workday. | accenture

Industry Perspective

Increasing Agility in Tech and Media: Modernize Q2C

Agility is a business imperative.
Fixing quote to cash is the first step.

Introduction.

Technology and media businesses have an intimate knowledge of disruption. New digital delivery and rapidly evolving subscription models continue to define the future of both industries, while M&A activity and divestitures can redraw the contours of entire marketplaces virtually overnight.

This puts pressure on the systems these businesses run on—systems that are integral to any company's ability to operate with agility at a time when agility is everything. And few systems influence business agility more than quote-to-cash (Q2C).

It's not about transactions.

When sales and finance executives consider Q2C workflows, they typically imagine a series of transactional handoffs:

- Configure, price, and quote
- Craft the proposal and contract
- Manage and approve credit
- Process the order
- Bill customer
- Collect and recognize revenue
- Analyze Q2C activity to ensure cash and budget forecasts are accurate and relevant

In an ideal world, Q2C begins the moment a customer, subscriber, or prospect interacts with your brand, surfacing consistently throughout their journey and remaining a persistent, positive presence well beyond the point when cash changes hands and revenue hits your balance sheet.

Most Q2C systems, however, are anything but ideal. They're typically inefficient and internally facing, siloed and cumbersome, and hemmed in by processes created in a more predictable time. And they are far more focused on contracts than customers.

This paper explores why modernizing Q2C systems has become a critical business imperative for tech and media businesses in the age of urgency, and where traditional Q2C falls short. It also describes the technological and organizational changes needed to create an agile, customer-facing Q2C system—one that could serve as a model for establishing an enterprise's commercial operations of the future.

Why modernization can't wait.

On the final day of 2019, *Forbes* magazine ran a column that offered a prescient call to business leaders: "Change Has Never Been This Fast. It Will Never Be This Slow Again." It's a sobering message for even well-prepared and responsive organizations. But for tech and media businesses still running on legacy systems, siloed data lakes, and transaction-focused workflows, it should serve as an urgent and inescapable wake-up call.

A 2021 Accenture report bears this out. The report found that costly decisions are happening at a cadence never before realized. In previous years, enterprise CFOs might make $100,000,000-decisions every month or quarter. Today that number is closer to $1 billion—and they're happening daily. Meanwhile, three out of four executives say their company's operating model has failed to evolve fast enough to align with their evolving business strategy.

Three out of four executives say their company's operating model has failed to evolve fast enough to align with their evolving business strategy.

All this hasn't been lost on executives at tech and media companies. In a 2020 survey, 93% of media business leaders and 77% of tech execs acknowledge that their digital growth strategy is constantly evolving. And when it comes to how those business leaders assess their own organization's progress toward achieving organizational agility, just 23% of media executives categorize themselves as leaders. Tech companies fare even worse, with only 13% in the leader category.

In the face of abundant evidence of accelerating change, it's clear these business leaders know they must do something to accelerate the pace of their business.

There may be no better place to start than Q2C. Read on to learn why.

Where traditional Q2C falls short.

Ask virtually any stakeholder in your company's quote-to-cash lifecycle what their role is, and they'll very likely answer that it's to set prices for products or services, configure quotes, run credit checks, issue invoices—you get the idea. These team members often see themselves as part of a larger effort to generate and recognize revenue, but they probably don't imagine that they are part of a customer experience. Yet even if they never directly interact with a customer, their role very much defines the contours of the customer relationship.

It doesn't help that traditional Q2C is a fragmented, disjointed affair. Details naturally vary by organization, but the challenges presented by current Q2C systems tend to be pervasive, compounding, and even debilitating. See if you recognize any of these:

Siloed systems.

- Q2C workflows typically tap multiple disparate and often siloed sources of data sewn together via APIs and manual import/export processes, adding time and effort to a workflow that should be streamlined and self-service.
- Sales, marketing, and customer success employees can't get to the right data at the right time—and the data they can access is often stale, replicated, or simply wrong.
- Fragmented systems and data sources make it difficult to scale Q2C systems as organizations grow, or pivot when market conditions change.

Inaccessible insights.

- Pricing analysts, lacking insight into the constellation of variables that can affect pricing strategies, risk choosing the wrong model and either leaving revenue on the table by aiming too low or losing a sale by aiming too high.
- Crucial information is locked away in spreadsheets, preventing sales personnel from providing the most relevant offer to customers and keeping analysts from assessing the downstream impact of promotions.
- Fractured architectures mean data imported from a back-end platform into a CRM or finance environment is never fully normalized, cleansed, or usable for analytics or reporting.

Fragmented workflows.

- Quoting processes can break down, delaying the time it takes to respond to customers and leading to lost deals.
- Complex and disjointed approval workflows prevent deals from closing, and complicated pricing structures lead to manual, time-consuming dispute resolution.
- Multiple currencies and languages create bottlenecks requiring translations and discrepancy handling.
- Disjointed customer touchpoints—in person, online, and via mobile—make for an incoherent customer journey.

The truth is, an outdated Q2C system, weighed down by legacy technology and rigid adherence to decades-old processes, can be so beholden to Q2C serving the business that stakeholders lose sight of what Q2C is really there to serve: the customer.

A broad business impact.

In most organizations, Q2C actively involves sales, sales operations, finance, legal, partner programs, customer success, and even HR. This makes it relatively unique among enterprise systems. Customer touchpoints abound throughout, yet many Q2C steps simply aren't built to directly engage with customers, even when they should. When crucial information just isn't available when it should be, deal desk or customer service reps must chase down details, and account portals lack basic information customers might expect to see.

Q2C shortcomings are particularly disruptive as brands increasingly connect with customers online and via mobile. Done right, online engagement should bring customers closer to your business and your brand. But digital interactions also set expectations among customers that their previous transactions and interactions will always inform their current experience. With traditional Q2C systems, this is rarely—if ever—the case.

Not every component of a Q2C system will interface directly with customers. But industry experts suggest it should at least be designed to optimize the experience of customers by always putting information where it needs to be at the moment a customer—or a representative or process that serves the customer—needs it.

"Quote-to-cash systems were designed to serve internal constituents processing orders for customers," notes Christian Kelly, managing director, Software and Platforms for Accenture. "That world is gone. For businesses to compete today, they must steer their vision away from quotes and contracts and instead, organize every step of quote-to-cash systems to support the commercial customer experience. That's what modernization means for Q2C."

> "
> For businesses to compete today, they must steer their vision away from quotes and contracts and instead, organize every step of quote-to-cash systems to support the commercial customer experience. That's what modernization means for Q2C.
>
> **Christian Kelly**
> Managing Director,
> Software and Platforms
> Accenture

Creating an incoherent customer experience.

Q2C modernization is crucial for any business, Kelly says, from large enterprises to smaller, high-growth organizations trying to manage growth as they scale and mature. But the need can be especially urgent for larger and more siloed organizations. Complex enterprise stacks formed over time by mergers and acquisitions, for instance, can lead to a Q2C system fed by multiple legacy back-end applications and a patchwork of calcified processes.

The result is a system that expects customers to engage online at some points but not at others, and where important account and transactional data is readily available at some stages but is unattainable at others. "You end up with an incoherent customer experience," notes Kelly, "and a business that's difficult to do business with."

Mitigating value debt by focusing on customers.

For Accenture's Christian Kelly, interacting with a broken Q2C system is like ordering and tracking an Uber ride entirely via your mobile device. But once the ride is complete, says Kelly, "you find out you have to pay in goats."

This lack of a coherent customer experience amounts to what Accenture calls "value debt," or the cost to a business with broken and inefficient systems as measured in metrics such as diminished customer satisfaction, overlooked revenue opportunities, and gross-to-net inefficiencies. One example may be a billing system that's too inflexible to handle newly adopted subscription-based billing, promotional credits, or bundles. The resulting manual workarounds will be costly and time-consuming.

What it takes to modernize Q2C.

Eliminating the value debt locked within your Q2C system requires taking a close look at its core elements, namely:

- The applications that feed Q2C workflows
- The data those systems produce
- The way your organization uses those systems and data to turn quotes into cash

Let's begin with data, because it underpins your entire Q2C system and is so important to the success of any modernization effort. If you don't fix your data, you will likely be frustrated with your results.

> "Without an intelligent data core, you won't be able to support all the capabilities a modern, customer-facing Q2C system needs.
>
> **Eric Noren**
> Managing Director of CFO and Enterprise Value
> Accenture

Removing silos unlocks the value of data.

Nearly 8 out of 10 C-suite executives surveyed by Accenture said that between 50% and 90% of their data is "unstructured and inaccessible." This is a common consequence of data silos, but it's a major obstacle for teams needing to create a stable core for Q2C and other critical systems.

Media and tech executives appear to acknowledge the profound impact of siloed data on their prospects for achieving agility and growth. In the 2020 survey cited earlier, 57% of media executives agree that employees should have full access to all the data that would enable decision-making to drive growth. Among tech industry executives, 46% agree access to data is key.

If their goal is to create a cohesive, unified system that provides stakeholders and customer-facing systems with the right data at the right time, fighting to retain legacy ERP and other back-end systems may only make the transformation more difficult and protracted.

"You can see instances where tech and media companies are still using the old-school method of trying to make outdated systems work," says Eric Noren, managing director of CFO and Enterprise Value at Accenture. "They may eventually get there, but they will arrive there after their competitors. In a constantly changing marketplace that rewards agility and a positive customer experience over all else, taking too long to modernize your systems just invites competitors to step up and take over."

Eliminating data silos is key, says Noren, because data drives the entire Q2C workflow and beyond. "Without an intelligent data core, you won't be able to support all of the capabilities a modern, customer-facing Q2C system needs."

Most organizations that modernize any aspect of their business look to cloud-based enterprise solutions designed specifically to work from a single source of data—a single source of truth.

Adopting an intelligent data core . . .

Most organizations that modernize any aspect of their business look to cloud-based enterprise solutions designed specifically to work from a single source of data—a single source of truth. Establishing all enterprise systems, including all Q2C, on an intelligent data core alleviates the workarounds, inflexibility, and errors that tend to follow legacy, premise-based systems.

Basing enterprise systems on an intelligent data core also makes it easier to apply data science advances such as machine learning (ML) to power intelligent automation, what-if scenario modeling, and predictive planning. These all have become hallmarks of modern enterprise systems, including Q2C, that enable legacy enterprises to achieve greater business agility and make it easier and more manageable for high-growth organizations to scale.

. . . and a new way of working.

An intelligent data core is essential, but it's not the whole picture. Both Kelly and Noren emphasize the need for retooling not just technology, but the very way Q2C stakeholders work. "All the tools you need to fix your data and transform Q2C are available today," says Noren. "But you need to match your new, cloud-based, intelligent data core environment with a new organizational model."

Kelly suggests taking a business design focus with organizational change. "Business designers must understand where customer acquisition meets configure-price-quote, where that meets the deal desk, where the deal desk meets finance, and where finance meets FP&A for analytics and forecasting," Kelly says.

"

A modern Q2C system should prove at all times how easy it is to do business with you.

Christian Kelly
Managing Director,
Software and Platforms
Accenture

A successfully designed Q2C system is a cohesive collection of connected, customer-facing capabilities, Kelly explains. “In some instances, these capabilities are entirely automated and accessible to customers through websites or apps as they go through their journey. In others, they may be guided by stakeholders who are empathetic to the customer experience, because the end state of a modern Q2C system should prove at all times how easy it is to do business with you.”

Part workflow design and part mindset shift, an organizational reboot involves both operational and cultural changes. The results, however, can be profound. For instance, today a contract change might be viewed as a problem that stalls progress and requires hands-on workarounds. In a switched organization, it is more likely to be seen as an opportunity to meet the unique needs of a customer, with ML-powered automation preventing slowdowns and customer-facing services enabling customers to make changes in a fast, self-service experience.

Part workflow design and part mindset shift, an organizational reboot involves both operational and cultural changes. The results, however, can be profound.

Designing a new organizational model.

There’s no fixed rule book for designing your organizational model to enable a modern Q2C system. Much of it depends on the nature of your business, the enterprise systems you’re using today, and the new systems you’ll adopt as you modernize for Q2C agility.

Accenture’s Eric Noren sees the potential for RevOps to serve as a key enabler of this new organizational design. With its already established role as a unifier of sales, marketing, and customer success—and its mission to drive operational efficiency across the customer lifecycle—RevOps could help orchestrate Q2C functions via a centralized or even decentralized (hub-and-spoke) organizational model.

The key, says Noren, is to establish a model designed around shared ownership of the customer experience. In that scenario, RevOps, likely working in close collaboration with finance, could oversee key logistical aspects of the Q2C transformation. RevOps could orchestrate all the key pieces, from earning buy-in, to agreeing on metrics, to designing workflows. In some organizations, finance might take the lead while working closely with RevOps and other essential stakeholders.

No matter who orchestrates the organizational switch, Q2C must move from a linear, process-centric model to one that is fluid, flexible, self-learning, and self-service—and that enables continuous collaboration with every stakeholder group.

The first step to a new future.

In its 2021 "CFO Now" report, Accenture calls upon CFOs and other executives to do what it takes to operate in the now, or what it calls "breakthrough speed," so they can reap rewards in terms of top-line growth and bottom-line profitability. According to the report, "S&P 500 companies in a broad range of industries could almost double their EBITDA compound annual growth rate (CAGR) from 3.8% to 6.9% over the next three years and increase their revenue CAGR from 2.7% to 3.0%. The takeaway: breakthrough speed can indeed create breakout value."

To achieve these results, teams must continuously recalibrate, operate seamlessly in real time, automate repetitive tasks, anticipate what's next, and more. It would be exceptionally difficult to get there by trying to sew together old-world and new-world solutions into a clumsy approximation of a cohesive environment.

This is likely why tech and media business leaders surveyed in 2020 both listed "inflexible legacy technology" as a top impediment to achieving the kind of integrated, real-time environment their business needs to thrive.

Fortunately, superior alternatives aren't just readily available; they're also far easier to implement, manage, and maintain than a bolted-together retrofit of outdated systems.

Implementing an enterprise management cloud.

A new class of software, often called an enterprise management cloud, not only simplifies Q2C modernization, but it can also serve as a springboard for a larger enterprise-scale transformation.

What is an enterprise management cloud? It begins with an intelligent data core that incorporates the automation that Q2C systems desperately need. It also is characterized by the simplified service delivery that distinguishes cloud offerings: on-demand enterprise scale, predictable economics, automatic updates, embedded security, and more.

In this environment, it's easy to configure, change, and extend core business processes. This means the software environment can fit the needs of your Q2C organizational model, rather than the unyielding confines of traditional software.

Another essential advantage of a cloud-based environment: it can take data from virtually any source and make it available throughout the system. What's more, the data is always current and usable across applications. The most advanced enterprise management clouds also feature ML-augmented analytics and extensive what-if modeling to help you see around corners, iterate on plans, and forecast what's coming next.

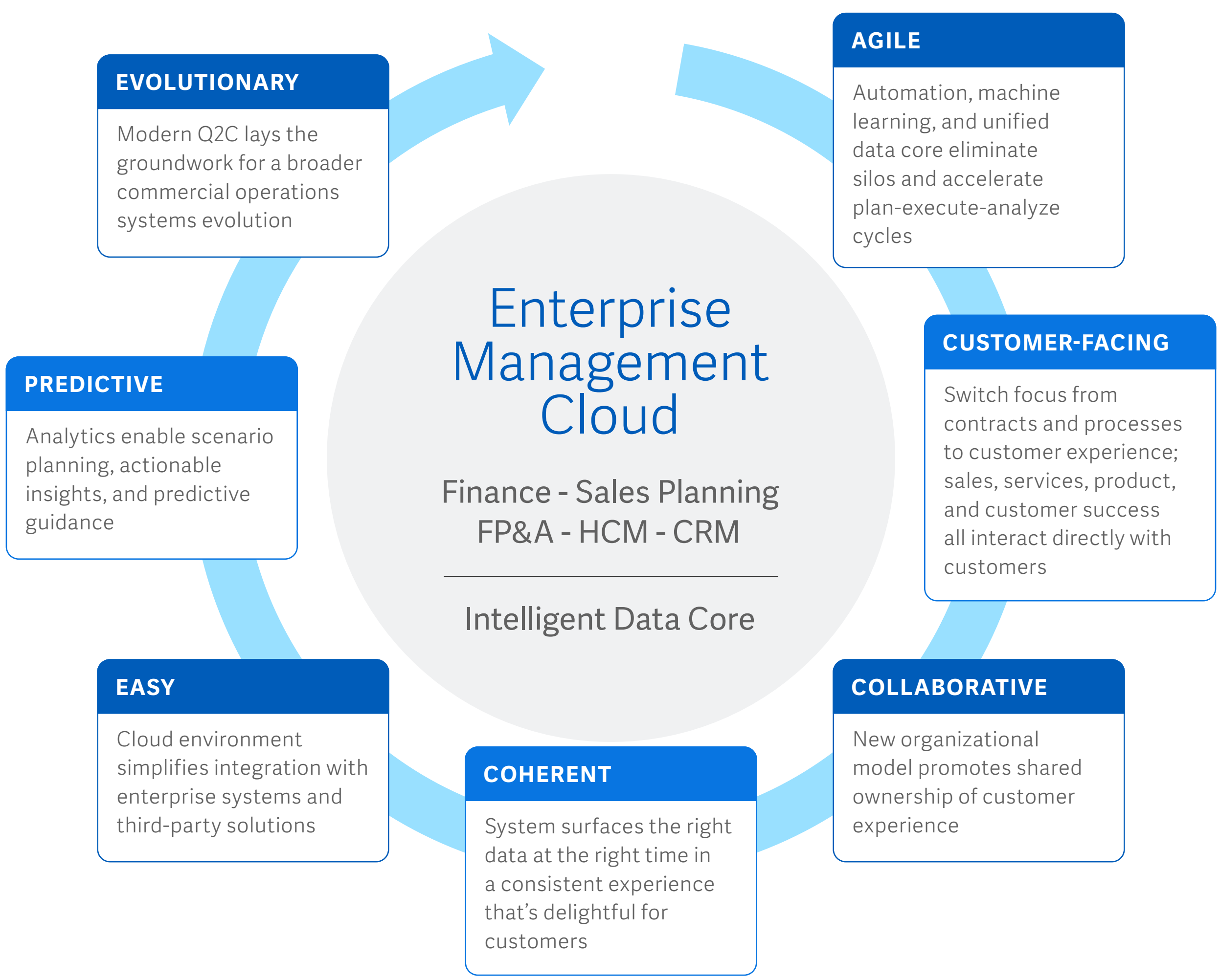
Harnessing the potential of a unified environment.

Perhaps most importantly, with an enterprise management cloud your teams can continuously recalibrate as changes arise (and they will arise) with a single system to plan, execute, and analyze every aspect of Q2C.

"When you're working within a best-of-breed cloud, it's far easier to create a unified environment that you can configure to your organizational model," says Noren. "You previously may have looked at sales and demand planning through an accounting lens, studying sales pipeline data and trying to determine how that will impact your cash forecast. But when you have your CRM, financial management system, and planning and analytics applications all integrated in a unified system, it's no longer just an accounting exercise. Now you can start to more deeply analyze changes and explore how you not only can respond to change but also model it.

"Being able to do this in real time, to ask 'what if?' so you're never missing an opportunity to create capabilities that deliver an excellent customer experience, and to do all this from anywhere you are and at any time—that's why a modernization effort is so worthwhile."

Characteristics of a Modern Q2C System



The "easy button" for CRM integration.

A modern Q2C system needs to work seamlessly with popular cloud applications that are often already in place within an organization's stack. Cloud-to-cloud integration provides businesses with access to best-of-breed solutions, and relying on more than one cloud solution lets organizations avoid the pitfalls of anchoring themselves to a single platform.

Accenture's Christian Kelly and Eric Noren refer to cloud-to-cloud integration as "the technology easy button" for sales and finance organizations building a Q2C system from best-of-breed cloud offerings. One example of this is how cloud financial management and CRM systems can work together to become cohesive and collaborative elements of that system.

Case in point: Workday Financial Management, a leading cloud financial management and planning system, integrates with Salesforce CRM and Sales Cloud, the #1 cloud CRM solution, via a prepackaged connector. The connector spares IT from the burden of developing and maintaining a costly custom integration, which is common in traditional Q2C environments.

Instead, customers rapidly achieve two-way integration between the applications. Stakeholders can work from the application that makes sense for their role, but still have the advantage of tapping into data and insights from both applications:

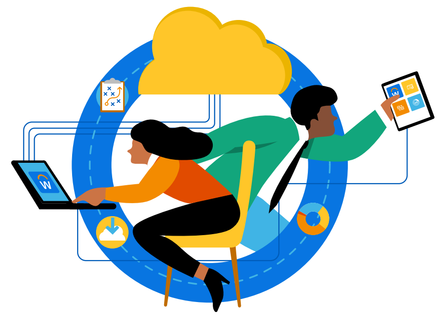
- Opportunity and customer data from Salesforce flows to Workday, where customer activity information is always updated and available.
- When invoices, payments, or adjustments occur in Workday, customer activity automatically updates in Salesforce.
- Stakeholders can create opportunities, contracts, projects, invoices, and resource plans in Workday from Salesforce events.
- Dashboards provide a seamless experience for users, with continuous sync monitoring.

A starting point to a broader transformation.

Modernizing Q2C doesn't just solve an urgent business imperative. It can also provide a starting point toward implementing a much broader enterprise transformation in industries such as tech and media where disruption demands it.

"It's important to do all the things that turn Q2C from a vulnerability to a competitive advantage," says Noren. "But your Q2C transformation can and should put you on a trajectory to modernize the rest of your business."

In fact, the enterprise management cloud your organization implements to modernize Q2C can serve as the foundation for enterprise-wide commercial operations—a portfolio of connected systems delivered as a set of services to an organization modeled around delighting customers.



Cloud-to-cloud integration provides businesses with access to best-of-breed solutions, and relying on more than one cloud solution lets organizations avoid the pitfalls of anchoring themselves to a single platform.

> "
> It's important to do all the things that turn Q2C from a vulnerability to a competitive advantage. But your Q2C transformation can and should put you on a trajectory to modernize the rest of your business.
>
> **Eric Noren**
> Managing Director of CFO and Enterprise Value
> Accenture

"Commercial operations take back-office processes and turn them into front-office capabilities that are exposed directly to customers," explains Kelly. "Innovation in finance exists increasingly at the edges, moving beyond FP&A to reach the people who are driving the business every day and the systems that touch customers directly. That innovation will define the future of commercial operations throughout the business, and the future of the business itself."

At LiveRamp, rapid growth demands an intelligent data core.

For LiveRamp, a $443 million provider of the leading data connectivity platform for the safe and effective use of data, recognizing the value of data is foundational to the business. So when it came time to retool its operations in order to accelerate rather than hinder the company's rapid growth in revenues and headcount, LiveRamp execs knew a traditional ERP retrofitted to the cloud wouldn't suffice.

"We didn't want to improve our operations incrementally; we had to completely rearchitect everything," says Chris Garber, LiveRamp's senior vice president of Finance and Operations. "That meant taking a fresh start and going to the cloud, which brought us to Workday."

Today LiveRamp counts on Workday for its intelligent data core—a single source of financial and HR truth that every stakeholder in the workflow can securely access based on their privilege levels. "Workday helps minimize, if not eliminate, the data reconciliations that bedevil other companies' finance groups," Garber notes.

LiveRamp keeps growing. Since implementing Workday, revenues and headcount have doubled. And with the company looking to evolve its systems to become even more agile, Garber believes LiveRamp has what it needs to continue its transformation. "Because Workday is cloud-native and delivers constant innovation, we don't have to worry about outgrowing Workday."

Innovation at the edges: the role of AI and ML.

A phased transformation that starts with Q2C and then radiates to the other systems will make it easier to deploy entire systems designed to create extraordinary customer experiences.

Artificial intelligence (AI) enhancements, including and especially ML, will make that future more accessible. When Q2C is built on an intelligent data core and previously manual workflows become automated, the Q2C system can provide extensive, rich data for gaining a better understanding of customer behaviors, and even anticipate their needs in specific scenarios. This can have a significant impact on promotions management, rebate management, pricing incentives, and payments matching.

For instance, payments matching automation applies complex logic to the process of recognizing customer payments and applying them to the correct system. It would be a fairly straightforward process if not for exceptions such as promotional discounts, rebates, refunds, make goods, and other variables.

"We didn't want to improve our operations incrementally; we had to completely rearchitect everything. That meant taking a fresh start and going to the cloud, which brought us to Workday.

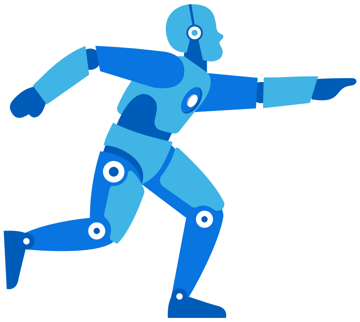
Chris Garber
SVP, Finance and Operations
LiveRamp

When Q2C is built on an intelligent data core and previously manual workflows become automated, the Q2C system can provide extensive, rich data for gaining a better understanding of customer behaviors, and even anticipate their needs in specific scenarios.

Sometimes payment arrives with little to no identifying information, so your accounts receivable team won't know which account to credit it to—at least not without costly manual intervention. But by leveraging ML, these variables can also be automated and the exceptions handled. ML works by learning from data ingested at the start of the process, and then continues to learn by applying outcomes data that helps the system improve its accuracy and efficiency.

ML also helps teams identify anomalies in data that could skew potential business decisions; improve the accuracy of sales, revenue, and demand forecasts; and assist scenario planning so media planners or software product managers get a clear picture of what is likely to happen if they raise subscription prices by 10% or add pay-per-use options to what has historically been an all-you-can-eat offering.

> "
>
> Competitors will not get less aggressive, or less strategic. Every year, there will always be a new bar.
>
> **Christian Kelly**
> Managing Director, Software and Platforms
> Accenture



ML works by learning from data ingested at the start of the process, and then continues to learn by applying outcomes data that helps the system improve its accuracy and efficiency.

For tech and media businesses, the implications are clear: change is accelerating, and to keep up, businesses need all the help they can get. And waiting may come at a very great cost.

"In tech and media alike, the competitive bar will continue to move up and to the right, and ever-more agile market entrants will threaten your position," says Kelly. "Competitors will not get less aggressive, or less strategic in their own implementation of commercial systems. Every year, there will always be a new bar."

About Accenture

Accenture is a global professional services company with leading capabilities in digital, cloud and security. Combining unmatched experience and specialized skills across more than 40 industries, we offer Strategy and Consulting, Interactive, Technology and Operations services — all powered by the world's largest network of Advanced Technology and Intelligent Operations centers. Our 624,000 people deliver on the promise of technology and human ingenuity every day, serving clients in more than 120 countries. We embrace the power of change to create value and shared success for our clients, people, shareholders, partners and communities. Visit us at www.accenture.com.

+1-925-951-9000 +1-877-WORKDAY (+1-877-967-5329) Fax: +1-925-951-9001 workday.com

20220201-pov-w-accenture-tech-order-to-cash-enus