Why Channel Management is Broken

(and how to fix it!)

Michael Hopwood
Vice President, Sales

ABOUT THE
SPEAKER

Michael Hopwood is the vice president of sales at Entomo, where he gets to help the best channel professionals in the world up their game. 25 years developing and running sales teams, establishing worldwide channels for high tech companies and most recently helping run a company that focus on high tech revenue management and design win activity.

- Founder, CEO of Platte River Systems
- Built global direct and channel sales organizations from scratch at PLX Technology
- Intel

About Entomo

Entomo is a leading provider of turnkey cloud-based channel management software and services.

We help businesses effectively manage distribution channel complexity to maximize revenue growth, reduce costs, improve partner performance and collaboration and ensure compliance at all levels.

Follow us and join the conversation

@MA_Hopwood   #brokenchannels

@EntomoSaaS

Webinar Agenda

- The Challenge

- What Do We Mean - Broken

- Why is Channel Management Broken?

- Major Functions of Channel Management

- Typical Channel Processes – Disparate Systems

- Fixing Channel Management w/ a Unified System

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The Challenge

- Many companies are losing up to 15% of their net channel revenue ….. Right NOW!

Due to manual or disparate IT systems involving payment validation, high tech companies may overpay incentives by as much as 15%.
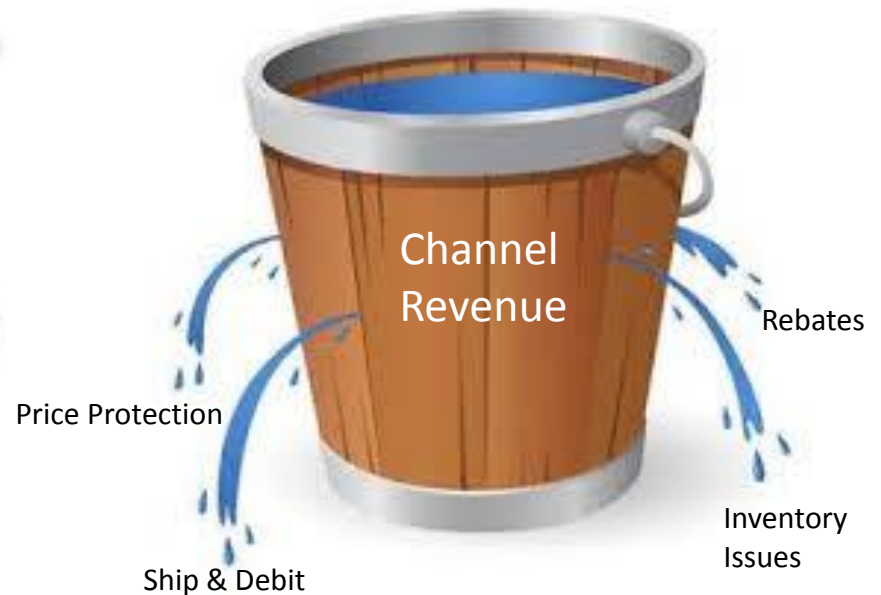
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Channel Revenue

Rebates

Price Protection

Ship & Debit

Inventory Issues
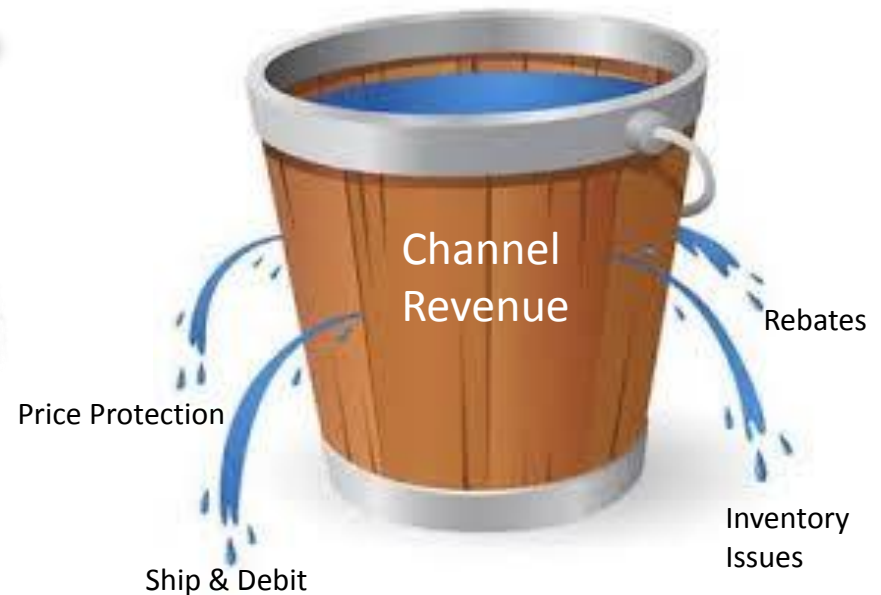
The Challenge

- ## Many companies are losing up to 15% of their net channel revenue ….. Right NOW!

"Overpayment of incentive pay and commissions by 10% or more is not uncommon, with many companies at 5% "

AGMA Global

Channel Revenue

Price Protection

Ship & Debit

Rebates

Inventory Issues

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The Challenge

- Many companies are losing up to 15% of their net channel revenue ….. Right NOW!

If this is true for your company would you be VERY interested in recapturing these revenue leaks and growing the bottom line IMMEDIATELY!!!!?

Channel Revenue

Rebates

Price Protection

Inventory Issues

Ship & Debit

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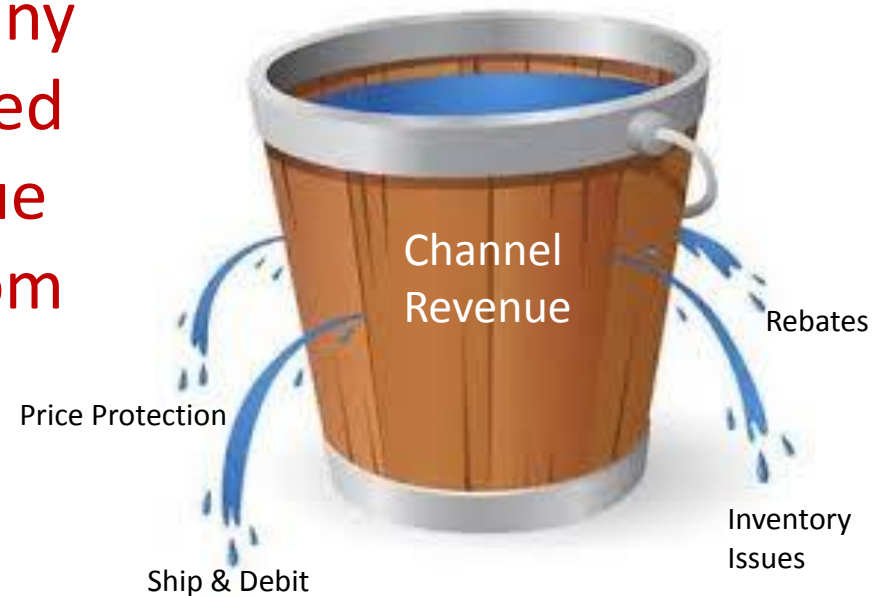
Why are there Revenue Leaks?

Short Answer:

Because Channel AND
Revenue Management tools have not kept up
with the change in landscape

They are BROKEN.

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Why is Channel Management Broken?

WHY? *In the last 20 years business has changed*

Maturing channel models

Multiple systems of truth
2000's

Globalization and JIT force channel partnerships

One system of truth

1990's

Traditional solutions focused on a *direct* business model. No channel

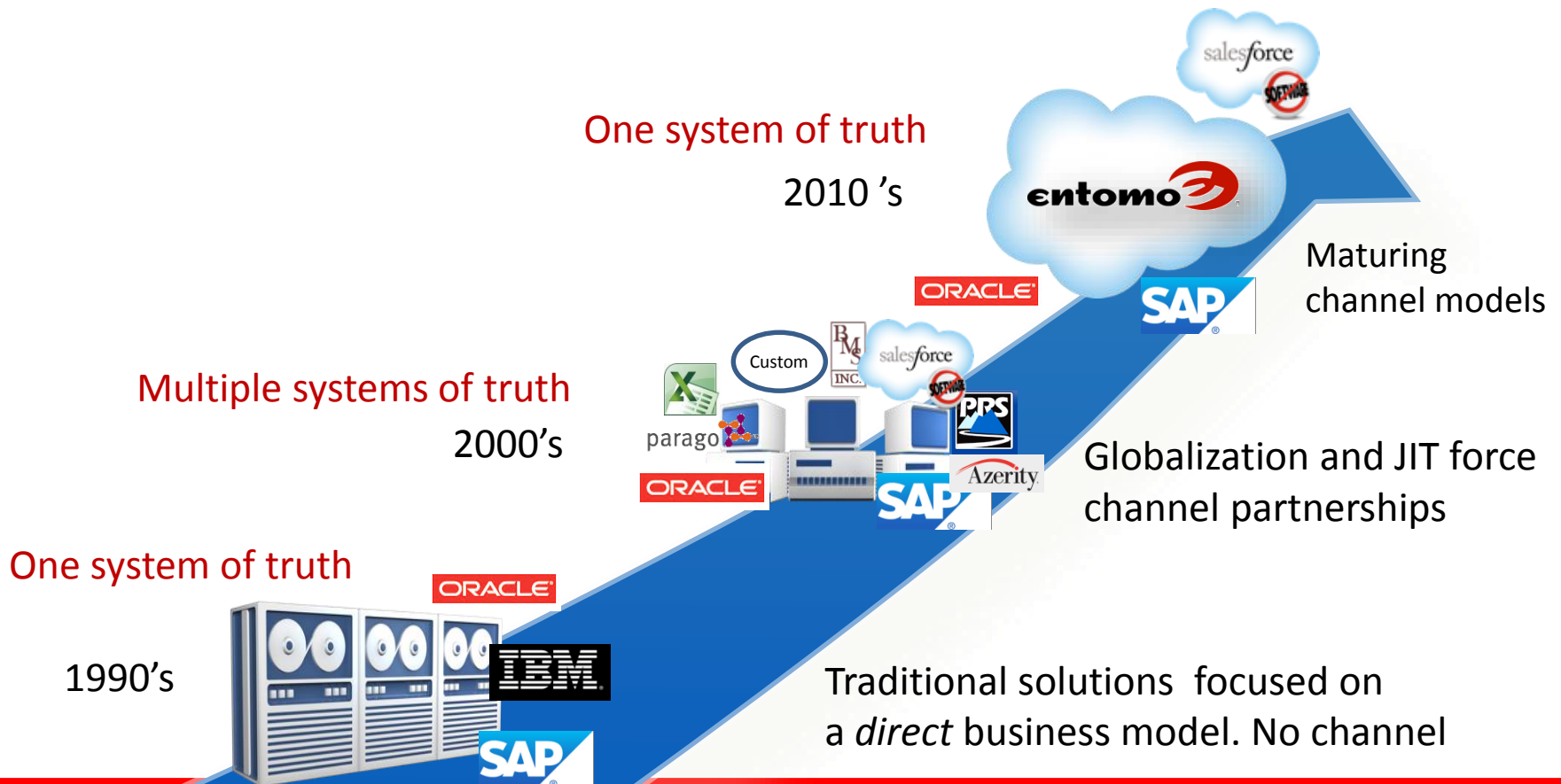# Key Factors of the Maturing Channel

- Amount of data flowing through the channel has increased many fold
  - Larger % of company revenue flowing through channels
  - Increased transactions and information required
  - Global channel resources

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Key Factors of the Maturing Channel

- Complexity of channel management has increased
  - Global reach with different regional demands
  - Partner communication paramount
  - Increased pricing pressure
  - Incentive program complexity
  - Commission complexity

Why is Channel Management Broken?

WHY? *In the last 20 years business has changed*

One system of truth

2010 's

Maturing channel models

Multiple systems of truth

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Major Functions of Channel Management

Channel Management

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Major Functions of Channel Management

Channel Data Management

- Point of Sale (POS), Inventory, Claims, Forecasts, etc

- Processed and Enriched

- Foundation for all other channel management applications

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Major Functions of Channel Management

Channel Data Management

Revenue Management

- Point of Sale (POS), Inventory, Claims, Forecasts, etc

- Processed and Enriched

- Foundation for all other channel management applications

- Valuation and Verification

- Inventory Management

- Channel Incentive Programs

- Revenue Recognition

Major Functions of Channel Management

Channel Data Management	Revenue Management	Sales Performance Management
• Point of Sale (POS), Inventory, Claims, Forecasts, etc • Processed and Enriched • Foundation for all other channel management applications	• Valuation and Verification • Inventory Management • Channel Incentive Programs • Revenue Recognition	• Channel Sales Activities • Sales Credit Assignment • Commission Splits • Forecasting and other Activities

Major Functions of Channel Management

Channel Data Management	Revenue Management	Sales Performance Management	Partner Relationship Management

- Point of Sale (POS), Inventory, Claims, Forecasts, etc

- Processed and Enriched

- Foundation for all other channel management applications

- Valuation and Verification

- Inventory Management

- Channel Incentive Programs

- Revenue Recognition

- Channel Sales Activities

- Sales Credit Assignment

- Commission Splits

- Forecasting and other Activities

- Partner Collaboration

- Deal and Design Registration

- Scorecards

- Approvals, Tracking

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Top 5 Challenges in Channel Management

Channel Data Management	Revenue Management	Sales Performance Management	Partner Relationship Management

Untrustworthy or Incomplete Data

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Top 5 Challenges in Channel Management

Channel Data Management	Revenue Management	Sales Performance Management	Partner Relationship Management

Untrustworthy or Incomplete Data

Excess Inventory
Or Stock Outs

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Top 5 Challenges in Channel Management

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Incentive Program Management

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Top 5 Challenges in Channel Management

Channel Data Management	Revenue Management	Sales Performance Management	Partner Relationship Management

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Incentive Program Management

Channel Sales Activities

Top 5 Challenges in Channel Management

Channel Data Management	**Revenue Management**	**Sales Performance Management**	**Partner Relationship Management**

Untrustworthy or Incomplete Data

Excess Inventory Or Stock Outs

Channel Sales Activities

Incentive Program Management

Channel Partner Effectiveness

Top 5 Challenges in Channel Management

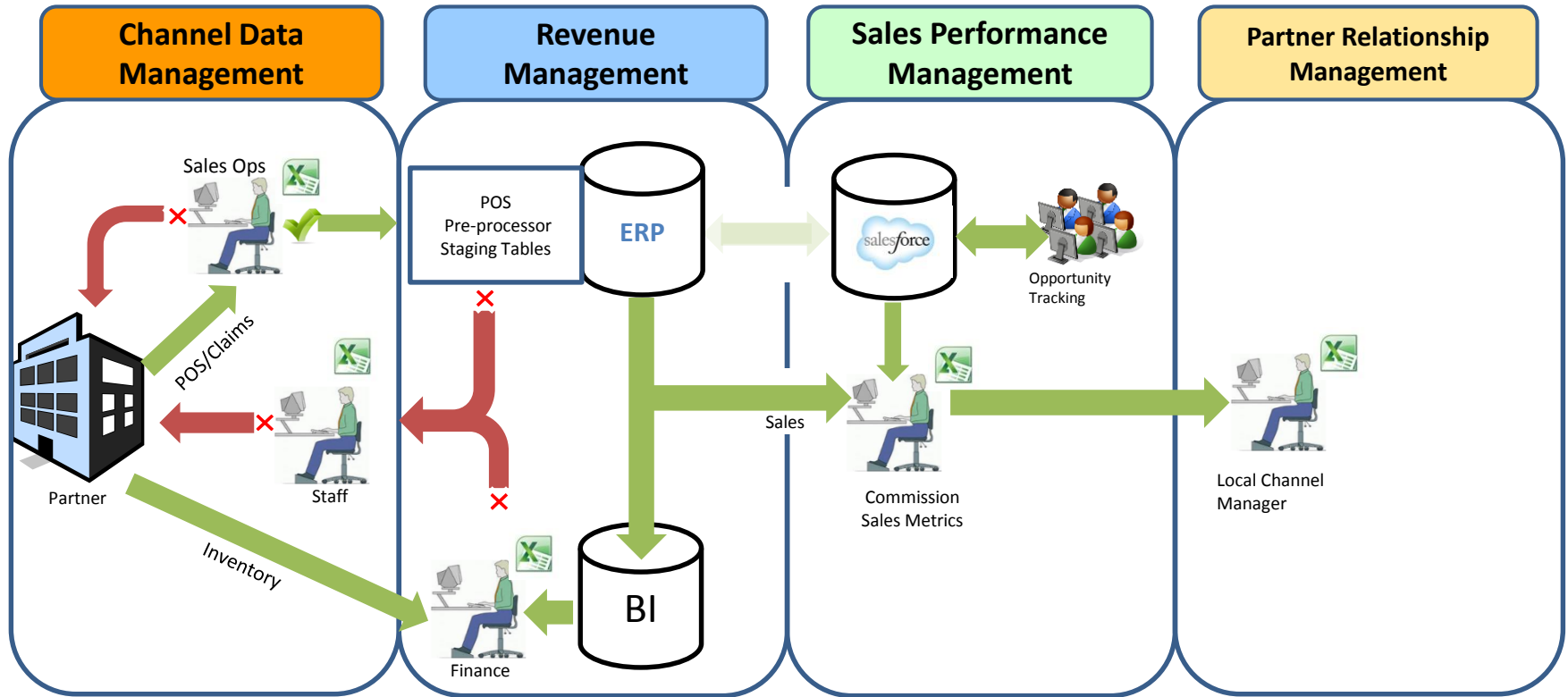| Channel Data Management	Revenue Management	Sales Performance Management	Partner Relationship Management
Untrustworthy or Incomplete Data	Excess Inventory Or Stock Outs	Channel Sales Activities	Channel Partner Effectiveness
	Incentive Program Management		

Channel BI and Reporting

Integration with ERP and CRM

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POLL QUESTION

Typical Channel Process – Disparate Systems

Channel Data Management	Revenue Management	Sales Performance Management	Partner Relationship Management

Sales Ops

POS Pre-processor Staging Tables

ERP

salesforce

Opportunity Tracking

POS/Claims

Partner

Staff

Sales

Commission Sales Metrics

Local Channel Manager

Inventory

Finance

BI

4 day cycle - min
60% modify rate
Many handled 2X

2 day cycle - Staging
2 day cycle - Inventory

7 day cycle - Comm.

1 day cycle

14 - 30 Day Cycle

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Typical Channel Process – Disparate Systems

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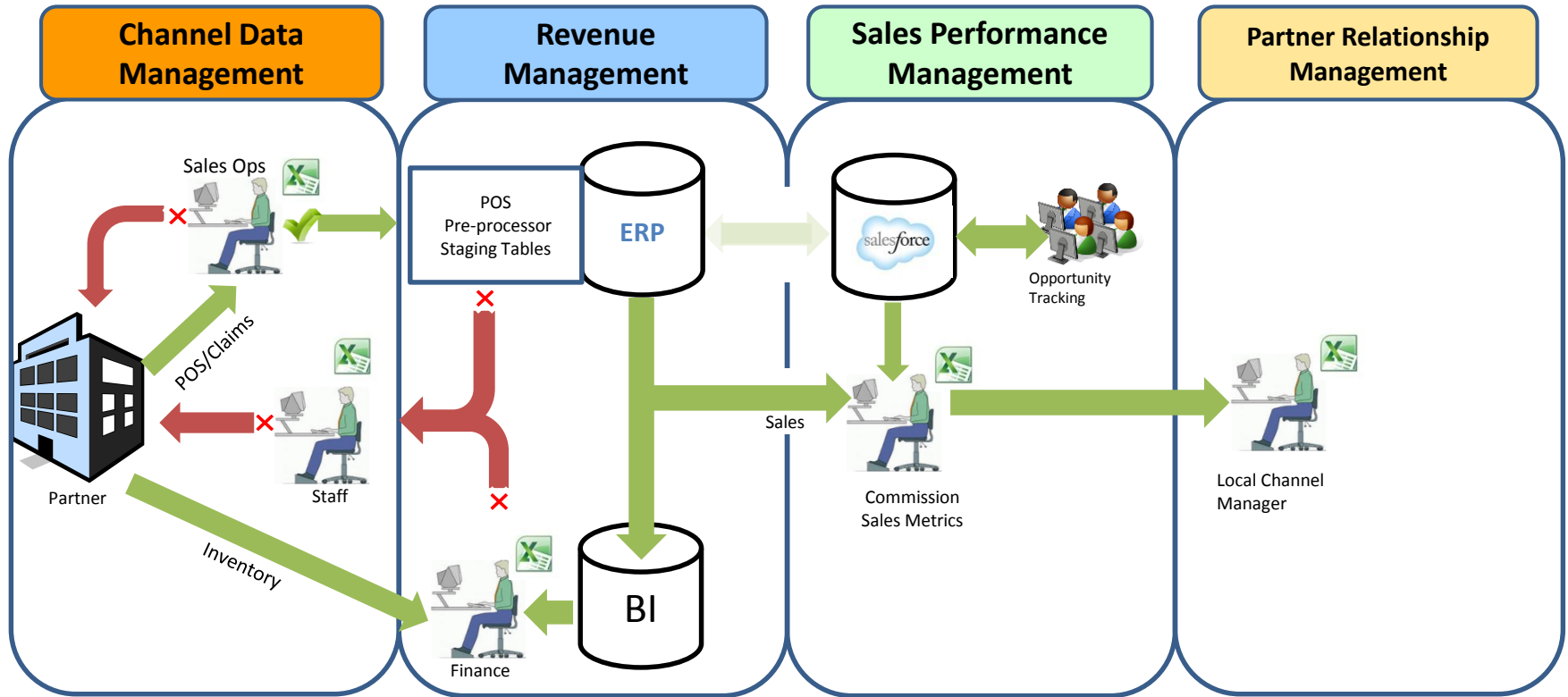
1% - 3% loss   5% - 15% loss   2% loss   1% - 5% loss

5% to 15% channel revenue loss

A Unified Flexible Solution

Channel Data Management	Revenue Management	Sales Performance Management	Partner Relationship Management

Partner Portal

Data Discovery and Business Intelligence

Analytics and Reporting

Design Registration	Partner Scorecard	Deal Registration

Commission Splits	Sales Credit Assignments

Sell Through Revenue Recognition

Pricing Compliance	Channel Incentives	Inventory Programs
• Ship & Debit • Special Pricing	• Rebates, SPIFFs • Coop/MDF	• Price Protection • Stock Rotation

Transaction Valuation	SISO Reconciliation

Channel Data Management
- Collection
- Cleansing
- Normalization
- Enrichment
- Validation
- Data Aggregation
- Post-processing
- Audit Trails

Integration with External Systems

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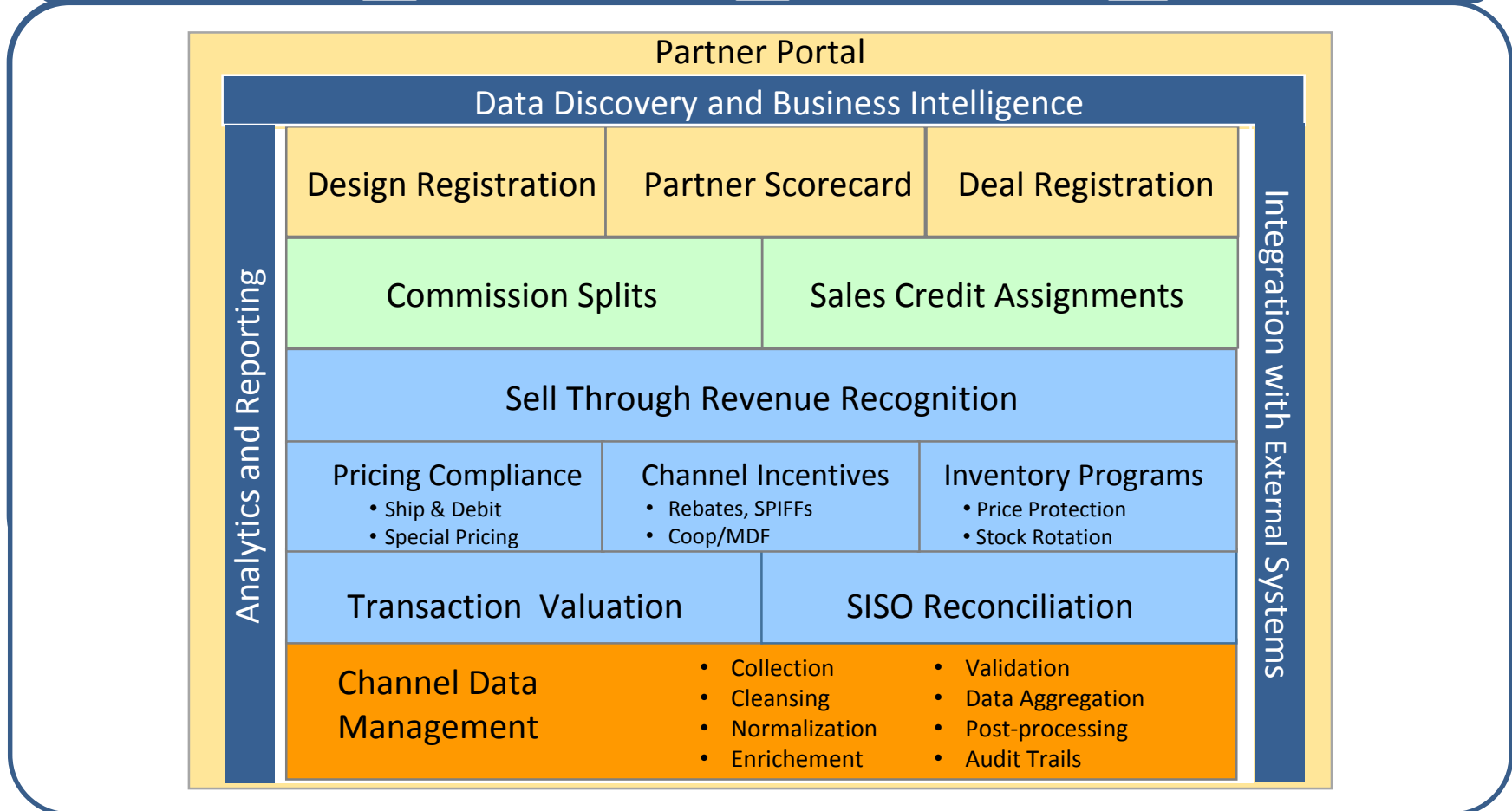# A Unified Flexible Solution

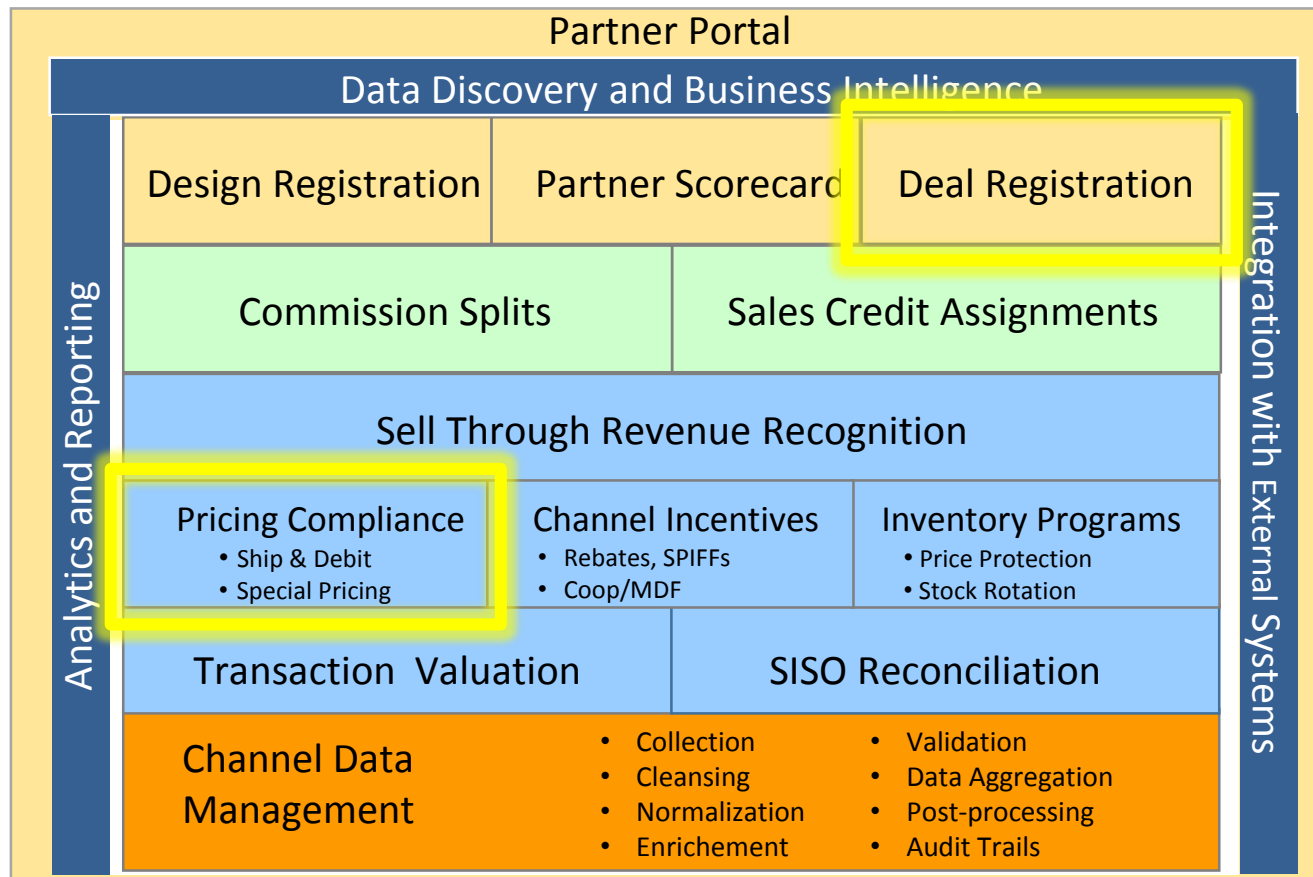| Channel Data Management	Revenue Management	Sales Performance Management	Partner Relationship Management

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Commission Splits | **Sales Credit Assignments**

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Integration with External Systems

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A Unified Flexible Solution

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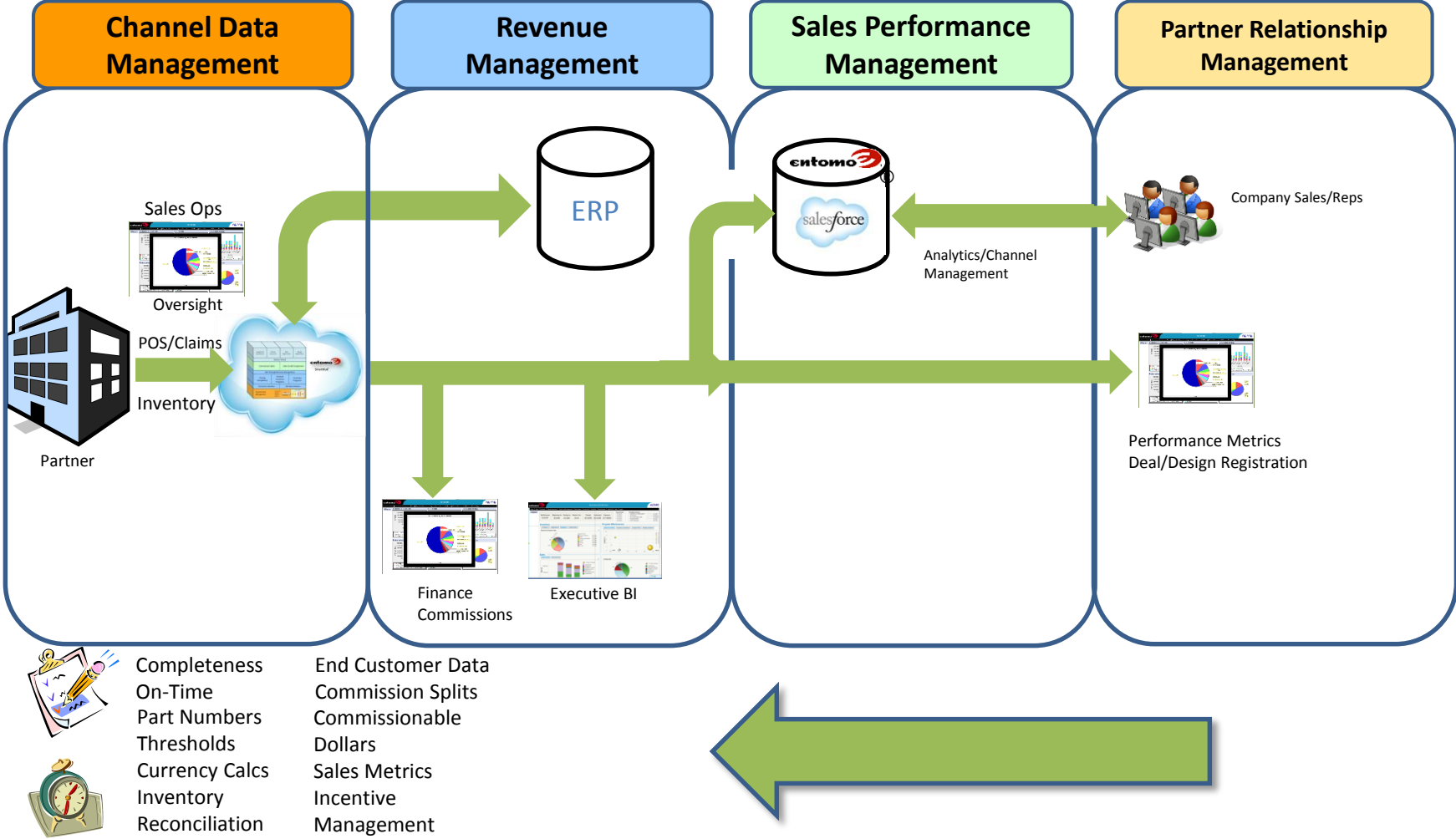| Transaction Valuation	SISO Reconciliation

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Integration with External Systems

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Streamlined Channel Process

Channel Data Management

Revenue Management

Sales Performance Management

Partner Relationship Management

Sales Ops

Oversight

POS/Claims

Inventory

Partner

ERP

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salesforce

Analytics/Channel Management

Company Sales/Reps

Performance Metrics
Deal/Design Registration

Finance Commissions

Executive BI

Completeness	End Customer Data
On-Time	Commission Splits
Part Numbers	Commissionable
Thresholds	Dollars
Currency Calcs	Sales Metrics
Inventory	Incentive
Reconciliation	Management

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Problem Summary

- **Channel Management Operational Functions are Broken**

  - Due to disparate systems developed over time
  - Causing delays in accurate information flow to the field
  - Causing potential revenue leaks due to non-integration of data sets and unified accounting

- **Significant Net Reduction in Channel Revenue**

Solution Summary

- **A Mature Channel Management Model Requires**
  - A unifying focus on
    - Channel Data Management
    - Channel Revenue Management
    - Sales Performance Management
    - Partner Relationship Management
  - A Channel Management System that can
    - Be the third major pillar in the Business Support Structure
    - Eliminate revenue leakage in all areas
    - Provide real-time, error free analytics and business intelligence

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Q & A

Thank You

Find out how your current processes and data compare with industry best practices.

Get a free channel assessment to review your specific situation.

REQUEST A CHANNEL ASSESSMENT

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