Model N

REVENUE EXECUTION QUICK TAKE

Overcoming the Three Challenges of Channel Rebate Programs

Maximizing the Value of Channel Relationships

More and more channel sales organizations are turning to sophisticated incentive programs to help them meet revenue commitments in today's increasingly competitive markets. The net result is that they have transformed themselves into industry leaders for revenue execution. The first building block of their transformation is usually focused on rebate programs. Rebates can offer significant benefits in the overall design of channel programs, providing organizations with additional tools to drive revenue growth in the channel, as well as decreasing operating costs through improved sales efficiencies.

Effective rebate programs provide high-impact benefits in several areas:

Reduce Up-front Discounts and Pricing Abuse

Rebates enable companies to more effectively manage pricing through the channel, providing more flexibility while ensuring that discounts are earned based on the agreed metrics. In addition, rebates can be used effectively to ensure customer end-user pricing is not compromised.

Engage the Channel and Increase Market Share

Well managed rebate programs can have a strong positive effect on channel relationships and are a powerful tool to gain loyalty from channel partners – particularly in crowded markets. And performance-based programs help align channels with company sales goals.

Move Inventory

Both performance and discount rebates programs help distributors move inventory. Rebates can also help manufacturers to accelerate revenue recognition and avoid rights-of-return liabilities.

Most channel executives consider rebates essential to a channel program, but are often challenged to effectively implement and manage rebate programs. Poorly implemented rebate programs can sometimes have a negative effect on channel performance and relationships. The following are 3 keys to addressing typical rebate program challenges.

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1

Reduce or eliminate the manual processes

For many organizations, rebate programs can become quite complex with multi-tiered value chains, multiple entities potentially entitled to rebates, and hundreds of thousands of sales transactions to process. On a global scale, rebate programs become cumbersome and require significant headcount to manage. Rebate calculation alone can consume weeks of effort, adding major cost and delay into the program.

Trying to manage these programs effectively with spreadsheets is a losing proposition. Fortunately, there are rebate management solutions available. When looking at solutions make sure they provide these "best practice" capabilities to eliminate manual processes:

01
Automated workflows from program creation through approvals and program rollout

02
Comprehensive and flexible tools for creating a variety of types of rebate programs

03
Robust data collection, validation and rebates payment calculation

04
Integration into core ERP systems for accruals and payments

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Enable end-to-end visibility into rebate validation, calculation and payment

Channel program effectiveness is dramatically improved through end customer and partner segmentation and accurate visibility into program performance in real-time. In a survey done by Model N of manufacturing companies with rebates programs, *67% of respondents could identify end customers for their indirect transaction, but only 34% received accurate, complete and timely data*.

The survey also revealed that 87% could predictably segment revenues by channel type, but less than 20% could consistently identify which partners served specific customer segments. To improve visibility into rebate program execution and effectiveness, solutions should offer

01
Ability to include direct and third party transaction data, and simple tools for developing segment specific validations

02
Easy ways to search and view how customers qualified for rebates and how specific rebate programs are performing

03
Query tools for analysts to manage program liabilities and assess accruals in real-time

04
Reports and dashboards on program performance by channel and customer segments that can be easily shared across the company

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3

Engage and align partners more effectively with your sales goals

The same Model N survey, showed that for almost half of the companies surveyed it took over 30 days after a rebate claim was submitted to process the payment. Given the complexity and effort involved in manually administering rebate programs, time spent on partner engagement efforts typically gets short-changed.

Even the best designed incentive programs can fall short of their potential business impact if channel partners are not actively engaged. Best practice rebate program architecture has partner engagement "built-in." Social media channels play a role in partner program management, but not as the primary vehicle or program communications and dialogue. Look to include the following capabilities that drive partner alignment and engagement:

01
Easy-to-use partner portal for program information and communications

02
Up-to-date status on partner program qualification, program achievement, and payment expectations

03
Gamification and incentives such as badges, levels, plus visibility into additional achievement required to maximize rebate pay-outs

ENTERPRISE-GRADE REBATE MANAGEMENT IS NOW EASIER AND FASTER.

Email and manual calculations cost a leading manufacturer both margin and opportunities.

Now with Model N they manage more than 300 concurrent rebate programs that optimize revenue and increase market-share.

Model N provides a cloud-based Rebate Management solution that is applicable to companies with emerging channel programs and companies with complex, multi-tier global value chains. Optimized for ease of use and rapid implementation, the Model N Rebate solution's advanced cloud architecture can scale to handle hundreds of rebate programs across thousands of channels partners.

An end-to-end solution that automates the entire lifecycle process for rebates – from creation and approvals, through implementation, validation, calculation and payment – Model N Rebate Management is interoperable with corporate ERP systems and provides powerful analytics to improve visibility to rebate programs at all levels. ***Model N's cloud solution builds*** on the Salesforce platform to help companies more effectively align their direct and indirect sales efforts, and to leverage the Salesforce Community solutions that many companies use for their channel programs. ***Solutions briefs, videos and demos are available at modeln.com***