

# Model N

## A Model N High Tech Case Study

"Sales efficiency was being significantly affected by the lack of automation and solid metrics in our entire sales process from opportunity identification to commissions. Model N Revenue Management provided the framework that we use to develop lead-edge revenue indicators."

— Mike Villot, Global Sales Operations, Cypress Semiconductor

## Global Semiconductor Manufacturer Boosts Sales Efficiency with Revenue Management Deployment

**Cypress Semiconductor**  
San Jose, California



[www.cypress.com](http://www.cypress.com)

**Industry:**  
Semiconductor

### Deployment Scope:

- 3,000+ users worldwide
- Direct and rep (30 U.S., 10 Europe), global distribution and indirect distribution

### Benefits:

Increased sales efficiency by:

- Balancing design and sales resources
- Reducing quote turnaround time by 38-45%
- Reducing quote exceptions by 32%
- Reducing time spent on generating forecasts
- Reducing time tracking sales commissions by 85%
- Improving "ease of doing business," especially with the distribution channel

### Cypress Semiconductor

Cypress (NYSE: CY) delivers high-performance, mixed-signal, programmable solutions that provide customers with rapid time-to-market and exceptional system value. Cypress offerings include the PSoC® Programmable System-on-Chip™, USB controllers, general-purpose programmable clocks, and memories. Cypress also offers wired and wireless connectivity solutions ranging from its WirelessUSB™ radio system-on-chip, to West Bridge™ and EZ-USB® FX2LP controllers that enhance connectivity and performance in multimedia handsets. Cypress serves numerous markets including consumer, computation, data communications, automotive, industrial, and solar power.

### Challenge: Driving Change Through Automation and Metrics

Semiconductor manufacturers face the challenges of a complex value chain, with end customers purchasing directly and through distribution partners, manufacturer reps, and contract manufacturers across multiple regions. This distributed sales process makes it difficult for organizations to obtain accurate visibility into demand, hinders quote turnaround time, and complicates commissions management. In order to improve these processes, Cypress felt it needed to enhance its ability to collect and understand both leading-edge and lagging-edge metrics for key business processes.

**To achieve its goals, Cypress had to overcome challenges in several key business process areas**

To achieve these goals, the company had to overcome several challenges, including:

### Demand Creation

- Design activity manually documented in Excel
- Multiple design sites claiming design credit
- Inability to accurately forecast new design win revenue

### Quoting

- Slow quote turnaround
- Difficulty of doing business with distribution channel

### Commissions

- Transfer business creating complicated splits
- Questionable trust between regions
- Multiple customer levels that are hard to manage
- Significant time spent tracking commissions

### **Solution: Improved Opportunity Visibility and Tracking**

Cypress selected Model N High Tech Revenue Management due to the company's:

- Deep domain expertise and complete commitment to the semiconductor industry
- Extensive end-to-end knowledge of Cypress's business
- High-quality personnel

Cypress Semiconductor used an evolutionary, phased approach to implementing Model N High tech Revenue Management, starting with demand creation, followed by quoting, POS management, and commissions.

#### **Demand Creation**

- Enter and update opportunities in real time
- Joint design splits documentation
- Production dates and forecasts captured and regularly updated

#### **Quoting**

- Auto-quoting for basic business
- Defined price exception escalation and review process
- Link quotes to demand creation opportunities
- Implement "squeeze margin" quoting
- POS integration

#### **Commissions**

- Open all opportunities worldwide
- Tie quotes to opportunities
- Develop three-level quote/order processes with robust aliasing capability

### **Real ROI: A Quantum Leap in Design Win Revenue**

With Model N deployed, Cypress now has rapid access to accurate data on quote analysis; design wins and design win cycle time; average revenue by design and business unit; and short- and long-term forecasting. This data enables a real-time view of the sales pipeline, allowing more efficient sales/FAE resource allocation.

The impact on demand creation has been substantial, including better design registration management, reduced time to quote/buy, quotes tied to opportunities and registrations, enhanced ease of doing business, and less sales involvement in demand creation processes.

Regarding quoting processes, the company has been able to:

- Reduce exceptions by 32%
- Reduce quote turnaround time by 38%
- Create clear pricing rules/processes
- Change pricing rules quickly
- Tie S&D and "squeeze margin" processes globally
- Minimize "selling against themselves"
- Reduce margin erosion

The impact on commissions management has also been significant. In addition to tying quotes to opportunities and ultimately to commissions, the deployment gives sales improved visibility to increase trust.

### **Looking Ahead**

Several factors enabled Cypress Semiconductor to be successful in its endeavor to increase sales efficiency, including securing management buy-in and change support; documenting new business processes; and using the Model N High Tech Revenue Management Suite as the backbone of an improved revenue life cycle infrastructure.

In the near future, the company is looking to implement improvements to the contract analysis process; add more analytical capabilities, and create a stronger distribution program.

### **About Model N**

Model N is a leader in Revenue Management solutions, offering an integrated suite of applications for analytics, pricing strategy and execution, contracts, compliance, and settlements optimized for the industry practices of High Tech and Life Science companies. Enabling the creation of a seamless, end-to-end process from price setting through settlements payment, Model N's uniquely integrated approach eliminates revenue leakage and delivers the visibility and controls needed to avoid the risks of non-compliance to government reporting regulations such as Sarbanes-Oxley and government pricing requirements. Customers include: Boston Scientific Corporation; Bristol-Myers Squibb Company; Cypress Semiconductor Corporation; Intersil Corporation; Linear Technology Corporation; Medtronic, Inc.; Microchip Technology Inc.; Micron Technology Inc.; Ortho-Clinical Diagnostics, a Johnson & Johnson company; ON Semiconductor, Inc. and Pfizer, Inc. Model N is located in Redwood Shores, California. For additional information, visit [www.modeln.com](http://www.modeln.com).