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REBATE AND MDF MANAGEMENT SOLUTIONS BRIEF



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The Business Imperative

Leading sales organizations are turning to sophisticated rebate and MDF programs to help them meet revenue commitments in today's competitive global markets. Companies selling through multi-tier and even omni-channels rely heavily on indirect and direct partners to achieve revenue goals and expand product reach. To accomplish these objectives, many companies use various rebates and incentives to drive channel results.

To succeed in a competitive market, high-tech vendors need reliable channel performance visibility. But rapid channel growth has forced many companies to hastily adopt a reactive technology implementation approach just to keep up.¹

Driving partners to meet or exceed sales goals remains at the top of channel chiefs' challenges. 94% of executives recently surveyed report issues with their incentive programs including:

- payment processing (50%)
- designing effective programs (47%)
- engaging the channel (47%)
- evaluating ROI (46%)
- validating and auditing earn-outs and pay-outs (41%)²

¹ Forrester, Channel Sales Data Drives Revenue And Profitability, Opportunity Snapshot, January 2021

² 2021 State of Revenue Report

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As a result,

these organizations are transforming themselves into industry leaders by maximizing revenue execution. Incentives can offer significant benefits in the overall design of channel programs, providing organizations with additional tools to drive revenue growth in the channel, creating greater engagement from channel sales partners, as well as decreasing operating costs through improved sales efficiencies.

To accomplish these goals, many companies use various incentives to drive channel results. According to Forrester Research, “Channel incentives are usually performance-based and aim to improve the yield, reach, or mix of a group of partners. Common incentives include volume rebates, new customer bonuses, sales performance incentive funds (SPIFs), market development funds (MDFs), embedded headcount, and activity-based rewards. Optimizing channel incentives around changes in behavior as opposed to rewarding existing habits is also important to drive channel loyalty.”³

Rebates and channel incentives programs can be categorized in several ways including:

- **Sales quota attainment** are a variety of performance related goals including; absolute numbers, a percentage or a percent of change or units sold.
- **MDF/Co-op** are funds high tech companies and partners use for joint market development. Co-ops award monetary credits to partners for sales that result from the development of new markets for these companies.
- **Product based programs** are incentives earned due to any defined activity related to a product. The activity can be sales or a promotion.

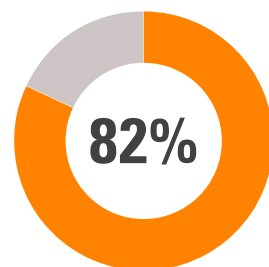
³ Now Tech: Channel Incentives and Program Management, Q1 2019, Forrester Research

While channel incentives support evolving goals and objectives, most High Tech companies lack the visibility, automation and day-to-day management needed to control complex incentive programs. As companies strive to realize revenue potential in these channels, unforeseen costs arise, resources are strapped, and reconciliations of what is owed to partners impacts revenue and erodes margins. In many organizations this is the leading cause of revenue leakage.

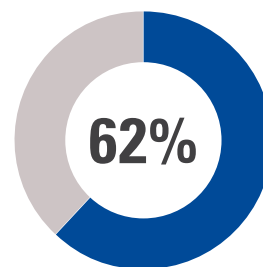
For channel incentives to be successful, they need to be simple, easily defined, clearly communicated and effectively managed while offering straightforward support to channel partners. Most importantly, channel sales data and incentive program data need to be integrated to ensure revenue leakage caused by incentive overpayments is eliminated.

Major Channel Incentive Challenges

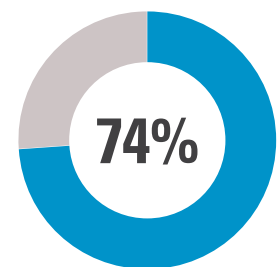
For top performing companies as defined in the State of Revenue survey⁴, a distinction between top performers and average organizations is how well they manage channel incentives. Top companies are 1.6 times more likely to have high throughput automated earnings calculations based on POS, direct orders or other transactions. When interviewing 300 executives, the survey showed:



of top organizations are doing well with generating payments off earnings and have services in place to manage channel partners and anomalies.



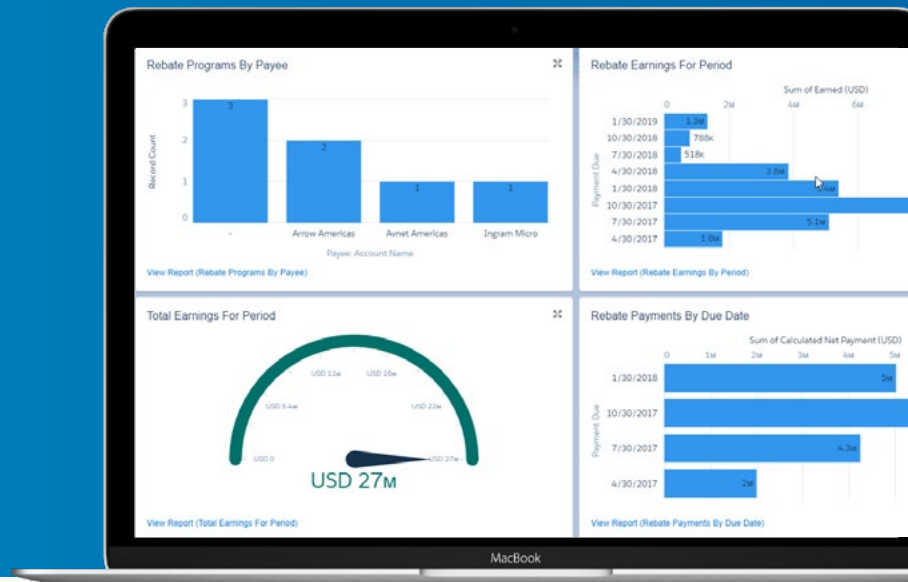
of companies are more likely to be doing well when defining flexible rebate programs from one or more payee. This includes goals, qualifications and benefits.



of companies are more likely to be doing well enabling partners with approvals, allocating funds against plans, tracking completion of activities and validating/rejecting claim payment.

⁴ Model N's 2019 State of Revenue Report

Channel Incentives Overview



Rebate Management Value

Increase sales with targeted incentives to distributors, end-customers or other distribution tiers

Amplify sales with targeted promotional funds properly allocated, approved and disbursed

Control fund payments with robust approvals requiring proof of activity completion

Expand revenue from rebates that promote increased attach rates resulting from cross-selling and upselling

Strengthen margins by reducing rebate and MDF overpayments with accurate and timely payments

Grow and improve cash flow with rebates paid after proof of sales instead of up-front discounts

Manage cash flow by decoupling rebate earnings from payments

Improve financial controls with accurate accruals

Reduce risk with complete history and audit trail of entire process

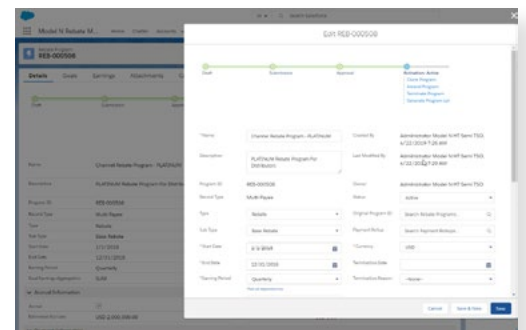
Model N's Channel Incentives offers a comprehensive solution for High Tech.

Rebate Management

Model N Rebate Management is engineered for today's most complex incentive programs and it simplifies the creation and management of a wide range of program types. Model N Rebate Management allows your organization to easily design, configure, rollout and manage effective rebate programs. Rebate Management is an excellent solution for various industries such as High Tech selling a vast and complex product catalog. Rebate Management is 100% cloud-based allowing you to launch incentive programs with no dependency on IT. Utilizing a robust, scalable calculation engine, this allows for more responsive changes in your business and to capture more market share.

With Rebate Management you will be able to:

- Provide a single source of truth for all rebate calculations
- Instantly create and launch new rebate programs on the fly without coding
- Deliver automation and speed in managing rebate calculations and payments no matter what your volume may be
- Offer a highly configurable solution for the most complex rebate types
- Provide a self-service portal for your channel partners to report on their progress and see their attainment
- Integrate with ERP solutions like SAP and Oracle out of the box
- Gain insights into which programs are driving results and which are wasting money



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Create Rebates Programs

Support the complexities of manufacturers rebate programs. Support multiple qualification and benefit types including co-op, market development funds, and volume rebates. Allow an unlimited number of conditions and benefits per program and an unlimited number of tiers. Automatically generate payment schedules and initiate tracking within the application.



Import Data and Apply

Ability to integrate to any direct and third-party data from internal or external systems. Automatically validate and apply the appropriate sales lines to payments.



Calculate

Automatically perform rebate calculations. Allow users to review and override system calculations by including or excluding line items or overriding a calculated tier.



Approve and Pay

Pass a processed rebate through configurable approval workflows prior to releasing it for payment. Generate conditional approval routings based on payment amount, manual overrides, and other factors. Once a rebate is approved, check requests or credit memos are generated for posting to ERP systems.



Adjust

Enable reopening and recalculating a previously-closed payment, generating reversing entries, and calculating net payment due.



Analyze and Report

Generate standard internal and customer-ready reports in a variety of formats. Enable the attachment of external documents to rebate payments in cases of additional offline calculations of analysis. Download reports to Microsoft Excel.

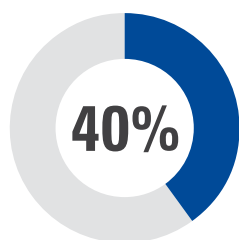
Market Development Fund Management

High Tech companies are looking for greater efficiencies, pushed by the complexity in their selling model and the broad product portfolios offered through their multi-tiered channel ecosystem. The digital economy is putting its mark on industries that value automation, compliance, and visibility for better accountability and governance. Marketing, Sales, and Channel leaders are confronted with increasing program complexity, incentive overpayments, lost margins due to mismanaged or inaccurate MDF and Co-Op fund allocation, and lack of tangible proof of performance by partners.

According to the 2112 Group's Channel Outlook research, "MDF tops the Channel Chief list for the best means of influencing partner behavior and earning loyalty. Four in ten Channel Chiefs note MDF as the top influencer mechanism, and 43 percent say it's a strong driver of partner loyalty."⁵

Deploying channel MDF has its own unique challenges particularly due to new emerging customers, the changing landscape of partners involved, and the speed at which new market opportunities like IoT and others emerge and evolve. Now, more than ever, success in channel marketing requires quick execution of end-to-end processes, which can only be achieved by:

- Automate the management of MDF from creation to payment
- Directly engaging partners, from adoption to compliance tracking against agreed upon MDF initiative objective
- Reward high performing partners and maximizes profitability by reducing overpayment
- Automate and simplify the management of marketing funds from fund creation to payment
- Track partner engagement and execution automatically against MDF initiatives
- Control types of activities and claims that are approved for each fund
- Manage goal focused initiatives such as digital business
- Streamline manual payments through automated claim reimbursement
- Align marketing activities to your channel sales strategy



of vendors listed MDF as the best influencer of partner behavior, while 28 percent listed it as a top influencer of partner loyalty.

– 2112 Channel Chief Outlook

⁵ 2019 Channel Outlook, The 2112 Group, March 2019

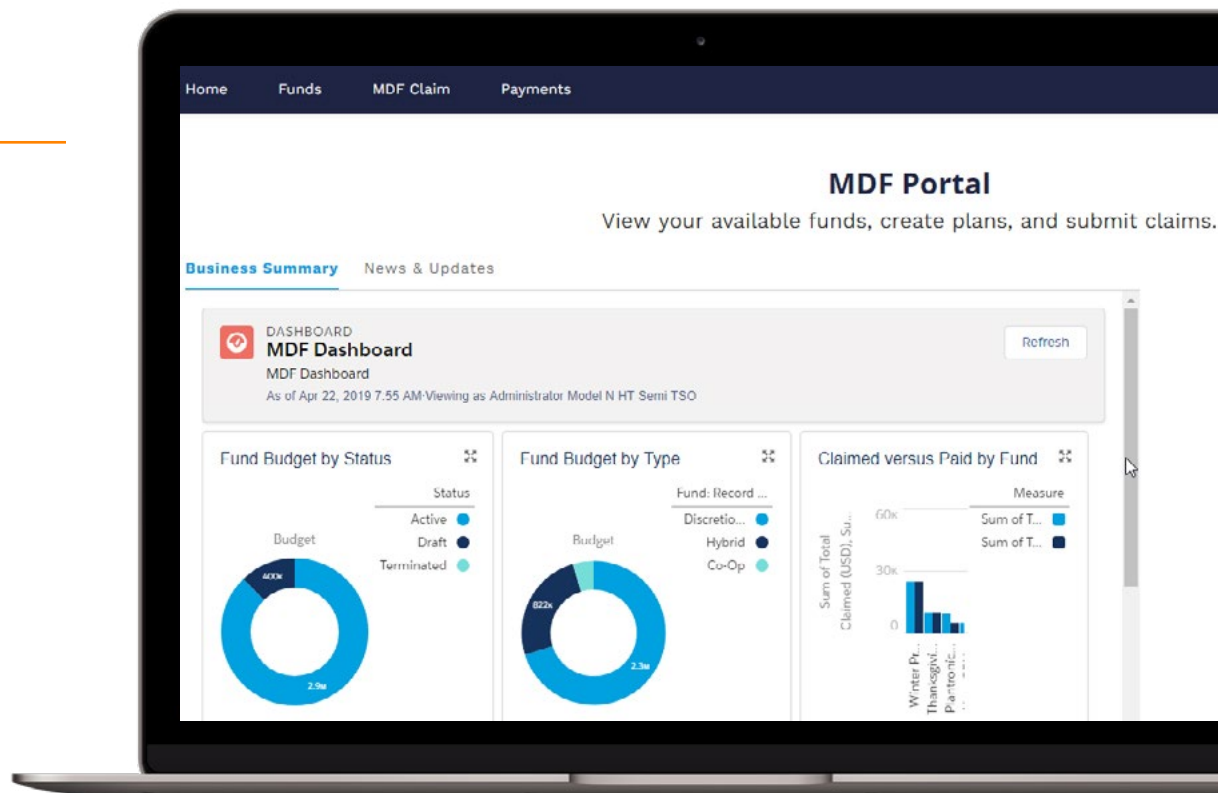
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Model N Market Development Fund Management (MDF) is designed to provide channel leaders with the tools to successfully design and execute incentive programs, enroll partners and enable them to create plans that maximize impact. MDF Management helps you align activities with channel sales strategies, manage approvals against activity types for each fund, track proof of execution, automate tracking, and initiate timely ERP payments. The end-to-end process in Model N MDF Management helps you maximize the profitability of your MDF/Co-Op investment.

Model N Market Development Fund Management is cloud-based and provides efficiency, compliance, and control of your MDFs by managing, automating, and optimizing channel incentive investments. With the Model N MDF Management solution you can manage your end-to-end processes from fund generation to claims payment, while tracking adoption, execution and compliance to maximize profitability of your MDF and Co-Op investments.

MDF Value

- **Monitor forecast spend** for activities versus actuals
- **Manage claim** reimbursement process
- **Integrate payments for claim reimbursement** with any ERP system
- **Enable partners via a portal** to view the status of submitted activities, claims and payments



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THANKS FOR YOUR TIME

Learn more about our approach
to Channel Incentives [here](#)

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