Improving Channel Margins with Channel Management

Model **N**

The Business Imperative

High tech manufacturers that sell through distribution channels rely heavily on these selling partners to achieve revenue goals. Most companies lack the visibility and controls needed to effectively manage the complex transactional aspects of their distributed business. As they struggle to realize the revenue potential that these channels represent their costs soar, their compliance risks build up, and their revenues and margins are substantially eroded.

In the 2021 State of Revenue report, 300 plus executives were surveyed about managing revenue, margins and profitability. Today's senior executives shared this job is becoming more challenging. When asked what challenges the organization faces in revenue management, a majority (51%) said increased volatility in pricing and market demand were more challenging while 50% shared that price transparency and managing global pricing were the biggest impacts.

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What challenges does your organization face with revenue management?
Choose all that apply.

Challenge	Percentage
Pricing and market demands are increasingly volatile	51%
Customer demand for greater price transparency	50%
Managing global pricing	50%
Managing rebates, incentives, and chargebacks	46%
Ensuring the discounts or special deals we grant customers are appropriate	38%
Controlling revenue leakage or loss	38%
Wide range of channels and segments have different needs	36%
Achieving real-time visibility into net revenue	36%
Compliance with regulatory requirements	34%
Accurate accruals	33%
We don't face any challenges with revenue management	2%

50% Quote Cycle Time   **70%** Quote Volume

Microchip Technology deployed Model N to 2,600 users in 38 sales offices and 75 distributer and channel partners worldwide. They were able to dramatically improve visibility into demand and increase its quote volume by 70% while reducing quote cycle time by 50% without increasing headcount.

Managing Your Channels Effectively

The channel is an often underutilized avenue for High Tech manufacturers to expand market reach and enable better margins. Effective channel management requires adopting a combination of best practices and technology. By creating attractive, targeted channel programs and then leveraging integrated, domain-specific solutions to manage those programs, High Tech manufacturers can improve their channel relationships, boost gross margins, and drive shareholder value.

Key Capabilities

Design Registration enables channel partners to register designs, demand creation and fulfillment activities including transfer of business across regions providing margin protection.

Ship and Debit Processing reduces sales transaction costs by automating debit authorization and response based on pre-established business rules and providing the tracking of consumption.

POS and Claim Processing automatically validate channel sales data against authorized debits.Claims are also validated against inventory levels which provide the ability to assess the true cost of POS. This results in accurate revenue recognition and it minimizes margin erosion caused by claim overpayments.

Channel Inventory enables companies to capture periodic snapshots of inventory levels, providing an accurate view into key aspects of inventory such as deferred revenue, eligibility for debits, available quantity and inventory value. Inventory reconciliation processes provide system calculated inventory using POS and direct sales data and enables users to apply in-line adjustments to resolve discrepancies and maintain manufacturer policies on inventory. This allows companies to understand discrepancies between reported and calculated inventorylevels with roll-forward reporting.

Price Protection enables companies to accurately determine which distributors and inventories are eligible for credits when revising published pricing, and calculate the impact of price changes on channel inventory and backlog.

Stock Rotation automates the governance of stock rotation periodicity, eliminates discrepancies between approved rotational levels and return material authorization (RMA) requests, and validates that correct inventory levels are being maintained.

Market Price Programs ensures that quote responses accurately reflect promotional pricing for channel partners by industry, region, volume tiers or other criteria.

AI/ML provides intelligent win probability and product recommendations for increased success

Benefits

Increase Top Line Revenue
Automating channel processes, like quoting, eliminates disruption in the selling process. This streamlined end-to-end channel management ensures that you get a winning price to customers and prospects on time. Increasing win rates and top line revenue.

Reduce Overpayments and Increase Velocity
Automatically validating sales data against claims data helps eliminate overpayments. Accurately protecting prices, processing claims and eliminating costly manual interventions ensures you are responsive to your partners.

Enhance Partner Experience
Automating channel sales processes makes it easy for partners to do business with you. When partners know that you will respond quickly to requests, proactively manage inventory, and accurately pay claims on time, they increase doing business with you.

Learn more about our approach
to Channel Management *here*

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