



Channel Sales Data You Can Trust





Do you care about channel data quality? Of course you do! Approximately 60%¹ of total sales revenue for high tech vendors comes from the channel. Worldwide, this means that over \$1.2 Trillion in sales will be transacted through the channel in 2012. That is based on Gartner's forecasted Global IT spend of \$2.058 Trillion² for 2012. With that kind of revenue at stake, you need to maximize your channel play. According to Gartner³, targeting — both products and customers, is the best basis for route-to-market strategy decisions. This shift in focus emphasizes the importance of real-time visibility into every partner and every end-customer in every transaction to drive immediate strategic and operational adjustments. This is only possible with timely, accurate POS and inventory data from your channel partners.

To fully understand the need for meaningful channel sales data, Model N conducted a research project⁴ with the Baptie Channel Focus Community. The results clearly demonstrated both the importance and lack of meaningful data so crucial for planning effective long-term market expansion strategies.

Our findings revealed that 66% of survey respondents believe it is important to use partner and end-customer data in planning and decision making. However, only 34% of respondents receive accurate, complete and standardized end-customer data in the time-frame needed to make critical business decisions. 54% are completely unable to identify end customer market segments, making it impossible to align channel strategy with corporate growth strategy. Inaccurate and delayed data can have real costs: respondents believe that they overpay on incentive programs by an average of 6%, while fewer than 7% pay rebates in less than 14 days which ties up essential partner working capital and can sabotage partner willingness to participate in future programs.

Business Problem

Necessity is the mother of invention. Creative, driven people, when faced with a problem, will find creative ways to solve the problem. As a result you are probably using a legacy channel sales management system that is manual and spreadsheet-based that worked fine when it was developed. However, as your channel business has grown, you have found that your current system just won't scale to meet the increasing demands that are placed on it. This is especially true if you have moved to using a CRM system for your sales organization. Making data-driven strategic decisions in real-time with your SaaS CRM system is as easy as a few clicks to drill down into your analytics visualizations. Not so with your channel. Most manufacturers don't have channel data in their CRM, which complicates and delays the channel decision making process.

Data Quality Best Practices

Is it really so hard to get high quality channel data? When it comes to data quality⁵, Best Practices can appear to be very simple. These include:

- **Completeness** — collecting all POS and inventory data from all channel partners
- **Timeless** — collect channel data daily or weekly
- **Accuracy** — collect meaningful data
- **Consistency** — standardize and enrich data quickly, accurately and reliably



The challenge of data quality can be resolved when it becomes an integrated, ongoing process. The process needed to gain insight into channel sales information includes collection of channel POS and inventory data from all channel partners, data normalization, product matching, validation and delivery of the information in a usable format.

Let us tell you about the Best Practices for achieving high quality Channel Data, and why delivery of a seemingly “simple” result is not really simple at all.

Data Quality Best Practices

Why do we think we know how to deliver high quality data? Model N manages over \$100 Billion in channel sales transactions annually; providing many Fortune 100 technology companies with the timely, high quality information they need to quickly and accurately recognize revenue, determine effectiveness of marketing spend, pay channel partner and rep incentives, close the channel opportunity management loop and ultimately drive channel growth.

Data Collection

Without data you can't make meaningful decisions. If it is late, or missing, you are up the information stream without a paddle, canoe or — oh yeah — information!

Data quality begins with collection of channel POS and inventory data from all channel partners. Model N collects data from over 4000 channel partners globally, if we don't already collect from all of your partners, we can easily onboard new partners.

Our goal is to remove the burdens typically associated with data collection that can lead to inaccuracy and delays. Our ChannelConnect Suite offers five (5) methods for collecting data to ensure timely data submission. Our proprietary DataConnect product automates data collection from your partners. You and your partners determine the data fields and submission frequency; DataConnect automatically submits data according to those parameters. Additional collection methods include AS2/VAN (EDI), FTP, FileConnect Upload and email.

We realize that your reporting partners range in size and technical sophistication so we accept data in four (4) formats: EDI, Flat File, XML and Excel. Our data templates are flexible and map to partner preferred templates, as opposed to competitive solutions that saddle reporting partner with rigid formats.

Let's keep in mind that getting the data is the all important first step. Data submission must be as easy as possible for reporting partners. It is better to get the data and validate downstream than not to get data at all.

Normalization/Account Match

Now we have the data, but it is still difficult to use. The zip code is wrong, the country is wrong; the number of typos and abbreviations are overwhelming. You wonder if anyone even bothered to think about what they were submitting.

Model N cleans name and address data with the unparalleled matching accuracy provided by 214 logic-based Standardization Paths. Basic address data frequently contains common variations and typos. For example, the word “Street” can show up as “Street”, “street” or “st”, which can be standardized to “ST”. We also encounter the challenge of dealing with the myriad ways that partners fill in junk customer names, such as “DO NOT CONTACT”, “n/a” or “###”. In this case it is less about cleaning data and more about creating ways to handle and measure the inevitable junk data. We also provide additional address clarification by utilizing mapped address information in BING to fill in blanks in reported data with our Geolocation Enrichment process.



Additionally, unlike “black box” systems and processes, we give you tools to edit and add more information on an ongoing basis. The system learns from your edits, allowing the community to benefit from ongoing updates by the entire partner network. We normalize the data so it rolls up to your customer master reference.

Our site and rollup matching logic consists of over 60 Matching Rules based on reported data. Each field is weighted individually and then the combination of available fields is also weighted, thus ensuring that a full address doesn't match to a name only, because these may not be the same company; so “ACME” will not match to “ACME 123 Elm Street, Denver CO”. Matching is further enhanced with our unique Geo-plausibility Identification based on latitude and longitude. Data is scored with 180 Scoring Decision Trees to find the best match. We further increase matching accuracy with 10 Name Algorithms that lower the weight of the city name if included in the business name. It is common for businesses in New York to include the words “New York” in their name, such as “Federal Reserve Bank New York”. In this instance “New York” will not be the primary matching criteria.

Our 4 Lexicographical Scorers compare words for scoring for all string distance calculations (eg. “COMPUTERS” to “COMPUTERS”). All of our customers benefit from the network effect as our 17+ million entry Directory grows dynamically.

Product / Price Match

Imagine knowing that you sold 100 units of a reported sku, but you don't know what the customer actually bought because the reported sku doesn't match your reference and you don't know what was paid because you don't automatically match the transaction to partner program tier. Is the partner a Gold or Silver member? Was a volume discount applied? We know that you need the best product matching you can get. That's why we deliver over 99% matching accuracy each time. That essentially means that you will only have to handle a few product exceptions in your new products, because our algorithm driven technology learns with each transaction that is processed.

We understand that all manufacturers have unique catalogs, so our Catalog SKU Matching reference is customized by manufacturer. We accommodate your unique identifiers appended to the product sku with custom logic in our Configurable Cleansing Patterns. We match products and serial numbers at the character level with Lexicographical Scoring. We further match to Manufacturer price books, special distributor pricing and convert currency using customer reference exchange rates. We understand that you might need to load multiple layers of your price book: Partner price, region price, global price to reflect your need to be competitive in different markets. To accommodate your needs we match according to your pricing logic using partner type, tier, country, region, worldwide — all of the layers of pricing that you have in place.

And you thought this would be easy?

Validate

And then we check it again. Validation doesn't seem like such a big deal. We've already matched by account, product and price. We've normalized the data so it rolls up to the correct master, so why do we need yet another step? Validation uncovers data anomalies. For example: you've received an order for 1,000 units of a particular sku. The sku is now correct. The price is now correct. But wait a second. This particular sku represents a custom piece of hardware that has a price tag of \$500,000. You might sell one (1) of these per quarter, and then only through specific resellers to a handful of customers. What gives? To protect you against this kind of data inaccuracy, we employ Standard Data Validations that flag common data errors in transactions, such as duplicates and illogical invoice dates or quantities. We also offer Configurable Data Validations, configured by customer to flag special cases, such as a manufacturer reported as the end customer.



Delivery

So now you have the data, it is standardized, matched and validated. How do you make it accessible to the people who need to make decisions with it? A paper copy of a report is not going to cut it.

Model N integrates with your CRM, ERP and accounting systems. Using Delta Flat File Exports, based on configurable conditions, we ensure that transactions are sent again when the data changes. We can send a new file to you at each step of the process, providing constant real-time improvements, or, we can implement logic that allows us to send a file when the process is complete.

Our standard In-Memory Analytics offers drill-down analytic visualizations providing a near real-time view of channel performance for all business users. Using Analytics vital channel information is available about sales performance and trends by product, partner, and geography.

Summary

As we've seen, channel sales data exists. It is incomplete, inaccurate, full of typos and variations and invariably submitted long after you want it, but it is there — for what it's worth. Without the automated ability to collect, standardize, enhance and access your Channel POS and inventory data, you might as well use a crystal ball for making channel decisions.

Let's review the Best Practices for Data Quality:

- **Completeness** — collecting all POS and inventory data from all channel partners
- **Timeliness** — collect channel data daily or weekly
- **Accuracy** — collect meaningful data
- **Consistency** — standardize and enhance data quickly, accurately and reliably

Model N ensures your data quality at every step of our process — collection, normalization, product match, validation and delivery. Our matching processes guarantee that your data is complete, accurate and consistent. Our automated collection, processing and delivery technologies ensure that you get your data in real-time. Our validation process promises accuracy. We take care of your data quality, so you can focus on what you do best — using quality channel intelligence to grow your channel sales.

1 "Grow your end-customer and partner revenue: The future of incentive and rebate programs in the channel", Model N, Spring 2011

2 Gartner Forecast Alert: IT Spending WW 2008 — 2015, 4Q11 update

3 Gartner Marketing Essentials: Setting the Foundation for Developing a Leveraged Sales Strategy, September 16, 2010, Bova and Adams

4 "Grow your end-customer and partner revenue: The future of incentive and rebate programs in the channel", Model N, Spring 2011

5 Gartner, Overcome Barriers to Improving Data Quality: Lessons from the EMEA MDM Summit Workshop, March 29, 2011, Edjlali and Friedma