

The Vistex logo is positioned in the top right corner. It features the word "Vistex" in a bold, dark blue, sans-serif font, followed by a registered trademark symbol (®).

Vistex®

The slogan "Now it all adds up™" is located in the top right corner, to the right of the Vistex logo. It is written in a smaller, orange, sans-serif font, with a trademark symbol (™) at the end.

Now it all
adds up™

The background of the slide is a high-angle, close-up photograph of a precision manufacturing machine, likely a CNC mill or lathe. The machine's components are metallic and highly reflective, with a blue-tinted lighting scheme. A white, cylindrical tool head is positioned above a workpiece, which is a complex, multi-faceted metal part. The workpiece has various holes, slots, and surfaces, some of which are highlighted with a bright, circular light effect. The overall aesthetic is clean, technical, and modern.

How Data Fuels
Machine Learning
and Powers Your

Incentive Programs

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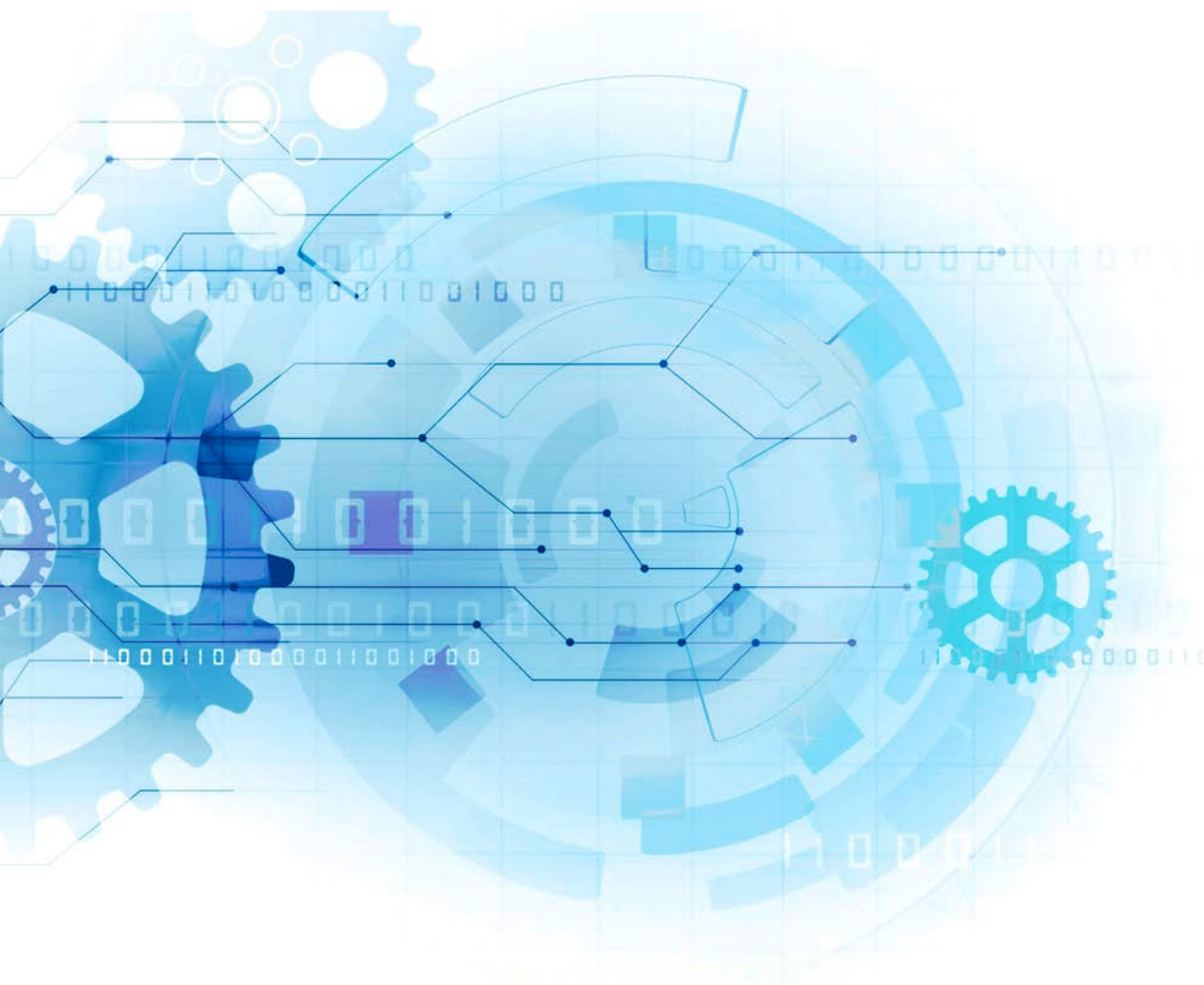
With 81% of industrial manufacturers

reporting¹ that they planned to rely on operational efficiencies (i.e., digitizing internal operations) to improve growth and competitiveness, the writing is on the wall for those manufacturers who claim they can't afford to invest in technology. Because even the average manufacturer must regularly look to technology to sustain business momentum in this caffeinated, technology-driven ecosystem.

But many of these regular manufacturers need a new blueprint for prosperity. No company ever goes into business planning to fail. But many fail to plan. As Industry 4.0² becomes the norm, some are experiencing that unsettling, stranger-in-a-strange-land feeling—lost about where manufacturing is headed, worried about lagging. This eBook is designed to help add it all up for manufacturers and regain clarity about their digital assets and the value they have, covering:

- Data Mastery
- Leakage Prevention Mastery
- Sales Profile Mastery
- Customer Retention Mastery
- Forecast Planning Mastery





Data Is the Racing Fuel for Your Business

Every manufacturer's ability to grow begins with understanding its markets—gaining intelligence on how its products are selling and who is buying. Playing digital catch up may seem daunting, but it's a task that can no longer be delayed when the objective is progress.

Many manufacturers are still working with multiple, isolated systems holding separate pieces of the digital puzzle. Depending on how these manufacturers market and sell their products, they might not even capture the most valuable data that could complete the puzzle picture. While they may have the best of intentions to “digitize it someday” when they have extra time, it is imperative to do this now. Studies show that 89% of B2B executives³ thought that their inaccurate data was damaging their ability to satisfy customers, and 84% of CEOs⁴ said the quality of the data they were basing their decisions on was cause for concern. Gartner says dirty data is costing the average business \$9.7 million annually.⁵ Something isn't adding up and amounts to risks today's manufacturers can ill afford.

Getting Data Fuel for the Analysis Engine

To exploit your data's power, governance must be part of your foundation. To accomplish complex data harvesting, manufacturers need a process along with a structured data repository. While leading manufacturers are already using predictive analytics, or a smart system that sends real-time pricing updates to their sales team's smartphones, getting to that level of sophistication requires a savvy investment in adopting a good data governance business practice. The anxiety over breaching silos and wrangling, reorganizing, and cleaning the data can be paralyzing, but it's a necessary precursor to having the inputs for the analytics and insights you crave. And 55% of North American manufacturers are adopting big data analytics to improve their operational efficiency. Building an effective data repository is a necessary first step in the manufacturing industry's transformation², which is currently set to reach \$45.3 billion by 2022, per a Markets and Markets report.⁶



Data scientists will be the first to confess that preparing data for analytics is their most formidable challenge. Only 22% of organizations deem their data prep as “highly effective,” even though 75% “constantly” or “frequently” leave data preparation up to the user, which then leads to errors (i.e., missing values and special value errors or inconsistencies that must then be corrected).⁷ An estimated \$1.9 billion USD is expected to be spent on data preparation outsourcing by 2024.⁸ And 30% of companies are doing their own data prep.⁹ Minus the benefit of data preparation tools, data professionals and business analysts spend an estimated 80% of their time searching, preparing, and protecting their data so they can discern valuable insights from it.¹⁰

To harness, exploit, and ultimately profit from data, manufacturers deploy analytic solutions that integrate with enterprise resource planning (ERP) systems. As we move from a process-driven world to a data-driven one, an estimated 59% of all business processes will be fully automated by 2022.¹¹

Since predictive modeling and prescriptive analytics rely on historical data to divine the patterns of behavior and affinities of customers and/or products, data hygiene is key. While data mining tools can adapt to small gaps in data and smooth out some irregularities, large blind spots in data—or conflicting data—will output misleading results equal to the misleading data fed into the tool.

High-quality data input yields intelligent output. And that is invaluable for accurate business discovery and forecasting. Data-derived-and-tested analytical models drive ‘what-if’ scenarios, optimized pricing, and identify the most profitable distributor incentive programs.

Once a manufacturer commits to investing in artificial intelligence and machine learning, from this moment forward, the data must be governed with precision throughout its lifecycle.



Automation helps add it all up

For all manufacturers, the claim processing department has been a historically pronounced source of valuable data, but also the largest culprit for profit leakage. Leakage routinely stems from manual claim processing, the hotbed of inefficiency.

Operational efficiency and accuracy require a centralized data hub. Siloed data makes it impossible to match claims with applicable agreements, verify eligibility, reconcile what was current information at the time of the transaction—and not the date of the claim. Countless work hours get wasted manually searching multiple systems for answers, and then convincing the partner that the dispute is in your favor.

Siloed data often means duplicated data. Besides the obvious costs of maintaining more data than necessary, if any of the data conflicts, which source can be trusted? And there's also the danger of forgetting to check a key system or relevant silo. Without integrated and comprehensive information, manufacturers are unable to make the best possible, informed decisions based on real-time data.

In the end, manufacturers are saddled with overstated earnings, distributor overpayments, and lost credibility.

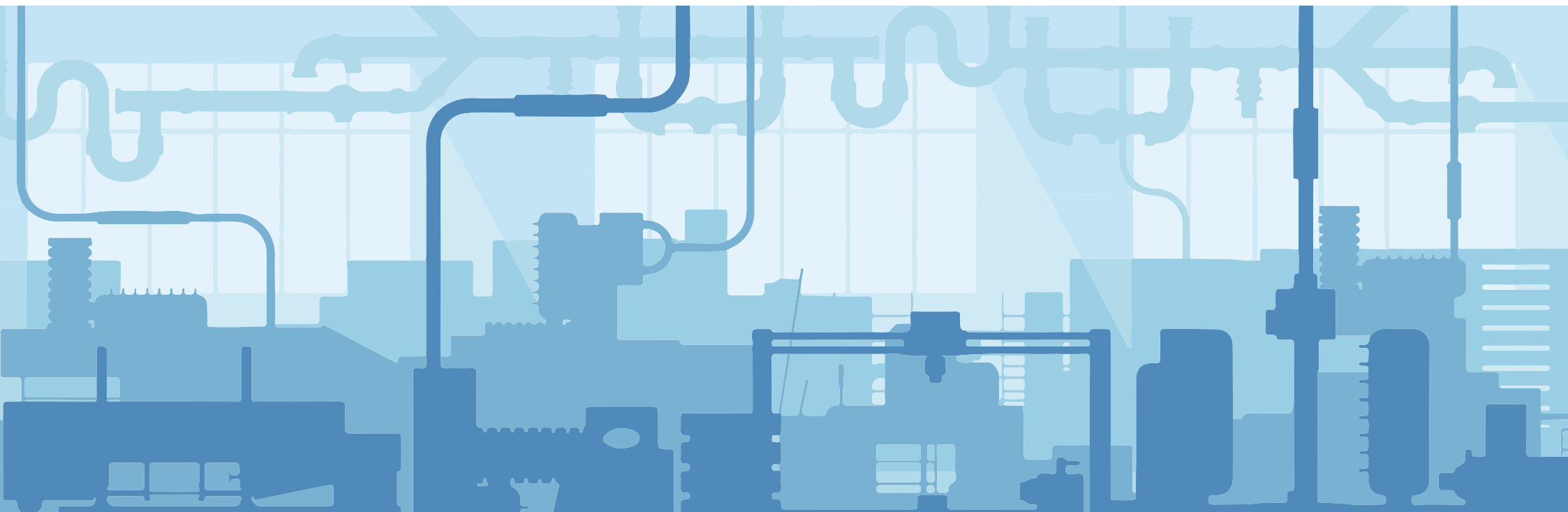
Preventing fraudulent activity, profit leakage, loss of key data, risk of privacy, compliance issues, and inaccurate financial forecasting are all excellent reasons to proactively automate billback processing.



Rebate Programs are Covert Intelligence Gathering

Gathering intelligence on your customers from your distributors is simple, with a little ingenuity. For example, if you reframe your rebate offering to your distributors with the understanding that they must share some data as the quid pro quo, you're gaining valuable information for a rebate you would have granted anyhow. At least now, you're gaining some intel clarity.

For sheer self-preservation, distributors are typically unwilling to share much of their customer data, but asking them to reveal inventory levels, zip codes, their selling price, and their regional sales profiles in exchange for that rebate will help you paint a clearer picture for future planning. It won't hurt to share the insights you found in the data they provided with your distributors, so that they can benefit from your insight (and maybe your more sophisticated analytical tools) to be a better partner for you, too.



Knowledge is Power

Data automation, artificial intelligence, business process alignment, and predictive analytics work in concert to help manufacturers make informed decisions, satisfying players up and down the value chain, while also fueling profitability. Here are just some of the areas where industry leaders have found data-fueled analytics optimize manufacturing capabilities and reduce costs:

- Inventory accuracy
- Waste rates
- Cycle times
- Setup times
- Machine uptime
- Equipment failure prevention
- Quality improvement
- Logistics and transportation efficiency
- SKUs profitability
- Vendor performance
- Accrual strategy
- Reduced need for customer support
- Fewer lost sales
- Lower customer churn rates



Incentivizing Supply Chain Partner Retention

Transparency Drives Customer Satisfaction

Supply chain partner retention is critical to the long-term success of any business, but this is especially true in manufacturing, where fewer customer prospects exist, and the cost of customer acquisition is higher. If you lose just 5% of your supply chain partners, it can impact profitability from 25% to as much as 95%.¹² This makes partner churn a more devastating blow.

Another way that distributors routinely interact with manufacturers is through claim processing. What percent of those transactions are positive experiences for the distributors? If a manufacturer had to grade its efficiency and distributors' satisfaction, how would the manufacturer fare? It is estimated that if just one supply chain partner complains about an issue, there are 26 partners who have yet to reveal how they feel. Instead, they will just quietly leave. Improved customer experience and ease of doing business can have a direct impact on a distributor's satisfaction, loyalty, and contract longevity.

Transparency between manufacturers and distributors ensures the distributors are:

- Seeing their claim statuses in real time
- Seeing which claims are being rejected
- Seeing the reason why claims are being rejected
- Having a streamlined process to file disputes and close out claims faster

But that's not all. Built-in online transparency means the distributors can see:

- Available trade promotion funds
- Current contract details
- The delta between their current achievement and the next performance tier
- Marketing collateral and training materials
- Loyalty program membership status

Data Fuels Machine Learning

When a manufacturing company's growth seems like it has hit the "pause" button, this approach offers a compelling blueprint for seeing the big picture with your product incentive data:

1. Strict data hygiene protocols will drive success, since clean data is the fuel source for the intelligence machinery.
2. Automating business processes will create clean, structured data that is ready for analyses, resulting in time and money saved, as well as fewer customer disputes and heightened customer satisfaction.
3. Partner and customer retention becomes a natural byproduct of smoother transactions and interactions with you, the manufacturer.
4. Streamlined and well-managed business processes, coupled with clean data, will empower predictive modeling so customer pricing, sales forecasts and profits are all based on real-time, informed intelligence rather than guess work.

Break the silos, lose the spreadsheets, and start manufacturing clean, usable data as part of your marketing strategy. Once you've accomplished all of this you are ready to leap to that next paradigm of data science, which drives a digital business.

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The Critical Role of Software

Manufacturers that are supported by solutions that can capably manage the full lifecycle of their incentive programs with machine learning and detailed analytics will have a strategic advantage in the marketplace. Visibility into 100% accurate, real-time sales figures, channel inventory data, ‘what-if’ scenarios, and promotional performance ensure that manufacturers can add it all up, reliably forecast and plan for next year and beyond. Decision-makers can trust insights driven by true numbers, to inform their strategies, and ultimately, increase profitability.

About the Author

Matthew Hays is the Director of Product Management at Vistex. In this role he manages the roadmaps for new product development, supports marketing and sales functions, and maintains business partnerships. Matthew has a long history with manufacturing, supply chain, life sciences, software lifecycle management, project management, and customer engagement.

How Vistex Adds Value

Industrial manufacturers face increasing costs, price pressures, margin erosion from discounting & promotions, automation costs and complexities, reduced revenue from loss of market exclusivity and outright intellectual property theft. Vistex helps manufacturers better respond to supply chain challenges through revenue growth programs including pricing, sales rebates, contracts, co-op and MDFs, rewards, commissions, bids and quotes, claims, loyalty programs and royalties. Manufacturers benefit from a clearer picture of margins, returns on promotional investments, growth opportunities, and improved revenue management for sustained business growth.

About Vistex®

Vistex solutions help businesses take control of their mission-critical processes. With a multitude of programs covering pricing, trade, royalties and incentives, it can be complicated to see where all the money is flowing, let alone how much difference it makes to the topline and the bottomline. With Vistex, business stakeholders can see the numbers, see what really works, and see what to do next – so they can make sure every dollar spent or earned is really driving growth, and not just additional costs. The world’s leading enterprises across a spectrum of industries rely on Vistex every day to propel their businesses.

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