



Enabling Pricing that Reinvents Business Models

With change comes opportunity

Digital technologies, the internet of things (IoT) and advances in sensor and communications technologies are having a dramatic impact on both business and the consumer. According to Forrester and Russell Reynolds Digital Business Survey, 93% of global business and technology decision makers believe that digital technologies will disrupt their business.

Leaders in their industries are already reinventing their offerings to take advantage of the advances in digital technologies and deliver more competitive solutions to the market. These companies are bringing to market smart, connected solutions by bundling products, services, software and consumables often in an “as-a-service” model. IDC Manufacturing Insights estimates that 40 percent of top one hundred discrete manufacturers and 20 percent of top 100 process manufacturers will provide product-as-service platforms by end of 2018.

New approaches to capturing value

The advances in digital technologies are also changing economic models for both suppliers and consumers. The Economist Intelligence Unit published a report entitled “Supply on Demand: Adapting to change in consumption and delivery models” that surveyed a wide group of businesses across the globe to gain perspective on the impacts digital transformation is having on how companies buy and sell business solutions.

They found that a majority of businesses are changing the way they price and deliver their solutions. The research showed that 80% of respondents felt that their customer’s buying preferences were changing. Digitally empowered buyers are increasingly looking for new ways to purchase such as subscription or rental, as well as, more sophisticated pricing models based upon usage, risk-share or outcomes. As a result, 51% of the surveyed decision makers said they were changing the way they price and deliver their products.

Businesses in the Economist study believed that these new business models will enable new revenue opportunities, better differentiation from competitors, and access to new customer segments. In addition, the businesses believed that they will also create new opportunities to engage with customers on a more regular basis and foster stronger relationships.

93% believe that digital will disrupt their business

— Forrester



51% of businesses changing the way they price



68% of customers prefer subscription or rental



52% cite cost or convenience as the change drivers

Model N CPQ – Enabling the new digital business models

Model N CPQ (Configure, Price, Quote) is a Salesforce-native CPQ for companies that need an enterprise-grade quote-to-cash solution to drive sales productivity and maximize revenues. Designed to enable the digital reinvention of business, Model N CPQ incorporates powerful capabilities for guided selling, solution bundling and profit-aware pricing, including automated quoting for subscription, lease, rental, usage, outcome and risk based business models.

Flexibility that drives competitive advantage

As companies leverage advances in digital technologies, sensors, and IoT to bring smart, connected solutions to market, the challenges for sales increase dramatically. Model N CPQ was designed to simplify the complexities of assembling new business offerings that might combine products, services, software and consumables into a highly tailored solution for the customer.

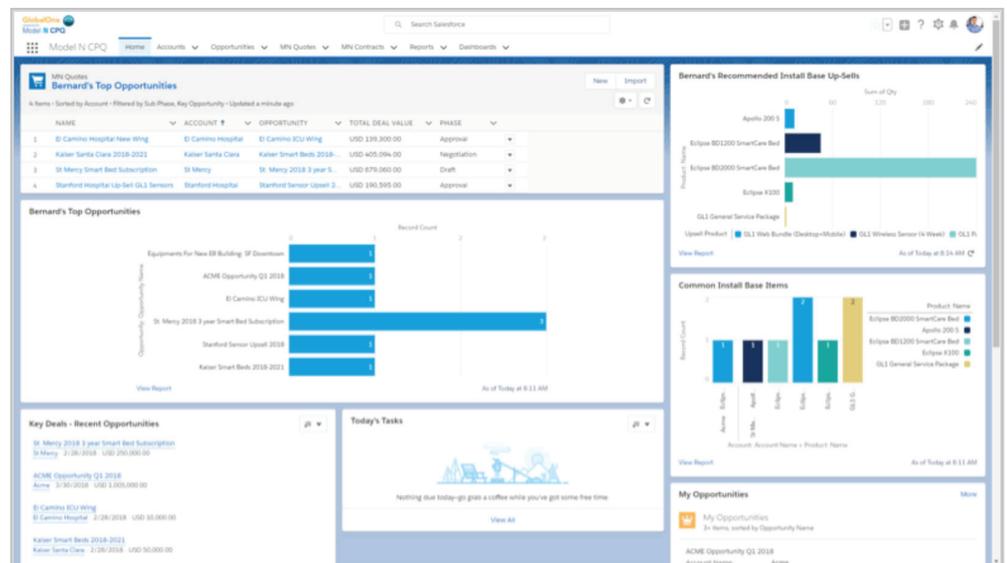
Model N CPQ’s powerful Guided Selling capabilities ensure that the entire sales organization can deliver an “A-player” experience to the customer. Sales teams are armed with Smart Dashboards that identify opportunities in their accounts for up-sell and cross-sell. And machine learning techniques enable pregenerated quotes for customers based on their installed solutions to help sales drive additional value within their customer base.

Guided assessments ensure that every salesperson consistently captures the critical customer inputs needed to propose the optimal solutions and pricing model combinations. Model N CPQ’s Smart Model capabilities drive solution configuration based on the metrics relevant to each customer’s business including demand, usage, churn, and waste. System generated configurations encompass products, services, software and consumables, and the models are configurable to tailor solutions to address specific customer segments.

Experienced salespeople can also quickly leverage Model N CPQ’s powerful ad-hoc quoting capabilities to modify existing solution sets or create solutions bundles including adding 3rd party products to deliver offerings that are uniquely tailored to their customer’s specific needs.

Key Features

- Smart Dashboards
- Pregenerated quotes leveraging machine learning techniques
- Guided assessments with system generated solutions configuration
- Solutions bundles including products, services, software and consumables
- Ad-hoc quoting to modify or create solutions bundles including 3rd party products



Driving more profitable business

With added flexibility in assembling solutions comes added complexity in generating proposals that will be profitable for the company. Balancing discounts across widely varying components in solutions with highly differentiated margin profiles could dramatically slow down proposal generation, and even worse, lead to bad business for the company.

Model N CPQ addresses these challenges with advanced pricing and deal modeling capabilities combined with Intelligent Approvals workflow to ensure that sales teams assemble profitable deals with speed and flexibility. Model N CPQ supports a variety of pricing models such as volume, tiered and cost-plus, as well as, customer segment specific recommendations and customer specific contracted pricing. Products on quotes have guidance for sales reps at the line level, ensuring that they use pricing alternatives and purchasing options that maximize revenue and margins.

Quotes are automatically evaluated against pricing guidance and approval requirements are revealed to the salesperson. Intelligent Approvals also automatically routes quotes for approvals, including mobile approvals, to ensure fast quote turn-around. Intelligent Approvals also features approval memory capabilities to further streamline the approvals process by avoiding unnecessary repeat approvals when there has been a change.

Model N CPQ is also seamlessly interoperable with Microsoft Excel, allowing sales teams to move quotes directly into Excel templates for manipulation and analysis, and then back into Model N CPQ. Companies can leverage standard templates for deal analysis, speed up execution for repetitive or large multi-line item quotes or facilitate ad-hoc modeling for custom quotes.

Key Features

- Profit aware pricing with visual margin guidance
- Broad support for various pricing methods, segmentation and contract pricing
- Line-level pricing guidance to maximize revenue and margin
- Mobile-enabled, Intelligent approvals with visual approval path and status
- Automated approval routing and approval memory saves time
- Seamless interoperability with Microsoft Excel

#	NAME	QTY	PURCHASE OPTION	LIST PRICE	MAN. DISC. (%)	UNIT PRICE	BILLING FREQUENCY	TOTAL VALUE	NEEDS APPROVAL	
1	PowerEclipse Mx20	1			0.00%		One Time	\$0.00	<input type="checkbox"/>	
2	User Training (30-100 users)	1		\$3,340.00	0.00%	\$3,340.00	One Time	\$3,340.00	<input type="checkbox"/>	
Patient Monitor and Bed Solution										
#	NAME	QTY	PURCHASE OPTION	LIST PRICE	MAN. DISC. (%)	UNIT PRICE	BILLING FREQUENCY	TOTAL VALUE	NEEDS APPROVAL	
1	GLI Patient Monitor Sensor Software	1	Pay per Patient	X	\$655.00	0.00%	\$655.00	One Time	\$95,341.00	<input type="checkbox"/>
2	Eclipse 802000 SmartCare Bed	200	Pay per Patient	X	\$2,786.00	70.00%	\$835.80	One Time	\$167,160.00	<input type="checkbox"/>
3	GLI General Service Package	1	Pay per Patient	X	\$1,580.00	0.00%	\$1,580.00	Yearly	\$3,880.00	<input type="checkbox"/>
4	User Training (30-100 users)	1	Purchase	X	\$3,340.00	0.00%	\$3,340.00	One Time	\$3,340.00	<input type="checkbox"/>
5	EliteCare Installation	1	Purchase	X	\$15,639.00	0.00%	\$15,639.00	One Time	\$15,639.00	<input type="checkbox"/>

Maximizing value for the business and the customer

New business models that align pricing with usage are becoming viable for a broad range of solutions, both physical and digital. Advances in technology are enabling manufacturers to build-in tracking, sensing and billing capabilities to solutions that are now often offered as a service. Model N CPQ empowers sales teams to rapidly make the transition to usage based pricing approaches, as well as, other advanced digital business models that align the value of the solution with the customer’s business while maximizing revenues for the seller.

As the quote is assembled, Model N CPQ Guided Selling capabilities ensure that all the inputs required to enable advanced business models are gathered from the customer. The system provides built-in support for a variety of digital business models - called Purchase Options in Model N CPQ - including, subscription, rental, lease, usage, risk-share and outcome-based.

As solutions are assembled the applicable Purchase Options are made available to the sales rep for inclusion in the quote based on the components in the solutions being assembled. This eliminates errors and speeds up quoting by ensuring that only the Purchase Options available for the specific products, services, software or consumables will be used. Multiple types of Purchase Options can be combined in a single quote depending on the solutions being proposed, and Model N CPQ will calculate total package pricing along with line item level detail for analysis.

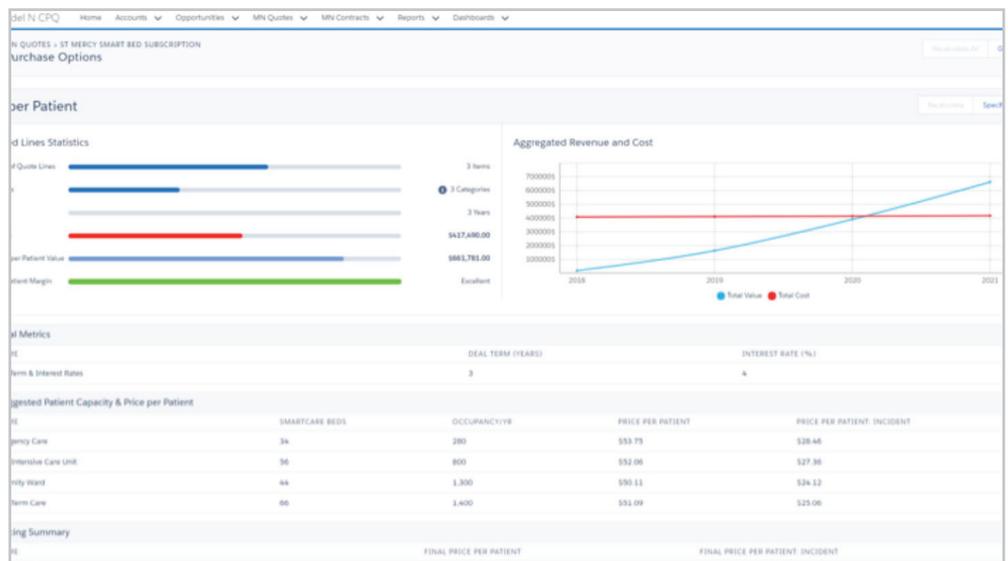
Drill down capabilities for each line item provide the sales team with insight into critical data used in the Purchase Option calculations such as metrics, usage or BOM information to ensure that the reps understand how to adjust the quote to best meet their customer’s needs.

Model N CPQ comes pre-configured with rental and lease models, and easy administration tools to enable fast specification of additional business models, such as subscription, usage, risk-share or outcomes, and their specific inputs and parameters which are then incorporated in Guided Selling.

Model N CPQ can also incorporate usage Lines reports collected from IoT connected devices to provided sales teams with usage patterns and compliance data which provides significant value for renewals and up-sells or cross-sells in the customer base.

Key Features

- Built-in support for new digital business models such as subscription, lease, rental, usage, risk-share, outcomes
- Automatic assignment of relevant Purchase Options based on solution configuration
- Drill down capabilities to enable sales teams to analyze and fine tune proposals
- Easy admin tools to quickly configure Purchase Options and required inputs
- Accepts IoT connected device data to provide intelligence for installed account renewals and up-sell



An enterprise-grade solution for business reinvention

Based on Model N's proven experience delivering mission-critical revenue management solutions used by companies world-wide, Model N CPQ is built to support enterprise scale and complexity.

- End-to-end – Enables the full pricing, quoting and contracting lifecycle for both direct and channel sales for quote-to-order and quote-to-contract. Leverages both internal and external data to provide intelligence to sales users
- Interoperable – Built-in ability to synchronize with SAP® master data, pricing, configuration and orders, and seamlessly incorporates Microsoft® Word and Excel
- Performance and scalability – Advanced architecture incorporates performance engines and caching technology that accelerates configuration response and scales to thousands of users

To learn more about Model N Revenue Cloud solutions for digital reinvention go to www.modeln.com

Model N Headquarters

777 Mariners Island Blvd., Suite 300
San Mateo, CA 94404

Phone: +1 (650) 610-4600, Fax: +1 (650) 610-4699

sales@modeln.com | www.modeln.com | © 2018 Model N, Inc.