

# Sale Analytics Thought Leadership



## Introduction

Are you making important decisions about how to manage your sales channel based on intuition and guesswork? Does it take you weeks or months to get partial visibility in channel activity and performance? To make impactful decisions, you need to know how your channel is performing. You need the timely, actionable channel sales information that can drive those decisions. Tracking every transaction all the way to the end customer enables you to align your channel growth with your corporate goals.

It isn't enough to know if you are hitting your overall channel sales number. You need to know how each of your partners, products, territories, end customers, and vertical markets are performing against targets and you need to know now. Are your partners growing, and deserve to be moved to a higher tier, or are they lagging and in need of additional training? Do you know which partners sell into healthcare, or financial services or education, so you can target your vertical marketing programs to the right partners? You are about to launch a new product and are considering a regional rollout strategy. Do you know which regions and territories are most likely to adopt your new technology, and why — or would it be better to rollout to your SMB-focused partners?

Business intelligence solutions are becoming more flexible and easier to use as the need to handle big data assumes more importance. It is paramount that the information locked within big data becomes accessible to those who depend on that information to make business-driving decisions. This is especially true with channel POS data, which can be the worst data to deal with. Channel POS submissions can also be very high volume, with millions or tens of millions of transactions sent annually. Collection from multiple partners in different formats and submitted through a variety of methods, plus reluctance of partners to share this information with their vendors can result in data that is incomplete, inaccurate and stale. To get high-quality, usable information you need a robust, user-friendly analytics solution that is fully integrated with standardized and enriched channel sales data processed in real-time.

## Business Problem

According to Gartner, sales, finance and marketing organizations generally have all the data they need to grow their sales. However, actionable insight into that data is lacking. Massive increases in the volume of data and the complexity of information available from multiple sources make it difficult to interpret sales information. Further complicating big data is the fact that data is frequently incomplete, inaccurate and delayed. To effectively manage this large volume of disparate data you need to be able to standardize and enrich your data thus enabling clear, meaningful analytics.

Sales leadership often has the most to gain through visibility to actionable sales information, but marketing and finance also see value and need sales data to perform their jobs. Sales analytics are critical in identifying sales trends, predicting outcomes and identifying the action needed to drive success. Analytics solutions that are geared toward sales have emerged as a clear pro-active strategy to increase sales.

Just as analytics are important in a direct sales model, they are equally or possibly more important for channel sales. Our own research revealed that among high tech vendors that sell through the channel an average of 60% of annual revenues are generated by channel sales. Unfortunately timely, insightful visibility into channel data can be even more difficult to achieve than for direct sales, prompting Tiffani Bova, VP Research for IT Sales and Channel Strategies with Gartner, to state that "Data is the Achilles heel of the channel." This causes channel sales executives to rely on outdated, unreliable and incomplete information, resulting in decisions based on intuition, not facts. Good analytics start with good data. There is a very good reason for difficulty in obtaining visibility into your channel sales. In a direct sale you know your customers, which products were sold and the selling price – transactions are very straightforward.

With the channel, you first sell to a distributor who may then sell to a reseller partner. Your partners then sell to their customers. You are completely reliant on getting accurate and complete POS and inventory data from your distributors and resellers to know the identity of your resellers and end-customers. In our recent partner survey we asked channel partners how comfortable they were with sharing POS and inventory data with vendors. Only half were comfortable sharing this information. The primary reasons given were concerns about potential competitive conflict, lack of trust and fear that data could fall into the hands of their competition.

Not only is data collection problematic, you face the additional challenge that if you get the data it is very difficult to identify, match, roll up, and segment your customers to create usable information. Channel POS and inventory data is frequently incomplete and inaccurate; full of duplications, multiple addresses, inconsistent abbreviations, varied spellings, typos, altered SKUs that have prefixes or suffixes attached and lack of adherence to a required data template. For example: Ford Motor Company might be submitted as FMC, or Ford Motor Co., or even Ford Moter Compenny – but the information should all be attributed to Ford Motor Company. A company address might be 123 Elm St., but perhaps it is located on a corner lot and the loading dock is at 1222 Broadway. POS could well be submitted to either address, but it is the same company. All of these variations must be identified, verified and rolled up to a master if you are to truly understand your channel sales data.

## The Current State of Channel Sales Analytics

As a Channel Sales Executive you are charged with growing your business. To do this you can take several approaches:

- Find new partners in your existing markets
- Upsell through your existing partners into your existing customer base
- Leverage your existing partners to find new customers
- Increase your margins by increasing prices where possible
- Identify new partners aligned with new markets and growth goals
- Support and build programs for your successful channel partners

All of the above are effective strategies for growth. How can your channel sales analytics solution support your growth strategy?

According to Gartner, using analytics tools adds intelligence and insight to operationalize the selling process. Channel sales analytics allow channel executives to understand how partners, products, territories, end customers and vertical markets are performing against targets. Channel sales analytics solutions must provide meaningful insight based on actionable channel sales data. The most effective solutions are cloud-based and can deliver actionable information through mobile devices. To implement you must have access to actionable channel data. That can present a challenge.

Organizations must collect data from all of their channel partners globally. Unfortunately the data is usually submitted in many formats and is frequently inaccurate and incomplete. Once received it can require extensive resource and time commitment to manage, process and analyze this data. Even worse, organizations frequently don't have the tools they need to maintain the cleansed data, so their channel data management process begins anew each month. This resource drain, along with delays in submission of actionable data from partners can derail the most well-planned channel sales analytics strategy.

## Channel Analytics Best Practices

To maximize the power of your analytics tool you must begin with accurate, timely channel POS and inventory data. Your decisions will only be as good as the information that drives them – garbage in, garbage out is a well-known phrase in information technology – and is even more applicable now in the age of Big Data – Big Garbage in, Big Garbage out.

The first step towards accurate, timely channel sales information is data collection. The Best Practice for data collection spotlights the relationship between you and your partners. Lack of trust can sabotage your partners’ willingness to share information. Vendors can increase partner comfort with sharing POS and inventory data by honoring their commitments, providing contract guarantees about how the data will be used, and how partner/ customer relationships are handled. Vendors must continuously work to improve their processes and programs in line with partner requests and be proactive about communicating the improvements. Another Best Practice is to pull data from partners rather than asking them to push data. This practice improves timeliness and accuracy of the data as well as removing the obstacle of multiple, constantly changing formats.

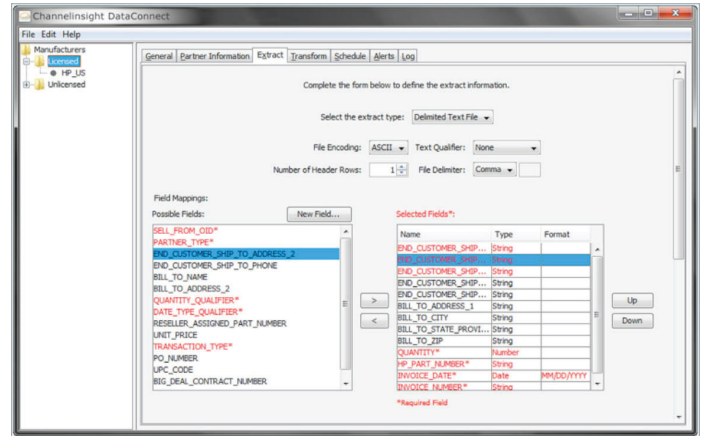


Figure 1 DataConnect Facilitates Push Data Collection

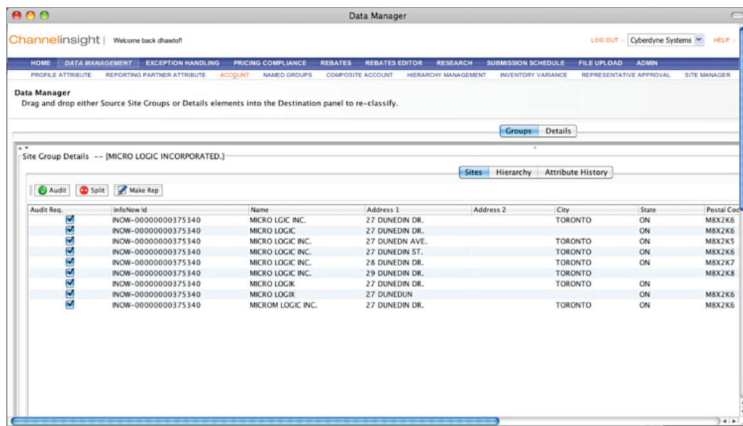


Figure 2 Increase Data Accuracy

After data has been collected, it must become accessible. This is the real challenge faced by big data. You have data - lots and lots of data – but you can’t use it. Best practice for creating accessible data is to create a well-organized, defined and communicated data schema. Your data must also be usable – to accomplish this requires standardization and enrichment allowing information to roll up to a master. This organizational requirement applies to partner, customer, SKU, price and other attributes as defined by business needs.

After you have your data in an actionable format, you must provide visibility into the data for all of your business users and analysts. This is where the Best Practice of an analytics tool is employed. Providing drill-down visualizations with detail available at the transaction level will give you clear understanding of issues and any ramifications. For example, you are trending under target on one of your key product lines. Analytics allows you to do a deep dive into what could be causing this behavior. Is it only in one geography – could there be inventory issues? Is it in one specific vertical – has the competition recently moved into that market? Is it across the board – have you launched a new product that could be cannibalizing sales? With easy-to-use visualizations this information is available with a few clicks.





Figure 3 Track Performance Against Goals

Channel executives need to conduct dynamic searches across all data — directly and indirectly. You must be able to create at-a-glance comparative analyses of performance against goals for partners, territories, regions and product families. You have to meet ad hoc analytic needs as well as monthly, quarterly and annual reporting requirements with charts and graphs that provide snapshots of key business metrics. Analytics presentations must be available in multiple formats including web-based, Excel exports and PDF reports. And, your analytics must enable social decision-making among your key channel teams through secure, real-time collaboration on iPad®, iPhone® and Android™ tablets and phones.

All of this is possible with the complete, standardized and enriched channel POS data provided by the Model N SaaS-based, crowdsourced Channel Data Management solution. We collect data daily from 10,000 partners. If you have partners who are not already represented in our Partner Network we can quickly add them. We then process your data using our patented matching technology, identifying the distributor, reseller, product and end-customer, against our 10 million entity CDM Directory. This validated data is then presented to you in Model N Analytics, allowing you to make key decisions to increase your channel sales.

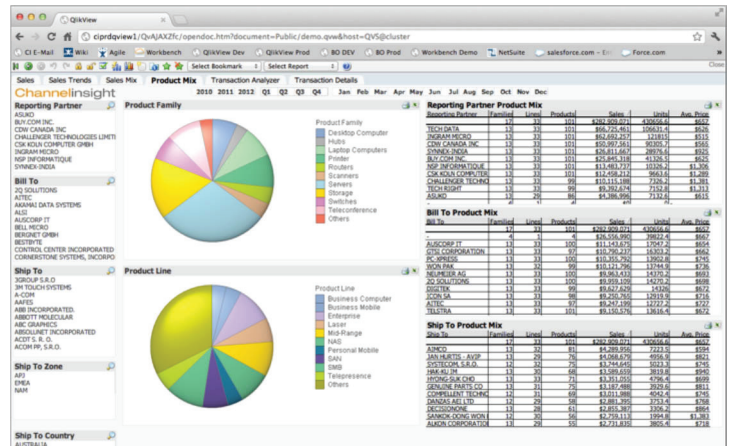


Figure 4 Visualize Channel Product Mix

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