Taming Big Data in the Channel: Quality is King

Introduction

What is the big deal about big data? Gartner defines big data as extreme information management and processing. Issues arise when this extreme information exceeds the capability of traditional IT along one or multiple dimensions (volume, variety, velocity and complexity) to support use of the information.

Is this unexpected? Not really. We live and work in the information age, big data has become the norm. Peter Drucker predicted that major societal changes would be brought about by information. He argued that knowledge would become the central, key resource that knows no geography. That prediction has come true to an amazing, and as exemplified by big data, sometimes overwhelming degree.

Slow adoption of data quality programs is one reason that big data remains unusable. Difficulty in quantifying the value of data quality makes investment in such programs tough to justify. Additionally, data quality is usually approached as a project with a beginning and end, which results in stale, unusable data after the initial project is completed.

The issues that plague big data are magnified in organizations that sell through multi-tier sales channels. Data collection, quality and delivery issues that are not common in a direct sales model are rampant in channel sales. This is due to the fact that companies that sell through the channel are collecting data from many different partners and in numerous formats. Partners frequently see no value in providing this data to their vendors with the result that it is often incomplete, inaccurate and not submitted in a timely manner. Model N's research shows that among high tech vendors that sell through the channel an average of 60% of annual revenues are generated by channel sales. With global IT spending in 2014 projected to be $3.8 trillion, which translates to over $2.2 trillion in channel sales, not knowing who purchased $2.2 trillion worth of which products is a big issue.

Business Problem

In a direct sale you know who your customers are – transactions are very straightforward, and are generated and tracked by your existing systems. It is a very different experience when you choose to leverage the advantages of the indirect sales channel. You first sell to a distributor or a reseller partner, who in turn sells to their customers. All too often your channel partners do not provide you with timely, usable sales information. The result is that you lose visibility into your end-customers who buy through the channel.

This lack of visibility into high quality channel sales information has prompted Tiffani Bova, VP Research for IT Sales and Channel Strategies with Gartner to state "Data is the Achilles heel of the channel." As a channel sales executive you rely on outdated, unreliable and incomplete information, which compromises your ability to recognize revenue, pay channel partners commissions and incentives, as well as close the opportunity management loop.
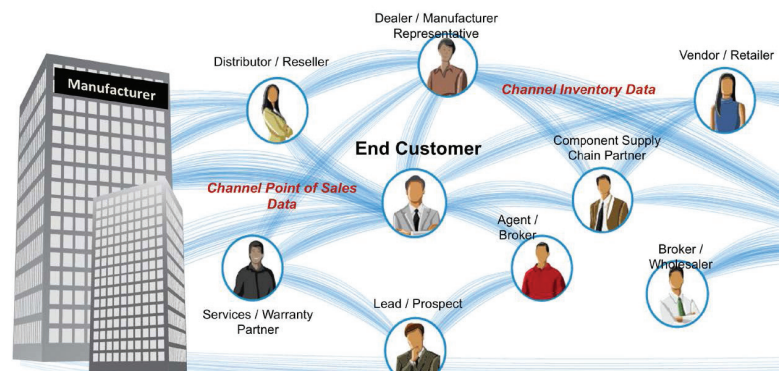

Figure 1: Multi-tier Sales Channel

The Current State of Channel Data Quality

The process needed to gain insight into channel sales information includes collection of channel POS and inventory data, standardization, enhancement and delivery of that data in a usable format. You begin by collecting POS and inventory data from all of your channel partners. This is where your channel data quality problem starts. Your partners may or may not submit their data to you, and when they do it is in many formats, which might not be compatible with your systems. Often channel data isn't submitted until weeks after the actual transaction has occurred.

Once received, you have to standardize your data. Channel POS and inventory data is frequently incomplete and inaccurate; full of duplications, multiple addresses, inconsistent abbreviations, varied spellings, typos, altered SKUs that have prexes or suffixes attached and lack of adherence to a required data template. Often the data submitted by your partners is minimal, so you have no information about your product, partner or program performance by market. Without vertical market information you can't align your channel strategy with your corporate plan to grow in targeted markets.

For example: Ford Motor Company might be submitted as FMC, or Ford Motor Co., or even Ford Motor Company — 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 site variations must be identified, verified and rolled up to a master customer if you are to truly understand your channel sales data.

Extensive resource and time commitment is required to manually de-duplicate and clean your channel data. Frequently usable channel data isn't available to channel execs until weeks after month or quarter end. Even worse, many organizations don't have the tools they need to maintain the cleansed, high quality data, so your manual channel data management process begins anew each month.

Finally, manual processes lack integration into your reports, analytic visualizations or even into other key internal systems such as your ERP, commission payment or accounting solutions. This is not uncommon, with Gartner stating that a completely integrated big data strategy is almost nonexistent among enterprise users, regardless of whether they employ direct or indirect sales organizations, or both. This is unlikely to change through 2015, leaving 85% of Fortune 500 organizations unable to effectively use big data for competitive advantage. Without visibility into the high quality data needed to manage the business effectively, manufacturers continue to target programs and incentives to the partners who sell the largest volumes instead of those who are actually willing to invest in new capabilities and serve the changing demands of customers.

Best Practices for Achieving High Quality Channel Data

To demonstrate the value of data quality, begin by aligning data quality initiatives with corporate strategy and establish definitions and metrics that can be used to measure success. Establish a dedicated data quality team, with stakeholders from every department, which owns and is accountable for ongoing data quality improvement programs.

Rid yourself of the notion that data quality is an IT issue. It is a business issue because poor quality data results in poor business decisions, and can lead to compliance risk. To gain business buy-in, show the cost of compliance violations, inaccurate commission payments, overpayment of partner incentive rebates and the consequences of inaccurate or delayed revenue recognition.

Key elements of data quality, as defined by Gartner, include:
- Completeness
- Timeliness
- Accuracy
- Consistency

The challenge of data quality will be resolved when it becomes an integrated, ongoing, corporate-wide initiative, instead of an isolated project assigned to IT because of a business failure that is blamed on poor data.

The Model N Solution

High quality, timely channel POS and inventory data is possible with Model N's cloud applications and crowd-sourced Channel Data Management solution. We collect data daily from 10,000 global partners and manage over $100 Billion in

POS transactions annually. 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 and Partner Directory; identifying the distributor, reseller, product and end-customer in each transaction. The network effect allows you to benefit not only from your own efforts, but those of others in the network as well. We can further enhance your customer data by adding market data and up to 20 unique attributes, enabling you to better target your customers by their industry vertical. And, of course, we provide your data to you in reports, analytic visualizations or EDI feeds that integrate directly with your data warehouse, ERP, commissions, and accounting systems.

We begin by collecting POS and inventory data from your partners in real-time, using our unique DataConnect™ tools. We then match your partner reported data to our consistent, standardized Reference Directory of distributors, resellers and end-customer names and addresses. Your channel "customer base," including partners and end-customers, can easily reach millions. Our fully automated cloud-based solution allows this initial high-volume reconciliation to be accomplished in an efficient and timely manner, unlike homegrown legacy or BPO systems that rely on spreadsheets and labor-intensive manual reconciliation.

We further scrub your data utilizing a proprietary database of name substitutions to drive our learned-name standardization process. We employ customer configured business rules to automate pattern recognition with common words, and geo-code standardized address for greater accuracy. We then utilize our patented site matching algorithms that identify duplicates, and match against our "learned" database of associations. We analyze your data for patterns; increasing your match rate to the correct customer record. After your data is clean, we then automatically roll up to customer master data records based on configurable customer needs, providing you with a single view of your customers. By standardizing your data, we reduce the inconsistencies in name and address information.

After your initial data cleansing, we provide you with the self-service tools you need to manage exceptions, enrich your data and roll up your own hierarchies in near real time. These tools feed a self-learning system that automates permanent changes and eliminates the need for handling exceptions from scratch month after month. Our tools have the sophisticated ability to recognize when a change should be learned or processed as a one-time override. We have also built in the ability to audit your data for accuracy. The work accomplished by our customers with self- service tools also serves to make our Directory more powerful than ever; allowing all to benefit from the network effect. The result for you is an incrementally reduced workload over time, thus allowing you to take on more volume with your same resource level, or re-deploy resources to other projects.