Improve Channel Sales Performance Through **Data-Driven Decision-Making**

Vistex

Channel Data Management

info@vistex.com | www.vistex.com

Improve Channel Sales Performance Through Data-Driven Decision-Making

CONTENTS

Vistex®

INTRODUCTION:

Inefficient management of channel data and the resulting lack of insight into partner and program performance are major challenges for technology companies. Many companies generate up to 90 percent of their revenues through channel partners but lack the visibility they need to make smarter business decisions based on proper analysis of accurate data. Armed with that capability, technology companies could increase indirect sales and improve the return on their channel investments.

This is shown by a recent survey by Baptie and Company of 100 U.S. hardware and software providers regarding confidence in their channel growth plans.[1] The survey produced some surprising results; while the vast majority of vendors feel they have defined the right opportunities for their channel partners, they are considerably less confident that they will be able to execute their channel growth plans.

Every channel chief knows that sound channel reporting and meaningful insights are vital to their organization, but they often face serious challenges in accomplishing their objectives. Among those is the absence of a "single source of truth."

"Many companies generate up to 90 percent of their revenues through channel partners but lack the visibility they need to make smarter business decisions based on proper analysis of accurate data."

[1]Source: http://channelfocuscommunity.net/sample-sites/Channel%20Strategy/web2/386-webinar-data-driven-channel-management-skate-to-where-the-puck-is-going

Data is often scattered across many different silos. Distributor sell-in and sell-out data may be collected via a third-party channel data management (CDM) provider. The company's CRM may contain partner profile data, deal registration data, and revenues, but may lack specific information regarding incentive program participation and performance. Finance, sales, and channel marketing organizations may maintain their own sets of channel-related data–usually on spreadsheets. Often there is little discipline in CDM governance, resulting in "dirty" data and inaccurate reporting (i.e., garbage in, garbage out). And that's just thinking of where the data's located–one must know that the data also has to "look good." Herein lies the challenge of delivering that 360-degree view, its quality metrics, and keeping abreast of changes in its recency.

There may also be a lack of standardized channel performance KPIs and measurement. Finally, all of these individual components must be wrapped up by our master data management (MDM) using a complete record of contacts, certifications and competencies, and programs to keep track of wayward information.

This eBook reviews methodologies and defines best practices for the components of CDM and data governance.

Channel Data Management (CDM)

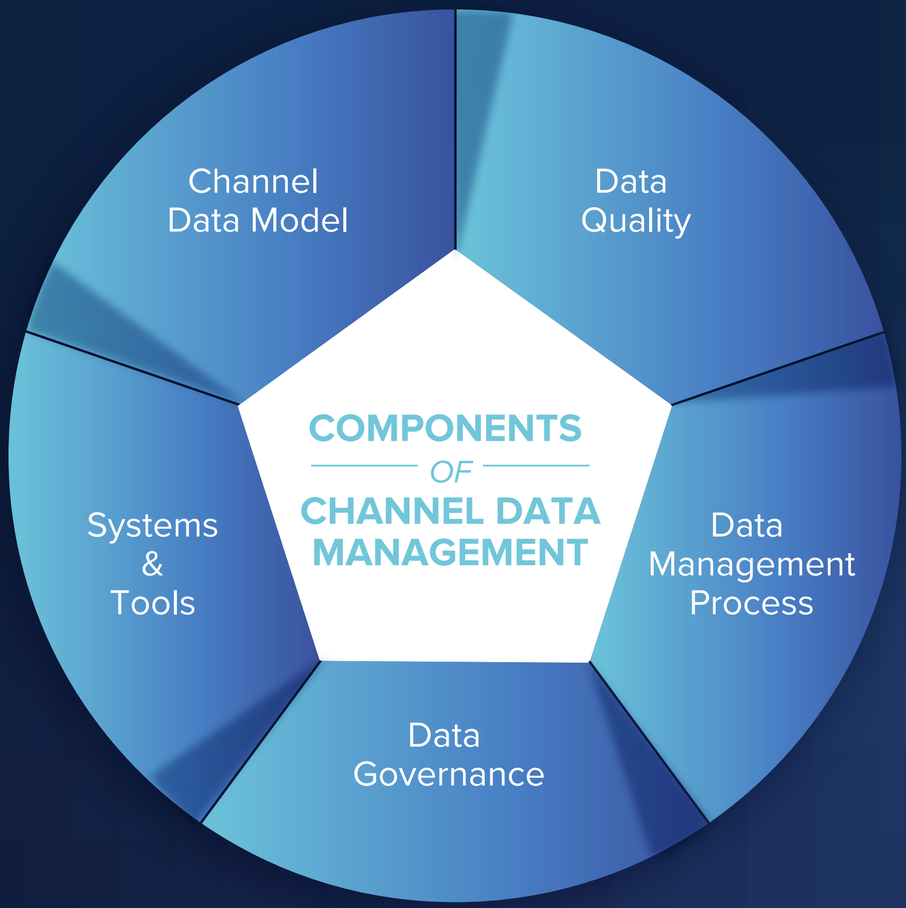
The basis for a sound analytics strategy is CDM. Without a solid CDM foundation, it is nearly impossible to make sound channel strategy decisions driven by data. The term CDM is often defined in different ways. Therefore, the first question we need to ask is, "what is CDM?"

Traditionally, the term “channel data management” refers to point-of-sale data. CDM is a more expansive concept, encompassing data points that channel teams rely on to:

- Understand who their partners are and how they interact with them
- Classify and segment partners to understand their capabilities and how to best support and grow relationships with them
- Determine partner eligibility and access to resources and tools
- Measure performance to determine which partners are the most and least valuable

If relying on data to drive these interactions with the channel, companies need to have complete, accurate, and up-to-date data.

A successful CDM strategy is all about creating a 360-degree view of your channel partners and their relationships and interactions with you and the channel. CDM contains the following key components:



Doing CDM right delivers many benefits:

- A 360-degree view of your partners, their activities and interactions
- Clean, accurate, complete, recent data
- The ability to leverage your Global Tiering and Segmentation Model (GTSM) profile across the organization to:
    - Deliver the right program benefits and communicate with the right contacts to support and grow the partnership
    - Efficiently manage partner eligibility and access to programs, content, resources, and tools
- The ability to confidently and consistently report partner activity and performance from a single source of truth

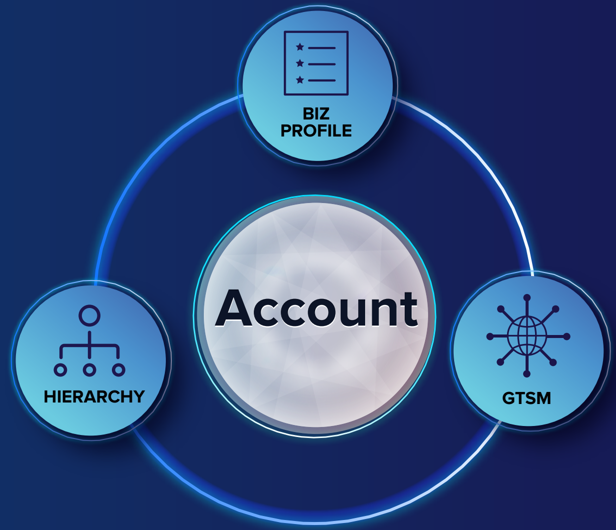
Vistex®

Channel Data Model

An essential component of CDM is the channel data model. A solid channel data model defines the data and relationships needed to deliver a 360-degree view of your channel. It's like a blueprint for a house. It's important to get this right so that your "house" is built in the way you want to use it.

The channel data model is usually built out on a CRM system and is centered around the account (see figure at right). Because a CRM provides many of the necessary data tables and tools to track and manage data, this best-practice approach can add extensions to manage indirect customer (partner) relationships. Additionally, links to master data management (MDM) and transactional systems (e.g., POS, ERP) are also needed to help round out the picture.

Master Data Management



Let's review each of these components in more detail:

Business profile: A full set of attributes used by sales and marketing to describe, classify, and segment channel accounts.

GTSM: The core subset of biz profile attributes consistently used across the organization to classify channel accounts for purposes of entitlement, program eligibility, reporting, access to relevant portal content, tools, and other resources. Established best practices suggest limiting attributes to a manageable set of five to ten. Some typical GTSM attributes include:

- Geography (region, country)
- Partner type (OEM, distributor, reseller)
- Partner program level/tier (silver, gold)
- Partner capabilities (e.g., design, sell, implement, service)
- Specializations or product authorizations (typically more than one)
- Customer segments served (e.g. SOHO, SMB, enterprise)
- Coverage (e.g., local, regional, national, international)

Hierarchy: The "roll up" from Sites →Country Level Parent →Global Parent. Often times the hierarchy needed to support your channel is different than the hierarchy used to manage sales territories or marketing hierarchy.

Master Data Management (MDM)

The components mentioned above are “wrapped” by MDM. Accounts show up in multiple places (CRM, ERP, POS). MDM tools and processes are used to identify a master (best) record for each account, assign a unique ID, and establish links to related transactions and data.

Once you have the account squared away, build out the data model to connect related items and activity:

Contacts

You can’t market or sell to a company; you market and sell to people within a company. It is important to understand who the contacts are, what job functions they hold and how they will interact with your channel program.

Certifications and competencies

Certifications are typically held by contacts. Competencies (or specializations) are at the account level and are typically determined based on a roll-up of certifications held by a partner’s contacts.

Programs

Programs are a critical extension to the standard CRM data model that links partner accounts to your channel programs. In addition, the program extension allows you to:

- Provide the ability to view and manage channel account eligibility, as well as enrollment and participation in your channel programs
- Manage program levels, up and down leveling
- Track and report on partner performance in your program–both internally and externally to partners
- Analyze program performance and ROI in aggregate or at the account level

Vistex®

Data Quality (DQ)

Once you have developed a best-in-class data model, you'll need to populate the model with the required data. This is a major challenge for many technology companies. Does your data have a level of quality you can rely on to make channel strategy decisions?

One of the biggest challenges companies face is recency/data decay. Most companies working with channel data know that the landscape of partner accounts is ever changing with new accounts being added, others going out of business, mergers, adding capabilities, etc. Today's account profile is likely to be different from the profile you captured a year ago when the account was onboarded.

The contact landscape is even more challenging. People change companies and titles, email domains get updated, phone extensions change, etc. If you don't have a regular process for updating your account and contact profiles, your core profile data decays rapidly. The average profile that contains one-year old data is likely to be 25 to 33 percent inaccurate. The inaccuracy rate increases to 50 to 67 percent with a profile that is two years old. This is worse than having no data, since you are basing decisions on highly inaccurate information.

Vistex®

The following chart depicts dimensions of data quality:

Dimension	Definition	Considerations
Trust	• Where did data come from and who created/updated it? • Some sources are better than others...	• Define the systems of record • Identify all points of entry • Know your CRUD
Accuracy	• Does the data reflect the actual facts on the ground?	• Validate vs. third-party source • Sample and verify
Conformity	• Does data conform to expected rules? • Is it right type, list of values etc.?	• Enforce at point of entry • Use discreet choices wherever possible
Completeness	• What percent of profile attributes are filled? • What percent of records have data?	• Enforce at point of entry (e.g., required) • Third-party services (e.g., SFDC, D&B)
Recency	• When was the data provided/updated?	• Channel data is prone to rapid decay • Build regular updates into your process
Frequency	• How often is the value repeated? • How many other records are related?	• The higher the frequency, generally, the higher the DQ
Uniqueness	• Is there a single "best record" that describes your account, contact, etc.?	• Need to be able to detect and resolve duplicate records

How to use the dimensions of data quality

Create metrics to monitor the health of data for each dimension

Create a composite data quality score for each record and weight according to the importance of each dimension

Utilize your metrics and scores for MDM processes, such as best record

Vistex®

Data management best practices

What are some best practices you can put into place to improve data quality? The following charts describe data management functions and how to improve data quality related to each function:

Best Practice	Definition	How it Improves DQ
Onboarding & Enablement Process	• Effective onboarding is essential to recruitment and ramping partners into strong performers + DQ benefits • Manage by onboarding team • Ensure account and contact data is captured & classified properly upfront • Verification (look at partner website)	• Trust • Conformity • Completeness • Accuracy • Uniqueness
Self-Service Profile Management	• Enable channel partners to update their own profiles • Identify contact roles ° Executive and administrative contacts (update account-level profile, add/delete contacts, manage provisioning) ° All contacts (update contact profile, manage portal account)	• Recency • Conformity • Completeness
Program Membership Renewal	• Requires partners to renew their membership in your channel program periodically • Partners who act to renew typically perform better than those who are passive • Use the opportunity to require an account profile update	• Recency • Conformity • Completeness

Best Practice	Definition	How it Improves DQ
Leverage Third-Party Data Services & Tools	• Standardize, cleanse, manage duplicates, refresh, and extend your data • SFDC: enables manual or automated cleaning of account, contact and lead data with crowd-sourced directories with extended account attributes from D&B • Vistex data objects—Rule-based data cleansing, standardization, integration, best record • Vistex DMr customers—MDM solution for managing accounts • Vistex Vibes platform for partner portals	• Trust • Recency • Conformity • Completeness • Accuracy • Uniqueness
Best Record	• A component of MDM • If there is more than one possible record for a single account, business rules are applied to competing records to determine the master (best) record	• Uniqueness • Conformity • Completeness

Best Record

Best record is a key component of MDM. Having an effective way to identify and resolve duplicates is essential to ensuring high data quality. If there is more than one possible record for a single account, business rules are applied to competing records to determine the master.

The best record methodology is applied where duplication has significant negative impact or cost, such as accounts, contacts, opportunities, etc.

Methodologies for best record vary. It may be a manual approach with data stewards applying best record via visual inspection. This method will be effective for companies with low numbers of high-value records. A more sophisticated method for higher volumes is a rules-based or scoring model approach for large applications supported by MDM tools. Finally, there is the hybrid approach–a common approach for companies with a small set of managed accounts and a large base of unmanaged accounts (which is the case for most technology companies).

Best record methodology

Trust

If one of the records has been updated via a more trusted source (e.g., a CAM vs. a tradeshow lead), then it will win.

Recency

If trust cannot determine best record, then the most recently updated record will win.

Conformity & Completeness

If more than one record shares the same last modified date, then the most conforming and complete record wins.

Frequency

If there is no single most complete and recent value for a field, then the most frequent value is chosen.

Data Governance

Previous sections address how to build a complete channel data model, the dimensions of DQ and data management best practices. But how do you know what "good" looks like? And once you've gotten to "good," how do you stay there? That's where data governance comes in.

Data governance is a vast topic that covers people, process, policy, and tools. In this section, we'll touch only on DQ metrics, a component of compliance monitoring.

In order to effectively address and improve data quality, companies must establish a set of DQ metrics to monitor the health of their data. Each data dimension should be quantified and tracked via DQ metrics. Following are examples of useful metrics:

- Coverage rates—e.g., partner type coverage rate: 85 percent of accounts have a valid partner type assigned
- Completeness scores—e.g., GTSM score: If you have seven core attributes on your GTSM profile how many are filled with valid values? = 6.3 (out of 7)
- Duplication rates—e.g., account duplication rate: 12 percent of accounts are likely duplications
- Match rates—e.g., 95 percent of accounts have a master account ID assigned
- Profile age—average age of account profile = 18 months

In addition, best practice governance entails working with these metrics to make them visible and discern trends over time. Set targets and control bands to determine "good" and "bad" results. Finally, assign ownership and responsibility. Each metric should be owned by a specific person/team who is accountable to keep it within acceptable tolerance.

Vistex®

Systems & Tools

Finally, you need systems and tools to enable your CDM solution. Typical CDM solutions include the following technologies:

Several third parties also provide outsourced/cloud solutions for CDM. When selecting any CDM tool or vendor, be sure to understand what role it will play in your CDM solution, that it enables the capabilities discussed above, and that it can be configured to support your end-to-end business processes.

Key Take-Aways

The pressure on channel chiefs to demonstrate return on investment from their Go-to-Market initiatives is only increasing. 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, along with the knowledge to increase their effectiveness.

The development of channel data management practices requires a significant investment in time and resources to create a comprehensive overview of your data. 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 insights.

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. Speed and agility are important, but equally important is putting the analytical approach at the heart of the organization. This effort requires a significant investment, buy-in across departments, and sponsorship from senior management.

For a more in-depth look at channel analytics and how they work in conjunction with your channel data management strategy, **download our eBook, “Best practices in channel data analytics.”**

About channelConduit

The channelConduit Suite from Vistex is a solution set designed to engage your indirect sales channels and equip you and your partners for program success. From marketing enablement and incentive management to channel payments, the channelConduit Suite provides companies with strategic insights into channel activities while optimizing the partner experience, and facilitating global program administration.

Marketing Enablement

Manage Co-op & MDF, marketing planning and campaign execution easily and efficiently to measure the impact they have on overall revenue.

Incentive Management

Obtain valuable insights into rebates, rewards and promotional program performance to increase engagement and channel satisfaction while improving ROI.

Channel Payments

Make global payments in more than 135 currencies accurately and on time while reducing operational costs.

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.

info@vistex.com | www.vistex.com

Software Services On-Premise In Cloud

Vistex®