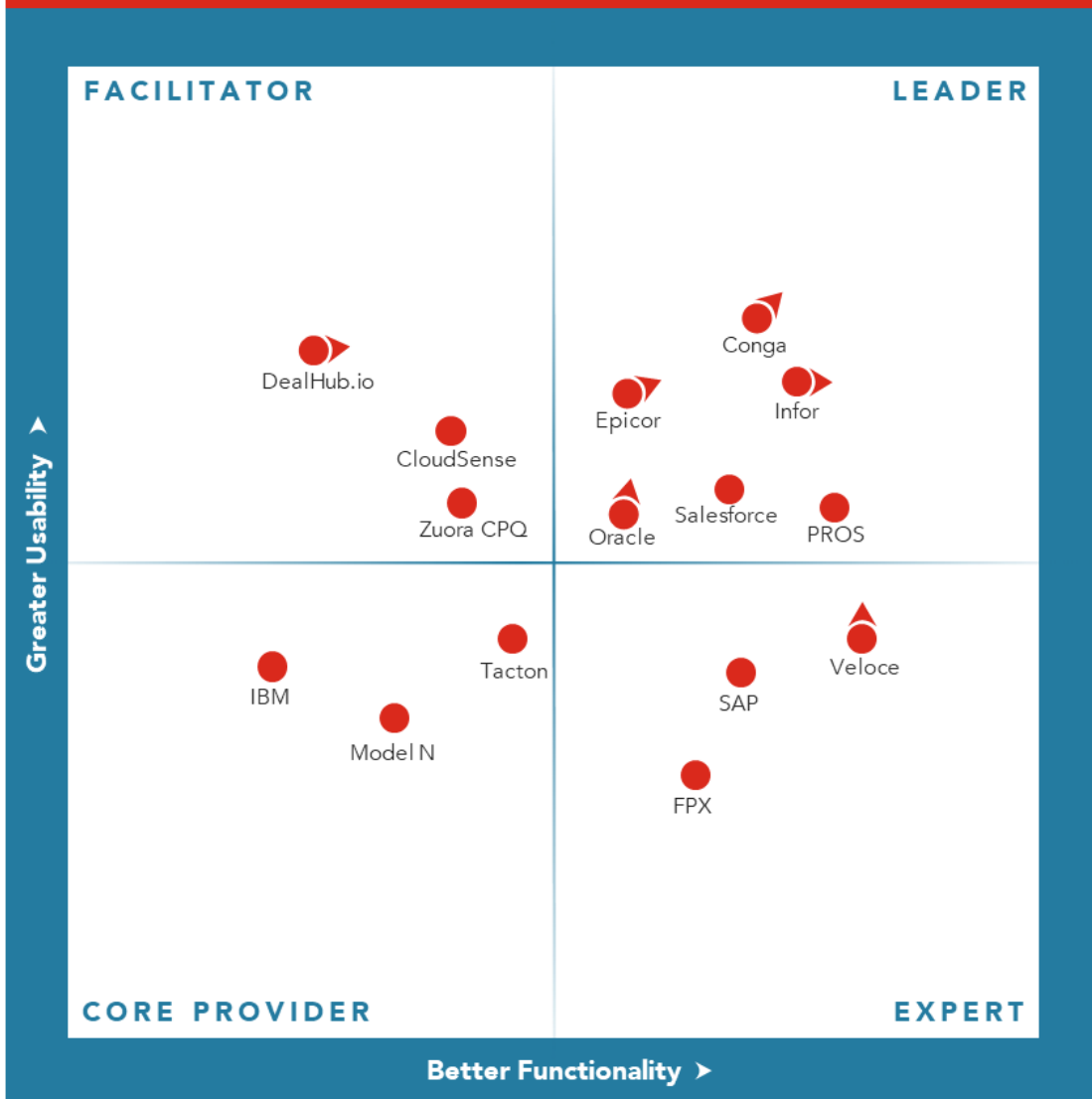
# CPQ TECHNOLOGY VALUE MATRIX 2022

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## THE BOTTOM LINE

The global economy continues to experience labor shortages and supply chain issues, and customers across all industries are demonstrating an increased need for self-service purchasing options. For organizations that specialize in providing complex products, current market conditions present the opportunity to capitalize on the utilization of CPQ software to accelerate sales cycles, maximize revenue, and improve overall customer satisfaction. The CPQ market has shown notable growth over the last year, which can be attributed to the increased adoption of the subscription economy and manufacturers' implementation of complex self-service product configurators. In addition, vendors are showing increased commitment to integrating CPQ functionality into existing CRM and ERP tech stacks.



## OVERVIEW

Over the past year, the configure, price, and quote (CPQ) market has grown as more organizations demonstrate the benefits of implementing CPQ solutions to enhance sales team performance and enable e-commerce and self-service channels. In addition, we see organizations seek CPQ solutions to help navigate fluctuating market conditions and combat disruptions in labor shortages and supply chain issues.



Since last year's edition of the Value Matrix, Nucleus closely monitored the shift in consumer buying behaviors and expectations. Customer self-service demand is at an all-time high, stressing the importance of an organization's ability to go above and beyond foundational e-commerce integrations and self-service portals to enable self-service buying experiences for highly customized or complex products. Organizations that supply or manufacture physical assets have cited enhancements to 3D visualizations and AR or VR technology as primary differentiators among the top CPQ vendors, as the correlation between the visualization capabilities a solution offers and increases in product sales becomes increasingly clear.

Nucleus has seen CPQ technology customers continue to prioritize usability over functionality, as organizations actively seek to reduce their IT burden and drive the adoption of new technology through administrative ease of use. In an economy that demands business agility, organizations are showing an increased desire for solutions that don't require professional developers to maintain the system, implement new products, and manage product and pricing configurations. 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. The shift in consumer behavior poses the greatest challenge for organizations that provide complex goods in both the B2B and B2C markets, as customers are quick to abandon their shopping processes if it becomes too difficult or if any questions or confusions surrounding product costs and features arise. In addition, increased competition and growing demand for specialized or custom products have significantly reduced the ability of organizations to only offer one-size-fits-all solutions. This trend can create bottlenecks in sales processes, as increased customization demand results in greater fluctuations in pricing.

Although it is becoming a more saturated market, Nucleus has seen increased mergers and acquisitions in the CPQ space as both CRM and ERP vendors purchase and integrate CPQ products to supplement the functionality of their platforms. The most notable benefits cited by CPQ users over the last year include more streamlined production and sales cycles, decreased material wastage, and attributable increases to revenue driven by improved conversion rates and increased deal size.

The Nucleus Research CPQ Technology Value Matrix provides an assessment of the market based on how vendors deliver value to customers through the usability and functionality of their solutions (Nucleus Research v67 – Understanding the Value Matrix, April 2021). The research is intended to deliver a relevant snapshot of the CPQ technology market, rather than serve as an empirical ranking of the vendors. The arrows indicate each vendor's perceived momentum and are informed through conversations with end users, recently released capabilities, features, and other areas of investment.

## LEADERS

Leaders in the Value Matrix include Conga, Epicor, Infor, Oracle, PROS, and Salesforce.

### CONGA

Conga is a leader in the 2022 CPQ Technology Value Matrix. Conga CPQ enables users in nearly all industries to accelerate sales by configuring complex products and services with an intuitive, no-code rules engine. Built on the Salesforce platform with native integrations, Conga also boasts integration capabilities with several other platforms including Microsoft, SAP, and Oracle. Conga provides customers with a single data platform model across multiple applications such as CPQ, CLM, digital commerce, and document generation to avoid out of sync data risks. A unified data model enables users to define complex product and pricing rules across its CPQ, partner quoting, and self-service e-commerce while avoiding the added stress of managing API connectivity across multiple channels. Conga CPQ is able to support quotes with up to 10,000 lines in a single quote, with functionality that allows users to support bundled sales, recurring product sales, and usage-based sales. With Conga's guided selling framework, users can generate quotes more accurately and efficiently by leveraging the solution's recommendations for products, services, and bundles.

### EPICOR

Epicor is a leader in the 2022 CPQ Technology Value Matrix. Formerly known as KBMax, Epicor CPQ is sold as a standalone platform or can be fully integrated with Epicor Industry ERP cloud across Kinetic, Prophet 21, and BisTrack. Epicor CPQ enables smart visual selling and more seamless sales processes to help sales teams boost quoting volume and accuracy. Epicor CPQ automatically calculates pricing dynamically based on user input in real time, using pre-configured rules managed by an advanced rules engine that enforces accurate configurations and pricing consistency. Users can easily create these rules with intuitive drag-and-drop logic statements. Epicor also provides users with 2D and 3D augmented product visualization, enabling fast and interactive buying experiences for sales reps, distributors, and spend customers for both mobile and desktop. Epicor also provides CAD automation functionality, allowing users to automatically generate accurate drawings and files, bills of materials, assembly instructions, parts lists, and product renderings.

In the last year, Epicor unveiled several new changes to its CPQ solution. Notable updates include a new 3D Visualization technology with augmented reality with advanced materials for hyper-realism, and deeper integrations with Epicor ERP. Epicor also recently released new routing bill of materials functionality complete with intuitive point-and-click design capabilities.

## INFOR

Infor is a leader in this year's Value Matrix, recognized for its ability to equip users across multiple industries with tailored functionality and item configurations. Infor provides a unified solution built upon its digital business platform. This platform includes Infor OS and Infor Analytics which support extensibility, process automation, AI, data management, and system integration. Infor CPQ has standard integration capabilities with a variety of applications, including Salesforce CRM, Microsoft CRM, Infor ERP, Oracle ERP, Microsoft ERP, and e-commerce platforms. Infor helps organizations drive sales revenue through visual configuration, quoting, ordering, and integration capabilities while reducing quoting errors and increasing market awareness. Infor's visual configuration engine enables organizations to share highly customizable products across all sales channels, providing an interactive experience for customers. In addition, 2D parametric drawings, 3D models, and customized CAD assemblies allow users to visualize product configurations while automatically generating manufacturing information and accurate bills of material, routings, shop orders, and order changes.

Over the last 12 months, Infor announced several product updates and enhancements including new offline configuration support, interactive drag and drop configurations, AR visualizations, and AI for product recommendations and price optimization. In addition, the platform now supports 3<sup>rd</sup> party tax calculation integration, electronic signatures, and workspace testing from 3<sup>rd</sup> party applications.

## ORACLE

Oracle CPQ is a cloud-based application that can be configured to fit the breadth of CPQ use cases across industries including communications, manufacturing, engineering, construction, high-tech, healthcare, financial services, and utilities. The solution operates within the Oracle Advertising and Customer Experience (CX) suite offerings to streamline and simplify complex product configuration and quoting processes. Oracle CPQ cloud has established integrations with software applications that include: Oracle CX Commerce, Oracle Enterprise Contracts, Oracle E-Business Suite (EBS), Oracle CX Sales, Oracle Subscription Management, JD Edwards, Microsoft Azure Active Directory, Microsoft Dynamics 365 and Salesforce. Additionally, the solution supports subscription quoting and payment management, including that for subscription annuities, support agreements, renewals, pro-rated pricing, and subscription quoting through integration with Oracle Subscription Management.

In September, Oracle launched a NetSuite specific CPQ solution called NetSuite CPQ. The move brings native CPQ capabilities into the NetSuite ERP platform as an add-on to help existing customers leverage the vendor's Configurator, Guided Selling, Proposal Generator, E-Commerce Integration, and Bill of Materials and Routing within a single location. NetSuite

CPQ natively integrates with NetSuite's CRM and e-commerce products. Oracle's investment in expanding CPQ functionality throughout its product offerings highlights the vendor's dedication to helping organizations meet customer demand across a variety of complex use cases.

## PROS

PROS is recognized as a leader in the 2022 edition of the CPQ Technology Value Matrix for its PROS Smart Configure Price Quote solution. PROS offers AI-based pricing and sales intelligence, enabling users to quickly create accurate and personalized quotes for buyers. A hybrid architecture that is exempt from governor limits enables PROS to support large quotes, bids, and RFPs comprised of thousands of line items. PROS Smart Configure Price Quote, a part of the PROS Platform, features integration if desired with PROS Smart Price Optimization and Management to facilitate omnichannel selling across the entire sales process. In addition, with PROS AI-generated price and product recommendations, users benefit from advanced dynamic pricing capabilities that further accelerate the sales cycle while eliminating revenue leakage. PROS Smart Configure Price Quote equips users with a constraints-based configuration engine, enabling organizations to scale from simple product offerings while supporting the more complex needs of global organizations in the manufacturing and distribution industries, as well as other service-centric segments.

Product updates and enhancements over the last year are highlighted by the vendor's introduction of PROS Performance Quoting Designer, a centralized administration interface that reduces time-to-value for PROS customers. PROS Performance Quoting Designer is a self-service, multi-user interface that drives configuration and maintenance of quote computation logic, connections with external data sources, and the design of the overall quoting user experience. PROS also introduced enhancements to its Sales Agreement Module with an extension of Mass Price Change capabilities and additional methods to customize agreement workflows.

## SALESFORCE

Salesforce CPQ is a product within the vendor's Revenue Cloud that offers comprehensive product, quote, order, contract, and subscription management capabilities that serves a broad range of industries. Automation is present throughout the solution, with tools including automatic renewal reminders, real-time price updates, duplicate payment prevention, and custom approval requests. The platform's approval customization features accelerate approval processes while giving managers greater visibility through notifications and guaranteeing that quotes are compliant. The vendor recently introduced new permission rules for CPQ and customer users, which enables admins to set granular access

rules. For example, who can create new rules or edit specific sections of objects and fields. Salesforce also has a library of more than 5000 certified CPQ specialists, and Salesforce CPQ can be integrated into most SaaS environments to help organizations manage and support multiple sales channels, transaction types, and revenue streams. Salesforce Einstein, the vendor's AI product, is integrated within the CPQ platform and provides users with guided pricing and product suggestions.

## EXPERTS

Experts in the Value Matrix include FPX, SAP, and Veloce.

### FPX

FPX is recognized as an expert in the 2022 edition of the CPQ Technology Value Matrix for its ability to provide support for niche business verticals. FPX Intelliquip Selling Cloud equips organizations in the medical manufacturing and fluid handling industries with purpose-built functionality to help users evaluate complex, engineered processes. FPX Intelliquip Selling Cloud is a B2B point solution that offers both front and back-office solutions with Adobe, IBM, Oracle, SAP, Salesforce, and more. FPX's B2B focus enables the vendor to deliver in-depth configurations for highly customized products, enabling customers to maintain brand consistency and product specifications. With out-of-the-box capabilities designed specifically for location-based selling and customizable constraints, FPX enables organizations to develop highly targeted sales strategies.

### SAP

SAP CPQ typically serves enterprise-sized organizations in industries including automotive, financial services, high-tech, manufacturing, retail, insurance, and communications. The solution is well-equipped to support large-scale quoting and can manage more than 10,000-line quotes in a matter of minutes. The vendor also has strong integration with other SAP solutions, making the SAP leverages customer data and native capabilities to help sales teams improve strategies and suggest optimal pricing through artificial intelligence, which is a continued focus area. The vendor has also made consistent investments in third-party integrations with ERP and CRM solutions to give customers a more customized experience and streamline cross-system processes.

## VELOCE

Veloce is an expert in this year's CPQ Technology Value Matrix. Headquartered in San Francisco, Veloce is a CPQ vendor that specializes in providing customers with advanced functionality that is tailored to each specific use case. Veloce is built on Salesforce and is designed to extend the functionality of the solution while accommodating an organization's existing sales strategy. Veloce helps optimize selling by equipping users with easy-to-use tools that helps them quote and sell more creatively. An advanced configurator enables organizations to keep highly complex quoting requirements in scope while simultaneously boosting the speed and performance of quoting processes that are capable of handling up to 50,000 lines. Veloce also provides guided selling features that improve the efficiency of sales teams, helping them generate personalized quotes with increased speed and accuracy. For organizations with subscription-based services, Veloce offers subscription management features to allow easy management of new business, amendments, and renewals.

## FACILITATORS

Facilitators in the Value Matrix include CloudSense, DealHub.io, and ZuoraCPQ.

## CLOUDSENSE

CloudSense is a CPQ solution that is built natively upon the Salesforce platform and best suited to the needs of B2B customers in industry verticals with complex use cases, including data center, media, utility, and communications. Capabilities of the solution include product cataloging, order management, contract management, document generation, and digital commerce. The product catalog feature enables organizations to take advantage of low and no-code functionality to allow less-technical users to roll out new products and services and easily create static and dynamic product, service, and subscription bundles across offerings. Additionally, the solution centralizes all pricing, products, and services in a single master catalog, enabling users to optimize deals, automate approval processes, and manage discounts with a unified platform. The vendor's contract management feature can be fully integrated with Salesforce to incorporate Salesforce data into agreements and accelerate overall sales processes.

The CloudSense platform provides customers with order management functionality that users can leverage to automate workflows through drag-and-drop tools. Additionally, order status can be tracked in real-time, and broken down into products, services, subscriptions, and assets to provide users with greater visibility and organization. CloudSense's main value



proposition continues to be its deep integration with the Salesforce ecosystem. The vendor's Heroku architecture also enables the vendor to drive consistent product innovation.

Recent updates and announcements include:

- In April 2022, CloudSense announced a strategic partnership with cloud ecosystem technology provider, CloudBlue. The move will provide telecommunications customers with direct integration from CloudBlue Connect to the CloudSense CPQ platform.

## DEALHUB.IO

The DealHub.io sales engagement platform serves a broad range of industries, including B2B technology, finance, printing, manufacturing, and professional services. The solution covers an organization's entire sales cycle, with a unified set of features built to accelerate sales processes and increase pipeline and project accessibility for sales teams. The platform is also no-code and scalable, minimizing the need for IT intervention while promoting end-user adoption. Nucleus found that a primary driving factor in the selection of DealHub among customers is its ease of use and quick implementation time.

DealHub CPQ simplifies the quoting process for users, while providing sales teams with collaborative tools and other features including real-time notifications, buyer progress tracking, and DealHub Playbooks that include question-based guided selling flows. These playbooks are pre-built and can include customizable selling flows that automatically recommend actions, questions, products, and pricing to help sales teams enhance close rates and maximize cross-sell and upsell opportunities.

DealHub's CRM capabilities include a Digital DealRoom, which supports user-generated websites that host both company and customer information and enables legal teams from both sides of a deal to make changes to a contract as necessary. Due to deep integration capabilities, this information is then automatically updated across CPQ, as well as CRM and ERP systems. The vendor continues to release native integrations to its library of supported CRM and ERP solutions. Internal and external collaboration functionality of the system minimizes the number of required touchpoints throughout each sales cycle while vastly reducing instances of user error. DealHub raised \$20 million in Series B funding in 2021, underscoring the vendor's commitment to product innovation and customer base expansion.

Recent updates and announcements include:

- In March, DealHub announced its integration with HubSpot CRM, providing HubSpot and joint customers to streamline sales processes and improve overall sales performance.
- In June, the vendor raised \$60 million from Alpha Wave Ventures, bringing the vendor's total funding to \$90 million. DealHub will use funds to invest in CPQ innovation and expansion of its ecosystem and global presence.

## ZUORA CPQ

Founded in 2007, Zuora CPQ provides customers in industries such as healthcare, education, media, and communications with cloud-based subscription management functionality through its SaaS-based platform. The vendor's solution automates all subscription order-to-revenue operations in real-time and is designed to optimize custom quoting based on combinations of products, subscriptions, and services. Quote Studio is a feature that gives users the ability to manage short and long-term deals comprised of any of the previously stated combinations. Zuora's ability to unify and automate an organization's quote-to-revenue processes aligns sales, finance, and operations teams and increases visibility into the financial impact of deal amendments, allowing for actionable changes to strategy. Zuora CPQ X is the most recently updated version of the platform, which replaces previous configuration pages with a new Quote Studio page that can be exported into quoting flows using the vendor's Quote Wizard. Other attributes of Zuora X include reduced complexity in the creation of ramp deals.

Recent updates and announcements include:

- In July, Zuora announced the launch of Zuora Secure Data Share for Snowflake, providing organizations with Managed Warehouse and Managed Pipeline features to combine data from both systems and enable users to better identify macro trends and churn risks.
- In September, the vendor completed its acquisition of subscription experience platform provider, Zephr. The move will give Zuora added capabilities, targeted to organizations in the media industry to improve subscriber relationships by analyzing behavior, and enhancing digital experiences.

## CORE PROVIDERS

Core Providers in the Value Matrix include IBM, Model N, and Tacton.

### IBM

IBM Sterling CPQ is a facet of the IBM Sterling Supply Chain suite, which typically caters to organizations in verticals including telecommunication, industrial manufacturing, and retail. The solution automates the lead-to-order process and enables users to set configuration rules, update pricing, and generate quotes across several different sales channels instantly. Specific modules within the IBM CPQ platform include the Omni-Configurator, Sterling Configurator Visual Modeler, and Sterling Field Sales.

Omni-Configurator enables users to customize and bundle products and services across channels such as web stores, call centers, mobile, and desktop, based on customer preference. The Sterling Configurator Visual Modeler helps users to create configuration models which can apply specific rules and logic to each product. Additionally, the Sterling Field Sales module stores relevant purchase information, including customer details, pricing, shipment data, pricing terms, and any product modifications in a unified repository. This enables users to manage opportunities and quotes more effectively. Additionally, the vendor's smart search engine filters information by product details, opportunities, and quotes.

Tandem use of IBM CPQ and IBM's ERP solution enables organizations to optimize inventory, omnichannel delivery, and fulfillment performance. The CPQ solution can also integrate with Salesforce CRM to give joint customers increased context and visibility into orders.

### MODEL N

Model N provides several revenue management solutions suited to the needs of B2B enterprises in verticals including medical technology, pharmaceuticals, and high-tech manufacturing. The vendor also recently announced a strategic life sciences industry partnership with Global Pricing Innovations, adding new, targeted updates to the Model N Revenue Cloud for Life Sciences. The vendor also offers end-to-end CPQ capabilities that natively integrate with CRM and ERP solutions, such as Salesforce and SAP, adding price optimization and customizable approval workflows to existing processes. Model N CPQ features include 3D product, part, and equipment configuration with automated contract generation. The vendor also provides customers with guided selling that provides users with price recommendations and deal scores. Additionally, the ability to leverage internal and external company data gives sales teams a greater degree of customer intelligence and

provides managers with improved insight into sales user activity. Model N's strength in integration with an organization's existing CRM and ERP solutions reduces the complexity associated with pricing models such as subscription, rental, and risk-based, and can help customers improve overall sales strategies.

Recent product news and announcements include:

- In February, Model N announced the launch of its SaaS-delivered State Price Transparency Management (SPTM) solution. SPTM was built to meet the complex compliance requirements of pharmaceutical and biotech organizations, especially as state price transparency mandates become more common. Capabilities of the solution include configurable legislation and report template repositories, a scheduled reports calendar that integrates governance capabilities, and "what-if" analysis that enables organizations to predict potential impacts of price changes and product launches on transparency reports by state.
- In May, the vendor launched its Spring 2022 product release, which includes a new payment management solution for high-tech companies and enhancements to its Global Price Management mobile application.

## TACTON

The Tacton suite encompasses several cloud-based tools and features that run on AWS and are best suited to the needs of manufacturing organizations across areas such as medical devices, industrial equipment, automotive, and energy. Needs-based, real-time configuration capabilities eliminate barriers to communication that typically exist between teams within an organization, such as design, sales, and engineering departments. This also enables users to draw insights into how to better serve their customers. Automated capabilities across the suite reduces time spent on processes such as quoting and order processing while reducing instances of errors. Further, the vendor offers CAD automation, which aids the generation of highly customized CAD drawings without the need for employee proficiency. Tacton's main value propositions are its customer-centric approach and ability to help customers sell highly customized products. Additionally, the solution has simple integration with CRM solutions including that from Salesforce and Oracle for further acceleration of sales processes and visibility into the customer lifecycle.