Fujitsu Untangles Sales Complexities

Network Equipment Manufacturer Ensures Accuracy in Configure, Price, and Quote Process

by **Ken Murphy**, Senior Features Editor

Fujitsu Network Communications, Inc., a market-leading US-based manufacturer of network equipment and a top US patent-holder in optical networking, provides optical transport solutions to major telecommunications carriers across North America. If you surf the web, stream video on your phone, or watch cable TV in this geographic region, Fujitsu equipment all but certainly keeps you connected.

Fujitsu network equipment paves the digital highway across North America with more than 450,000 Fujitsu network elements, including shelves and cards that house connectivity hardware, signaling and routing setup, and management provisioning. Its multiple products contain thousands of parts and innumerable configuration scenarios. Complexity is a given.

For many years, Fujitsu sales teams attempted to tame this complexity using individual spreadsheets with configure, price, and quote (CPQ) solutions to meet their customers' requirements. Yet with no centralized quote storage, records of offerings, or integration of quotes with the order process, salespeople had a difficult time ensuring accuracy throughout the entire CPQ process. The business's incredibly complex products and configurations meant that the CPQ process was measured in days rather than hours or minutes, resulting in quoting errors and countless hours in rework.

At a Glance

Goals: Provide accurate proposals by reducing complexity in configure, price, and quote (CPQ) processes, leading to the ultimate goal of reducing pricing errors, concessions, write-downs, and lost sales opportunities

Strategy: Integrated the FPX CPQ solution with SAP ERP and a third-party customer relationship management system

Outcome: An 80% decrease in pricing errors, significant reduction in price quoting cycle times, real-time visibility into pricing updates, and digital visualizations of pricing configurations

FUJITSU
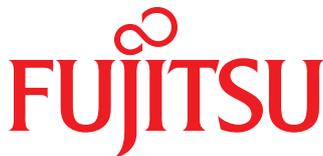
Headquarters: Richardson, Texas

Industry: Telecommunications

Employees: 1,400

Company details:

- US-based manufacturer of network equipment and US patent-holder in optical networking
- Solutions combine wireline, wireless, and software technology with multivendor services expertise
- Delivers custom end-to-end network integration and management solutions
- http://us.fujitsu.com/telecom
- @FujitsuFNC
- www.linkedin.com/company/fujitsu-network-communications

SAP solution:

- SAP ERP

Partner solution:

- FPX CPQ

The CPQ process was so complex that Fujitsu relied on well-trained sales engineering teams as an intermediary between resellers and other indirect sales channels and the telecom client. Despite sophisticated master pricing and materials master data stored in SAP ERP, Fujitsu sales teams were befuddled with bridging the divide between its heavy SAP investment and the sales value chain.

"People needed to be product experts with a PhD in the systems before they could be effective," says Dave Hawkins, Vice President of Sales Engineering, Sales Operations, and Commercial Management at Fujitsu. "We knew it shouldn't be as difficult as it was, so we set out to close that gap."

A Solution in the Cloud

Hawkins and his team issued a request for proposal (RFP) for a solution to produce quotes quickly while also significantly reducing quoting errors and the resulting write-downs and fixes. After a rigorous selection process, Fujitsu selected SAP partner FPX to implement its software-as-a-service (SaaS)-based CPQ solution to configure and quote Fujitsu's networking devices.

According to Hawkins, FPX stood out because of its tight integration not only with Fujitsu's front-end lead management and forecasting solutions from Salesforce, but also with its data stored in SAP ERP. With FPX CPQ, Fujitsu found a solution that could integrate quoting with front-end sales considerations in a single cloud-based platform to all but eliminate the complexities and redundancies of using spreadsheets and tribal knowledge as the foundation for complex product pricing.

"Our most pressing need was a solution to centralize and get control over all of our quoting, and to make sure that pricing is accurate and that the parts being configured are available. Of all the quoting solutions we looked at, only FPX had the back-end integration we needed," says Hawkins. (For more information about FPX's role in the project, refer to the sidebar at the end of the article.)

To fully appreciate how automation with FPX CPQ targeted Fujitsu's unique challenges, it is worthwhile to examine the complexity of its pricing model in more detail. A single product might be priced differently for 600 separate customers — not because of pricing inefficiencies, but because pricing is dictated by unique customer configurations that have to do with their network sites, their geographic locations, and the distances between sites.

Adding to the complexity, each of the various sites that constitute a network contain multiple shelves and cards, and a multitude of setup configurations involving items such as labeling, power supply, and rules for communication, not only between the different cards and shelves, but between the various sites. Rule-based pricing increases the complexity even further, as many Fujitsu promotions are date-range specific to a particular customer for a certain part. With a 40-site network not uncommon, the degree of difficulty for the CPQ process can escalate quickly.

> "We now have consistently formatted quotes maintained in a central location, a streamlined workflow, and integration with SAP ERP to give us full visibility into product demand and availability."
>
> — **Dave Hawkins**, Vice President of Sales Engineering, Sales Operations, and Commercial Management, Fujitsu

Prior to partnering with FPX, Fujitsu had attempted to tame CPQ complexities in other quoting systems, but sales defaulted to the use of individual spreadsheets, because those systems didn't address the primary challenge: the lack of a single source of the truth in the end-to-end CPQ process and strong integration with SAP ERP data.

Automation and Digital Visualization

FPX CPQ unravels the complexity of Fujitsu's pricing model in two ways. First, it automates all the various pricing rules and requirements and integrates them in near-real time to the quoting system, so any update to product and materials master data is reflected very rapidly in the quoting and order capture system. While this would be fairly straightforward if it entailed merely updating a stock-keeping unit (SKU) that was priced the same across the board, the interplay between the networks, sites, shelves, and cards previously caused sales teams to spend days calculating pricing — with FPX CPQ it is now just seconds. More importantly, by centralizing this information, pricing visibility is no longer limited to the owner of a spreadsheet.

Second, FPX CPQ creates visual representations that show how a card's location on a particular shelf affects other parts of the network, and whether this placing meets all of the rule requirements. This is true for product and materials master data rules within SAP ERP as well as for rules in non-SAP systems.

The solution can also automatically recognize additional opportunities based on the appropriate placement of a product in a specific location. This automation eliminates the cumbersome manual process of cross-checking a configuration against a promotion list, and avoids the need for post-sale concessions to appease customers wondering why they didn't initially receive the lowest cost option.

"FPX CPQ helps us leverage the investment we've made in SAP software," explains Hawkins. "We had a robust transactional system that could provide us real-time price updates, but product and pricing complexities prevented us from leveraging that capability. Instead, updates were happening weekly or monthly; the sales value chain was manual and tedious because of the time to quote and the propensity for error."

Fujitsu implemented the solution in 2010, and within about six months, it achieved several business objectives and improved key metrics, including:
• Replacing multiple quoting systems with a unified cloud-based platform to configure multi-shelf and multi-slot networking platforms for quoting

How FPX Helped Fujitsu Network Communications Unlock Its Full Revenue Potential

FPX is a leading provider of cloud applications, with more than 30 years of experience in solving complex sales and operations challenges for multi-channel organizations. Whether on premise or in the cloud, FPX's Predictive Applications work seamlessly to transform any business process spanning customer relationship management and ERP systems, allowing customers to increase revenue while lowering costs associated with manual sales processes.

Fujitsu Network Communications provides optical transport equipment to North America's telecom carriers via several different product lines, including shelves and cards that house connectivity hardware, signaling and routing setup, and management provisioning. Its multiple products contain thousands of parts and innumerable configuration scenarios— each with its own price and date range, and at the time, existing in individual spreadsheets subject to errors and outdated information.

After identifying inefficiencies in its manual quote-to-order processes that resulted in countless hours of rework, Fujitsu set out to find a solution that would automate and streamline the sales process, boost revenue, and simplify transactions for customers.

FPX delivered a seamless configure, price, and quote (CPQ) solution that empowered Fujitsu to:
• Deploy a single, unified cloud-based quoting system to configure multi-shelf and multi-slot networking platforms for quoting
• Decrease overall cycle time to produce quotes
• Reduce more than 80% of pricing errors, significantly lowering write-downs and other concessions

FPX Smart CPQ is built upon FPX Predictive Applications, the next generation of business application — uniquely combining structured database applications with predictive analytics intelligence, allowing organizations to:
• Harness big data to generate ideal configurations
• Experience real-time price optimization
• Transform quoting into guided selling

For more information, visit **http://fpx.com**.

• Decreasing overall cycle time to produce quotes
• Reducing more than 80% of pricing errors, significantly lowering write-downs and other concessions
• Automating the process through several organizations and providing visibility into sales, services, and what customers are requesting

Any doubt about whether users might prefer spreadsheets was quickly put to rest when the new solution ranked second among end users in an internal poll rating usage among all applications — just behind email.

Because all the pricing rules and requirements rest in the FPX CPQ system, Fujitsu no longer has to add to its sales engineering personnel in conjunction with organic growth. If and when a change is made, it no longer resides in one or a handful of spreadsheets.

"Every time a change is made, all users are notified as soon as they gain access and look at their quotes. It can be a new price, new availability, or a description change; it's a new level of granularity that just wasn't available," says Hawkins. "We can also extend that change to the in-play quote process by sending out a mass update that instantly forces the change. Before, price quoting was so manual that this wasn't even considered as a viable option, but it's a huge benefit."

For the end user, this means that they can now be onsite with customers and show them real-time visual representations, make changes to configurations, and instantly receive updated, accurate prices.

Sticking with a Strong Partner

Because FPX CPQ offers seamless integration with both SAP ERP and Fujitsu's customer relationship management tools, and because the FPX solution also integrates with SAP's customer engagement and commerce solution portfolio, including SAP Cloud for Customer, Fujitsu is in the process of extending its relationship with FPX.

First, Fujitsu is currently looking to broaden its use of FPX CPQ from solely a quoting solution to one that incorporates maintenance and support agreements. By incorporating these agreements into the system, Fujitsu will have the ability to quickly respond to incoming RFPs. Second, Fujitsu has plans to leverage contract management, meaning data coming from SAP ERP that is now used during the pricing and quoting cycle will also be leveraged for building and managing contracts directly in the FPX solution — all the way through obtaining the proper signatures.

"Clearly, this solution has produced value for us," says Hawkins. "We now have consistently formatted quotes maintained in a central location, a streamlined workflow, and integration with SAP ERP to give us full visibility into product demand and availability. We're excited to continue our partnership with FPX to further improve sales efficiencies." ∎