## Putting Solution Provider Profitability on Auto Drive: Myth or Reality?

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# Digital transformation profitability: more than new technologies

Information technology is enabling the digital world and Communications Service Providers (CSPs) are undergoing major transformations to become leading providers of customer-focused, digital services. Large and small enterprises, too, are taking digital transformation journeys to increase efficiency and focus on their customers. To help enterprises become digital, CSPs and other solution providers, such as resellers and systems integrators, are working with their enterprise customers to determine transformation requirements and then provide the needed IT services and solutions, which are typically complex, multivendor "design to order" solutions.

It is a daunting task to create these complex IT solutions, but CSP senior management and procurement face an even more important challenge—to optimize deal profitability and manage their supply chain. Today, if any deal profitability analyses are done at all, they are time-consuming manual, spreadsheet-based processes that piece together ever-changing order and compliance criteria from numerous data sources. Throughout the pre- to post-sales lifecycle the processes are arduous, unsystematic, and therefore error-prone.

Enterprise customers are expected to be a larger source of CSP revenue than consumers, but sales methods that don't scale will kill profitability. What's needed is a systematic, i.e., "productized" approach to sales enablement and deal management—from lead to quote to order to installation—with a laser-sharp focus on profit acceleration.

# A cloud-based ecosystem for scalable sales enablement

To productize the presales and sales processes, CSPs need to take a holistic approach across the entire sales lifecycle. IT network design functions as well as sales and business management functions need to be integrated into a comprehensive and coordinated whole—a cloud-based sales ecosystem.

The sales process needs to be repeatable, efficient, accurate, and faster. It can't rely on knowledge in the minds of individual designers or sales people. Through the use of automation, prescriptive analytics, and collaboration, sales team business processes can be transformed to make scalability and productivity improvements a reality.

Instead of IT solution designs being created and stored on individual desktops, a cloud-based ecosystem enables design projects to be shared across the sales team, making it easy for specialists to contribute as needed. When all projects reside in the cloud, business and sales managers can analyze overall team performance, summarize deals across the organization, and

automatically influence sales behavior through best practices. The result is a sales process that is dynamic, automated, and scalable.

# The sales ecosystem

In the sales ecosystem, data are gathered from vendor sources and from the solution provider's proprietary intellectual property, such as salesforce.com or professional services pricing. Analytics are applied and the results are made available to multiple parts of the sales organization.

The process makes use of a wealth of up-to-date vendor pricing, configuration, and promotions data in multiple vendor systems. Instead of querying all these vendor systems to gather the data, the data is gathered systematically and accessible by the organization via the ecosystem.

Sales and design projects are stored in a centralized repository in the cloud and can be shared efficiently across the sales organization throughout the sales lifecycle, from opportunity to quote to post-sale analysis and channel management. This consolidated infrastructure coordinates workflows and analysis – in real time – across sales applications and content as well as with a larger ecosystem of systems, such as Customer Relationship Management (CRM) systems.

By applying analytical tools to vendor data as well as internal data on projects, services, and deals, powerful business insights can be uncovered and shown in "single-pane-of-glass" dashboards that include alerts with visibility into prescribed actions that will increase profitability and enable management to stay on top of the business.

# An analytics engine that maximizes profitability

The cloud-based analytics engine maximizes financial benefits across the sales lifecycle. It identifies opportunities to increase gross margin and provides insights so solution provider finance and procurement teams can take action to recover money that would otherwise be lost. For example, it automates the labor-intensive process of capturing vendor reward dollars and adhering to discount-based incentives. Profitability is maximized through the ecosystem's cooperating applications, consistent data, and application of best practices.

The comprehensive dashboard provides business insights and alerts. So results that impact gross margins and profitability are continually available. Instead of plowing through a variety of reports and data to determine issues, time can be spent taking actions that increase margins and profits.

The analytics engine identifies business insights that increase profitability and enables solution providers to:

### *Automate incentive program management*

Staying abreast of ever-changing technology supplier incentives and promotions is a time-consuming task for senior management and procurement. Noncompliance can impact profitability significantly. For large companies, the impact can be in the millions of dollars.

By automating the process of capturing more reward dollars and adhering to discount-based incentives, solution providers can quickly understand, optimize, analyze, and track rewards, including areas they may not have managed at all because of lack of data or time.

Easy-to-read dashboards (and drill-downs into the orders themselves) provide powerful business insights and alerts to potential situations that either invalidate or increase a rebate. The results are accurate, available online, and refreshed daily. Reports can be reviewed on a global basis or broken down by customer, country, region, etc., to enable clear ownership of results. Solution providers then have the ability to dispute relevant transactions with the vendor to ensure they get paid for all earned transactions.

### Convert ineligible orders early

Rather than waiting until the vendor rebate period is about to end, solution providers can explore ineligible orders on a regular basis. Based on automated analysis, potential recoverable rebates are identified, which can total more than $300K globally for a large CSP. Early conversion of these orders into eligible orders benefits cash flow.

### Meet shipping targets

"To be shipped" metrics are monitored to ensure rebates are not missed because they have not been shipped within 90 days of the end of the rebate period. This can be worth more than $15K on a single order, and more than a million dollars by ensuring all orders are shipping on time.

### Drive purchasing and supply chain decisions

By sorting analysis results by fulfillment supplier and products sold, solution providers can track purchases and optimize future purchases to maximize incentives and profitability.

Forecasts can be quickly reconciled with the actuals supplied by business partners by consolidating vendor and distribution sell-through roll-ups by distributor and technology supplier. And discount levels can be validated to ensure profit.

### Increase upsell opportunities

The solution provider can analyze their customers' infrastructure, assess its risks, and propose migration and replacement paths. They can identify upsell opportunities in a client's network by identifying End-of-X (EoX) devices (such as End-of-Life), or those soon to become EoX devices. The solution provider can then upsell so the enterprise can better maintain, replace, upgrade, and introduce new services.

### Optimize quotes for profitability

Bills of Materials (BOMs) can be automatically analyzed for opportunities to grow revenues, increase margins, and reduce risks. Instead of manual processes, BOMs can be analyzed quickly and easily to assure that designers are taking advantage of opportunities to increase margins and profitability–without taking weeks to do the analysis.

### Increase workflow efficiencies

Incorporating ERP and CRM systems in the ecosystem makes workflows even more efficient. For example, sales people can create initial proposals remotely at the customer site and place them in salesforce.com. They can then send those proposals from salesforce.com to solution architects who would create complex designs and documentation that can then be sent back to the sales person for customer review.

### Take advantage of vendor incentives in the design process

Through the ecosystem, engineers receive prompts on vendor promotions and incentives while they are creating designs. Instead of manually searching manufacturer web sites for higher margin substitutions, engineers and architects can automatically see alternate SKUs that are relevant and eligible for rebate as they create designs.

### Stimulate inclusion of high margin services and equipment

Sales behavior can be influenced early to increase profit and to stimulate adherence to best practices. For example, the solution provider's own professional services can automatically be associated with a SKU during the design phase or they can encourage selection of equipment that is overstocked, has a distribution promotion, or has better margin.

# A sales ecosystem optimizes profitability

The power of the sales ecosystem is in collaboration, integration, and project and data sharing. The ecosystem efficiently manages the full sales lifecycle so solution providers can deliver IT proposals faster than the competition, win more deals, maximize profits, and implement successfully the first time without requiring additional truck rolls or experiencing delays due to rework.

The ecosystem enables solution providers to focus on the business, not on gathering data. Powerful business intelligence and analytics identify actionable insights in real time for competitive advantage. Solution providers can maximize rebates, manage their supply chain, and consistently include high margin services and enforce use of best practices.

Digital transformation is very exciting, but it won't be successful if there isn't a focus on automation and consistency in the sales process. The ecosystem enables solution providers to sell more effectively to enterprises along the transformation journey and enable success in the digital world. It is no myth. Solution provider profitability CAN be put on auto drive.