

A network diagram with white nodes and lines on a light blue background, transitioning to a dark blue background at the bottom. The diagram consists of numerous nodes connected by thin white lines, forming a complex web-like structure.

The high-tech buyer's guide for revenue execution

The key to profitable pricing
and better channel relationships

Model **N**

BUYER'S GUIDE

This guide will help you make sound business decisions about investing in a pricing management, channel management, or end-to-end revenue execution platform. It outlines the positive impacts that better revenue and channel management can have on your business. Plus, it identifies key purchasing considerations and tips for avoiding common selection and implementation pitfalls.

By improving pricing and channel management – with a systematic revenue execution platform that unifies processes and makes data visible across your organization – you can:



Make processes more efficient and effective.



Increase revenue opportunities and win rates.



Empower channels with self-service capabilities.



Eliminate overpayments.

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About Model N

[Share this guide with your colleagues – and together, you can confidently find the solution that will maximize revenue at speed and scale.](#)

Why is revenue management important?

Traditional approaches to executing revenue are filled with manual processes, complicated spreadsheets, and a patchwork of point products – all of which results in functional and data silos that guarantee inaccuracies and keep companies from making better pricing decisions or improving their channel relationships.

And then there are the companies that choose to outsource their revenue processes to a third party. They give up control and are unable to effectively see and use their data to identify where they are losing revenue or increasing their risk of commercial or government penalties.

Couple these challenges with new business-to-business market realities, and you can clearly see why ioptimizing the value of every interaction and transaction has become harder than ever.

Market trends that increase complexity in revenue management



Market and pricing volatility



Threat of new disruptive business models



Demand for pricing transparency



Infinite pricing, configurations, and contract variations



Speed as the new currency



Multiplicity of channels and microsegments

The average high-tech manufacturer grows at about 6-7% a year. But today, they're likely leaving 3-5% of that hard-earned revenue on the table.

Why? Because pricing isn't as simple as it used to be. In this current business environment, multiple pricing variables, like markets, regions, channels, and business models, must be considered and combined with infinite end-customer price points. Sounds complicated enough, right? But this complexity is only compounded by the siloed systems that are used to manage incentives, discount and performance rebates, and channel data.

And unfortunately, that means...

73%

of executives believe their pricing decisions leave money on the table.¹



Companies lose billions of dollars in revenue each year.

98%

of customers are exposed to conflicting pricing.²

That's why you need a commercial system of record for your revenue execution – so you can run your business with precision, accuracy, and certainty.

¹Model N 2020 State of Revenue Report

²Ibid.

Would your organization benefit from a revenue management platform?

Use this worksheet to determine if your company could benefit from a commercial system of record for all revenue execution and channel automation activities.

Answer each question with your level of agreement.

Use 1 for strongly disagree and 5 for strongly agree.

Our sales, channel, and incentive data is siloed in multiple systems, preventing us from having real-time visibility.	
Our pricing decisions are leaving money on the table.	
Customers are being offered different prices through different channels and regions.	
We struggle to understand the effectiveness of our rebate programs.	
Pricing and quoting are friction points in our channel relationships.	
We spend too much time maintaining and administering incentives.	
We struggle matching rebate claims data to actual sales data.	
We want to improve channel relationships by empowering partners with self-serve capabilities.	
Our company relies on manual processes and Excel-based analysis.	
The quality of the data we get from our channels requires work before it can be used.	
TOTAL	

Deciphering what your total means

If your total is more than 29, you need a commercial system of record for revenue execution. [Schedule](#) an introductory call and demo to discover the areas that offer the biggest opportunity to improve your profitability.

If your total falls between 12 and 29, there's room for improvement in your revenue and channel management processes. [Learn how](#) your company compares to high-tech revenue leaders in a 15-minute introduction call.

If your total is less than 12, you may not be ready for a system of revenue execution right now but priorities change. Take time to learn more about the benefits of breaking down silos and automating channel activities at modeln.com.

Defining your needs

Before you can start to investigate possible solutions to solving your revenue challenges, you must understand and define what you want to achieve. Ask yourself what do you like and dislike about your current situation? What would you like to see improved? Once you have the answers, you can establish specific business goals that directly relate to solving some or all of the pain points you identified.

Remember to make your goals measurable.

For example:

- **Business outcomes**
(e.g., revenue increases, gross margin growth, reduction in overpayments, higher market capitalization)
- **Operational improvements**
(e.g., scalability without increasing headcount, self-service to channels)

Define these key performance indicators (KPIs) before you make any final decisions – and definitely before you start implementing – as these KPIs serve as the measuring stick to determine whether the solution is successful.

6%

increase in revenue with Model N



50%

reduction in quote turnaround time with Model N



Comparing the traditional siloed approach with Model N

Through a real-world comparison between two companies in the same industry with similar annual revenues, it becomes clear that improving gross and net margins significantly impacts a company's worth.

Traditional siloed approach	VS	Model N approach
\$5 billion	Annual revenues	\$6 billion
44%	Gross margins	49%
20%	Net margins	32%
\$8 billion	Market capitalization	\$20 billion

Priority #1: Make sure your organization is ready for change.

Managing change in your organization is perhaps even more important than the tool you ultimately select and its capabilities. If your organization isn't ready to do things differently, you will never see the return on your investment or attain your goals. You might succeed in deploying a new tool only to find that you've changed nothing in your business because your team didn't capitalize on its capabilities and in turn contorted it into doing things the way they've always done.

For example, if you want the ability to allow your channels to self-serve, but then you don't turn on those capabilities, you're not going to see an acceleration in deal cycles. You won't make it easier for your channels to do business with you. The reason you purchased the solution – a key goal for the project – hasn't been realized. All because your organization wasn't ready for change.

To get people on board, identify individuals who will serve as change agents and will advocate for the project, beginning with selection through adoption. These individuals will play pivotal roles in the evaluation team, and perhaps even more importantly, they will help shape business processes to adopt the new capabilities of the solution you select.

Additionally, an internal campaign may be necessary to help people understand the reason for the change, how it will positively impact them, and what they can do to prepare for adoption.

What do you need to accomplish your business goals?

Your next step is to establish your requirements list. By thinking ahead and writing down requirements – and the reasons for them – you create a measurement stick by which to evaluate possible solutions. You'll be able to clearly see which solutions should be part of your final consideration set.

Important tip

Make sure your evaluation and selection criteria is clear and relevant to your business. Don't include a feature as a must-have because it sounds cool; it needs to have solid benefits for your organization.

Capabilities you may want to include on your requirements list:

- An end-to-end, cloud-based revenue execution platform that includes functionality for channel management, channel data management, rebate management, pricing and quoting, and analytics and reporting
- Integration with your enterprise resource planning (ERP) and customer relationship management (CRM) platforms
- Full support for electronic data interchange (EDI) and RosettaNet integration
- Channel self-service capabilities that enable partners to quickly turn around quotes and special pricing requests, as well as view, sign up for, and track attainment of available rebates

Create an evaluation team

To break down silos between quoting, pricing, contracts, channels, and incentives, you need to select a system that will unify processes, create visibility, and scale to handle billions of revenue moments.

And this decision should not be made in a silo.

Create an evaluation team that spans the key areas within your company that this decision will impact. From consideration to implementation, make sure you include the right people – champions in the organization and subject matter experts – who can best represent your business.

Everyone on the evaluation team needs to keep the high-level company goals and challenges in mind. While each group will want to satisfy their own needs, they must look at the process holistically and drive toward the common goal of improving revenue and channel management companywide.

	Areas of focus	Challenges	What will better revenue and channel management accomplish?
Sales	<ul style="list-style-type: none"> Maintaining healthy margins Improving relationships with channel partners Winning more, faster 	<ul style="list-style-type: none"> Time wasted on non-selling activities Slow, manual pricing and quoting processes Inaccurate or untimely forecasting and analytics 	Improve ease of doing business with partners and gain real-time visibility into channel sales, pricing, and discounts, enabling higher margins and win rates
Channel management and operations	<ul style="list-style-type: none"> Improving the speed and accuracy of doing business with channel partners Avoiding partner churn Ensuring contract compliance 	<ul style="list-style-type: none"> Slow turnaround time for quotes and special pricing requests Lack of visibility into discount and rebate eligibility Siloed sales, rebate, and channel data systems 	Make it easier for channel partners to sell more
Sales operations	<ul style="list-style-type: none"> Preventing price erosion Maximizing operational efficiency Improving channel relationships 	<ul style="list-style-type: none"> Difficulty handling dynamic contracting and pricing requirements Siloed people, processes, and technologies A lack of real-time channel sales and inventory data 	Automate processes that increase operational efficiency and improve the speed and accuracy of doing business with channel partners

CONTINUED	Areas of focus	Challenges	<i>What will better revenue and channel management accomplish?</i>
Finance	<ul style="list-style-type: none"> Recognizing all revenue and ensuring accuracy of accruals Maximizing margins Ensuring volume purchase compliance and global discount controls 	<ul style="list-style-type: none"> Inefficient, manual, and error-prone processes Inaccurate, incomplete, and untimely channel data Lack of visibility 	<p>Reduce risk with a combination of automation and accurate, timely information and business insights, which result in increased margins and market share</p>
Pricing	<ul style="list-style-type: none"> Eliminating price erosion Ensuring accuracy in pricing and incentives Optimizing prices globally 	<ul style="list-style-type: none"> Slow turnaround time for quotes and special pricing requests Unnecessary discounting Lack of visibility and siloed systems 	<p>Ensure each customer and partner receive the right price, the first time</p>
IT	<ul style="list-style-type: none"> Driving innovation and process efficiencies Aligning technology investments with business priorities Enabling the company through technology 	<ul style="list-style-type: none"> Timely project delivery Siloed people, processes, and technologies 	<p>Create a system of record for revenue operations that can be leveraged across other internal systems</p>

Best practices for working together

- Clearly communicate your needs and take time to understand the needs of others.
- Establish a process for evaluation and agree on milestones.
- Align on the most desired goals for the company – and keep these top of mind. You likely won't achieve unanimous support for one solution, but as you discuss and debate, always return to what's best for the company.



Don't just pick subject matter experts.

Select people wanting to drive change – who are smart, willing to find ways to make things better, and who understand the pain points and can sympathize with those doing the work.

Evaluate your options

Once you've identified your needs and established your goals, it's time to evaluate possible solutions. Use your requirements list to make sure each solution you consider offers the functionality you need.

Functional fit is critically important. The solution you choose needs to give you the features that will enable you to accomplish your business goals. But there are key things you should consider as you review potential vendors, such as:

Experience and stability

You need a solution that's going to help you eliminate lost revenue and improve channel performance. And that solution needs to be proven – with leading high-tech companies and semiconductor manufacturers. As you review possible vendors, evaluate their expertise and history by asking:

- *How long have they been in business?*
- *What experience do they have with managing the revenue processes you're looking to improve?*
- *Do they have experience with companies in your industry? How long are these relationships? Can they demonstrate success?*

Investment in research and development

In business, change is constant. The solution you select should keep up with your business – whether you're introducing new pricing rules, altering incentive programs, capitalizing on emerging business models, or facing new challenges. Be sure to ask:

- *Do they have a roadmap for future improvements and offerings that are tailored to your industry? (Keep in mind that the more industries a vendor focuses on, the fewer resources they can allocate to keeping up with yours.)*
- *What percent of revenue does the vendor invest in R&D targeted toward your industry?*
- *How often do they release product updates?*

\$30M

EBITDA improvement
with Model N

ON Semiconductor®

The logo for ON Semiconductor, featuring the letters "ON" in white inside a dark grey circle.

Level of customization

Because revenue processes are not one-size-fits-all, the solution you choose shouldn't be either. Key considerations should be:

- *Do they have a platform that can be tailored to address your organization's specific needs?*
- *How long will the initial implementation take?*

Training and onboarding

What good is a platform if your teams – both internal and external – cannot effectively use it? Remember to ask each vendor what training and onboarding processes they have in place and whether these require additional investments.

- *Do they have a formalized training program that includes a library of on-demand content?*
- *Do they offer certifications and continuous improvement opportunities?*
- *Can they create custom training that meets your unique needs?*
- *Do they provide scalable tools and content to educate your distributors, channel partners, and external sales agents on leveraging the platform?*

References

Ask every vendor to give you customer references from companies in your industry – and contact them. Start by finding out what challenges the reference company faced before implementing the solution and how their situation changed thereafter. Capitalize on the opportunity to get an understanding of whether the vendor and its solution helped customers like you. Some questions to ask include:

- *Why did you look for this solution?*
- *How many years have you used the solution?*
- *Why did you choose it?*
- *What are the results so far?*
- *How long did it take to implement the solution?*
- *How long did it take to learn the functionality?*
- *How much support did you get from the company?*
- *How did the company help you accomplish your goals?*

Break down the silos in your vendor conversations, too.

One of the benefits of a revenue execution platform is that it breaks down silos within your organization – unifying every aspect of the commercial transaction, internally and across channels. Apply that same philosophy to the discussions you have with potential vendors.

Instead of keeping those vendors at arm's length, engage with them. Having discussions about your business, your processes, and your IT landscape won't put you at the mercy of the vendor; it adds value to your evaluation process.

When vendors learn more about your company, you gain the benefit of their experiences and their insights. You might learn about features or functionality that you didn't know existed – things that may turn out to be an important requirement for your organization.

This level of engagement doesn't mean that you're turning control of the process over to the vendor. You can still establish "rules of engagement," like requiring all pricing discussions be handled exclusively by your procurement team.

Only by engaging and conversing with your vendors can you maximize business functional value and truly understand how each solution could work for you.

To buy or to build?

Choosing a solution from a company that focuses on revenue management gives you the benefit of their enhancement roadmap, as well as their industry knowledge and best practices.

That said, some companies may want to consider building a solution in-house. Before you make your decision, vet your internal option as if they were another vendor. **Be sure to get answers to these important questions:**

- *How long will it take to build the functionality we need?*
- *How can we ensure the project won't be delayed?*
- *What will it cost to support the system on an annual basis?*
- *What will be the process (and associated costs) with adding new functionality as the business evolves or needs change?*

Defining ROI

A critical step in securing buy-in for the investment is building a business case. Model N customers have seen success getting stakeholder approval and funding initiatives that are geared toward:

- Rationalizing pricing across a variety of variables, infinite end-customer price points, incentives and rebates, and execution silos.
- Transforming channels to gain new levels of revenue execution insight with accurate channel data.
- Significantly reducing revenue leakage caused from overpayments and unnecessary discounting.

Model N can help you build your business case in two ways.

Our value discovery workshop is a non-intrusive process that reviews your current approaches and tools and benchmarks them against industry best practices and 20 leading companies in your industry. We will provide an analysis of where you see gaps, where we see gaps, and the qualitative impact of these gaps. This complimentary offering estimates potential ROI that's proven to be 90% accurate.

For a fee, Model N will hold a quantitative analysis workshop, where we analyze your actual data, including transactions, orders, shipments, and point-of-sale information. At the conclusion of the workshop, you will receive exact examples of where you are experiencing price erosion, inconsistent pricing, issues with discounting controls, and incidents of volume noncompliance. You will see firsthand how the Model N revenue management platform can impact your top line.

Key takeaways

The most successful companies are the ones that truly embrace change. They get everyone on board, aligning them on why the company needs to make the move to a revenue management platform. And empowering them to make things happen.

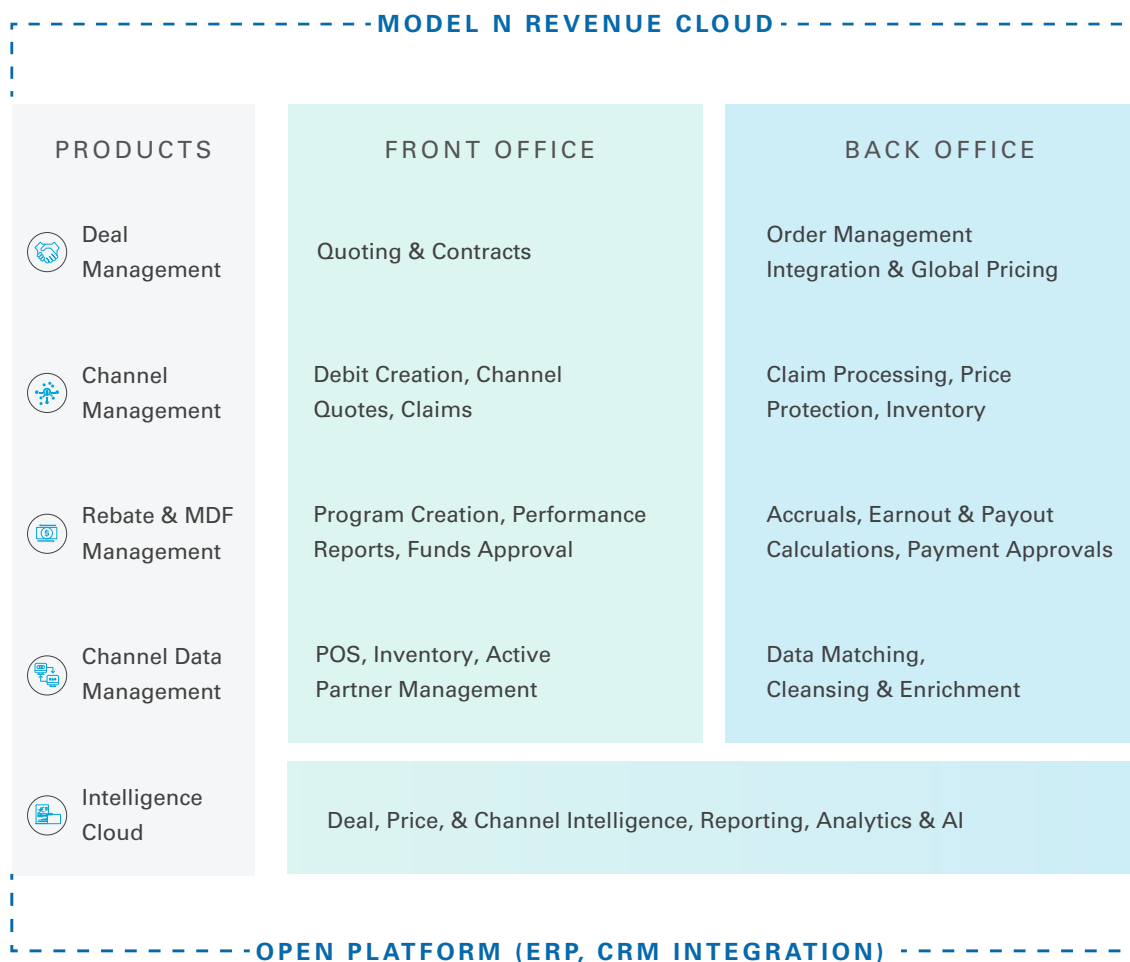
- 1. Build a coalition inside your company that goes across departments.**
- 2. Be smart about how you socialize the decision.** Don't bring people in at the last minute – or you will get shot down.
- 3. Make sure you have sales, sales ops, IT, and finance in your corner.** Get the people who are well-respected and trusted bought in, and you have a better chance of success.

About Model N

With Model N Revenue Cloud for High Tech, you get an end-to-end revenue management solution that enables you to easily quote products, quickly come to terms on complicated contracts, efficiently manage incentive programs to avoid overpayments, and monitor performance to make continuous improvements. Accurate and timely channel and sales data gives you visibility into every transaction and its downstream impact, so you always know where you stand.

Bridge the gap between front office and back office processes and services – breaking down the silos from pricing and quoting, to contracts, to ship/debits and rebates.

Model N Revenue Cloud



About Model N

60 of the largest high-tech manufacturers and semiconductor companies are customers

40M customer and partner records are maintained in Model N Cloud

2B+ transactions are processed annually

1,000+ channels use our system daily and have for 20+ years

To learn more about Model N, visit www.modeln.com

Ready to experience revenue and channel management that is the right on the money?
Contact Model N for a demo and to start your Value Discovery Workshop.