



Best Practices for Channel Data Collection

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Introduction

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Channel Data Management (CDM) is gaining rapid acceptance as a way to grow business in multi-tier distribution organizations in a wide range of industries. And the starting point for any effective CDM system is data collection.

Gathering clean, accurate and consistent point-of-sale (POS) and inventory data from the channel is a challenge for even the best of companies. The potential for error is widespread: incomplete records, misplaced values, lack of integration from various sources, conflicting inputs from various systems, and the list goes on.

Manufacturers who tackle this challenge in-house devote countless human and financial resources to collect, classify, clean, and standardize their data to convert it to useful information on which to base strategic business decisions. That's why many of these vendors have turned to outside CDM firms to manage this process.

In this eBook on Best Practices for Channel Data Collection we'll share lessons learned about how to gather information from channel partners in the most effective and mutually beneficial manner possible.

A high-altitude mountain landscape. In the foreground, a skier with a large backpack is seen from behind, standing on a vast, snow-covered slope. The skier is wearing a red jacket and dark pants. In the background, a large, rugged, rocky mountain peak rises against a clear blue sky. The peak is partially covered in snow. The overall scene is bright and clear, suggesting a sunny day.

The Challenges

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The challenges involved in channel data collection are two-fold:

- 1 Getting partners to provide all the data requested by the manufacturer
- 2 Incompatibilities in the data sources themselves that make transmission between vendors and partners difficult

CDM software can effectively deal with the second (technological) challenge of integrating data from various sources, such as ERP (Enterprise Resource Planning) and accounting systems that run on a variety of computer hardware and network configurations.

The CDM software can accommodate any number of computer languages, file formats, networking protocols and standards, including for example:

- XML (Extensible Markup Language)
- CSV (Character-Separated Values)
- XLS, XLSX 97 or greater (Excel)
- GSX Trading Grid (for exchanging supply chain and financial transactions)

- AS2 (a networking protocol)
- EDI (Electronic Data Interchange)
 - EDIFACT (an EDI standard)
 - EDI-INVRPT (for inventory data reporting)
 - EDI-SLSRPT (for sales data reporting)

The software automatically unscrambles all the diverse data and turns it into usable information. Using a portal and dashboard, data submissions can be viewed in real time, so vendors and partners can monitor progress and make adjustments.

But the bigger challenge is getting partners to submit the data in the first place. A successful campaign to collect POS and inventory data begins with proper preparation and a great deal of communication between vendor, partners and the CDM provider. This is where best practice solutions come into play.





Building Trust

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Persuading channel partners to provide POS and inventory data comes down to a question of trust. Partners must be convinced that providing this data to the vendor is in their best interest. At the least, they must believe that doing so will not be detrimental to them.

In an independent study conducted in 2012 with more than 100 channel partners¹, a large number of partners expressed discomfort with providing POS and inventory data to vendors. When asked, "How comfortable are you providing data to your vendor?" about half the respondents replied "Comfortable" or "Very Comfortable" (See Figure 1) The remainder expressed reservations about providing the data.

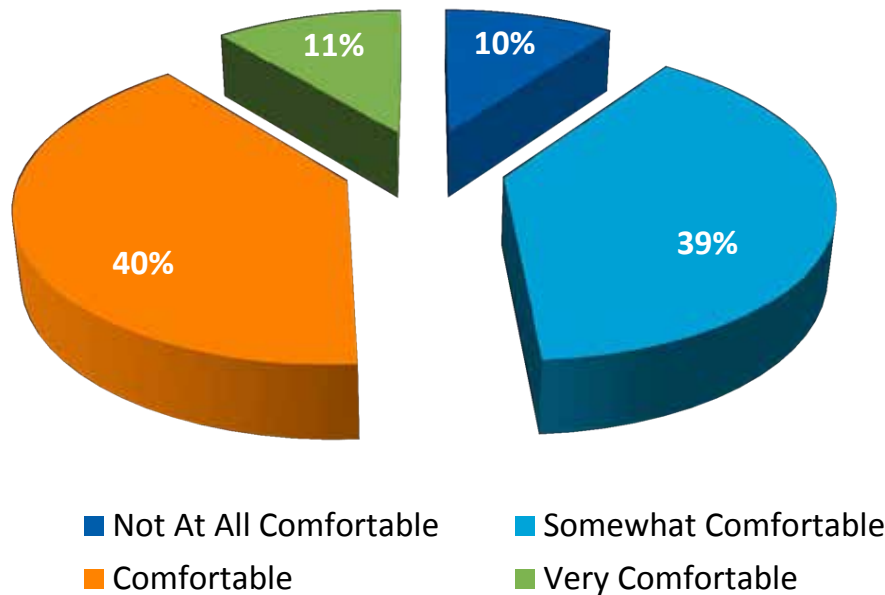


Figure 1: How comfortable are partners providing data to their vendors?

¹ Silicon Valley Research Group, 2012



When asked, “What are the reasons that make you uncomfortable sharing POS and inventory data with vendors?” a number of concerns came to light. Following are some common responses:

- Lack trust that they would not share the information – Manager, 10- to 24-person VAR
- Too much paperwork – 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



Figure 2: “What are the reasons that make you uncomfortable sharing POS and inventory data with vendors?”

Respondents were then asked, “What could a vendor do to make you more comfortable sharing POS and inventory data?” Following are some of their comments:

- 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

Based on this survey, trust issues vary by partner, but some overriding concerns include vendor sales reps poaching deals from channel partners, sensitive data falling into the wrong hands, and loss of control over the information provided. Unfortunately, these concerns are often based on experience.

Building trust with partners requires an open, ethical approach on the vendor’s part. One solution is to put the vendor’s commitment into writing in a “Partner Bill of Rights,” a document that can be created, discussed and executed with channel partners.

Another solution is to clearly communicate to partners how the data will be used to benefit them, including:

- Sales and marketing support
- Incentive and discount programs
- Improved partnership tiering (e.g., gold, silver, bronze)
- Sharing performance analytics
- Create a privacy policy

Figure 3:
“What could a technology vendor do to make you more comfortable sharing POS and inventory data?”





Sales Incentive Programs

The process of onboarding channel partners involves a lot of heavy lifting. It includes:

- Sending out requests for the desired information
- Standardizing feeds from all partners globally
- Following up with channel partners to obtain the information
- Ensuring that all the data is complete and up-to-date
- Keeping partners and vendors informed of progress

Two things will make this process as pain-free as possible: visibility and communication. Visibility via a dashboard (see Figure 4) is a vital step in helping vendors and partners see and monitor progress.

This is especially true during the initial stages of data collection when a new CDM program is undergoing intense scrutiny to prove its value. Communication is just as important as visibility. Progress reports, proactive reminders and post-event notifications are some of the ways to keep all parties informed, not just during the onboarding process, but also going forward.

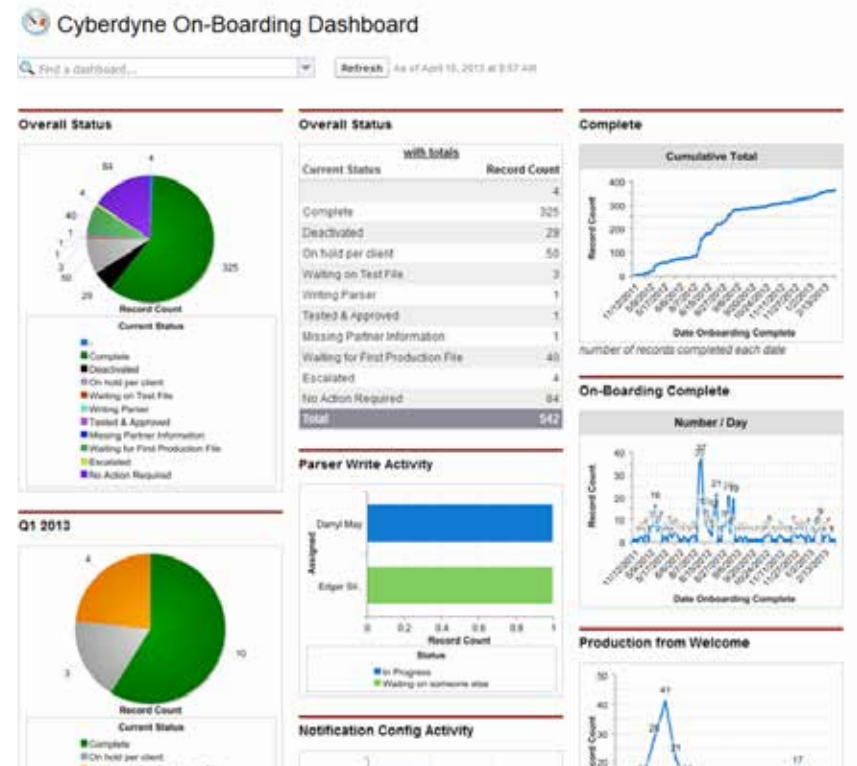


Figure 4: Partner Onboarding Dashboard



Distributor and Reseller Partner Portal

Providing reporting partners with a portal and giving them dashboard visibility to the information that they are reporting and how it is being enhanced for their benefit is an effective way to motivate them to contribute their data. Following are several reasons why reporting partners would want to log in to their portal:

- They can see their orders being processed in real-time
- Resellers can check available inventory at various distributors
- Both resellers and distributors can see their discounts being applied in real time
- Both resellers and distributors can see their incentives being paid in real time

One of the keys to an effective portal strategy is to allow partners to see how they are performing toward the attainment of sales goals and incentives (e g , rebates, MDFs, spiffs). Providing this information accurately and in real time allows partners to address any problems as they arise and correct them.



Partners will be more likely to share data when they see tangible benefits such as prompt order processing, accurate and timely incentive payments, and a reduced paperwork burden.





Customer Collaboration and Active Partner Management

Automating the collection of data works well from a technological point of view, but it takes active participation and collaboration by real people to make it happen. Your CDM provider should take an active role in the onboarding process, to include:

- Conducting scheduled calls with vendors to review data gathering statistics and progress
- Making calls to reporting partners who are experiencing confusion or having technical issues with the onboarding process
- Reviewing reporting partner scorecards for reporting issues, such as:
 - Processed sales-in and sales-out transactions
 - Processed inventory transactions
 - Identifying late or non-reporting partners
- Identifying partners with file failure issues
- Identifying partners who are using tools incorrectly to submit reports
- Reviewing partner data integrity and working with them to resolve file failure issues and validation exceptions
- Escalating tickets (automatically by the CDM application and also via partner management personnel) for reporting partners who do not respond to onboarding requests, notices regarding missing or late files, or data integrity issues. Escalation should occur ASAP, before it becomes a problem
- Identifying and correcting recurring issues using root cause analysis
- Ensuring that processing and channel information results are correct
- Keeping partner/contact relationships current

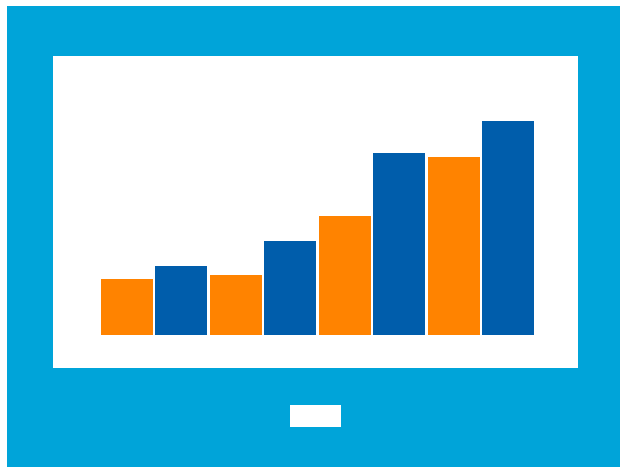




Think Ahead

Vendors need to consider what data is needed near-term and long-term, and ask for it in the beginning. Adding data sets later in the program is more difficult than getting everything up front. Make a list of required vs optional data.

If some of the optional data is something that a partner does not usually provide, work with them and your CDM provider to explain its importance and motivate them to comply.





■ Use Incentives

Collecting reporting data from partners becomes easier when they are offered a clear incentive to participate. Incentives may include some or all of the following:

- Providing an extra discount in the subsequent fiscal period for meeting a deadline for submitting data
- Continued participation in a program at a certain status level
- A direct financial rebate

A major incentive is simply communicating how easy and painless it is to submit data, and how little labor is involved, all while getting paid sooner with less effort. The CDM solution takes care of all the translation work, so reporting partners need not worry about converting file formats, or file element orders.

The key is to jump-start the data collection process up front by getting a firm commitment from channel partners and communicating to them the benefits of getting paid sooner and more accurately. The Distributor and Reseller Partner Portal provides dashboards where manufacturers and reporting partners can share valuable information about their businesses, thus improving the business relationship for both parties.



Maintain Momentum



Once existing or new channel partners have been brought on board, it's important to maintain momentum. There is usually a flurry of activity and a high level of communication that takes place during the initial phases of program startup, setup, configuration, testing and acceptance. To prevent this activity from tapering off, it is critical to provide feedback and monitoring to correct missing or incorrect information.

Proactive notifications and reminders are key to maintaining the pace and frequency of reporting. Your CDM provider has tools and processes to make this happen. Online tracking enables vendors to check data submission status (on time, late, pending) by partner.

Automated notifications inform vendors and partners of the time and type of the next data submission. Automated late notifications identify missing submissions by partner, thereby reducing the need for manual follow up. Data submissions are automatically tracked by submission date so vendors and partners can see what data has been submitted when. Data submission scheduling can be set up on a daily, weekly or monthly basis, depending on the needs of the partner.

A close-up photograph of an engine bay, showing the air intake system and various components. The image is dark, with a blue and white color scheme. A text box is overlaid on the right side of the image.

Perform Tune-ups

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Once the data collection machine is up and running, it's imperative to keep it tuned. A vendor with different types of partners, multiple regions and complex product lines is often accustomed to receiving a collection of reports from disparate systems, in varying formats, and containing a variety of data elements.

Collecting, compiling, cleansing, normalizing and performing matching and calculations on this data can be time and resource intensive. Thus it's important to revisit what data is coming from whom, how often, in what format, and with what kind of completion and accuracy.





Quarterly Business Review

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A Quarterly Business Review is one method to keep the data collection machine tuned and operating at a high level of performance.

Vendor and partner teams meet to review progress and results, and to decide how to hone the process going forward.





Scorecards

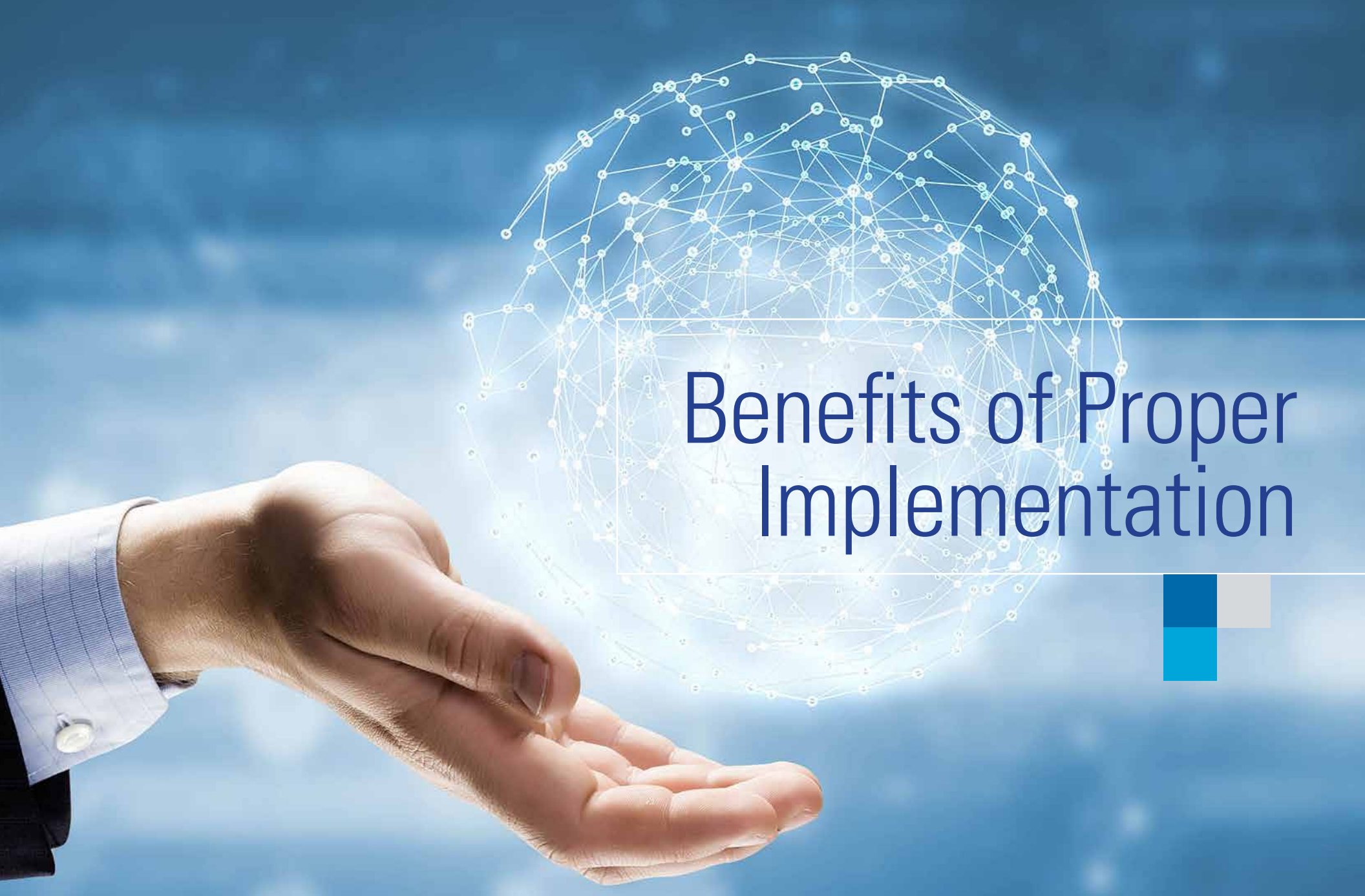
Another effective tune-up technique is to use Scorecards. (See Figure 5) Scorecards employ a quantitative measurement of the data being submitted by partners. Scorecards measure every reporting partner on their data submission performance by timeliness, accuracy and completeness.

They can also be customized to measure transactions and inventory differently by region, tier or division. These measures form the basis for an open dialog between vendor and partner, and set a baseline for improvement.

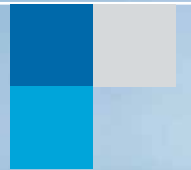


Figure 6: Partner Data Submission Scorecard





Benefits of Proper Implementation



As a first step in a CDM program, accurate data collection is vital to having the kind of information upon which to base sound strategic business decisions and grow business through the channel. Clean, accurate and timely channel data benefits all key business functions in a vendor organization in the following ways:

Finance

- Recognize net revenue from channel partners on a daily basis
- Increase sales bookings (up to 10%)
- Avoid overpaying incentives (average overpayment is 6%)
- Prepare financial reports with ease
- Conduct financial analyses
- Close the books on time, reflecting maximum sales, the lowest inventory needed, and accurate incentive payments

Channel Sales

- Gain real-time visibility into channel partner, customer and industry performance
- Increase service/warranty sales
- Identify and grow new channel customers and resellers
- Quickly and easily forecast channel sales
- Quickly and accurately calculate sales rep compensation
- Improve partner loyalty and sales by quickly and accurately paying partner incentives
- Automatically close deal registrations and calculate ROI



Operations

- “Stocking” partners report POS and Inventory data daily
- Support for multiple data formats reduce partner IT support
- Accurate channel data available in downstream systems to accurately close the books, plan production, pay commissions and partner rebates and develop management reports
- Identify and reduce grey market activity

Marketing

- Optimize ROI of channel rebate, co-op, MDF and discount programs
- Target channel programs to the right partners for the right end customer verticals, improving the performance of programs while reducing program spend on the wrong partners
- Effectively measure partner performance by tier (gold, silver, bronze) and reward appropriate partner correctly
- Measure ROI on training and certification by measuring partner growth by certification tier





Summary

SUMMARY

Designing, launching and maintaining a robust channel partner data collection and reporting process requires focus, energy and partnership with experts in the field. Getting off to a good start will ensure sustained momentum and increased performance over time, lending confidence to your channel decision making.

CLOSING NOTES

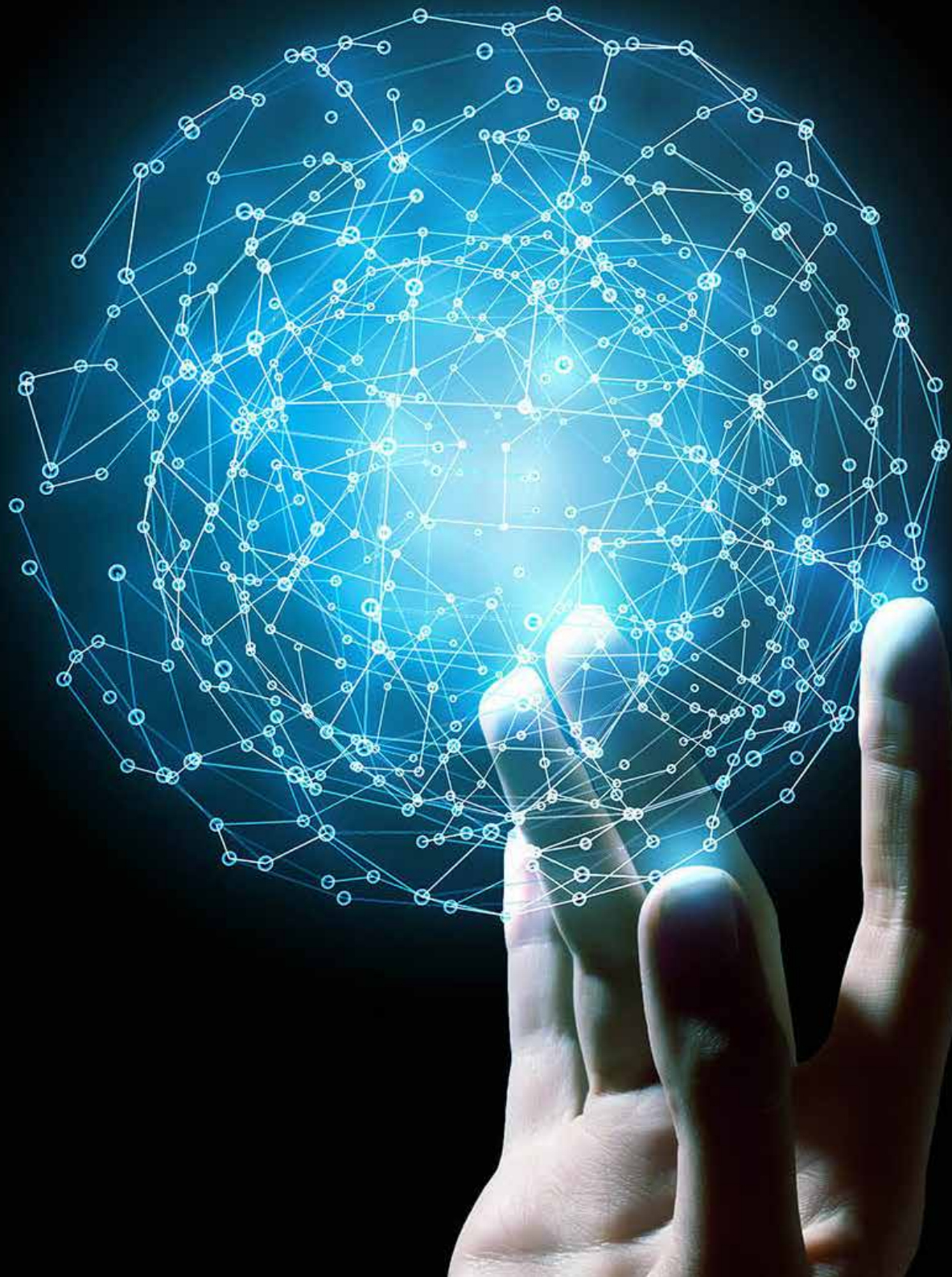
The content presented in this eBook is intended to provide foundational information to help with channel partner management, as well as provide best practices for channel data management.

To assist your effort further, this information can be supplemented by other best practice white papers offered by Model N including:

- 1 Best Practices for Using Data To Drive Channel Sales Growth
- 2 Best Practices for Channel Point-of-Sale for Timely Incentive Rebates

For more information, visit www.modeln.com





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