Global Software Company Turns to Model N

Global Software Company Turns to Model N to Implement New Channel Partner Compensation Plan

One of the largest software companies in the world, with billions of dollars in annual sales, continues to innovate and upgrade its products in order to maintain its commanding market share. This company develops, licenses, and sells computer software to both the enterprise and consumer markets through hundreds of Resellers, VARs (Value Added Resellers), and OEMs (Original Equipment Manufacturers.)

Challenges

The company is determined to maintain its substantial share in a market that is fiercely competitive. They know that market share is only retained when end-users are fully satisfied and purchase additional products. To that end the company develops innovative and upgraded software products with features that might require the newest and latest hardware technologies.

To encourage the partners to sell a proper configuration the company devised a new compensation plan: they would pay incentives only on the latest version of their software product that was sold within a proper device. There would be no incentive paid on a software product sold within a device that did not provide advanced features and benefits to customers.

The problem was that each VAR, OEM and reseller captures and reports its sales data in a format that is different from other channel partners. Some use Excel, others use email, still others provide just a file list. In most cases the components found within specific devices were not captured or reported at all. This made it impossible for the company to decipher which sales were eligible for a commission.

The only way the partner incentive plan could work was for the company to find a cloud-based solution that would automatically collect all of the various formats of POS (point-of-sale) data from all channel partners, standardize the format of each transaction and enrich each transaction with hardware configuration information and the version number of the company's software product, on a global, 24x7x365 basis.

Solution

To meet this challenge the company chose an innovative approach using Model N's CDM application, which came with a strong recommendation from another semiconductor customer who had a similar business issue.

Model N's cloud-base solution – and specifically its CDM Directory – is a living catalog of the hundreds of thousands of products and SKUs (stock keeping units) that the channel partners sell. Catalog entries include the components of every product. Model N then collects POS data daily from all the channel partners in whatever format and quality the partners have. Using proprietary functionality, Model N automatically matches the transaction to a catalog entry and cleanses, enhances, enriches and learns about the data, making the derived channel information incredibly valuable in understanding the devices their software is being sold on.

The result is transaction information in a standard format that includes derived product component information, including the version number of the company's software product, all tied to the incentives that are being paid to drive market behavior and growth. The company can easily find each transaction involving its software product to determine if the transaction qualifies for any special incentive program. The company also receives a fully-updated catalog of all versions, on all devices, globally.

Benefits

For the first time, the company has all the channel information needed to accurately determine the transactions that qualify for channel partner incentives, under which program each qualifies, and which have a significant ROI. The company now pays accurate partner incentives quarterly, whereas before partner incentives were paid twice a year.

Model N's combination of its CDM Application and Managed Services benefits the channel partners as they now have an easy method to report transaction data to the company on a daily basis, which, in the past had been done sporadically or not at all. They also receive their commissions faster and more accurately than before.

The company's new incentive programs have steered the channel partners to sell the latest software products only with proper hardware device configurations. The company can now manage partner reporting frequency, shed light on missing partner information, determine timeliness, calculate the number of failures and corrections and recognize repeating trends over time, thus driving a change in the behavior of their global channels in how they sell the company's software products.

The numbers bear this out: the company on-boarded over 250 partners globally within a four month period and has accurately processed over 20 million transactions since the new incentive programs began. Their catalog within the Model N CDM Directory continues to grow and currently contains over 400,000 entries, all enriched with derived channel information. The result is the ability to show daily global market trends and drive business change in real-time.

With channel partners focused on selling the new software release tied to new devices like tablets or smart phones, and because the partners will get paid a better and more timely incentive, and with Model N's ability to accurately collect, cleanse, enhance, enrich, learn and process POS transaction data, the company is well able to maintain its prominent position in the marketplace against its main competitors.