

Best Practices in Channel Analytics





CONTENTS

Introduction	3
Objectives	4
Best Practice	5
Elements	10
Platforms and Tools	17
Key Take-Aways	19

INTRODUCTION

Channel organizations have been slow to adopt the use of business intelligence and analytics tools to drive decision making regarding channel investments.

Effective execution of channel programs require robust capabilities in channel analytics to measure partner and program performance. Almost a quarter of the vendors surveyed in a recent poll by Baptie and Company indicated that their analytic capabilities were significantly lacking.

The technology industry lags behind other industries with significant channels such as packaged goods or consumer products with regard to best practices in analytics. In these industries, customer behaviors are tracked and analyzed throughout the buying cycle and little is left to chance. Many technology companies still use Excel spreadsheets as their primary reporting tool.

While larger companies have adopted analytics platforms such as Tableau, QlikView, or SAP HANA, not every function in the organization may have standardized on the same platform. Often the analytics platform comes under the management of the IT department, or a designated business intelligence (BI) function with a staff of corporate data analysts. These departments have limited channel insight and the company's channel organization may not have access to the analytics platform and BI resources, or their priorities are not addressed in a timely manner.

This e-Book discusses best practices for getting the most out of channel analytics.



Objectives

Considering the challenges previously mentioned, technology channel organizations need to take stock of the current state of their analytics capabilities and define their goals and objectives in terms of future requirements. What are the core analytic capabilities required to inform management and enable channel leaders and managers to make data-driven channel management decisions? Following are objectives that are essential to developing a sound channel analytics practice:

- Create and manage relevant channel data management (CDM)
- Create a customized 360-degree view of your partners
- Aggregate, clean, and verify the data to create a relevant foundation from which to understand partner and program behavior
- Use data mining and advanced statistical methodologies to build a complete understanding of your partners' behavior and potential value
- Deliver marketing stimuli
- Leverage intelligence to deliver end-to-end multi-channel tactics
- Enable data-driven decision making
- Provide reporting and analysis to ensure that you capture and leverage learnings for your organization

Best Practices

When beginning an initiative to provide comprehensive global channel reporting and analytics to the channel organization and partners, it makes sense to evolve capabilities over time. The path outlined below starts with the reporting and dashboarding of operational metrics, followed by channel analytics that provide true insights into partner and program performance.

The reporting of operational metrics enables a channel organization to:



Measure efficiencies of partner program implementation and management, identify operational obstacles, enhance program governance and operational processes



Alert channel management teams to improve operational processes, and provide visibility to partners, while increasing partner satisfaction

There are many options to choose from regarding the content of channel reporting. Most companies have either standardized on a package of reports delivered by a third party for operational and other metrics reporting or they've chosen to "build in house."

The following diagram illustrates the evolution from operational metrics reporting to dashboarding to channel analytics:

<p>Standard PRM Reports</p>	<p>Operational Metrics Delivered on PRM platform Real time Custom data extracts to .xls</p>
<p>Operational Dash Boards</p>	<p>Metric-focused Delivered on analytics platform Updated daily, self-serve Filter and create additional views</p>
<p>Analytics Suite</p>	<p>Predictive modeling Strategic insights & direction Combining multiple data sources Sr. management audience</p>

Standard Reports:

Most technology companies use an in-house or third-party partner relationship management (PRM) platform which is usually integrated with the company’s CRM. Operational metrics reports are provided via the PRM system.

Operational and performance dashboards

These reports are an extension of the standard suite of reports delivered with a PRM system. The other common option for these types of reports is to deliver metrics via a data warehouse and BI reporting tool.

They are designed to add another dimension to operational metrics and to measure partner and program performance while allowing the user to filter the data and create their own report views for further analysis.

Channel insights

Channel insights feature partner and program performance and trends to identify which partners are trending up or down in performance. These analytics provide vision into optimizing incentives and other channel investments to the right partners for optimal results. Partners are segmented based upon their value contribution. Programs and incentives are assessed in terms of their contribution to revenues and ROI resulting in recommendations to shift channel investments for greater optimization.

Typically, companies define their reporting and analytics requirements based upon their business model, market strategy and essential criteria determined by their executive team. There is not a “one size fits all” for this type of analysis but there are certain best practices companies should adhere to:

- Make a clear distinction between operational metrics and analytical insight. Companies require both dimensions to improve operational performance, increase partner satisfaction and loyalty as well as increase indirect revenues and optimize channel ROI
- Deliver actionable reporting. Make a clear distinction between “nice to have” and reporting that delivers clear insights from which to make programmatic and operational decisions. Avoid data overload
- Ensure core channel analysis is uniform across regions. It's important to be able to benchmark partner and program performance on a global scale and compare “apples to apples” between regions
- Build in capabilities to allow users to filter and produce their own report views and conduct analyses that meet their business needs
- Develop and maintain a global data mart for channel reporting and analytics with clearly defined data sources and a high level of data integrity and quality assurance
- Develop and enhance reporting and analytic capabilities over time to allow for input and buy-in from all stakeholders involved to ensure data integrity. Test and QA new reporting functionality and analytic capabilities

Best practice requires that your channel analytics platform be capable of:

Providing real-time, actionable and contextual data analysis

Easily creating statements, dashboards, intelligence and modeling

Delivering compelling visualizations and tools to help manage channel data

A deeper dive into channel analytics best practices

Depending upon the depth and functionality of standard channel operations and programs reporting provided with a PRM platform, a set of partner and program performance dashboards can help meet additional reporting requirements. Following are examples of dashboards with the functionality and content we believe to be essential for channel management operations:

Report Name	Report Description	Required Data	Metrics
Partner Trend	Partner movement across partner tiers, QoQ, YoY. Filtered by Region, Sub-Region, Country level	Partner Table, including Quarterly reported Partner Name, Partner Level, Partner Type, Country, Region	<ul style="list-style-type: none"> • # of Partners by Partner Tier • Total/Avg Revenue & Margin • QoQ Net add/reduction by Partner Tier
Certification Tracking	Trending # of partners for each certification or competency. Filter by Region, Sub-Region, Country, Partner Tier, Competency	Partner Certification Table (including Quarterly reported Partner Name, Partner Relationship, Partner Type, Country, Region), Certifications, Count of partners having certifications/total partners in a segment	<ul style="list-style-type: none"> • # of Partners by Partner Tier for each certification • QoQ Net add/reduction by Partner Tier for each certification • Count of partners having certifications/total partners in a segment
Partner Participation	Number of partners by Partner Tier, participation in incentives (Eligibility, Rebate Earned, and Rebate Paid Status) QoQ, YoY.	Partner Table, Partner Incentive Membership (Quarterly Partner Eligibility Status), Partner Incentive Performance (Quarterly Partner Enrollment, Rebate Earned, Rebate Paid Status)	<ul style="list-style-type: none"> • # of Partners by Partner Relationship for Eligibility • Rebated Earned, Rebate Paid, % of Eligibility • QoQ Net add/reduction change Eligibility, Rebated Earned, Rebate Paid for by Partner Tier
Partner Sales & Incentives	Quarterly Total/Avg rebates paid, revenues, and margin by incentive type and Partner Tier. Filtered by Region, Sub-Region, Country. QoQ and YoY starting FY17Q1.	Partner Table, Partner Incentive Performance, Partner Incentive Membership by Incentive Type,	<ul style="list-style-type: none"> • Total/Avg Revenue, Margin, rebates paid • QoQ total/avg. revenue, margin, rebates paid (% change) comparison
Base Incentive Attainment	Reseller Incentive Type Data Extract.	Partner Table, Partner Incentive Performance, Partner Incentive Data Extract by Incentive & Product Group	<ul style="list-style-type: none"> • Total/Avg Revenue, Margin and Rebate Earned by Partner Level & Product Group
Correlation of Certification to Performance	Show the relationship of Product Group certification and Total/Avg rev and rebate paid for Partner Tiers	Partner Table, Certification Table, and Cross Incentive Product Group Table	<ul style="list-style-type: none"> • Correlation Value between certification and revenues/rebate paid
Performance of Certification vs. Non-certification holders	Derived certification holder (non-holder) dimension. Add this dimension to compare Product Group Total/Avg rev and rebate paid at Partner Tier	Partner Table, Certification Table, and Partner Cross Incentive Product Group Table	<ul style="list-style-type: none"> • Product Group total/Avg Revenue, rebates paid for certification holder/non-holder at partner tier

Performance by Partner Tier



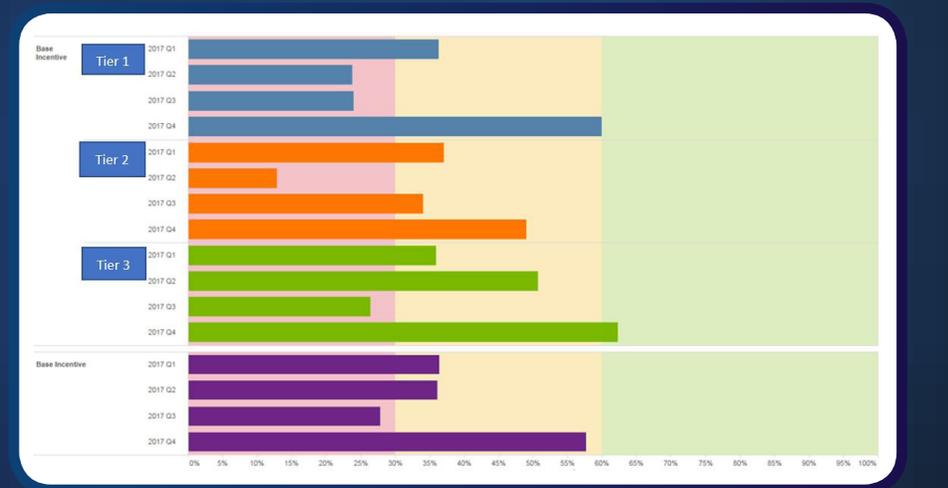
Partner Tier Trends



Incentive Performance



Rebates Earned Heat Map

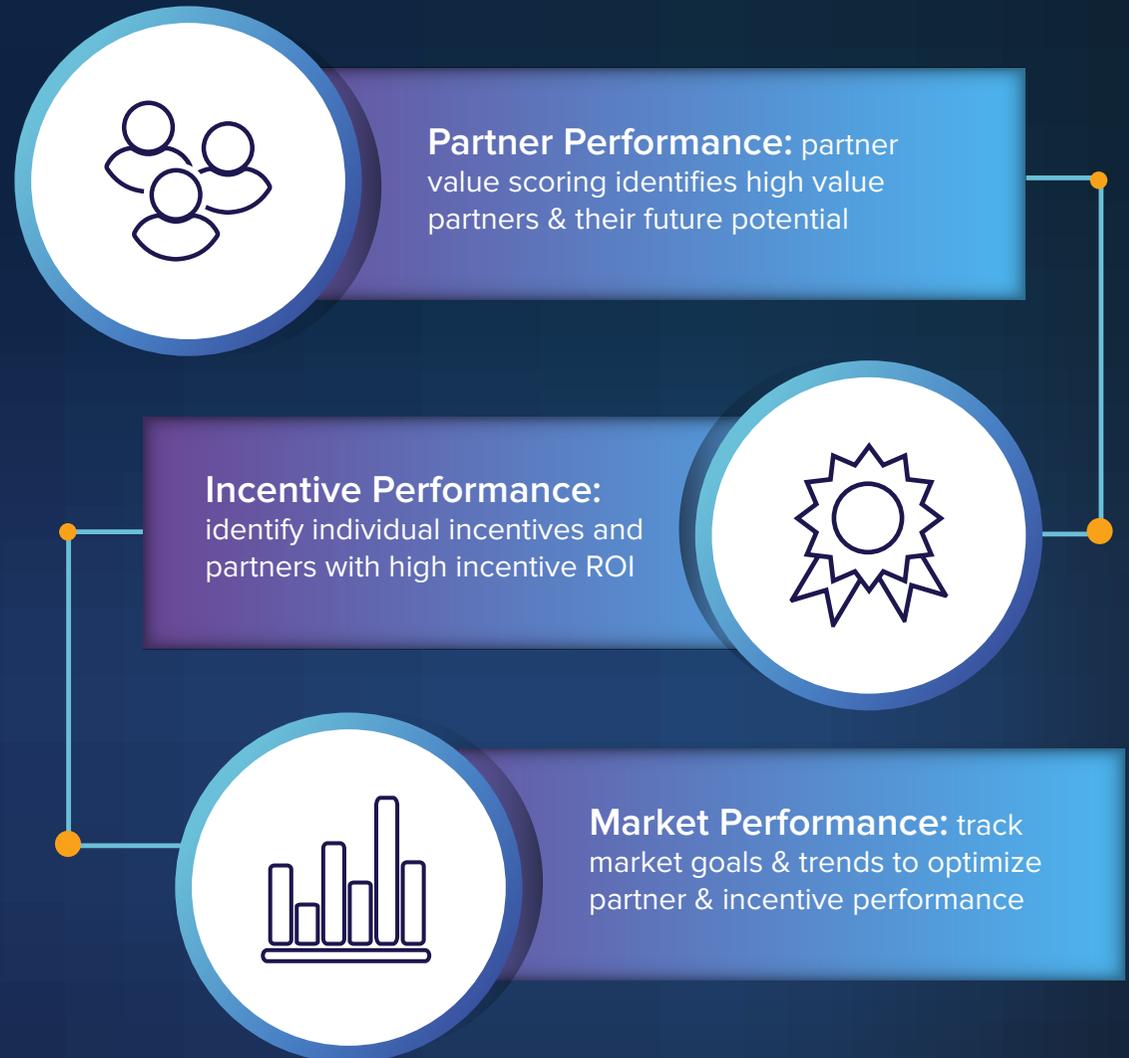


Elements

Channel analytics provide insights into partner and program performance and inform management regarding channel strategies that optimize channel investments.

Channel analytics are focused on measuring both partner and program performance against agreed upon KPIs. Key objectives in applying sound analytics practices to analyze partner and program performance are to determine the impact of incentive drivers and to compare current and proposed drivers to optimize new program design.

Channel analytics include the following elements:



Partner performance

Goal

Spend incentive dollars on partners with higher lifetime value, established growth

How

Analyze partner transactions and engagement

Action

Target investment, consolidate to reduce touch points, detailed account review to drive allocation and improvement

Partners are segmented and scored in four dimensions:

- Value dimension
 - Add RFM score and tier assignment
- Growth dimension
 - Historical rev ratio (slope)
 - Historical CM (contribution margin)
 - Historical CM ratio (slope)
- Coverage dimension
 - Number of product lines or lines of business partners sell
 - Up/down trend
 - Coverage score
- Capability dimension
 - Number of certifications or competencies
 - Up/down trend
 - Capability score

After review, these dimensions will be weighted and combined in one final partner score. Segmentation based on the final score is compared to partner levels to re-assign partners to the appropriate tier.

YoY Order Rev Growth			Platinum	Gold	Silver	
Increase	>20% Increase	# Accts	9	83	315	3,127
		Avg. YoY growth	\$ 6,982,298	\$ 1,121,557	\$ 346,033	\$ 38,735
	{0-20%} Increase	# Accts	6	25	68	358
		Avg. YoY growth	\$ 2,653,483	\$ 381,501	\$ 130,846	\$ 9,218
Subtotal:		# Accts	15	108	383	3,485
		Avg. YoY growth	\$ 5,250,772	\$ 950,248	\$ 307,827	\$ 35,702
Decrease	{0-20%} Decrease	# Accts	8	23	74	412
		Avg. YoY growth	\$ (1,855,476)	\$ (275,593)	\$ (109,630)	\$ (8,645)
	>20% Decrease	# Accts	3	55	320	4,471
		Avg. YoY growth	\$ (1,812,773)	\$ (864,095)	\$ (290,875)	\$ (31,002)
Subtotal:		# Accts	c. 11	78	394	4,883
		Avg. YoY growth	\$ (1,843,829)	\$ (690,563)	\$ (256,834)	\$ (29,116)
Static		# Accts		1	2	15
		Avg. YoY growth		\$ —	\$ —	\$ —
Grand Total		# Accts	a. 26	187	779	b. 8,383
		Avg. YoY growth	\$ 2,249,210	\$ 260,764	\$ 21,445	\$ (2,117)

Incentive Performance

Goal

Establish current topline results drivers, craft KPIs around these drivers so that after programs are optimized progress can be measured

How

Determine what factors have the highest correlation with revenue outcomes

Action

Identify drivers by program, incentive spend and regional configuration that correlate with results

An important question to consider is which factors and incentives have the greatest impact on revenues. See below for illustration purposes:

Higher Annual POS: Relative Impact Values By Region



Partner Activity Engagement Path:



Rebate Program	Current Partner Status		FY14			FY15				FY16	Average
			FY14Q2	FY14Q3	FY14Q4	FY15Q1	FY15Q2	FY15Q3	FY15Q4	FY16Q1	
Regular Rebate	Platinum	# Accts	26	26	26	26	26	26	26	26	26
		Rebate Qualification	22	19	24	25	26	26	26	22	24
		Qualification %	85%	73%	92%	96%	100%	100%	100%	85%	91%
		Rebate Paid	18	19	24	24	25	26	26	22	23
		Paid %	69%	73%	92%	92%	96%	100%	100%	85%	88%
	Gold	# Accts	187	187	187	187	187	187	187	187	187
		Rebate Qualification	103	93	110	112	114	121	126	138	115
		Qualification %	55%	50%	59%	60%	61%	65%	67%	74%	61%
		Rebate Paid	81	83	92	99	94	105	118	126	100
		Paid %	43%	44%	49%	53%	50%	56%	63%	67%	53%
	Silver	# Accts	779	779	779	779	779	779	779	779	779
		Rebate Qualification	252	96	286	260	279	288	303	355	265
		Qualification %	32%	12%	37%	33%	36%	37%	39%	46%	34%
		Rebate Paid	84	86	118	117	117	140	155	169	123
		Paid %	11%	11%	15%	15%	15%	18%	20%	22%	16%
	Subtotal	# Accts	992	992	992	992	992	992	992	992	992
		Rebate Qualification	377	208	420	397	419	435	455	515	403
		Qualification %	38%	21%	42%	40%	42%	44%	46%	52%	41%
		Rebate Paid	183	188	234	240	236	271	299	317	246
		Paid %	18%	19%	24%	24%	24%	27%	30%	32%	25%
Registered	# Accts	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	8,383	
	Rebate Qualification	1	—	1	—	—	—	—	—	0	
	Qualification %	0%	0%	0%	0%	0%	0%	0%	0%	0%	
	Rebate Paid	—	—	—	—	—	—	—	—	—	
	Paid %	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Grand Total	# Accts	9,375	9,375	9,375	9,375	9,375	9,375	9,375	9,375	9,375	
	Rebate Qualification	378	208	421	397	419	435	455	515	404	
	Qualification %	4%	2%	4%	4%	4%	5%	5%	5%	4%	
	Rebate Paid	183	188	234	240	236	271	299	317	246	
	Paid %	2%	2%	2%	3%	3%	3%	3%	3%	3%	

An incentive participation heat map shows participation at each stage of membership which helps users understand incentive uptake and participation rates relative to best practice.

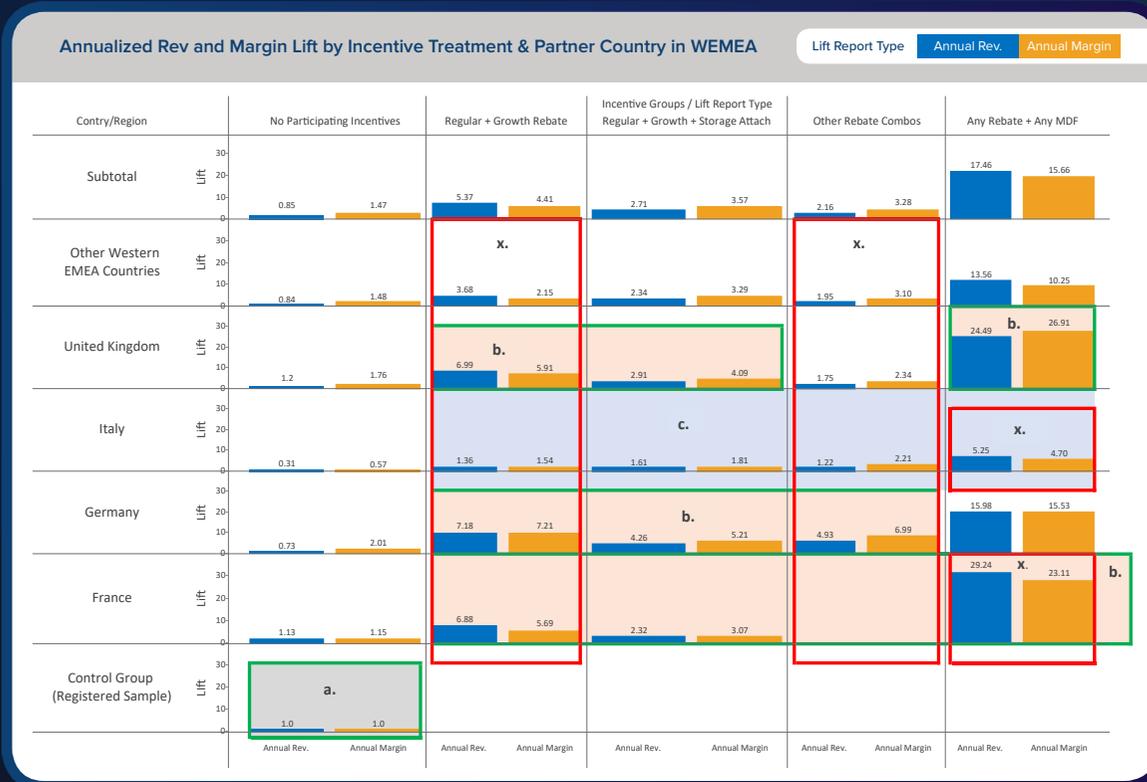
a.

b.

A coefficient analysis shows the factors that determine high revenues and rapid growth. This in turn helps the user decide whether to move forward and increase activities driving positive correlations or to reduce or discontinue activities with low correlation.

Incentive effectiveness determines which incentives contribute the most to partner performance, both individually and collectively:

Factor	High Rev	YoY Growth
Regular Rebate Paid	1	2
Acct Relationship (Platinum, Gold, Silver)	2	
# Product Line Rebates Paid	3	1
# Certifications Achieved	4	
Growth Rebate Paid	5	
Performance MDF Paid		3



An important element in measuring incentive effectiveness is calculating “lift” to determine the true impact of incentives on revenues. Best practice is to conduct a match control group analysis, identifying control groups, and comparing likewise partners participating in an incentive versus those that do not.

Calculation for Lift

$$\frac{([Analysis\ Group\ Revenue] - [Analysis\ Group\ Incentives\ Paid])}{[Match\ Control\ Revenue]}$$

Market Performance

Coverage and capacity planning: A product line heat map shows the degree of product line coverage by partner tier and highlights opportunities for expanding revenues and margin (and opportunities lost).

Rev Opportunity Lost Heat Map

Prod Type Desc / Prod Grp Desc	Consumer Products					Enterprise Products			
	Commercial	CS Software and Peripherals	Consumer	Tablet Devices	Thin Client	PowerEdge Servers	Storage	Networking	Cloud Services
Acct Relation									
1st Tier	10,945,082	432,385	1,219,700	1,807,687	4,332,600	5,826,924	5,429,997	2,430,075	14,561,722
2nd Tier	21,564,338	1,482,466	7,277,971	8,955,158	8,675,803	10,609,109	15,283,676	6,471,743	74,376,540
3rd Tier	44,044,187	15,172,621	29,450,436	41,168,112	42,154,817	63,274,500	153,018,939	53,606,014	925,976,307
No Tier	17,547,162	7,301,970	41,173,412	34,032,806	17,516,186	53,497,051	87,157,719	24,565,722	372,886,249

Margin Opportunity Lost Heat Map

Prod Type Desc / Prod Grp Desc	Client Solutions PBU					Enterprise Solution Group PBU			
	Commercial	CS Software and Peripherals	Consumer	Tablet Devices	Thin Client	PowerEdge Servers	Storage	Networking	Cloud Services
Acct Relation									
1st Tier	1,269,687	57,024	118,284	79,047	1,591,884	1,281,019	2,370,360	1,167,294	2,471,387
2nd Tier	2,795,524	216,228	63,828	623,436	3,282,710	2,354,385	6,528,306	3,112,712	7,265,733
3rd Tier	7,778,992	2,572,692	1,936,819	592,621	11,689,793	17,045,485	67,097,731	27,764,643	49,644,438
No Tier	315,895	186,897	-1,072,606	-2,297,477	416,207	7,799,487	36,398,338	11,936,291	41,681,829

Finally, a coverage and capacity analysis enables channel management and business unit leaders to shift and prioritize incentive investments to optimize spend by partner segment and program mix.

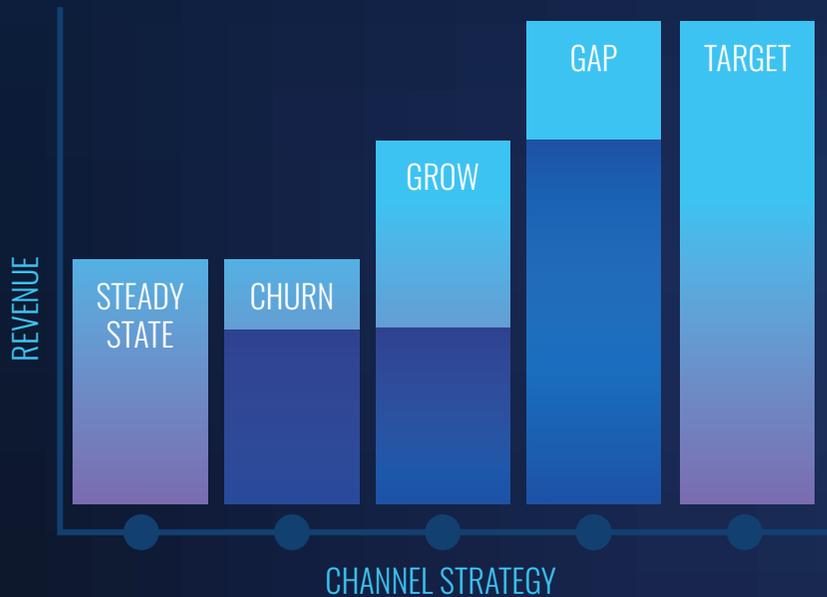
This model employs a combination of *coverage gap analysis*:

- Create channel forecast and compare to target
- Partition high growth, declining trends, and “steady state” partners
- Identify performance gaps compared to revenue targets

And predictive modeling:

- Develop “what if” models
- Explore a mix of strategies to close the gap between revenue targets and actual performance

By using a coverage calculator



Steady State Partners	Partners falling short	Candidates for Grow	Sub-Total
Partners that achieve targets Achieving average growth rate	Bottom 10% value ranking Q over Q negative growth	Top 10% value ranking Consistent & rapid growth	Below overall indirect sales target

Gap	Partner Investment Strategy	Incentive Strategy	Recruitment Strategy
> Delta: actual to target	Focus investments on high ranking partners Enable expanded partner LOB and Competency coverage	Increase Investment in incentives with high ROI Eliminate incentives with negative ROI	Profile attributes of high value partners Recruit new partners with similar attributes

Platforms and Tools

Many companies have standardized on more generic analytics platforms such as Tableau and Qlikview. Both are well known, highly rated and provide robust analytics capabilities. Other tools are more specialized and specifically geared towards creating in depth Go-to-Market analysis and insights regarding channel partners, product pricing, and incentive programs, to mention a few elements. A good example is ViZi from Vistex.



Key Take-Aways

The development of a sound channel analytics practice requires a significant investment in time and resources to create a comprehensive channel reporting and analytics framework. Our advice is to employ a phased approach, whereby the channel organization evolves its data-driven channel management decision-making process from operational metrics reporting to more sophisticated analytical insights while maintaining a laser focus on:

- Establishing a solid channel data model, adopting CDM best practice and robust analytics infrastructure
- Developing core metrics for operational and performance reporting and dashboarding
- Delivering key insights through analytics, enabling management to make data-driven decisions

Perfection is not a prerequisite to begin your journey. You can start to “make it smart” with the data you have today. The result is insight into the incremental effect of your channel programs and your partners’ value contribution, with the knowledge to increase their effectiveness. Speed and agility are important. What’s equally important is putting the analytical approach at the heart of the organization.

The pressure on channel chiefs to demonstrate return on investment from their Go-to-Market initiatives is only increasing. The data to make smarter decisions is available, as are the analytical tools. Taking an integrated analytics approach is the key to uncovering meaningful insights and driving above-market growth. This effort requires a significant investment, buy-in across departments, and sponsorship from senior management.

About Vistex®

Vistex provides enterprises with solutions that manage pricing, incentive, rebate, rights and royalty and channel programs to enhance business performance while reducing labor and infrastructure costs. The software and services provided by Vistex are optimized by industry to deliver an end-to-end solution for the design, management and administration of the entire spectrum of Go-to-Market programs. Enterprises are empowered with unprecedented visibility into program performance, and gain deeper insights to better enable fact-based decisions that drive revenue, control cost, minimize leakage, and streamline processes.

Vistex®, Go-to-Market Suite®, and other Vistex, Inc. graphics, logos, and service names are trademarks, registered trademarks or trade dress of Vistex, Inc. in the United States and/or other countries. No part of this publication may be reproduced or transmitted in any form or for any purpose without the expressed written permission of Vistex, Inc. The information contained herein may be changed without prior notice.

info@vistex.com | www.vistex.com

© Copyright 2019 Vistex Inc. All rights reserved.

