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SIX SIGNS IT'S TIME TO RETHINK

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Your Semiconductor Channel Relationships



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Six signs it's time to rethink your Semiconductor channel relationships

If your company is like most in the semiconductor industry, you've seen a lot of changes, competitors shrinking with a growing trend of mergers and acquisitions. According to the [GCA Semiconductor Sector Report](#), "10 years ago, there were 130 public semiconductor companies; at the end of 2018, there were 72; and we think in the next 3-5 years, there will be half as many publicly listed companies versus current levels."

As manufacturers look to reduce cost and increase productivity, channel revenue leaders are focused on strategies and programs to increase their presence in the market. As a result, many channel leaders are pushing more strategic incentives to increase the attach rates of their products. This means creating bundles to mask pricing and creating sales rep visibility into the pocket price or net price of the products to ensure profitability remains their top goal.

If you've been paying attention to semiconductor companies over the last five years, you've seen the customer base consolidate, competition grow, and margin growth slowed into the single digits. Whether you're managing the revenue of the company or managing the sales potential of these companies, do you find yourself constantly worried about how to increase channel growth and attach rates to your products?



DO YOU WONDER?

1. Your team is frustrated with the amount of time it spends managing channel incentives
2. You hear a lot about outsourcing incentives, but don't know if it fits your business
3. You wonder why your current incentive programs are inflexible
4. Why are your channel incentives so difficult to manage?
5. Your channel team struggles to measure ROI and profitability of your programs
6. Are your channel partners always the last to know when there a new program?
7. Do you know if you're rewarding your channel correctly and based on performance?

FROM OUR EXPERIENCE AND INTERACTION WITH LEADING SEMICONDUCTOR COMPANIES LIKE YOURS, WE'VE IDENTIFIED SIX SIGNS THAT IT'S TIME TO RETHINK YOUR CHANNEL RELATIONSHIPS.

**EBOOK HERE ARE 6 SIGNS IT'S TIME TO
RETHINK YOUR CHANNEL INCENTIVE APPROACH:**

In a 2018 study by Workstride, companies offering incentives typically spent **more than 23% of their channel incentive budget on administration**. For some organizations, these costs take up 50% of the incentives' budget. High administrative costs mean manual processes with slow reimbursements to your channel. These obstacles create an environment for disengaged and unmotivated channels.

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Companies that offered incentives typically spent more than 23% of their channel incentive budget on admin.

— 2018 Workstride study

1

Your team is frustrated with the amount of time it spends managing channel incentives

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If you're spending 25%-50% of your incentive program budget on administration, it limits your company's opportunity to scale and focus on appropriately rewarding the channel based on achievements they earned.

Model N's Rebate Management offers an automated incentive management solution that eliminates manual incentive management while supporting rebate templates, accelerators, automatic payment generation and a clear workflow process to reduce the implementation time of your channel incentives. **Furthermore, its capability to automate the calculation and payment generation, will free your team to improve channel attach rates.**

In this global competitive market, timeliness of payments will give your partners more motivation to continue their partnership over another vendor that has a slower response time. Moreover, the automated generation of payments reduces revenue leakage that often comes with cumbersome manual processes.

With the time you've freed-up, your team can shift towards fine-tuning your strategies to increase market share and retain high performing partners. Backed with a calculation engine that scales for large volumes of data and high number of customer-centric incentives, Model N solves the challenges of high growth businesses. Model N ensures performance does not diminish so your program administrators are not disrupted with month or quarter-end activities. This empowers your team to be better equipped to focus on a strategic approach when interacting with the channel and reduces the external noises that exist in manual processes.

2

You hear a lot
about outsourcing
incentives, but
don't know if it fits
your business

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For some companies, outsourcing channel incentives appears to be a cost-efficient and viable option to introduce programs to the channel.

Unfortunately, the reality is that this approach rarely works for your channel because you no longer have full visibility and control of your incentive strategies effectivity. If you outsource your incentives it makes it difficult to easily communicate changes that may be required to increase your channel success locally and globally.

Beyond outsourcing, companies with in-house custom solutions and traditional approaches to managing incentives, limit the organization's ability to make rapid changes. These outdated practices have long adoption cycles that slow the responsiveness needed in a dynamic channel. The lack of visibility in identifying your most successful channel partners and incentive programs makes it difficult to concentrate on areas to improve your incentive investment. Model N's Rebate Management solution allows you to manage an in-house solution that is easy for your internal and external stakeholders to use.

Model N Rebate Management provides your finance, sales, marketing and operations teams with a configurable solution and workflow that molds with your business without the need for heavy customizations.

Users of the solution have a guided view to quickly navigate the system with clear approval routing and the transparency to the rebate calculations for minimizing revenue leakage and increasing audit capabilities. These capabilities also provide full control of your business to clearly communicate to your partner the programs in place to drive revenue growth. It does this with an easy to use user interface and a self-service portal that is global and mobile ready for your channel.

2

Model N Rebate Management provides the business acumen needed to clearly identify best performing channel partners by region, size, offering and more so you can adjust your market strategy as needed. Our solution provides analytic insights for your partners so they can see how they are performing and change their buying strategy to maximize their benefits. Using metadata driven technology and removing the need for disparate systems, Model N provides a holistic view of channel behavior from the moment an opportunity is created, through quoting and to the incentives that supplement the quotes success into a sale.

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Highly customized solutions that close the doors to industry best practices prevent your ability to adapt and evolve as your business scales. Highly customized solutions are costly to maintain, expensive to change and require long lead times for modifications to take effect. These factors prevent you from being forward thinking in the channel market as your incentives remain stagnant in a changing market demanding segmentation and buyer-centric incentives.

3

You wonder
why your
current incentive
programs
are inflexible

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Within the semiconductor industry, maintaining price profitability is a key to success that involves being able to mask the true price of a product from other customers. Many manufacturers use bundling to hide the true cost of a specific product so that the channel is forced to purchase the entire bundle of products. Some semiconductors will also couple back end incentives to these bundles to further increase stickiness of their products within the channel. These changing dynamics to maintain the already slim margins of the semiconductor industry require that a manufacturer's incentive solution evolves and executes as quickly as their customers demand without losing insight to the product's profitability.

Model N's cloud-based rebate management solution uses the latest technology and meta-driven architecture with the scalability to ensure your company continues to adopt all the industry's best practices without having to go through costly customizations, modifications, upgrades and implementations related cost.

Model N's solution allows your users to adjust incentive strategies without any coding so you can limit administrative costs and offer targeted incentives that are fine-tuned to channel growth. As an added benefit, our enterprise grade solution supports changes to your business strategy that do not result in impact to the performance of the solution.

3

Model N's solution allows users to—

Adjust incentive strategies without any coding required so you can limit administrative costs and offer targeted incentives that are fine-tuned to channel growth.

4

Your team struggles to measure ROI and profitability of your programs

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“Measuring the effectiveness of indirect sales is difficult without a single view of front-and back-end margins, partner enablement expenses, assigned sales resources, support costs, an inventory costs” shared Chanan Greenberg, SVP and General Manager for Model N High Tech products in Forrester’s “Winning in The Channel Requires Data-Driven Program Innovation.”

How can you measure ROI and success with disconnected and siloed applications in place that manage your revenue? Companies who use one system to manage accruals, one to generate quotes, and another to calculate rebates and reimbursements, with account data in multiple locations, struggle to see the true cost of the deals. Disconnected and siloed systems prevent sales representatives from understanding the true price of products because they have no visibility into how the back-end incentives impact their on-invoice discounts. This causes sales and marketing frustration and creates prices erosion vulnerabilities.

Model N's solution provides an end-to-end approach from contract or quote to rebate to ensure revenue leakage is eliminated.

With a single end to end solution that solves these challenges within the entire revenue management lifecycle, Model N gives their customers the edge over the competitors by providing sales representatives with clear insights into the true price of the products they sell. In addition, finance can accurately accrue for incentive liabilities and true them up against actuals with clear audit trails of the sales that flow through the system. As an added benefit, Model N Rebate Management seamlessly integrates with all of Model N's other products such as Channel Data Management (CDM) to help cleanse, organize and manage your channel data, and Marketing Development Fund (MDF) to increase marketing stickiness and effectivity of the channel.

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**Survey results from 2112 Group's 2019
Channel Chief outlook shows "launching a
new partner portal remains one of the top
concerns for channel growth investments."**

When channel partners have an easy to use portal, customer adoption and revenue grows. Poor channel portal experiences quickly turn an excited partner into a dissatisfied one. As the Semiconductor industry continues its evolution of traditional B2B buying into B2C, a responsive and easy to use portal that is mobile-ready is necessary to increase channel participation. A traditional non-unified partner portal experience prevents your channel from engaging anywhere in the world and prevents them from interacting with you in real time.

5

Your channel
partners are
the last ones
to know there's
a new program

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Model N's solution has a mobile self-service portal across all its incentive products.

It enables the channel to view their own performance, submit reimbursements, review new program information, and get necessary materials to grow their channel expertise anywhere. Our portal offers built in chat features so you can quickly communicate with your channel and attach guidelines to ensure your global channel is enabled to execute. These features enable partners to sign up easily for training and specializations. According to the 2112 Group, "best partners are resellers, integrators, and service providers with steep technical skills and capabilities."

With a highly skilled channel partner, investments can be further made with newly educated partners to grow channel revenue through partner recruitment and new customer incentives. A study by Accenture on Improving the ROI of Indirect Channel Incentives, identifies that using the right tools like the ones offered by Model N, gives manufacturers the ability to create clarity so that rebate programs are, "easy for the partner community to understand and use."

5

"The best partners are resellers, integrators, and service providers with steep technical skills and capabilities."

— The 2112 Group

6

You struggle to measure the success of programs not sure you're rewarding the channel based on performance

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“Traditionally, the only metric that mattered when measuring partner programs was gross sales. Vendors have built programs around the notion that partners with higher sales volumes reap the best margins, the greatest access to resources and support” shared 2112 Group recently. When partners are rewarded the same no matter how much they sell or how many new customers they bring, partners are not properly incentivized to be great business partners to you. In addition, without a system to properly validate the correctness of a channel partner’s work, manufacturers can overpay or underpay channel partners creating a disconnected ecosystem that hurts the bottom line. Giving your workforce the visibility into the most successful program and partners allows you to focus on applying the right incentives to the right partners.

The Model N Rebate Management solutions gives you the insights into your best performing partners and strategies.

With this new-found information in hand, you can ensure time is dedicated to these partners and poor performing partners can be evaluated for new programs that may better increase their involvement. With Model N, you’ll be equipped to build a relationship with your partners that is clear from the beginning to the end.

CHOOSE MODEL N REBATE MANAGEMENT SOLUTIONS FOR AUTOMATION, SCALABILITY AND PARTNER SUPERIORITY

If you recognize any of these six signs we've described, you're not alone. Model N's 2019 State of Revenue Report, suggests the distinction between top and average performing organizations is how well they manage rebates. Top organizations track, evaluate and automate rebate programs well.



If you are one of the organizations wanting to improve rebates and incentives, we invite you to find out more by visiting www.modeln.com/rebates

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TODAY**

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