



Best Practices For  
**Channel Data Management**

Model **N**

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# What is Channel Data Management



“What if you could drive channel revenue by combining partner business processes, collaboration and real-time channel sales into a single experience?”

**Channel Data Management**

is a New Market...”

— Forrester and Aberdeen Group

# WHAT THE ANALYSTS ARE SAYING

“Indirect sales channels can **increase revenue by 5% to 10%** through process improvements... data is the Achilles heel of the channel.”

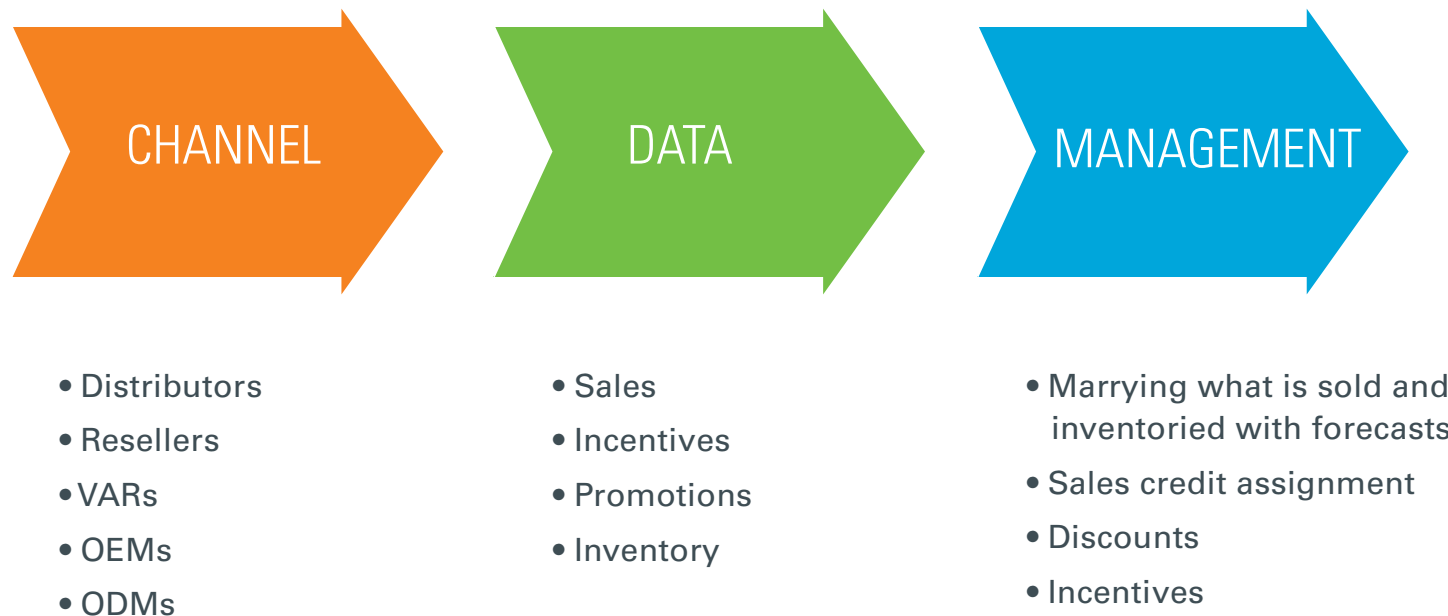
— Tiffani Bova and Gartner

“I wasn’t kidding when I described **your effort to collect “campaign-CRM-closed revenue” data as Herculean**. I work with several suppliers (VMware, Symantec, IBM and Cisco) and they haven’t cracked this nut... yet.”

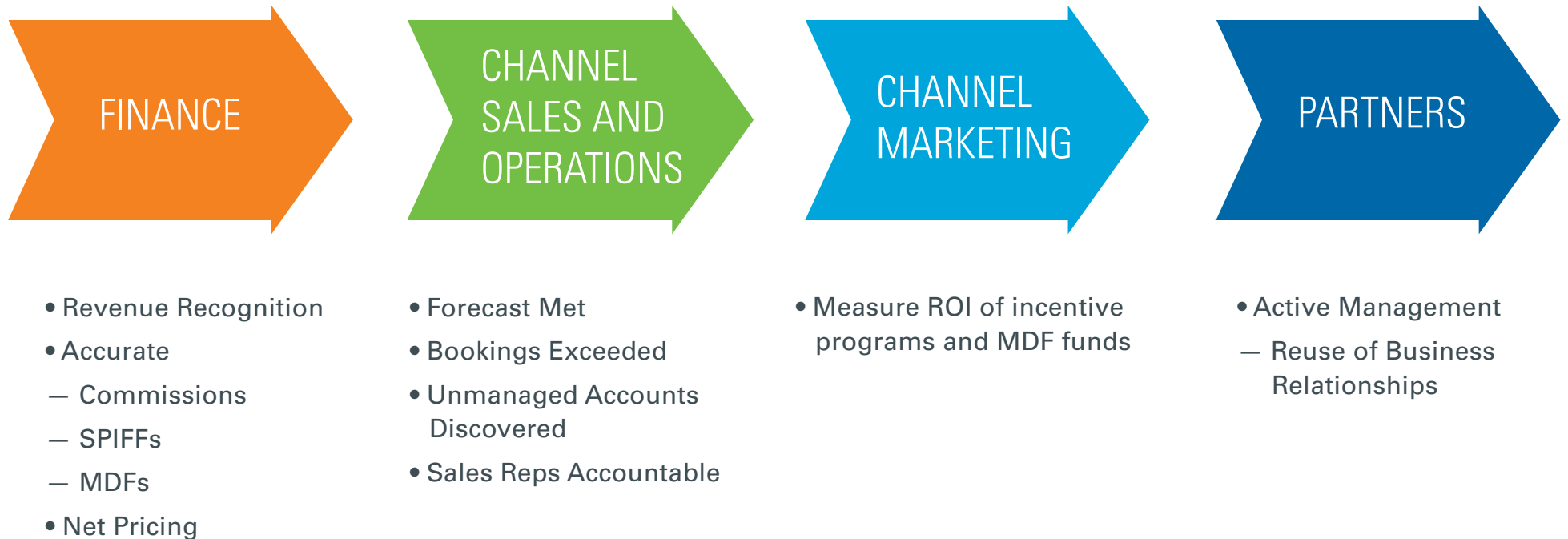
— Laz Gonzales and Sirius Decisions

Channel Data Management (CDM) is the process of collecting point of sale (POS), inventory and sales-in data from all your channel partners and transforming that data into channel intelligence that allows you to easily view channel sales data.

Manufacturers that have access to timely and accurate channel sales data can easily review channel partner performance, add new reporting partners, and grow sales.

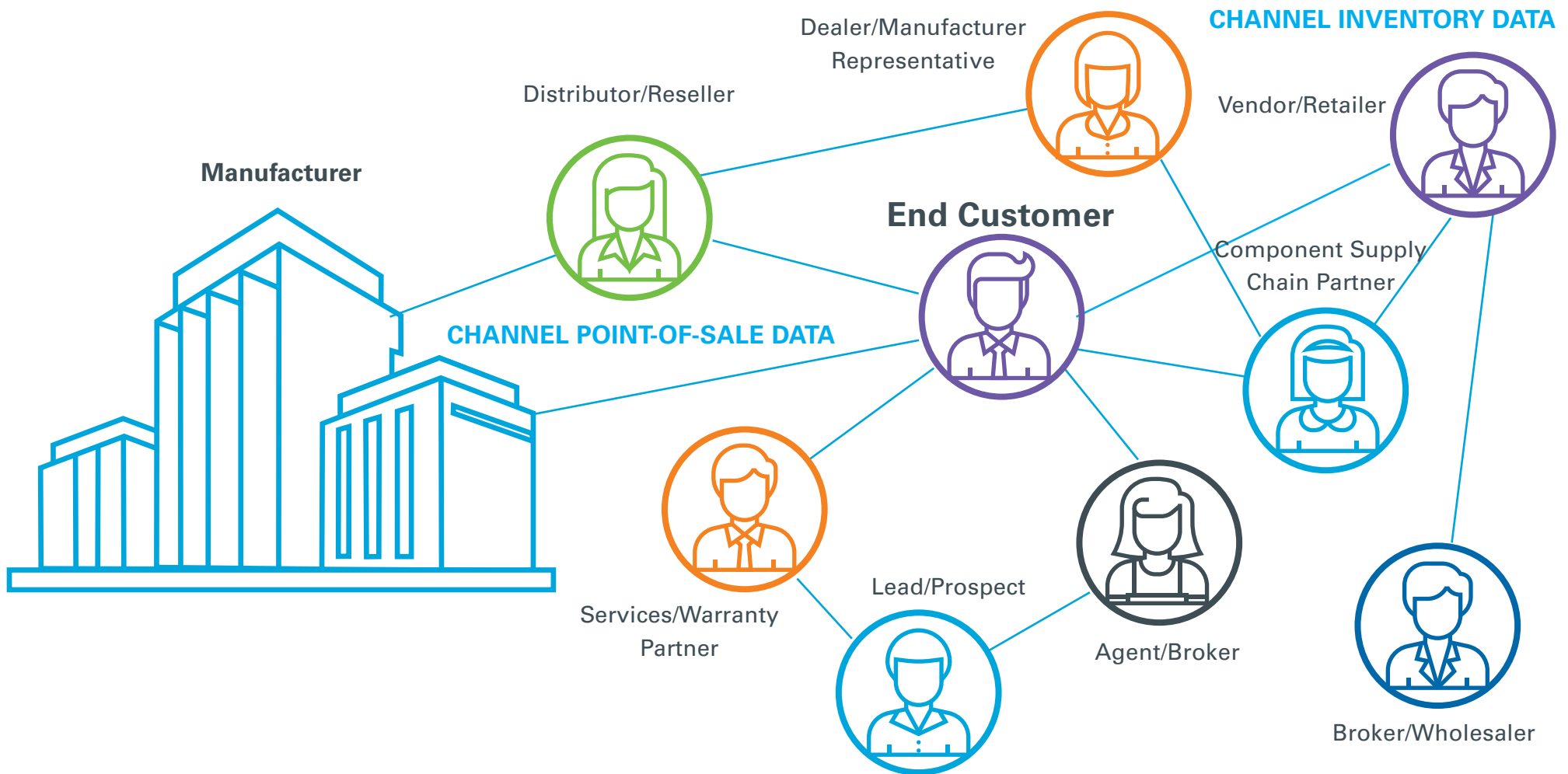


Within a multi-tiered sales organization, many departments can benefit from using channel data management. Each department will of course have a different reason for needing channel data. Finance needs the data in order to recognize revenue and pay accurate commissions to channel partners. Sales needs the data to ensure they are on target to meet forecasts and bookings.



## The Multi-Tier Channel Problem

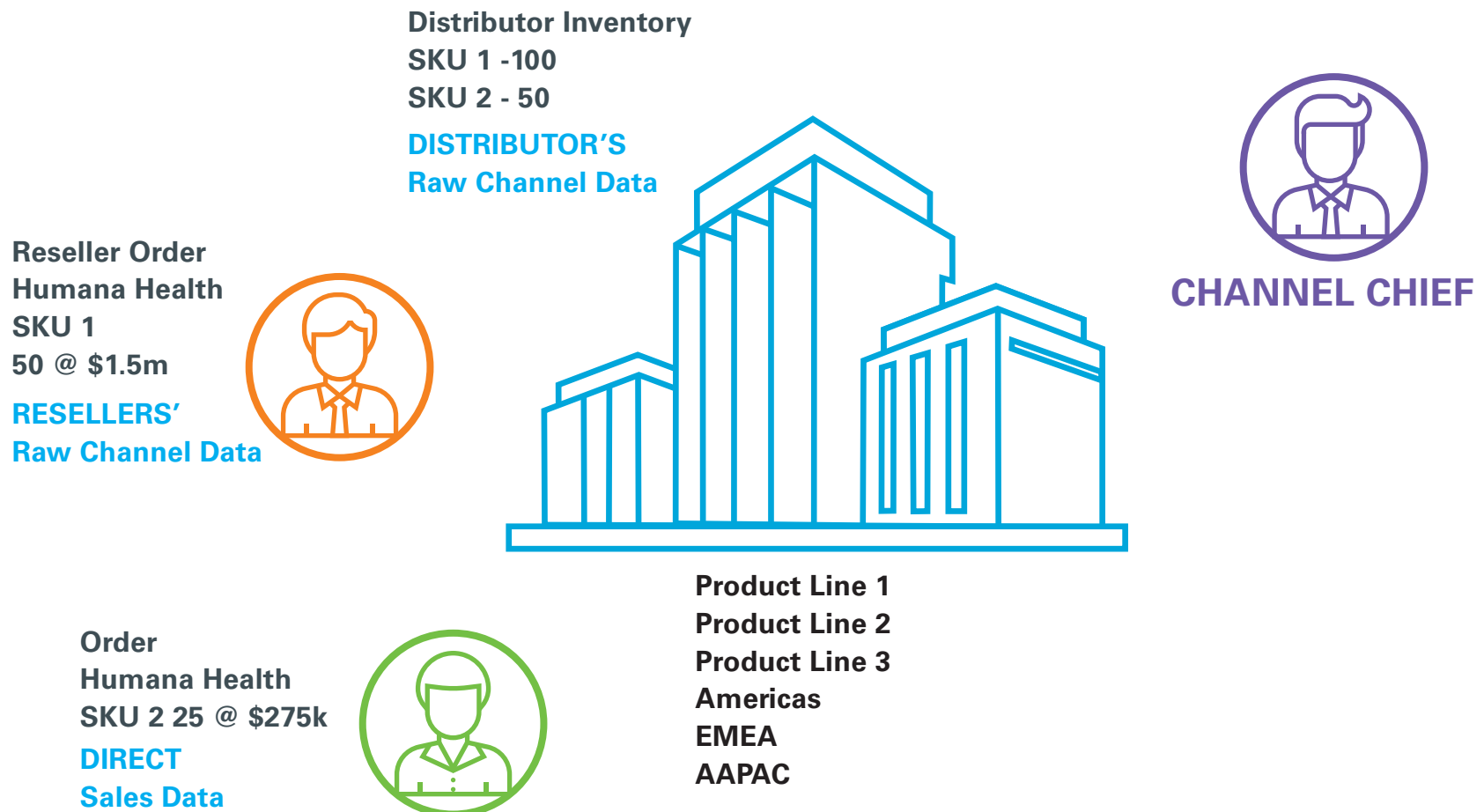
Multi-tier distribution models can be efficient at spreading both the risks and the benefits, especially as new markets in emerging countries have grown. Unfortunately multi-tier distribution channels completely lack visibility into the business. Shared information between manufacturers, distributors and resellers is usually non-existent. As a result, your business operates at a sub-optimal level – costing you sales bookings.



# WHAT IS CHANNEL DATA MANAGEMENT?

## Having a Single View of Sales

For most channel executives, it is important to see the total picture of both direct and indirect sales. Furthermore, integrating channel sales and inventory data into a CRM system, such as Salesforce®, simplifies reporting and allows for better business decisions.





## Channel Data Management Functionality

The matrix below shows the many different functions within a company that can benefit from channel data management. Real-time, accurate channel data can easily be consumed by downstream systems so you no longer have to guess what is happening in your channel.

<b>Discount Pricing Compliance</b>	Discount Management	Special Price Requests	POS Assignment	Claimless Credits	True Net Price
<b>Channel Incentives</b>	Program Modeling	Pre-Defined Program Rules	Real-Time Performance	Claimless Payments	Program ROI
<b>Channel Inventory Management</b>	Expected vs Actual	Revenue Recognition	Serial Number Tracking	Grey Market Activity	Weeks On-hand
<b>Channel Sales Performance</b>	Territory Groups	Hierarchy Relationships	Client-Specific Attributes	Territory Revenue	Accurate Commissions
<b>Market Segment Performance</b>	Industry Performance	Segment Visibility	SIC and NAICS	Leveraged Segment Data	Market Insight
<b>Customer Relationship Management</b>	POS Account Visibility	Identify Non-Account Growth	End Customer Identification	Opportunity Design-In, Win, and Production	Combine Direct and Channel Sales

# WHAT IS CHANNEL DATA MANAGEMENT?

## Channel Data Management Applications

Once channel data is processed, it can be used in a variety of applications. Everything from serial number matching, creating partner scorecards, performing analytics and ad hoc reporting, to predictive modeling – all benefit from channel data management.

<b>Analytics and Reporting</b>	Management Dashboards	Performance Analytics	Operational Reporting	Target Achievement	Predictive
<b>Channel Information</b>	End Customer Identification	Client-Specific Attributes	Serial Number Matching	Hierarchy Assignment	Named Accounts
<b>Partner Management</b>	On-Boarding	Submission Management	Partner Connection	Scorecards	Performance Management
<b>Global Registry</b>	Shared Database	Global Coverage	Standardization	Geo-Plausibility	Industry-Specific Attributes
<b>Infrastructure</b>	SAS 70 Type II Certified	>99.9% Proven Reliability	Real Time Upgrades	Full Auditability	Proven, Real Time Scalability
Multi-tenant Cloud Application					

# Who Uses Channel Data?



## Channel Data Users

### Channel Sales and Operations

- Partner / Customer / Industry / Rep Performance Analytics
- Finding New Customers / Resellers
- Service Sales and Warranty Support
- Deal Registration ROI
- Channel Sales Forecasting

### Finance

#### *Revenue Recognition*

- Channel Sales (Pricing / Currency Conversion)
- Inventory Variance

#### *Payments*

- Incentives
- Discounts
- Ship from Stock and Debit
- Commissions

### Channel Marketing

#### *Channel Segment Performance*

- Vertical Market
- Partner: Gold / Silver / Bronze
- Training Certification

#### *Program Performance*

- Rebate / Incentives
- Discount

### Channel Partners - Operations

- Partner Data Collection, Scorecard
- Data Standardization and Enrichment
- Data Validation
- Grey Market ID
- Downstream System Integration





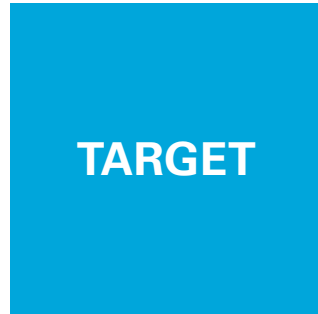
# Four Steps to Success

Model **N**

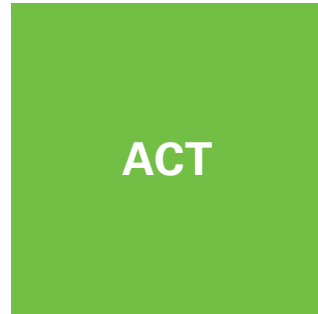




Identify and grow partners and end customers using analytics tools powered by accurate, standard and enhanced data



Your customer using segmentation information available in your POS transaction data



Now on real-time performance metrics to maximize program and partner effectiveness



Understanding partner and end customer performance against strategic goals



**IDENTIFY**

**IDENTIFY BEST PRACTICES FOR CHANNEL DATA MANAGEMENT**

- Collect channel sales data in real-time from your partners in their preferred format and mode of transmission
- Incentivize the channel to provide end-customer data if you are not getting it already
- Use timely, actionable POS data to identify every partner and every end-customer in every sales transaction

**COMPARE YOUR PARTNER DATA TO AN ACCURATE, LEARNING, REFERENCE SOURCE**

- Identify every partner, every end-customer in every transaction
- Use matching technology to dramatically improve the quality of your channel sales data and increase data accuracy by more than 50%
- Enhance your data with partner classification and end-customer segmentation information



### TARGET

#### TARGET DATA SEGMENTS

- Know your partners and the end-customers they buy from
  - Are your partners reaching new accounts?
  - What % of sales are into existing strategic accounts
- Understand the market segments your partners are reaching
  - Which verticals do they sell to the most?
- Know the products your partners are selling and the products their customers are buying
  - Find cross-sell and up-sell opportunities



## ACT

### **USE CHANNEL DATA TO ACT QUICKLY AND CONTINUOUSLY IDENTIFY AREAS OF FOCUS**

- Obtain complete visibility to partner and incentive program performance
- Take in-quarter actions to manage partners and adjust incentive programs
- Be a sales-out driven team



## GROW

### USE ACCURATE SALES DATA HISTORY TO CREATE GOALS THAT REWARD GROWTH

Company Level Incentives and Rebates

- Reward incremental business through tiered goals
  - Revenue growth, not revenue attainment
  - Do not reward existing/recurring business
- Include Alliance Partner products to reward solution selling incentives
  - Do not reward existing/recurring business
  - Stack incentives by adding funding from other vendor Alliances



GROW

PARTNERS WANT TO SEE THEIR PROGRESS TOWARD EASILY UNDERSTOOD REBATES COMPANY LEVEL INCENTIVES AND REBATES



- Online statement with visible targets
- Action oriented communication
- Timely rebate fulfillment

### **Best Practices for Growth**

- Collect channel sales data in real-time from your partners in their preferred format and mode of transmission
- Incentivize the channel to provide end-customer data if you are not getting it already
- Use sales-out data to target your partners and customers
- Know incentives program performance by end customers, partners, products, geographies, and programs
- Understand the market segments your partners are reaching
- Ensure that your partners can track their progress close to real time and visualize progress
- Verify success and opportunities to improve program performance via analytics

## SEGMENT TO PARTNER SPECIALIZATION

Use data to segment and personalize incentive programs to the level needed to drive your business





# Questions to Ask Yourself

## FOR CHANNEL STRATEGY

- Do you have a channel program that is changing?
- Are you moving into a new market?
- Are you acquiring a new company that requires program integration?
- Are your channel strategies effective for your business?

## FOR CHANNEL PROGRAM ASSESSMENTS

- Do you have a stable program, but just want to know how it stacks up
  - Against your competitors?
  - Against industry best practices?

You should consider a complete channel program assessment to get the information you need to take your program to the next level.

## FOR CHANNEL PROGRAM DESIGN

- Do you need a ground-up channel program designed for a new business?
- Are you ready to go global?
- Do you need to re-visit your partner segmentation and tiering strategy?
- Do you need a new sub-program built and deployed?
- Do you may need a program that drives your business objectives and meets the needs of your partners at the same time?

## FOR CHANNEL ENABLEMENT TOOLS

Partners are looking for new and innovative ways to stay engaged with their most strategic vendors and the way they access information is changing in favor of new mobile form factors.

- Have you identified and delivered the cutting edge delivery vehicles and tools you need to be offering in order to optimize your success with your partners?
- Do you offer effective social media strategies and cutting edge web and mobile apps that deliver your core program offerings?





### IF YOU ARE TELLING OR ASKING YOURSELF:

- Our program hasn't been updated in a while
- We really would like to do what company XYZ is doing
- We need to be able to counter what our competitor is offering
- We don't even know if our partners like our programs
- We don't know if our Partner Programs are working or not. How do we measure success?

### THEN YOU NEED:

- Program structure and segmentation, a partner recruitment program, partner on-boarding and communications, training, enablement tools, incentive and loyalty programs
- A complete program assessment with partner feedback and specific program recommendations to start
  - Would include surveys and phone interviews to assess partner needs and satisfaction with current program
  - Deliverable will be detailed assessment of current program and recommendations for program improvements



### IF YOU ARE TELLING OR ASKING YOURSELF:

- We are building a new program and don't know where to start
- We want to segment our incentives or benefits but don't really have a structure to do so
- We can't offer benefits across all of our product categories (or the programs are all disconnected)
- We can't really afford to offer all these incentives across all products/partners

### THEN YOU NEED:

- A full channel program architecture that will deliver a full, ground-up program framework recommendation including:
  - Program structure and segmentation – tiers, tracks, specialties
  - Top level program requirements and benefits matrix for all tiers/ tracks/specialties
  - Recommendations for partner communications, training, enablement and tools
  - Top level incentive program framework
  - Methodology will include internal workshops, partner surveys and interviews, independent research and analysis



### **IF YOU ARE TELLING OR ASKING YOURSELF:**

- We aren't able to tie our incentives to actual performance today
- How do we optimize between MDF, Co-op and/or Rebates?
- We are concerned that our partners are cheating our incentive system
- We want to motivate our partners to cross-sell and up-sell

### **THEN YOU NEED:**

- Internal and partner surveys/phone interviews to assess program competitiveness and partner satisfaction with current program
  - Deliverable will be detailed assessment of current program competitiveness, effectiveness and recommendations for program improvements
- Incentive program design framework for one specific program (MDF, Co-op, performance-based rebates)
  - Deliverable will be a new incentive program framework, process guidelines and program administration recommendations.

### **IF YOU ARE TELLING OR ASKING YOURSELF:**

- So what do we do with all of this data once we have it?
- Who are our best customers?
- We aren't doing a good job of managing our tiering program
  - can you help us know when to promote/demote?

### **THEN YOU NEED:**

- Program analytics dashboard design that highlights key performance criteria of partners by segment, tier or track – and by participation in key marketing programs or campaigns to determine Return on Marketing Investment.
- Partner tiering administration – monthly performance analysis of partner performance and tier promotion/demotion/probation recommendations.

**WHERE DOES YOUR ORGANIZATION STAND  
WITH REGARDS TO CHANNEL SALES MANAGEMENT**

- For Current Performance, use 1-5 (5=Best In Class, 3=Average, 1=Not even in the game)
- For Priority for Improvement, rank the categories from 1-7 (1=Highest) in order of most important to address

Best Practice Categories	Current Performance	Priority for Improvement
Channel Partner Management		
Channel Data Management		
Channel Inventory Optimization		
Channel Operations Compliance		
Channel Sales and Marketing Program Effectiveness		
Channel Visibility in CRM		
Channel Territory Assignment Management		



# Requirements for Success



Model **N**

Receive accurate, timely sales and inventory data from channel partners in order to gain visibility into partner activities and performance. Make effective decisions regarding partnerships, markets, and products.

Best Practice Categories	Best in Class Performance
Stocking partners reporting POS and Inventory data	100% Reporting Daily
Compare collected data to industry standards to maximize reported data	100% compliance to industry standards
Support for multiple data formats to reduce partner IT support	All formats supported
Validation of all reported data for accurate real-time visibility	Line-level validation
Automated reporting methods to reduce partner burden	100% automated reporting
Active partner data management to improve quality of reported data	Continuous measurement and feedback
Timely measurement of partner performance against reporting and performance goals	Daily visibility of partner achievement tied to incentives

Accurately cleanse, identify and enrich channel data to identify your end customers and what they are buying. Provide global visibility into account relationships, and deliver real-time insight into channel performance.

Best Practices	Best in Class Performance
Automated cleansing and de-duplication of reported data to ensure accuracy	Business entities 99.9% error free
Accurately identifying the path-to-customer for all POS data by matching entities to a stewarded data source	100% of POS data assigned to Resellers and End Customers
Classify and segment identified resellers and end customers through market data sources and client-spec attributes for granular market visibility	100% Resellers and End Customers classified and segmented
Automated roll up of accounts into corporate hierarchies to provide accurate visibility of Reseller and End Customer activity at multiple levels	Automated hierarchy management
Automated matching of reported products to product master and valuated for accurate compensation and inventory visibility	99% transactions automatically matched to product catalog
Minimize rematching efforts of entities and products by learning matches automatically	Manual intervention efforts decline over time
Auditable adjustments to increase accuracy and maintain control	Audit visibility through UI and reports



# Best Practice Recommendations

Model **N**

## PARTNER SEGMENTATION AND TIERING

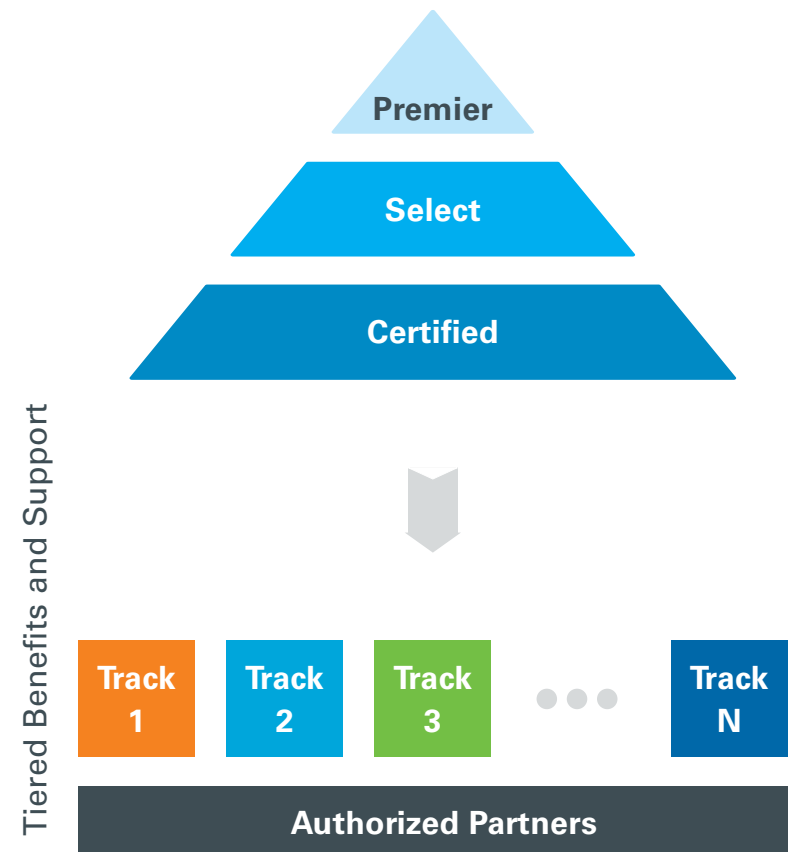
Developing a clear, consistent and meaningful segmentation and tiering strategy is a key foundational element of any channel program. Best practices dictate that partners are most effectively engaged when they are segmented according to their specific business models, tiered according to the business value they deliver and assigned benefits that provide meaningful differentiation and motivation between the tiers.

## PARTNER RECRUITMENT STRATEGIES

Partner recruitment must start with a clearly defined objective and a set of recruitment strategies that support that objective. What kind and how many partners do you need to reach your business goals? What is your channel value proposition? How do you find the partners and get them on board?

## PARTNER SEGMENTATION AND TIERING

Once a partner is on board, you need to create a meaningful engagement with the partner and this engagement must create a value flow in both directions in order to be successful. Your partners need to be enabled to deliver your products within the context of their own business model and the solutions they bring to their customers. This requires communication, training, sales tools, marketing assets, demand generation campaigns and support.





## PARTNER INCENTIVE PROGRAMS

Performance based pricing/rebate programs drive behavior for partners in many business models, but programs must be carefully designed to guard against abuse and consistently drive the proper behavior.

MDF and Co-op funding programs should be deployed with partners who can create demand with your ultimate end customers. Programs must be designed to ensure funds are applied to the products and solutions that are strategically aligned to your sales objectives and executed in a way that is simple, consistent and partner-friendly.

## PARTNER LOYALTY PROGRAMS

Research shows that your most valuable asset is a loyal partner. You can drive loyalty with a solid partner recognition program and use of strategic PR and joint marketing benefits delivered through your partner program.

Special events and Advisory Councils are also great ways to recognize and reward your top partners while also gaining valuable feedback around what is working and what is not for your partners.

MDF Earn Rates	VAR		Distributor	
	% of Rev	\$ Per Unit	% of Rev	\$ Per Unit
Bundled Solutions	8%	\$4.20	4%	\$2.20
High Margin SKUS	6%	\$3.60	3%	\$1.80
Low Margin SKUs	0%	\$0.00	2%	\$0.80

## AN ALL-IN-ONE CHANNEL DATA MANAGEMENT SOLUTION

[WATCH A DEMO](#)

[WATCH OVERVIEW VIDEO](#)



For more information, visit [www.modeln.com](http://www.modeln.com)







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