

FORRESTER®

# Leverage Data Management Solutions To Connect And Drive Channel Revenue

How Improved Channel Data Management Leads to Better  
Trust, Collaboration, And Bottom-Line Results

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FORRESTER OPPORTUNITY SNAPSHOT: A CUSTOM STUDY COMMISSIONED BY MODEL N FEBRUARY 2023

## Channel Revenue Processes Rely On Quality And Comprehensive Data

The last two years of hypergrowth, rising prices, and expanding channels are giving way to a cooling global economy. This means organizations are increasingly feeling pressure on their profitability and quality of revenue. Easy access to complete, accurate, and timely channel data are critical components to drive channel profitability and business growth. Achieving this enables suppliers to make informed decisions on partner prioritization, programs, people, and processes — leading to higher productivity and profitability.

Model N commissioned Forrester Consulting to evaluate the state of channel revenue processes in high-tech, semiconductor, and electronic component manufacturing industries. Our survey of leaders responsible for revenue management and channel strategy found that most companies are not well equipped to manage their channel revenue processes to drive profitability and business growth.

### Key Findings



**Firms don't realize the extent of their channel data challenges.** Companies are operating with disparate channel systems and manual processes, which undercut decision-making and profitability without complete, accurate, and timely data.



**Success requires a focus on data and integrated architecture.** Firms benefit from automated platforms that collect, cleanse, enrich, and correlate channel data with channel management processes.



**Improved channel data means better trust, collaboration, and bottom lines.** Better data quality and processes improve decision-making, channel advocacy, and profitability.

## Firms Require Better Channel Data To Drive Accurate, Real-Time Decisions

Channel leaders face increasing pressure to demonstrate results from their organizations' channel program investments. Doing this well requires consistent and predictable programs. However, firms have historically struggled to assemble tools and processes, leading to inaccurate channel data, channel conflict and complexity, and poor decision-making from unreliable channel performance knowledge.

In this study, channel management decision-makers said their firms' ability to make real-time, accurate decisions is the top objective impacting the success of their firm's profitability. Objectives impacting finance teams also surface, such as protecting margins from fraud, measuring and improving the efficacy of incentive programs, and protecting from overpayments. This highlights finance's key role in promoting channel control and data accuracy — important for any public company and compliance and audit functions.

### “How important are the following objectives to the success of your organization’s sales operations and overall profitability?”

- Very important

Making accurate decisions in real time **48%**

Improving the experience of our end customers **41%**

Protecting our margins from fraud **32%**

Measuring and improving the efficacy of incentive programs **32%**

Making accurate decisions at scale **31%**

Improving partner loyalty **30%**

Protecting from overpayments **29%**

Developing a single view of channel sales data **29%**

**C-level executives and VPs** are more focused on improving financial outcomes of channel activities.

**Directors** prioritize improvements in more tactical areas to improve business processes and relationships.

## Inconsistent Solutions And Capabilities Add Complexity To Channel Programs

Many organizations struggle to properly identify qualified partners. This may explain why many have a scattered approach to sourcing channel program solutions. Most respondents' organizations rely on multiple vendor solutions (40%) or a mix of in-house and vendor solutions (32%). This adds to process complexity, as systems and data fail to talk with one another and obscure a holistic view of channel performance.

Just one in five respondents' firms (19%) currently use a packaged tool from a single vendor, offering the best chance at a seamless solution, reduced channel finance issues, and real-time data and insights. This comes as most decision-makers (62%) confess that they currently don't have consistent capabilities to turn data into insights and recommendations, revealing ample room for channel program improvement.

**“How mature are your organization’s data capabilities when it comes to its channel revenue processes?”**

**38%**

**Data capabilities are prescriptive.**

(We can identify channel revenue needs and turn data into insights and recommendations.)

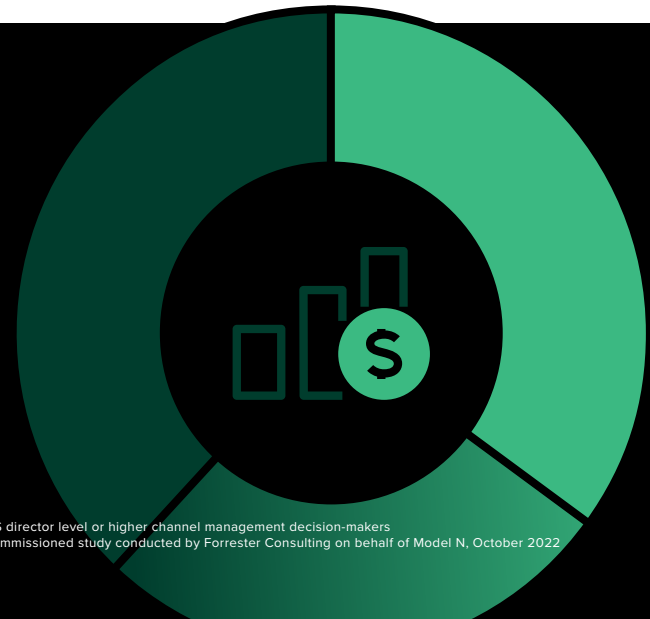
**35%**

**Data capabilities are diagnostic.**

(We can identify channel revenue needs but cannot turn data into insights and recommendations.)

**27%**

**Data capabilities are a mix of diagnostic and prescriptive.**



## Many Companies Don't Know The Extent Of Their Channel Program Problems

Recent years have proven especially tough for organizations. They understandably face a number of channel program issues. One challenge is a lack of necessary analytical skills to improve channel programs. Companies require better technology to process data (e.g., into dashboards) so they don't rely on manual work or built solutions. Two in five respondents cite a lack of organizational recognition that sales data quality is an obstacle, signaling that channel data divides run deep.

Challenges identifying fraud/overpayments and gaining visibility into which programs are performing well reveal there is work to be done within channel finance and across departments. Issues from data quality to data completeness have a direct impact on channel performance visibility and financial controls — both required to better manage the supply chain and revenue, at the risk of creating gaps which make poor execution worse.

## Obstacles Toward Optimizing Sales Decisions And Profitability

Lack of organizational analytical skills



**41%**

**40%**



Lack of recognition/  
appreciation that sales  
data quality is an obstacle

Challenges identifying/  
preventing fraud or  
overpayments



**39%**

**38%**



Lack of discipline in data  
collection and governance

Lack of visibility into which  
channel program(s) are  
performing well/consistently



**38%**

**38%**



Inconsistent sales  
data entry

## Firms Require More Channel Revenue Advocacy And Education

Across people, processes, and technology, firms aren't doing enough to enable channel revenue management. Three in five respondents cited a lack of investment as to why their firm hasn't improved sales decisions and profitability. Another 55% noted a lack of sales and profitability understanding, while 53% said insufficient technology was a top obstacle.

Channel strategy leaders within revenue management have typically had low tenure in their organizations. Paired with little channel revenue education and attention across the company, this part of the business can become underrepresented at the C-level — a critical challenge for firms needing to invest more to support their channel management initiatives.



## Decision-Makers Lack Confidence In Their Channel Revenue Processes

Consequently, one in four responding decision-makers do not feel confident about the accuracy of their companies' channel revenue data. One in three do not agree that their channel revenue partners operate in a clear and transparent manner. The same proportion do not agree that their companies have the resources they need to manage revenue processes.

Importantly, it is revenue data that drives growth and performance for companies. It's also worth noting that they can organically drive growth and performance through improvements in their channel revenue data. Conversely, suboptimal channel management leaves companies with imperfect information for decision-making. This lack of transparency and resources leads to poor visibility, crippled partner trust, and undermined confidence in critical decisions.

### Respondents Question Their Firms' Ability To Manage Channel Revenue

24%



Do not feel confident about the accuracy of their companies' channel revenue data

32%



Do not agree that their channel revenue partners operate in a clear and transparent manner

32%



Do not agree that their companies have the resources they need to effectively manage channel revenue processes

**C-level executives and VPs** are less confident in the accuracy of their data given they're more likely to have more experience with channel data and effectiveness in the channel.

**Directors** are doing the best they can amidst a lack of budget and disconnects between leadership.

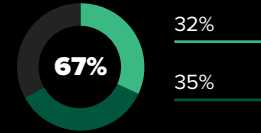
## Pair Channel Data Management With Partner Portals To Drive Performance

Most companies already have a channel partner portal. These have proven valuable, but they're not without shortcomings. What firms need to make their portals complete is data management on top of channel data, so they can identify inconsistencies and enrich the information. Three in five respondents said automated channel data management (CDM) would be valuable to optimizing their channel revenue processes. Though less widely adopted, CDM is what connects everything in the portal, driving better quality data and partner trust. Respondents also noted incentive solutions such as rebates (56%) and automated market development fund (MDF) management, which calculate and validate payouts, compensation, and changes in inventory, pricing, and demand in real time. These programs can all be accessed with or connected to a partner portal, allowing manufacturers to stay up to date and smart in their decision-making.

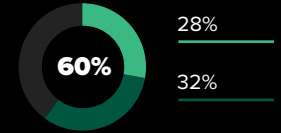
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**“How valuable would each of the following solution capabilities be in your organization’s efforts to optimize its channel revenue processes?”**

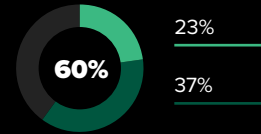
● Extremely valuable ● Valuable



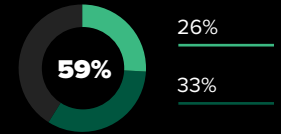
Channel partner portal



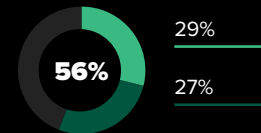
Automated market development fund (MDF) management



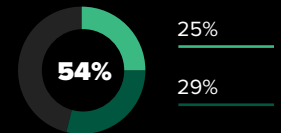
Automated channel data management



Incentive management



Automated rebate management



Automated channel management

Base: 216 US director level or higher channel management decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Model N, October 2022



## Channel Solutions Offer Better Data And Transparency

Respondents expect innovative channel solutions to improve partner accountability (43%) and process transparency (38%). Meanwhile, 39% of decision-makers foresee a greater ability to gather insights from their channel data. By deploying data management and incentive solutions, firms can use better data to:

**Gauge financial impact.** By improving accountability, transparency, and insights (e.g., to address overpayments, poor incentives, and fraudulent behavior) firms can increase revenue, reduce costs, and improve margins.

**Improve partner satisfaction and accountability.** Quality data will weed out ineffective partners while keeping the qualified ones honest in fostering a healthy, productive ecosystem.

**Improve decision-making.** Quality data enables companies to pick the best partners and act on real-time channel performance with speed and confidence to boost growth and advocate for more channel revenue support.

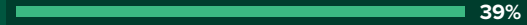
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## Expected Benefits From Using Solution Capabilities To Optimize Channel Revenue Processes

Improved channel partner accountability



Improved ability to analyze and extract insights from channel data



Increased transparency of channel revenue processes



Improved margins



Better channel revenue programs



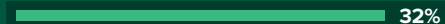
Improved ability to optimize the revenue decisions of products with short lifecycles



Increased channel partner/sales maturity



Better ability to identify/prevent fraud or overpayments



Base: 210 US director level or higher channel management decision-makers

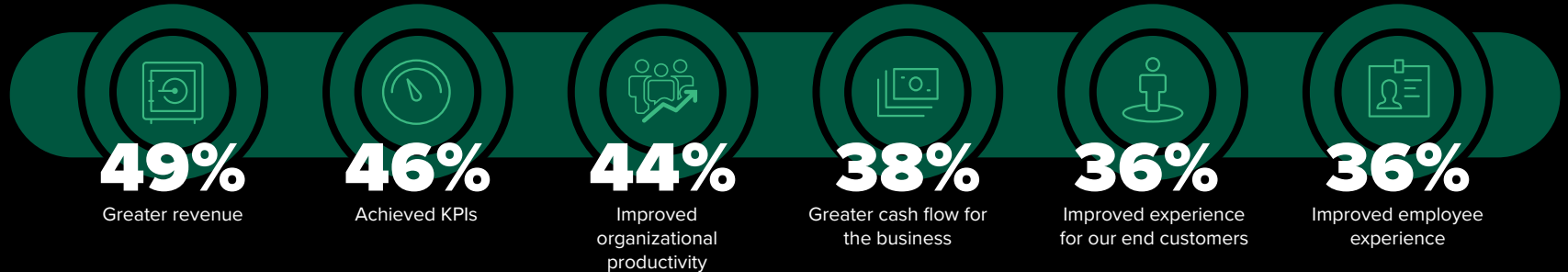
Source: A commissioned study conducted by Forrester Consulting on behalf of Model N, October 2022

## Improved Channel Management Brings Better Productivity And Bottom Line Results

Channel data feeds a wide range of business departments, meaning unclear data can impact the whole organization. Companies need to communicate the financial impact of channels on the business and invest in better technology to support their business processes and data-informed decisions. Over the next year, 63% of respondents said their company plans to increase investment in how they manage channel revenue processes.

The upside of improved channel revenue processes is encouraging; decision-makers said they expect benefits to lead to greater revenue (49%), achieved KPIs (46%), and improved organizational productivity (44%). Further, 82% of respondents expect improved productivity from channel investment to provide significant to transformational benefits to the business, while 78% expect greater revenue to do the same.

### Expected Organizational Outcomes From Using Solution Capabilities To Optimize Channel Revenue Processes



## Better Channel Management Also Bolsters Trust And Collaboration

On top of bumps to productivity and revenue, responding channel leaders anticipate greater collaboration and trust from improved solutions. Seventy-two percent of them envision significant to transformational benefits from greater collaboration across the organization, and seven in ten expect the same from increased trust in channel revenue processes.

Collaboration and trust in the channel bring together different departments (e.g., finance, sales, operations, and supply chain), encourage greater budget and education to develop more channel awareness, and improve company performance through better channel management.



**Channel revenue collaboration and trust align teams, encourage education, and improve performance.**

## Conclusion

This survey showed that few firms are satisfied with how they deliver quality, accessible data, or their capabilities to leverage data for profitability. The study further demonstrates:

- **Firms need to advocate data and analytics as a critical capability.** They need company-wide understanding of channel revenue data. It's no longer a nice to have but a strategic imperative. Channel data management success means more complete, accurate, and timely data used to generate actionable insights.
- **Leaders must implement systems to manage channel and partner data.** It's critical to invest in a channel data management platform to collect, clean, and aggregate data into one trusted asset.
- **Becoming a channel data-driven firm requires leaders to appoint a talent base with the right prerequisite skills and enable them with the ongoing training and systems they need to succeed.**

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### Contributing Research:

Forrester's channel strategy &  
management research group

## Methodology

This Opportunity Snapshot was commissioned by Model N. To create this profile, Forrester Consulting supplemented existing Forrester research with custom survey questions asked of 216 US director level or higher channel management decision-makers responsible for revenue management strategy and technology decisions. The custom survey began and was completed in October 2022.

### ABOUT FORRESTER CONSULTING

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## Demographics

### COMPANY SIZE (EMPLOYEES)

More than 20,000	14%
5,000 to 19,999	25%
1,000 to 4,999	40%
100 to 999	21%

### DEPARTMENT

Business/operations	31%
Finance/channel finance	25%
Sales/channel sales	24%
Sales/channel operations	20%

### COMPANY REVENUE (USD)

More than \$5 billion	36%
\$1 billion to \$5 billion	64%

### POSITION

C-level executive	18%
Vice president	36%
Director	46%

### INDUSTRY

High-tech manufacturing	53%
Semiconductor/other electronic component manufacturing	47%

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