## 2025 STATE OF REVENUE

A SURVEY OF TOP INDUSTRY LEADERS

Model N

7th Annual State of Revenue Report

Proprietary research conducted through a partnership with **Dimensional Research** 



#### Introduction

Optimizing life sciences and high-tech revenue and ensuring compliance require effective management of pricing, rebates, contracts, and other revenue-impacting activities. Business leaders have embraced innovative technology solutions and leveraged data to streamline operations, support more strategic decision-making, and establish a competitive edge. And they're seeing results: 91% of leaders believe their technology innovation and investment have had a measurable impact on revenue management outcomes.

The life sciences and high-tech industries are dynamic. Leaders must continuously evolve to adapt their business-critical revenue processes to new challenges and market realities while focusing on innovation and strategic growth.

For the last seven years, Model N has set out to uncover how leaders in life sciences (including pharmaceutical and medical technology) and high-tech (including semiconductor, electronic component, and original equipment) manufacturing are embracing opportunities and overcoming challenges in modern revenue optimization and compliance. This year's report endeavors to answer four key questions:

- How are business leaders dealing with revenue management in 2025?
- What are the key challenges and issues facing their industry?

- How is technology innovation, especially artificial intelligence (AI), impacting revenue management?
- What role does data play in optimizing revenue management?

This report, commissioned by Model N with research conducted by Dimensional Research, is based on the results of a survey of more than 400 strategy and finance, operations, and technology leaders who are directly responsible for revenue management at large pharmaceutical, medical technology, high-tech, or semiconductor and electronic component manufacturers.

#### Revenue management

Refers to optimizing revenue activities to maximize growth and profit. Activities include, but are not limited to, rebates, compliance, contracts, and price modeling across multiple functional areas such as sales, finance, IT, and operations.

Note: Percentages in this report may not add to exactly 100% due to rounding or where multiple responses were allowed.

# Key findings

#### Data pays dividends when it's used correctly



55%

of business leaders describe their companies as "very data-driven."



92%

of organizational leaders have concerns about the data their company uses for revenue management decision-making.



2/3

of companies take a centralized approach to revenue management data and analytics.

#### Innovation plans focus on operational automation



**50%** 

Revenue operations teams are prioritizing digital transformation (49%) and data integration and analytics (47%) in 2025.



49%

At 49%, technological advancements and disruptions top the market factors expected to impact revenue management execution this year.



54%

of leaders cite data
analytics as the
revenue operations
area that offers the
greatest opportunity
for improvement.

#### Technology gives revenue optimization a critical edge



**57%** 

of companies use multiple solutions to manage revenue.



**62%** 

of senior decision-makers report using or planning to use **GenAl** for revenue management.



99%

of leaders believe AI and GenAI will add value in managing and optimizing revenue.



#### **SECTION 1**

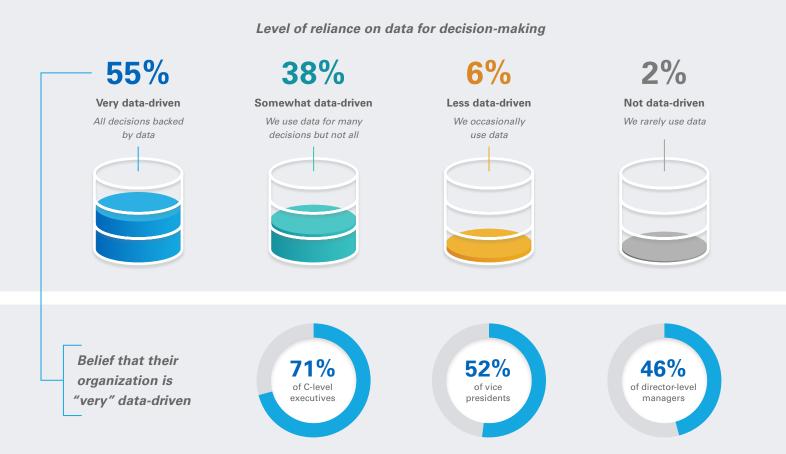
## Data pays dividends when it's used correctly

#### Data pays dividends when it's used correctly

#### Data drives decisions - but only some

Companies know that internal and external data provide valuable insight that can help shape revenue management strategies and processes. Thus, it's not surprising that 92% of organizations use data to back up many or all of their decisions. However, while data is a driver in decision-making, it's not the only one for 46% of companies.

Only 55% of business leaders consider their companies very data-driven, though this assessment changes based on seniority. Nearly three-quarters (71%) of C-level executives view their companies as data-driven, compared with less than half (46%) of director-level managers. These results could indicate that the C-suite may be receiving data they're comfortable with using, but the level of data provided by each director may vary significantly.





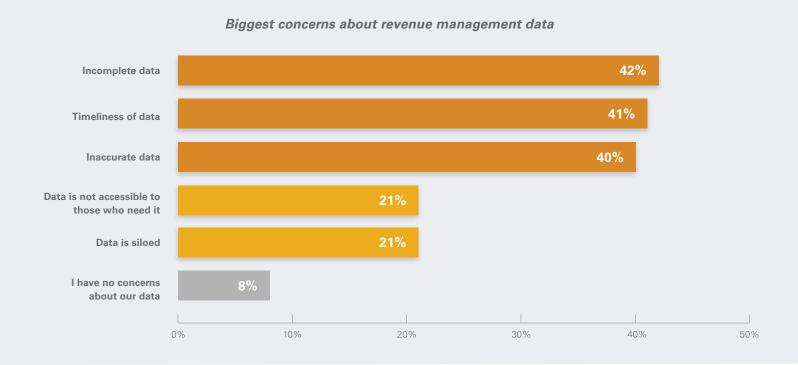
#### **Decision-making data is a cause for concern**

Senior leaders may hesitate to use data to drive all their decisions because they know their data isn't perfect. More than 9 out of 10 leaders are concerned about their revenue management data. Of the possible issues, completeness, timeliness, and accuracy were the most widely cited.

C-suite executives' top concern is data accuracy (52%), demonstrating the pressure they face to "get it right." VPs and directors are more focused on execution; 51% of VPs name timeliness and 41% of directors cite completeness as their top concern.

Clearly, data quality is the biggest issue facing leaders across all three industries. While data accessibility doesn't rank as high as data quality, it's still an issue. Two out of 10 leaders believe their data is siloed or unavailable to people who need it. This number may be low because two-thirds of companies have a centralized team that supports all their revenue management needs.

Of note, VPs are 31% more likely to report having a centralized analytics team than C-suite executives and directors.



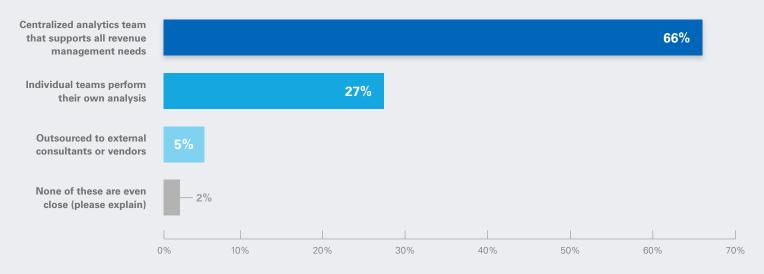
H49%

of pharma companies face issues with incomplete data

of medtech companies struggle with untimely data

of high-tech companies are concerned about inaccurate data

#### Approach to revenue management data and analytics



<sup>\*</sup> Explanations provided for answering "none of these are even close" include all of these, varies by business unit, a mix of all three, and internal team uses an external vendor as needed.

#### Model N's view on the results



The high number of organizations that report using a **centralized analytics** team to support their revenue management needs demonstrates a level of maturity for organizational analytics. This approach is likely a key reason leaders believe data silos are not a top issue.



**Data completeness, timeliness, and accuracy** are still leaders' largest pain points, regardless of their role. By understanding these ongoing challenges associated with data, companies can make more strategic decisions about their data analytics processes.



The perception of **how data-driven their companies are** differs as we move down the organizational chart, reflecting each leader's strategic or tactical role. C-suite executives have numerous data points that span the entire organization, whereas the teams executing may see gaps in their micro-workstreams.



Model N recommends companies identify their gaps and find ways to fill them. By taking a **holistic approach to utilizing data** for operational and strategic decision-making, all leaders – from the C-suite on down – will have more faith in their data's accuracy, timeliness, and completeness.



#### **SECTION 2**

## Innovation plans focus on operational automation

### Innovation plans focus on operational automation

#### Companies take steps to improve efficiency and gain a competitive edge

By creating smarter, more efficient revenue processes, life sciences and high-tech companies can ensure operational excellence, outpace competitors, and capitalize on growth opportunities. This desire to do more with less is likely why business leaders are prioritizing operational automation within their revenue management programs.

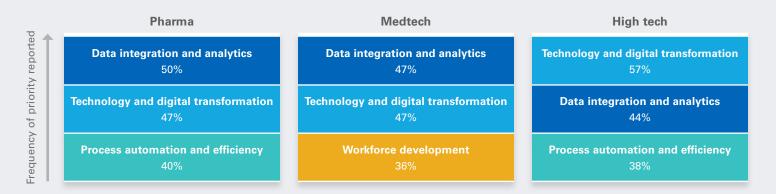
Life sciences companies place data integration and analytics first on their priority list, likely believing investments in these areas will provide a foundation for operational automation. Integrating data from different systems and incorporating advanced analytical capabilities into revenue optimization programs enable companies to efficiently execute tasks, automate actions based on forecasts, minimize human error, and streamline decision-making.

High-tech companies are prioritizing investment in technology and digital transformation initiatives. Adopting modern technologies and digital tools will enable them to optimize resources, improve scalability, and quickly respond to market trends.

**87**%

of industry leaders state that their company's innovation focus has shifted to automating revenue management operations.

#### Top priorities for revenue management operations in 2025



#### **Technology will leave a significant mark on revenue management** in 2025

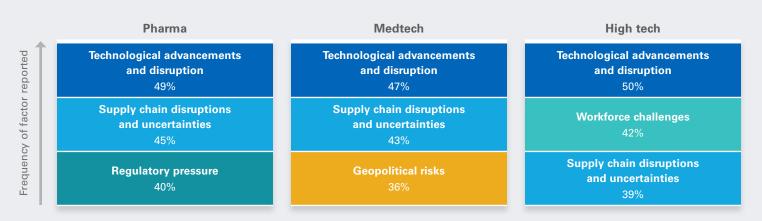
Across all three industries, business leaders expect technological advancements and disruption to be the top factor impacting their revenue programs in the coming year. As we've seen in prior reports since the pandemic, life sciences and high-tech companies continue to feel the pressure of supply chain disruptions and uncertainties. Life sciences leaders expect it to have the second-largest impact on their revenue programs, whereas high-tech leaders list it as their third-largest impact. That's where the similarities end. Four out of 10 pharma leaders believe regulatory pressure will affect revenue in 2025. More than a third of medtech leaders have concerns about geopolitical risks. And more than 40% of high-tech leaders face challenges with their workforce.

Unlike their counterparts in operations (50%) and strategy and finance (41%), who expect supply chain disruptions to be the second-most significant factor impacting revenue management strategy, technology leaders (42%) are focusing on regulatory pressure. This could be in response to increased attention on data protection standards, cybersecurity threats, supply chain security, and the risks and ethical considerations of using Al and other emerging technologies.

~50%

of pharma, medtech, and high-tech leaders agree technological advancements and disruption will be a major factor impacting their revenue management strategies in 2025.

#### Top market factor impacting revenue management strategy in 2025

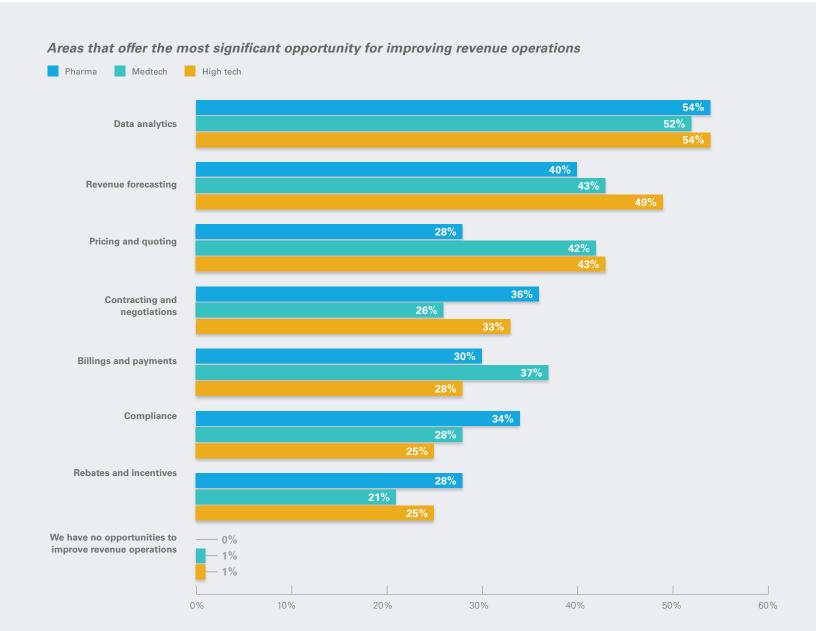




#### Data analytics offers the most significant opportunity to improve revenue operations

Every process offers opportunities for improvement. And revenue operations are not immune, according to 99% of life sciences and high-tech leaders. More than half agree that data analytics provides the most opportunity to optimize revenue operations. When looking deeper at the research, it's clear that data analytics holds incredible promise for C-level executives, operations leaders, and companies with more than \$5 billion in revenue; 60%, 61%, and 57%, respectively, cite it as their greatest opportunity.

Revenue forecasting was the second largest opportunity, with 40% of pharma, 43% of medtech, and 49% of high-tech leaders recognizing its potential. At 48% each, revenue forecasting ties with data analytics for companies with \$250 million to \$1 billion in revenue. Pricing and quoting practices follow closely behind at 44%.



#### Opportunity for improvement by company size

Companies with \$250 million to \$1 billion in revenue

> **Data analytics** 48% Revenue forecasting 48% **Pricing and quoting**

Companies with \$1 billion to \$5 billion in revenue

**Data analytics** 55% **Revenue forecasting Pricing and quoting** 

Companies with more than \$5 billion in revenue

> **Data analytics** 57%

**Revenue forecasting** 38%

Contracting and deal negotiations

#### Model N's view on the results

Frequency of opportunity reported

Geopolitical issues impact supply chains, regulations, and the workforce.

Unfortunately, all these issues are out of business leaders' control. By focusing on intelligent automation, real-time reporting, and advanced analytics, leaders can be empowered to better react to and prepare for the volatility of geopolitical instability.

Because global supply chains open the door to even more volatility, revenue forecasting is a key area of opportunity - particularly for high tech. However, incomplete or inaccurate data can hinder companies from generating more accurate revenue forecasts.

Companies must become more data-driven to capitalize on opportunities to improve revenue operations. The key to making this possible is instant access to complete, reliable data. From there, they must be able to integrate that insight into their workflows to support informed decision-making.



#### **SECTION 3**

## Technology gives revenue optimization a critical edge

## Technology gives revenue optimization a critical edge

#### Technology yields measurable revenue management outcomes

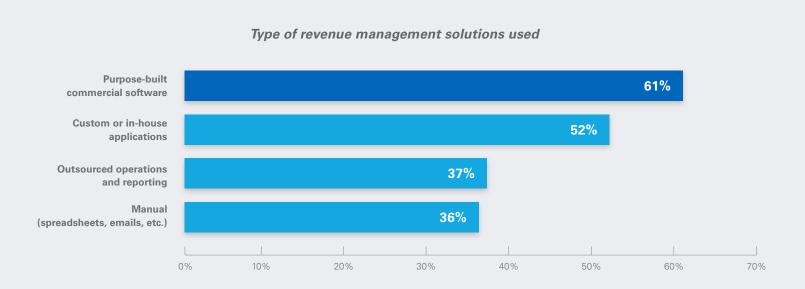
Life sciences and high-tech companies rely on technology to streamline revenue operations and deliver valuable insights that can shape strategic plans. Overwhelmingly, business leaders agree that technology innovation and investment have impacted their revenue management outcomes. However, C-level executives (96%) and vice presidents (94%) are more bullish on technology than director-level managers (86%).

91%

of business leaders believe their technology innovation and investment have had a measurable impact on revenue management outcomes.

#### Multiple solutions used to manage revenue

More than half (57%) of life sciences and high-tech companies rely on multiple solutions to manage their revenue operations. There is one exception: Companies with more than 10,000 employees are 51% more likely to use just one solution than their smaller counterparts. These companies likely realize that having their employees working from a single source of truth enables them to reduce the risk of revenue leakage and increase visibility into revenue optimization opportunities.



Sixty percent of companies indicate that the multiple solutions they're working with have limited to no integration. Given this relatively high number, it's somewhat surprising that siloed data wasn't a higher concern for business leaders.

Nearly two-thirds of companies manage revenue with purpose-built commercial software, and more than one-third use manual processes like spreadsheets and emails. However, not a single company reported that they rely exclusively on manual methods, which indicates that while spreadsheets have value, they aren't the most effective or efficient means of managing revenue activities.

#### **60%**

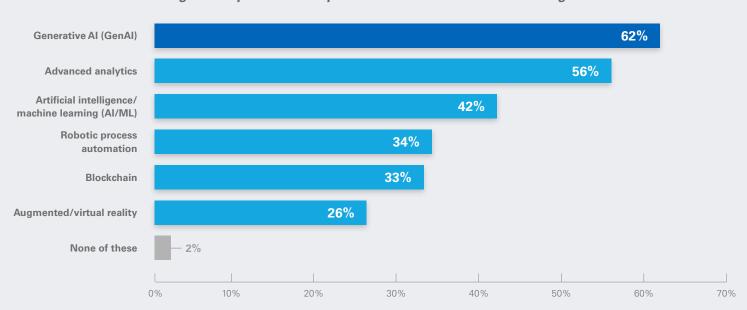
of companies report that the multiple revenue management solutions they use have little to no integration.

#### GenAl is a solid player in technology plans

Life sciences and high-tech leaders are prioritizing data analytics and technology to help them optimize revenue and do more with less within their revenue management processes. Since technology constantly changes, business leaders must stay ahead of advancements and look for ways to incorporate emerging and modern technologies into their programs. And most companies are doing just that: 98% already use or plan to use new technology for revenue management activities.

For senior decision-makers in companies of all sizes, generative artificial intelligence (GenAI) tops the list for their companies' technology plans. Six out of 10 business leaders use or plan to use GenAI to manage revenue, and 4 out of 10 use or plan to use AI and machine learning in their revenue processes.

#### Technologies companies use or plan to use to enable revenue management



Of the three industries profiled in the *State of Revenue Report*, medtech seems the most reluctant to embrace Al. Only 51% of medtech companies use or plan to use GenAl, compared with 62% of pharma and 74% of high-tech companies. This trend continues when looking at companies incorporating artificial intelligence and machine learning (Al/ML) into their revenue programs. Only 34% of medtech companies are doing so, whereas 44% of pharma and 45% of high-tech companies are.

Given that technology stakeholders are likely more familiar with the application of AI, it's not surprising that they have firm plans to incorporate both GenAI (62%) and AI/ML (57%). Strategy and finance leaders prioritize advanced analytics (59%) over GenAI (57%) and AI/ML (32%). Revenue operations leadership is widely embracing GenAI (69%) over any other emerging technology; their second choice of advanced analytics falls 17 points behind at 52%. These findings could indicate that business leaders have not yet identified the tasks best suited for GenAI – and this could take a while. AI/ML has been available longer, and companies are still finding new ways to apply the technology. Some of the strongest use cases for AI/ML are predictive analysis and data-heavy, quantitative, and rule-driven tasks, which operations, finance, and strategy teams regularly perform.

Regardless of whether they choose AI, GenAI, or a mix of both, revenue management leaders see widespread potential for these technologies to add value to their revenue optimization efforts.

#### **51%**

of medtech companies use or plan to use GenAI, compared to much higher adoption from their counterparts in pharma (62%) and high tech (74%).

#### **Defining artificial intelligence**

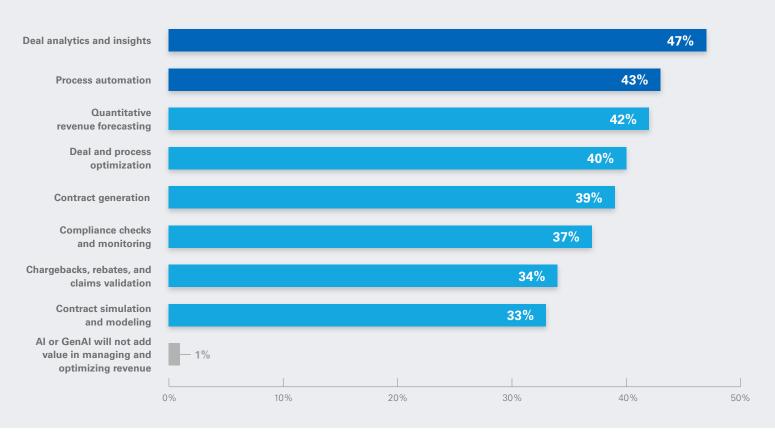


**Al** is the overarching field of intelligence simulation, which aims to solve problems, automate tasks, and improve decision-making. Technologies include machine learning and rule-based systems.

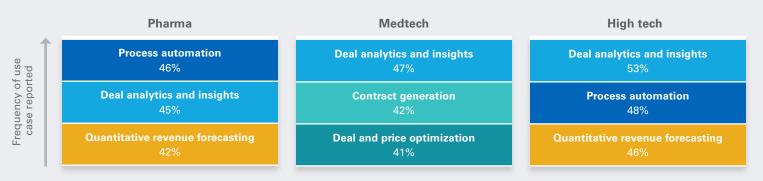
A subset of AI, **GenAI** uses large language models and generative adversarial networks to understand and generate unstructured data, including text, images, video, and code.

Along with their lagging interest in GenAl, medtech leaders (33%) are also less focused on process automation than their pharma (46%) and high-tech (48%) counterparts. Instead, medtech companies' emphasis on deal optimization and deal analytics makes them lean into advanced analytics over other technologies.

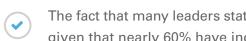
#### Operational areas where AI or GenAI could add value to revenue management and optimization



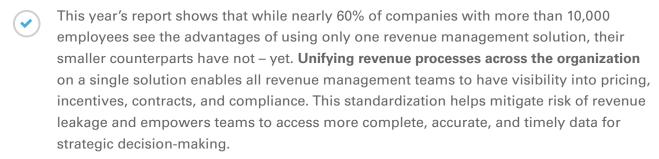
#### Top AI and GenAI use cases by industry

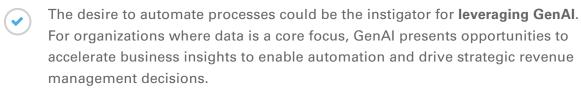


#### Model N's view on the results



The fact that many leaders state they aren't concerned about data silos is quite surprising, given that nearly 60% have individual, non-integrated revenue management solutions. In the future, increases in systemwide AI (e.g., agentic AI) will likely shift leaders' focus back to integrating current, task-based solutions into a cohesive unit that operates in harmony.







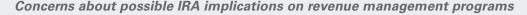


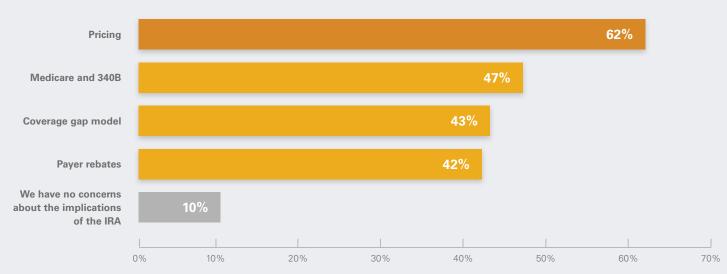
#### INSIGHTS FOR PHARMA LEADERSHIP

## The pharma regulatory environment is heating up

The U.S. election is over, but how the change in leadership will impact the regulatory environment is yet to be seen. Negotiations under the Inflation Reduction Act (IRA) for the next 15 Medicare Part D drugs are set to begin in February 2025, and pharma manufacturers must continue to prepare for possible implications. Almost 9 out of 10 pharma leaders (87%) say the IRA has already impacted their company's launch plans for specific diseases or therapeutic areas.

Nearly two-thirds of pharmaceutical leaders are worried about how the IRA will impact their pricing strategies. Only 10% of leaders responded that they are unconcerned about how this relatively new legislation will impact their revenue management program.

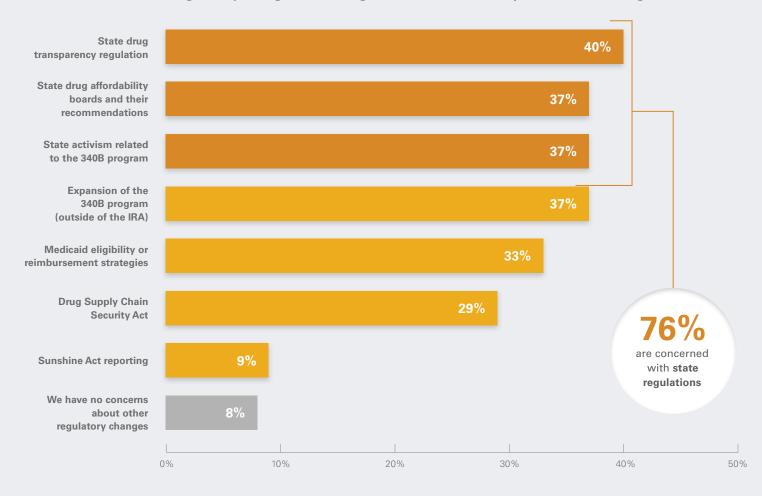




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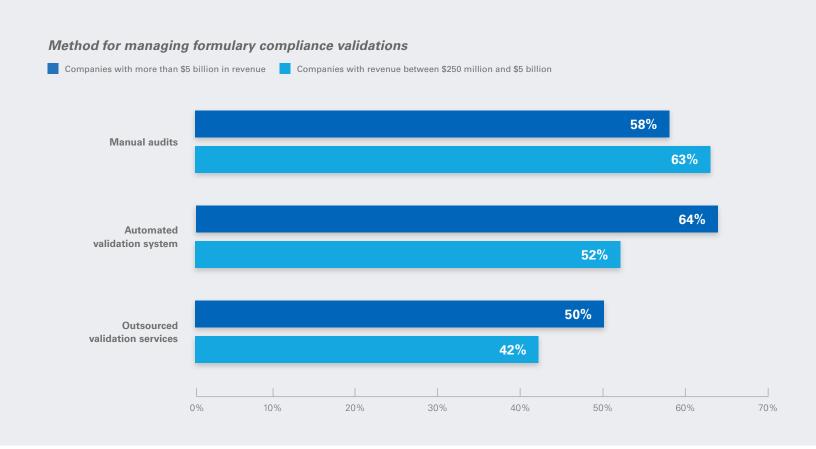
The IRA isn't the only regulatory compliance issue on the minds of pharma leaders. More than three-quarters of leaders (76%) are focusing on state-level regulations, specifically drug price transparency mandates and affordability boards. The expansion of 340B and growing state activism for the discounted pricing program have captured the attention of 37% of corporate leaders. These areas may be particularly concerning for pharma leaders because more nuanced and variable state-specific regulations create more data and processes to manage, increasing workload, costs, and risk of error.

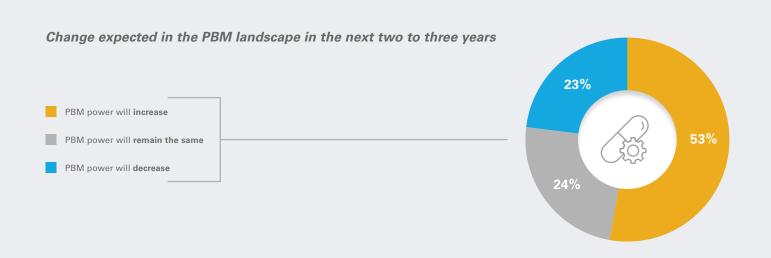




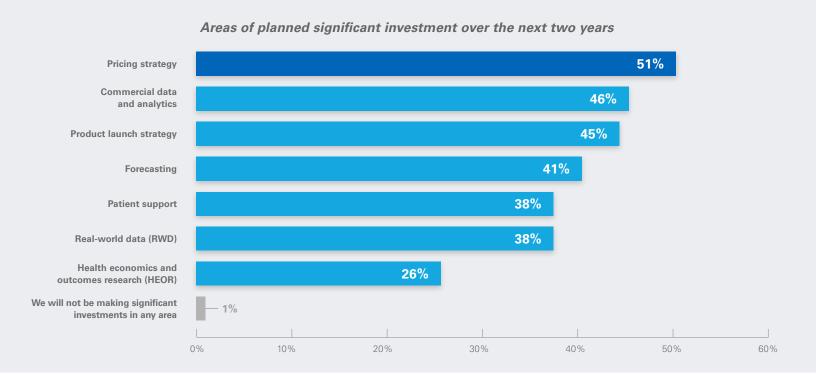
Ensuring formulary compliance helps manufacturers increase patient access to their products, reduce rebate overpayments, and improve relationships with payers and pharmacy benefit managers (PBMs). But the sheer volume of formularies – all of which have their own unique variations and can change at any time – make formulary validations a complex task. More than half of pharma leaders (54%) report using multiple methods to validate formulary compliance, and nearly two-thirds (61%) audit validations manually. Companies with more than \$5 billion in revenue are more likely to have some form of automated validation system, whereas their smaller counterparts rely more on manual audits.

Over the last year, the U.S. Federal Trade Commission, the media, and the general public have increased their scrutiny of PBMs. The question is whether PBMs now have too much influence over prescription drug prices. Despite this growing attention, 53% of pharma leaders expect PBMs' power to increase over the next few years.





As senior decision-makers look toward the next two years, 99% plan to invest significantly in numerous areas. Topping the list is pricing strategy, which could be a direct response to government and patients' increasing outcry for drug affordability.



#### Model N's view on the results



**Regulatory changes**, especially the IRA, present pricing implications that will heavily impact legacy processes and strategies. Unlike simply altering their assumptions to deal with changes to programs like 340B, rebates, and the coverage gap that have existed for a while, pharma companies are now faced with overhauling their models to adjust to many net-new problems.



Leaders might expect an increase in PBM power because pharma companies are reassessing their pricing strategies and placing lower emphasis on things like patient support. With the IRA, companies can no longer price high and offer discounts to the patients who need them. The entire pricing approach needs to be reformulated and optimized.



Model N is actively working with customers to design the path forward so they can **effectively manage and operate** in the sea of change of IRA and pricing impacts.



#### INSIGHTS FOR MEDTECH LEADERSHIP

## Medtech leaders bracing for continued change

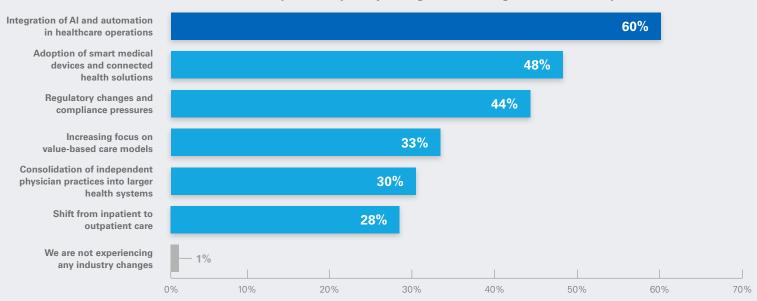
Ninety-nine percent of medtech revenue management decision-makers are experiencing changes due to industry shifts. The owners of revenue operations functions are likely leading how medtech companies alter their revenue management programs in response. For more than half of companies (53%), this responsibility lies with finance.

Nearly two-thirds of medtech companies are already experiencing changes as AI and automation are integrated into healthcare operations. While this shift in the industry landscape is likely affecting medtech products and R&D plans, other shifts like regulatory issues and value-based pricing could substantially alter medtech companies' operations and financial processes.

#### Ownership of revenue management functions



#### Shifts in the industry landscape impacting medtech organizations today

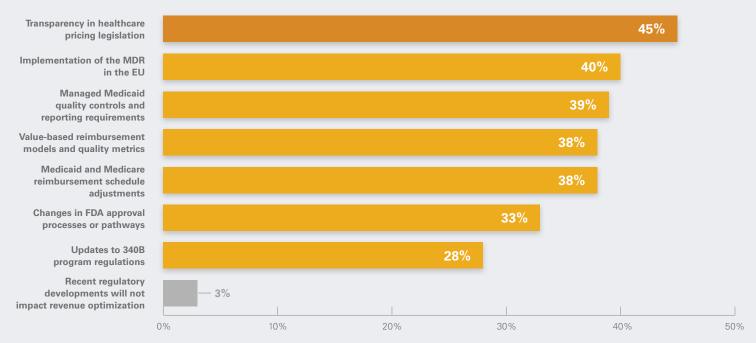


Nearly all (97%) of medtech companies believe recent regulatory developments will impact their revenue optimization functions, and the data shows that it's hard for leaders to pick one thing they're most concerned about.

Of the developments they were asked about, new legislation for healthcare pricing transparency rose to the top – but just barely – with 45% of leaders expecting an impact on their revenue functions. Falling closely behind at 40% is the European Union's implementation of the Medical Device Regulation (MDR). But these are not the only regulatory changes they're bracing for.

While only 33% of medtech companies are already experiencing organizational changes due to an increased focus on value-based care models, nearly 4 out of 10 medtech leaders anticipate value-based reimbursement models will impact their revenue optimization functions going forward.





#### Model N's view on the results



Medtech leaders believe **technological advances**, **including GenAl and process automation**, have the most potential to impact revenue optimization and compliance programs. While they see these tools and capabilities as market disruptors, leaders are much less likely to disrupt their own companies' operations, as seen in their plans for use.



#### INSIGHTS FOR HIGH-TECH LEADERSHIP

## Channel data plays an essential role in high-tech revenue processes

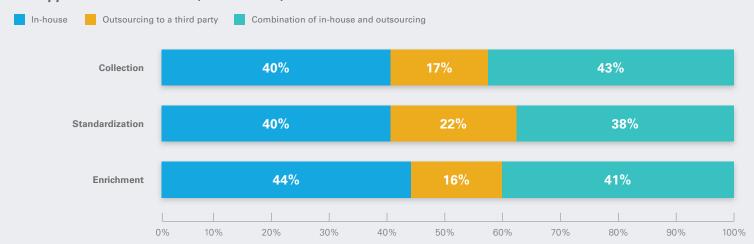
Nearly 9 out of 10 high-tech leaders (87%) regularly use channel sales data to inform their price management and optimization processes. While most companies agree that channel data adds value to their revenue management programs, how they collect, standardize, and enrich channel data varies.

When collecting channel data, high-tech companies are slightly more likely to combine in-house efforts with third-party outsourcing than to use one or the other exclusively. Third-party outsourcing plays a more prominent role in the standardization process, with 22% of companies outsourcing solely and 38% using a combination of outsourcing and in-house methods. Then, in-house methods win out for enrichment, with 44% of companies keeping the task in-house and another 41% using a combination of in-house and outsourcing.

**79%** 

of high-tech companies that enrich channel data in-house leverage third-party data.





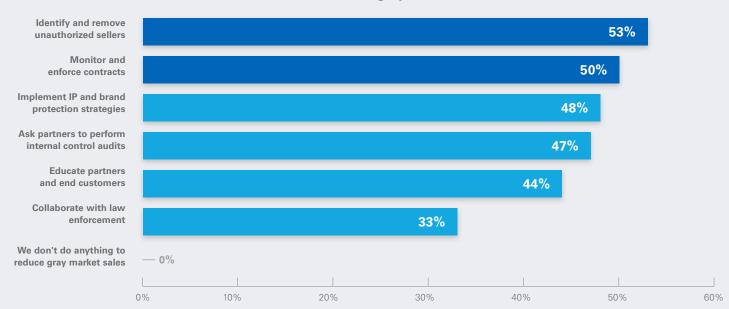
One valuable role channel data can play is helping reduce gray market sales. Nearly all (95%) high-tech senior decision-makers are concerned about gray market sales. Revenue loss (53%) and price erosion (50%) were cited as the most concerning effects of gray market sellers undermining authorized distribution networks.

Every high-tech company – even those that aren't concerned about gray market sales – is taking steps to prevent them. Only a third of companies engage external help by collaborating with law enforcement to reduce gray market sales. The most popular internal measures are identifying and removing unauthorized sellers (53%) and monitoring and enforcing contracts (50%).

#### Top concerns associated with gray market sales activity



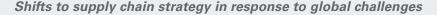
#### Actions taken to reduce gray market sales

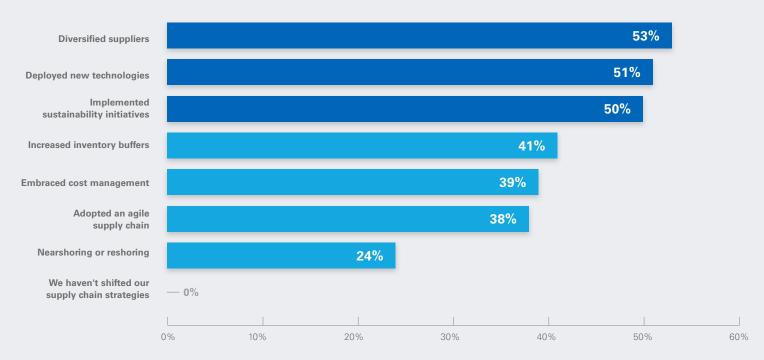


Over the last few years, the supply chain has been an ongoing topic in the *State of Revenue Report*. This year's report reveals that supply chain disruptions and uncertainties will continue to impact high-tech companies. Nearly 4 out of 10 high-tech leaders expect the supply chain to affect their revenue management strategy. In response to this global challenge, high-tech leaders are taking action, including diversifying suppliers (53%), deploying new technologies (51%), and implementing sustainability initiatives (50%).

~40%

of high-tech leaders expect their revenue management strategies to be affected by the supply chain.





#### Model N's view on the results



As the high-tech channel grows and evolves, **channel data remains a core tenet** for understanding how a company's products are influenced by and moving through the channel. Companies must build key partnerships to ensure their data is complete, accurate, and timely because data is quickly becoming one of the leading lines of defense against gray market threats that continue to permeate the industry.

## Model N's view: What this year's report means for you



The 2025 Model N State of Revenue Report demonstrates that revenue optimization processes across life sciences and high-tech companies provide prime opportunities to embrace technological advancements and data analytics. Like previous years, this report also shows that while revenue management remains susceptible to market changes, ongoing pressure from supply chain issues, and evolving regulatory requirements, the dynamic nature of revenue operations presents opportunities to create a revenue optimization and compliance program that will give your organization a competitive edge.



The findings of this report mirror what we're hearing from Model N customers and prospects: Technological advancements, specifically **data integration** and operational automation, will help them optimize revenue and ensure compliance in the wake of ongoing market uncertainty and the pressure to meet strategic growth initiatives.



**Data will continue to be currency.** Nearly all organizations (92%) use data for decision-making, but only 55% of leaders believe their companies are very data-driven. This gap indicates there's still much to be done to ensure the completeness, timeliness, and accuracy of data used for revenue-related functions.



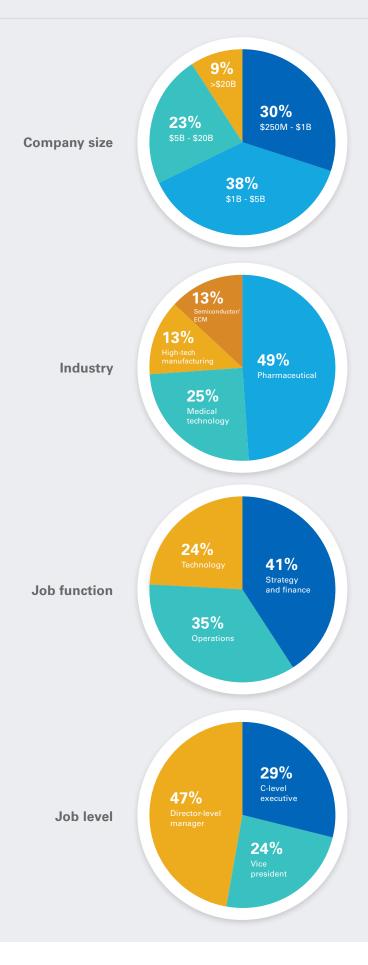
In 2024, **GenAl** became the tool of the year as people raced to figure out ways to embrace it. This year's report indicates the hype will not be short-lived. Virtually all leaders (99%) believe Al and GenAl will add value to their organizations, and 62% are using or planning to use GenAl for revenue management tasks. The challenge is – and will likely continue to be – finding the most appropriate use cases that will deliver the ROI companies expect.



To capitalize on opportunities in the life sciences and high-tech industries, leaders must **embrace challenges and continuously evolve**. This research provides valuable insight into ways companies can adapt business-critical revenue processes to new market realities while focusing on innovation and strategic growth. Model N will continue to provide insights like the ones in this report, innovative technology, and expertise that companies can count on to optimize revenue, ensure compliance, and grow profitably.

# Survey methodology and participant demographics

Dimensional Research conducted an online survey with independent sources of business leaders who work in strategy and finance, operations, and technology within the pharmaceutical, medical technology, or high-tech industry. A total of 413 qualified individuals from the U.S. completed the survey. All participants had direct responsibility for revenue management in a director-level or higher leadership role at a company with more than \$250 million in annual revenue. Questions were asked on various topics, including revenue management trends, the role of technology, and industry-specific challenges. Percentages in this report may not add to exactly 100% due to rounding or where multiple responses were allowed.



# About Model N Model N is the leader in revenue entimination and compliance for

Model N is the leader in revenue optimization and compliance for pharmaceutical, medtech, and high-tech innovators. For 25 years, our intelligent platform has powered digital transformation for pharmaceutical, medtech, and high-tech companies with integrated technology, data, analytics, and expert services that deliver deep insight and control. Our integrated cloud solution is proven to automate pricing, incentive, and contract decisions to scale business profitably and grow revenue. Model N is trusted across more than 120 countries by the world's leading companies, including Johnson & Johnson, AstraZeneca, Stryker, Seagate Technology, and Microchip Technology.

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