



High Tech Revenue Management



Improving margins through sales effectiveness

Improving sales effectiveness to drive gross margins and increase market share in the highly competitive High Tech market is top of mind for corporate executives. With revenue lost due to ASP erosion, inefficient channel demand generation incentives and unwarranted upfront contract discounts all stemming from ineffective silo processes and tools costing companies as much as 4% of gross margins annually.

The cyclical High Tech market is characterized by rapid product life cycles and is primarily impacted by poor visibility into demand. The industry has been transformed over the past ten years by two main drivers:

Product portfolios have diversified - Once dominated by demand from the computing world, other segments, including telecommunications, networking, automotive, and above all consumer products, are now driving demand. This trend has added considerable complexity to the design, planning, and selling cycles.

Globalization - Demand, design, manufacturing, and fulfillment have all become global, introducing significant challenges to gaining visibility into demand, controlling ASP and pricing policies, or even understanding where business is being won and where it is being lost and for what reasons. These factors, along with the direct and indirect channels through which transactions are executed, have created challenges that are causing manufacturers to lose 2% to 3% of gross margin every year.

Streamlining and enhancing the revenue management process adds speed, accuracy and effectiveness to complex sales lifecycles.

Using price rules to address exchange rate fluctuations saved ST a few million dollars in the first year of implementation with Model N

Gartner – STMicroelectronics Optimizes Revenue and Lowers Total Cost of Ownership



Model N Revenue Management

Model N's High Tech Revenue Management suite offers a holistic and strategic approach to managing the entire revenue execution life cycle, from planned revenue (price strategy, price planning and setting, and margin objectives) to negotiated revenue (mapping demand visibility and registrations to margin agreements, quoting, price negotiations, and contract compliance) to actualized revenue (managing channel incentive payments and reconciling POS data for revenue recognition decisions).

Designed to augment ERP and CRM systems, the technology that supports Model N Revenue Management is a unified, transaction-focused platform that integrates people, processes, and data across the extended enterprise and regions.

Revenue Management empowers companies to easily execute the most lucrative deals, drive sales effectiveness and execute pricing strategies effectively.

Key Capabilities:

- Improve visibility into demand
- Increase margin by reducing price erosion
- Minimize lost value on unmet commitments
- Eliminate channel revenue recognition risk
- Reduce invoice errors and improve customer compliance



Key Components:

Global Price Management

- Ensure consistent and accurate pricing across channels and geographies.
- Eliminate price erosion caused by internal bidding wars and non-compliance.
- Improve handling of responses to price requests based on user-controlled parameters.

Channel Revenue Management

- Increase visibility into channel sales activity and enforce contract terms.
- Reduce overpayment of channel incentives and facilitate compliance with revenue recognition policies.
- Streamline commission calculations and validating inventory levels.

Rebates

- Establish rebate programs that will drive consumption and mitigate compliance risk.
- Eliminate overpayments by automating the rebate process.
- Increase operational efficiency through workflow automation of payment approvals.

Revenue Impact

- Increase distribution strategy effectiveness.
- Gain insight into revenue trends and improve forecasting of channels and distributors.
- Deliver timely, trusted data analytics from pre-built KPIs to drive business decisions.

Global Quoting & Deal Management

- Improve deal conversion rates, protect margin and increase visibility across channels and regions.
- Improve quote cycle time and reduce lost opportunities.
- Reduce price erosion through enforcement of pricing policies.

Contract & Compliance Management

- Increase contract value by reducing invoice and order pricing errors, improving controls over price concessions, and enhancing customer compliance tracking.
- Provide consistent control over margin throughout the revenue life cycle.
- Control price concessions and track customer compliance against contracts.

Deal Analytics

- Provide real-time, operational business intelligence to the price negotiation process.
- Maximize profit by providing price guidance at the point of negotiation.
- Avoid bidding against yourself and eliminate price erosion.

About Model N

Model N, the leader in Revenue Management Solutions, offers an integrated application suite for managing global pricing, quoting, and contracts, and the channel revenue life cycle. The Model N High Tech Revenue Management Suite was designed specifically to meet the unique business operations of High Tech manufacturers. By enabling a seamless, end-to-end pricing to claims process, Model N's uniquely integrated approach improves visibility into demand, reduces margin erosion, increases quote conversion, and improves compliance with financial reporting requirements

For more information on Model N's High Tech Revenue Management solution, click [here](#) or email sales@modeln.com.