



Best Practices in Channel Partner Data Collection

Model N is in the unique position of working with many excellent high-tech vendors and their networks of worldwide distribution partners. It is a vantage point from which we observe the interaction between manufacturer and the channel that carries product to customers via distributors, resellers and retailers.

Model N’s partner network consists of thousands of reporting partners and millions of end customers. We collect and process hundreds of millions of transactions each year for our customers. Channel data collection is a core benefit to our customers because partners either don’t provide all the vendor requested data or the system interaction between the vendor and their partner cannot handle the transmission type (EDI, EDIFACT, AS2, Flat-file, csv or Excel) the partner prefers.

As an active participant in the process of engaging with these many and varied partners, we have the opportunity to guide and shape the approach that our clients take to begin or, in some cases rejuvenate, the process of collecting [Point of Sale \(POS\) transaction and inventory data](#).

[Partner Data Management](#) is the process and methodology of managing partner relationships specifically for the purpose of collecting data that improves and accelerates business decision making.

Overcome Trust Issues with Your Partners

The prerequisite for a successful campaign to collect POS and Inventory data is all in the preparation and communication. Too often, however, this step is discounted or otherwise neglected, resulting in a slow start or sluggish response from the reporting partner community.

We have found that the first challenge is convincing the partner to provide the desired vendor data, which usually comes down to a question of trust. The partner must know that providing the data to the vendor is a benefit to them, the partner, or at a minimum, providing this data is not detrimental to them.

Model N runs benchmarking research in the channel to help our customers better understand and manage their partners. Based on a 2012 study with over 100 channel partners, we have found that a significant number of partners are not completely comfortable providing the POS and inventory data the vendor desires. Figure 1 below illustrates partners’ response to the question “How comfortable are you providing data to your vendor?” Only about half the respondents are Comfortable or Very Comfortable. Those that are Somewhat Comfortable or Not Comfortable have some reservations about providing the POS and Inventory data the vendor desires.

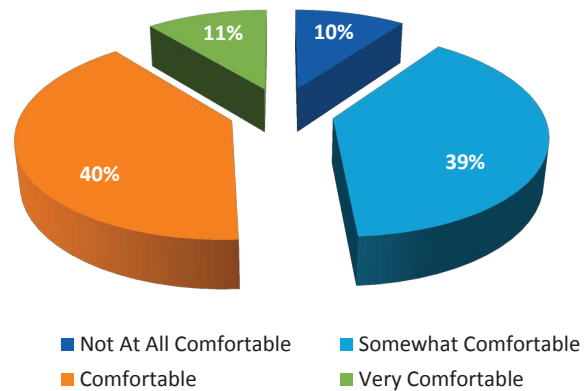


Figure 1: How Comfortable are Partners Providing Data to Their Vendors?



It is critical that trust be built with your partners before trying to collect channel data. The key is to find and address any issues. As part of the same benchmark study, we asked partners “What are the reasons that make you uncomfortable sharing POS and inventory data with vendors? The word cloud in figure 2 depicts their concerns where the larger words illustrate their most common answers.



Figure 2: Word Cloud: “What Are the Reasons That Make You Uncomfortable Sharing POS and Inventory Data with Vendors?”

Some common partner responses with their associated company profile are listed below:

- Lack trust that they would not share the information – Manager, 10 to 24 person VAR
- Too much paper work – Manager, 10 to 24 person VAR
- I do not like to give client information to anyone. It could fall into competitors hands – Manager, 100+ person VAR
- The loss of important data and trade secrets – C-Level, 100+ person Distributor
- Vital information can be used against us – Manager, 100+ person ISV
- There might be scammers bent on releasing our information or claiming it for themselves – Executive, 100+ person Distributor
- I like to hold some of the power by having the information – Manager, 100+ person Distributor

Clearly, these issues need to be addressed as part of the [overall channel program](#). The channel partners need to feel like partners not just a necessary player in your

go to market strategy. A good working definition for a partnership requires that both parties either succeed or fail together.

To better understand how vendors could improve their partnership, we asked partners “What could a technology vendor do to make you more comfortable sharing POS and inventory data? The word map with their responses is found in figure 3.



Figure 3: Word Map – “What Could A Technology Vendor Do To Make You More Comfortable Sharing POS And Inventory Data?”

Again, specific comments from the partners provide additional insight into what partners need from vendors.

- Need to build a certain level of trust – Manager, 100+ person VAR
- They could provide a trusted government seal, or give any official reinforcement of security – Executive, 100+ person Distributor
- Be more open and transparent about the use of information and how it is protected – Manager, 25 to 99 person ISV
- Easy to understand and trust – Executive, 25 to 99 person Distributor
- Promise incentives to guarantee security – Manager, 100+ person ISV
- Show willingness and eagerness to learn and accept privacy practices – C-Level, 1 to 9 person Distributor
- Be less secretive, more straightforward – C-Level, 25 to 99 person Retailer
- Signing disclosure compliances – Manager, 100+ person VAR



It is all about building trust and a secure environment to share the desired data. With each vendor, the reason trust does not exist is different but often there is a history of sales reps poaching deals out of the channel or of a vendor turning POS over to a competing partner when the vendor is dissatisfied with a specific partner’s performance. These issues must be addressed individually with distrusting partners. It is critical that the vendor be seen as ethical, consistent and a true partner to their channel partners. A written “Partner Bill-of-Rights” that is document, discussed and executed with your channel partners is a good first step to gaining back their trust.

So you have built trust with your partners. Now what?

Incentivize Your Partners

The most successful engagements we have with clients seeking to change the way they collect reporting data from their channel partners (frequency, method, amount of data, etc.) are when there is a [clear incentive to participate](#). An incentive in the form of meeting a deadline for being on-board with data may take the form of an extra discount in the next fiscal period, or continued participation in a program at a certain status level or even a direct financial rebate. Disincentives also work! Requiring participation by a certain period with a penalty associated with non-compliance generates as much interest and action as does the incentive.

A focused effort up front and a commitment from the business to incent compliance or enforce consequences for non-compliance is the key to jump-starting the process.

Gaining Traction

As an agent on behalf of our clients, we have a portfolio of methods and tailored communications to ease and accelerate the on-boarding of existing or new reporting partners (see figure 4). Nothing can replace the relationship that the OEM vendors have with their own distribution channel. This is why it is essential to partner alongside one another for an efficient and expedient on-boarding phase.

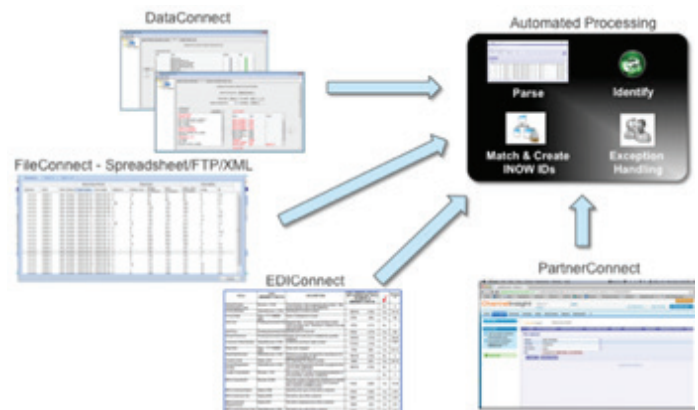


Figure 4: ChannelConnect – Automated Partner Data Submission Options

However, the initial traction gained during the welcome and introduction phase must be sustained for true momentum to build. Meaning the flurry of activity and communication that occurs during the program start up, setup, configuration, testing and acceptance typically tapers off when accepting data. It is critical to provide feedback and monitor the initial submissions and correct missing, incorrect formatting or information.

Proactive notifications and reminders are key to maintaining the pace and frequency of reporting. Employ tools and processes configured and monitored by specialists to customize submission reminders and notifications. With multiple types of reporting partners on different schedules submitting varied types of input, keeping the data flowing on time is key to providing the real-time business intelligence vendors seek.

Having data reporting program at speed, the confidence that a high-tech vendor can have in their [POS and Inventory](#) data streaming in from the channel enables better and faster decision-making, in-quarter adjustments to incentive programs, increased visibility to product line performance, etc.

Tune for Performance – A Well-oiled Machine

For many high-tech OEM vendors who are in the early stages of collecting POS and inventory data for matching, program calculations, and ultimately business decision making, the initial foray is followed by a “tune-up” to adjust some settings on the machine for better performance. Many of our clients have, for years, been



accepting what they could get from channel partners. With different types of distributors, multiple regions, and different product lines... the result is a collection of reports from different systems, in different formats, containing different data elements.

Collecting, compiling, cleansing, normalizing and performing matching and calculations on this data can be time and resource intensive and often frustrating.

It is imperative to revisit what is coming from whom, how often, in what format, and with what kind of completion and accuracy. A Quarterly Business Review is a great forum for circling up the teams from the client and partner for an inspection of progress and results, and to decide how to hone for optimal results. Using quantitative measurement or [scorecard of the data a partner is submitting](#) allows for a fact based discussion and open dialog on how to improve. Figure 5 shows a partner scorecard example that can be the solid basis for this discussion.

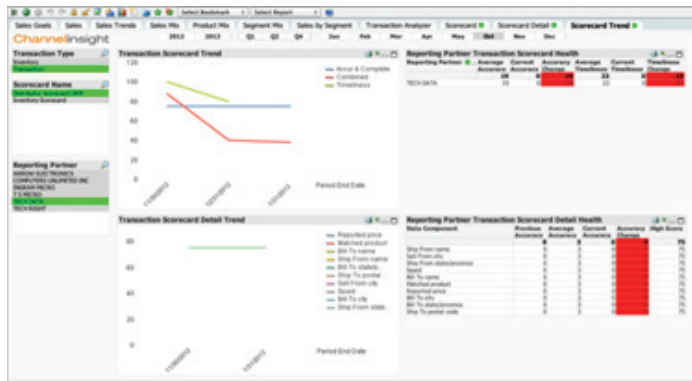


Figure 5: Partner Data Submission Scorecard

A SaaS product coupled with facilitated on boarding of reporting partners does provide a certain "set it and forget it" capability, there is often a need for some preventative maintenance and performance tuning. Keys to both include visibility and communication.

Visibility: during the heavy-lifting phase of on- boarding reporting partners, there is a lot of information at any given time about who is in what stage of the process, what step comes next, what is stuck and why, etc. Providing dashboard visibility (figure 6) to on-boarding

progress has proved very helpful to many vendors. This is especially true in the beginning phases of a project, where the value proposition of an expanded and enhanced channel data collection and processing venture has a high degree of interest and scrutiny.



Figure 6: Partner Onboarding Dashboard

Communication is the companion to visibility and communication is key not only in the beginning but also throughout the engagement and it takes many forms. Progress reports, proactive reminders and post-event notifications are key factors that keep the process operating at peak efficiency.

It is possible to have success designing, launching and performance tuning a robust channel partner data reporting process. Focus, energy and partnership with experts in the space will enable a solid start, sustained momentum and increased performance over time, enabling rapid, high confidence channel decision making.