

Model-based Selling with Quantrix

Dynamically present the business case for
products and services with Quantrix



QUANTRIX™

© 2008 Quantrix, inc. All rights reserved

Model-based Selling with Quantrix

In today's business environment, corporate purchasing decisions are under increased scrutiny with involvement of a broader range of influencers, especially the CFO. The CFO is often charged with reigning in spending by exerting tighter control over corporate purse strings. CFO's set a high threshold for approving large ticket purchases and investments, demanding a quantifiable return on investment that is ranked against competing spending priorities. Sales executives and business development professionals look for every opportunity to present a compelling business case to CFO's and purchasing committees. A model-based selling approach offers that opportunity, especially for high-value products and services that deliver long-lasting returns and benefits.

Model-based selling is not a new concept; however, it has never realized its potential due to technology and perception constraints. Sales executives have historically employed spreadsheets to present figures and charts to prospective clients. However, the veracity of the model can be called into question by the closed nature of spreadsheets. Complex, linked worksheets with cryptic formulas are frequently perceived with suspicion due to the lack of transparency. Spreadsheet models are sometimes dismissed as being contrived to support the sales executives' claims rather than present an objective business case. Furthermore, it's quite common for sales executives to struggle with being able to explain the inner workings of spreadsheet models to the prospect's satisfaction.

Quantrix offers a transparent, flexible tool that is ideally suited to model-based selling. Key benefits of Quantrix include the ability to:

- Clearly present the business case using NPV, ROI, simple payback, net cash flows, tax benefits, and other calculations and metrics
- Demonstrate the full range of configurations, customizations and other variables with "what if" scenarios
- Present customized configurations in real time
- Rapidly prototype solutions and respond to proposals
- Build confidence and trust with highly transparent, understandable models
- Create professional-looking, interactive dashboards and visualizations
- Integrate multiple data sources to populate model with actual, timely data
- Refine and improve model with data-driven analytics and feedback

Clearly Present the Business Case to the CFO and Purchasing Committee

In sales that involve decisions by CFO's and purchasing committees, a vendor's products and services are frequently evaluated according to Internal Rate of Return (IRR) or Return On Investment (ROI). Oftentimes, CFO's have a long list of purchasing priorities, and will rate potential investments using these financial benchmarks. If the acquisition does not meet a certain threshold or compare favorably to other investments,

then the purchase does not move forward. Quantrix enables users to build models that incorporate key financial metrics including ROI, IRR, NPV, payback and others. As CFO's like to see where the numbers came from, it is much easier to demonstrate how the logic was constructed. The business logic and cell values used for these calculations are transparent and inscrutable, thus giving the sales executive the confidence to explain and stand behind the model. Since Quantrix models are created with plain-language formulas, it is very easy for prospects to understand and validate the logic. Quantrix models often reduce the number of formulas by over 85%, so it is much easier to walk through cell calculations.

Demonstrate the full range of configurations, customizations and other variables with “what if” scenarios

Complex products and services deliver varying returns according to configurations, financing options, costs of capital, etc. Furthermore, returns are dependent on the lifecycle of the solution. As such, it is both beneficial and necessary to be able to model and present returns under the full spectrum of possible scenarios across the appropriate time horizon. Quantrix enables “what if’s” along any dimension (product, service, time, cost of capital, energy consumption, cost of energy, labor rates, etc) that is built into the model. Sales executives can also demonstrate combinations of “what if’s” on the fly, based on requests from the prospect. The Quantrix Presentation Canvas incorporates dashboard widgets like sliders, checkboxes, dials, and thermometers that visually demonstrate “what if” scenarios within the model.

Present customized configurations in real time

Create a powerful impression by making changes to a model “on the fly” and demonstrating new outcomes to a prospective client. Rather than displaying static charts or presentations on a screen, the ability to dynamically present various configurations allows for a more meaningful dialogue to take place where a “perfect fit” solution can be developed. The ability to design a custom solution with the prospect’s inputs in real time is a key competitive advantage with model-based selling with Quantrix. While improving win rates, it can also have the effect of accelerating the sales cycle.

Rapidly prototype solutions and respond to proposals

Under ideal circumstances, there is plenty of time to respond to qualified requests for proposals. As is often the case, however, the prospect mandates a tight deadline for submitting the completed proposal. If you have a large pipeline of opportunities, it can be particularly challenging to find resources to develop comprehensive and professional proposals. Quantrix helps you to take on this challenge and transform it into an opportunity. While competitors are spending huge amounts of effort and resources scrambling to put the numbers and scenarios together, your organization already has the model available to plug into the proposal.

Take for example, Civitium, a Georgia-based consultancy. A large portion of Civitium's business is planning broadband infrastructure initiatives. Their clients, who include

major cities, state public safety boards, and internet service providers, utilize Civitium services to plan all aspects of these endeavors: target customers, product mix and pricing, network engineering, partnerships and vendor sourcing, and overall business strategy. In this work, Civitium routinely faces challenges regarding change management. In particular the engineering design, business planning, and financial modeling they do for clients requires intense coordination to manage dynamic requirements, stakeholder input, and other constraints.

Civitium helped several clients apply for broadband stimulus funds made available in the American Recovery and Reinvestment Act. This Act made over \$7B available for broadband infrastructure and associated activities. Given the Act's emphasis on jobs and speedy economic recovery, Civitium's clients were given only six weeks to respond to the federal application for funds. This application required deliverables normally associated with a four to six month project.

To meet this challenge, Civitium had to develop a new information management technology, which it called "Integrated Broadband Planning", and used Quantrix at the core. The primary goals of this initiative were:

- Communicate engineering outcomes more quickly to senior management for faster decision making
- Eliminate the re-work and risk associated with specification changes
- Remove the downstream dependencies between engineering, business planning, and financial planning teams to enable rapid, independent progress
- Integrate spatial data into financial planning

Civitium found the system, and its real time ability to integrate engineering, business, and financial decisions, so impactful that they often worked with clients directly in the Quantrix application. To this end, they often conducted screen-sharing sessions with all levels of management and staff to evaluate and analyze the work and conclusions.

Build confidence and trust with transparent, understandable models

Quantrix promotes transparency and trust within models through a number of features. The business logic is defined in plain language, which makes formulas easy to understand and explain. Because formulas are written outside the cell and apply to ranges of cells, rather than individual cells, Quantrix models typically have exponentially fewer formulas. This makes it easier to identify the logic that drives calculations within cells. The Dependency Inspector makes it even easier to view cell dependencies through a visual representation. The audit trail feature records any changes made to the model.

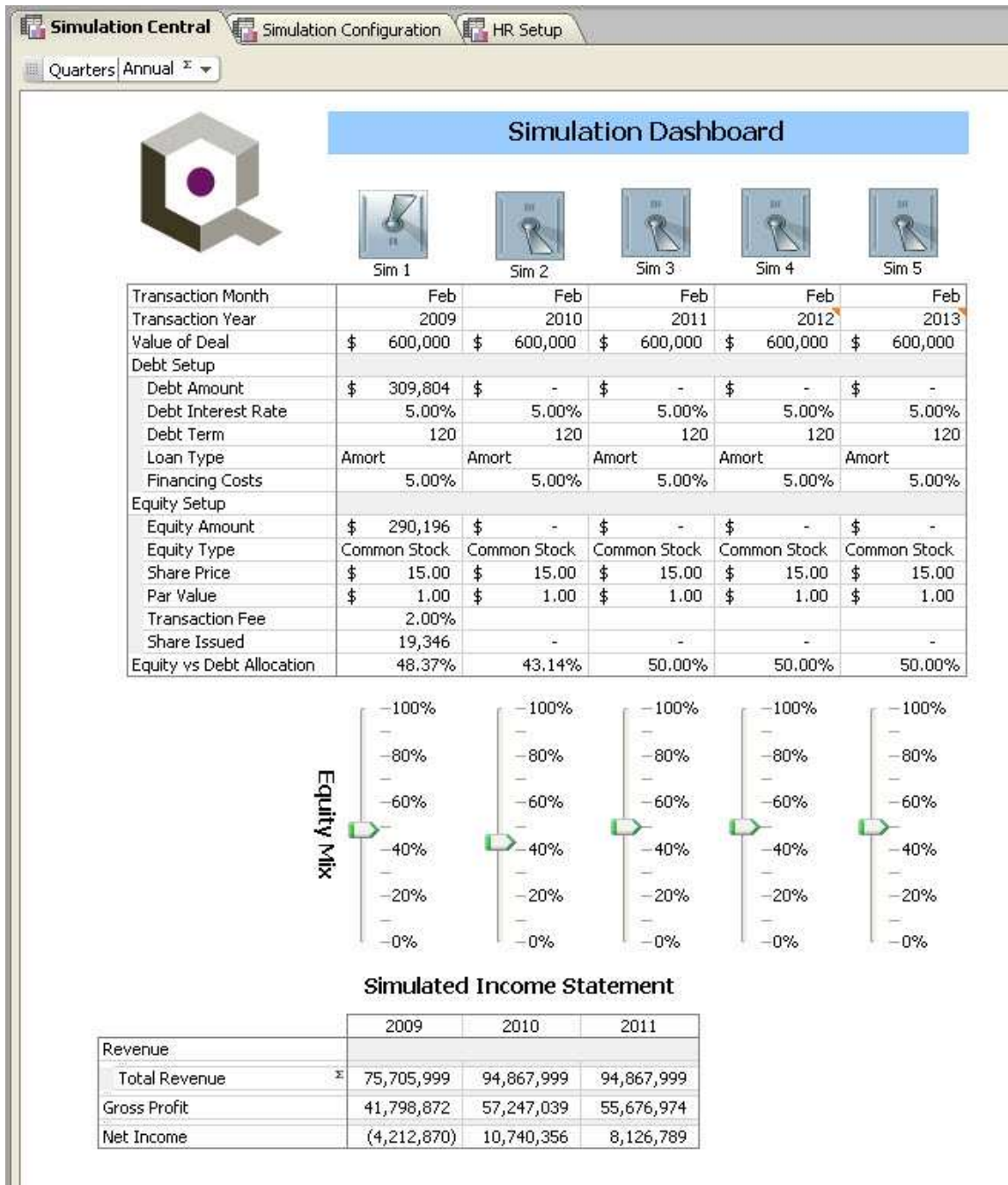
The screenshot displays a software interface with several panes. The top pane shows a spreadsheet with columns for 'Process' and 'Packaging'. The bottom pane shows a list of formulas for calculating labor standards. Two callout boxes provide additional context:

- Dependency Inspector shows cell and value relationships:** A diagram shows 'Hours per shift' (12) and 'Downtime (cleaning, start-up, shut-down) per shift' (0) as inputs to 'Total available hours per shift' (12). This value is then used as an input for 'Total available hours per day' (24).
- Plain language formulas are easy to understand and explain:** A list of formulas explaining the calculations:
 - Total available hours per shift = Hours per shift - Downtime (cleaning, start-up, shut-down) per shift
 - Total available hours per day = Total available hours per shift * Shifts per day - Downtime (cleaning, start-up, shut-down) per day
 - Total available hours per week = Total available hours per day * Days per week - Downtime (cleaning, start-up, shut-down) per week
 - Total available hours per cycle = Total available hours per week * Weeks per cycle - Downtime (cleaning, start-up, shut-down) per cycle
 - Total available hours per year = Total available hours per cycle * Cycles per year - Downtime (cleaning, start-up, shut-down) per year

	Process	Packaging
Crew per shift	4.3	7
Hours per shift	12	10
Downtime (cleaning, start-up, shut-down) per shift	0	0
Total available hours per shift	12	10
Shifts per day	2	2
Downtime (cleaning, start-up, shut-down) per day	0	1
Total available hours per day	24	19
Days per week	6	4
Downtime (cleaning, start-up, shut-down) per week	0	0
Total available hours per week	144	76
Weeks per cycle	23	2
Downtime (cleaning, start-up, shut-down) per cycle	48	3
Total available hours per cycle	240	149
Cycles per year	23	23
Downtime (cleaning, start-up, shut-down) per year	0	0

Create professional-looking, interactive dashboards and visualizations

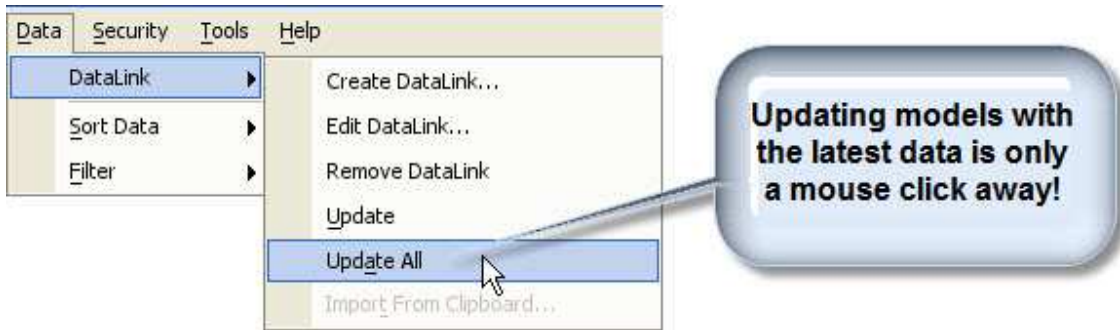
Professionally-designed presentations have a major impact on the sales process and often mean the difference between success and failure. It is not enough for your model to generate a compelling business case, you also need to present your business case in a compelling fashion. You need to be able to interactively demonstrate the value of your product under the full range of variables, timeframes, and “what if” scenarios. The Quantrix presentation canvas allows you to organize model highlights such as data, graphs and dashboard widgets in interactive views. While spreadsheet presentations tend to be static, Quantrix allows the sales professional to present models dynamically and interactively. The presentation of the model becomes a key part of the overall conversation of how your company’s products or services will deliver their promised returns. As CFO’s and others look for predictability in returns on investment, forward-focused models with projections and simulations add great value to the sales process.



Integrate multiple data sources to populate model with actual, timely data

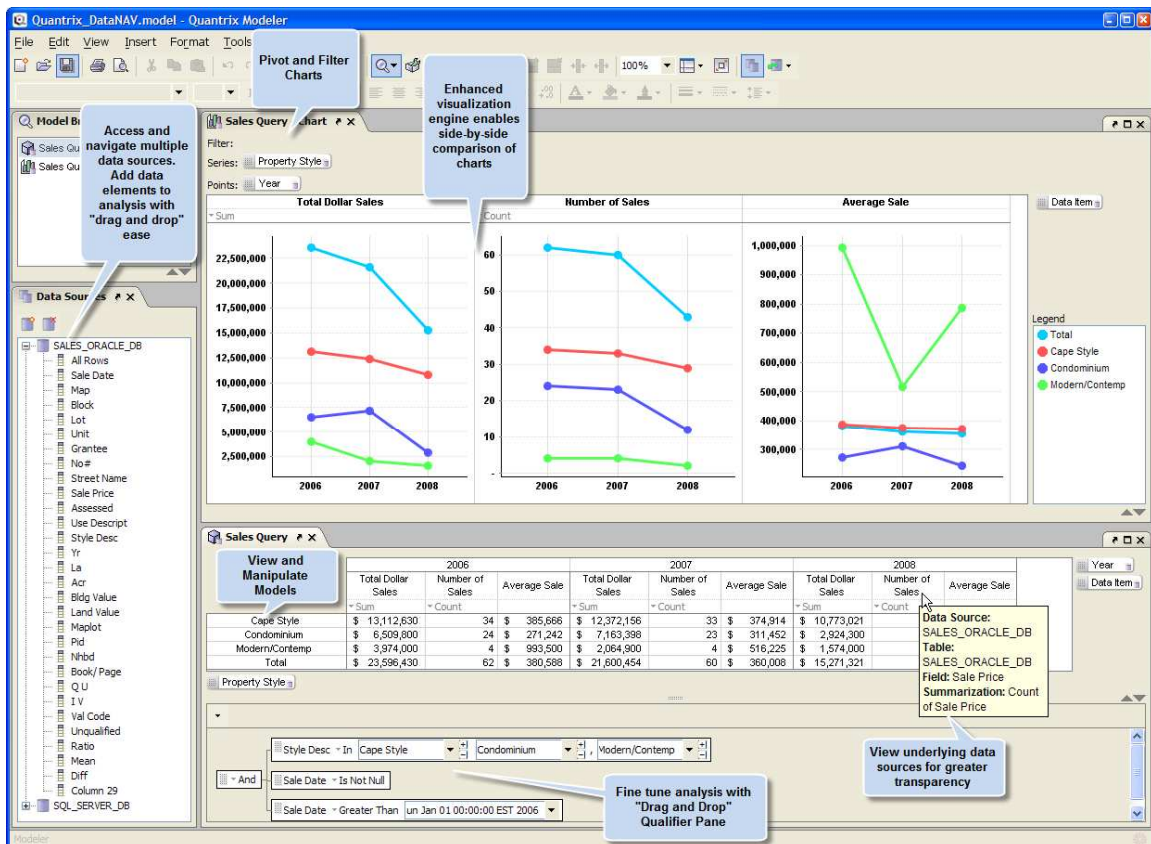
Spreadsheets tend to become obsolete over time as updating with new data evolves into an onerous, time-consuming and risky task. Adding new months, products, or other dimensions to spreadsheets also require significant testing and debugging. Quantrix, on the other hand, allows you to automatically update your model with the latest data from databases, data warehouses, csv. files and other sources. With the DataLink feature, it is

possible to perform the update with the click of a mouse button or even to automate the process.



Refine and improve model with data-driven analytics and feedback

Quantrix offers an opportunity for continuous improvement of model accuracy and comprehensiveness. Customer feedback and actual results can drive refinements and fine-tuning of the model. Being able to demonstrate actual product and service performance, and show how that is incorporated into the model, gives a lot of confidence to the sales executive and even more so to the prospective customer. All this contributes to a model-based selling process that drives ever-increasing sales.



The Quantrix ROI Model in Action!

At Quantrix, we offer a simple online ROI model to help professionals make the business case for switching from spreadsheets to Quantrix. You can try the model out yourself, just visit www.Quantrix.com.

Model

	Results
Total Cost to Model with Spreadsheets	\$1,546,500
Total Cost to Model with Quantrix	\$736,850
Savings Per Year	\$809,650
Payback	0.13
IRR	746%
Staff FTE Savings Per Year	16.19

[Back to Inputs](#) [Show Detail](#) [Print](#) Powered by **Quantrix**