

Using Data Analysis to Discover Hidden Profit Opportunities in the Sales Process

In our previous issue, *InterComms* interviewed Ittai Bareket, Netformx CEO, to learn how Netformx provides solution providers insights that increase margin and profits by simplifying the management of vendor reward programs and incentives, as well as partner relationships. Today, Mr. Bareket facilitates a customer roundtable to discuss the many ways solution providers are using Netformx ChannelXpert to discover hidden profits in their sales process.



Ittai Bareket, CEO, Netformx Inc.

Adriana Loria Arroyo is Corporate Alliances & Strategy Director at IT Servicios de Infocomunicacion S.A. (www.ITInfoCom.com), headquartered in Costa Rica. They support their customers across the entire lifecycle, providing assessment, design, implementation and then ongoing network monitoring and other services.

David Yarashus is CTO at Chesapeake NetCraftsmen, LLC (www.netcraftsmen.com), headquartered in Maryland. They are a Cisco gold reseller who provides professional services as well as products to many regulated industries, such as federal agencies, healthcare, energy, and finance sectors, where getting it right the first time is important.

Ittai Bareket is Netformx CEO (www.netformx.com). Netformx helps service providers, systems integrators, and technology vendors accelerate profits with powerful business intelligence, actionable insights, collaboration, and automation that connect people, information, and processes. They enable customers to design and sell winning and implementable multivendor solutions demanded by enterprises across the globe.

► **Ittai:** Most solution providers are not taking advantage of vendor programs and promotions that enable them to increase their margins, which can either be passed on to the end customer to win deals or leveraged to increase deal profitability. Most times, they don't realize they have such untapped opportunities. And even if they suspect they are not maximizing margins, it is an arduous task to manually sort through the maze of data and requirements to identify and then recover the untapped profits.

Netformx helps customers with an innovative sales process analytics engine that identifies gross margin leakages and provides insights so solution providers can take action to recover revenues and margin that would otherwise be lost.

On the backend, solution providers can increase profitability by maximizing rebate attainment. An analysis of a recent Cisco Value Incentive Program (VIP) showed, among other things, that more than \$30 million in potential incremental vendor rebates were hidden in sales processes and not being recovered.

We are delighted to have David and Adriana here to discuss hidden revenues they have uncovered and how our analytics engine, Netformx ChannelXpert, is helping them gain insights and take action to increase profitability.

Ittai: **Adriana, what hidden revenues have you uncovered in your sales process?**

Adriana: A big area of complexity for us was managing Cisco and other vendor programs and promotions. These programs have strict compliance requirements that, if not met, can have major financial impacts on our margin and profitability. Managing the complex program variables while attempting to maximize margin was a costly manual process that was inefficient and prone to error.

I'm responsible for our Cisco partnership, certifications, and all compliances, so I manage all aspects of incentive programs using a lot of disparate tools with difficult-to-understand reports. Managing these programs has been a manual process for me. I would review our Bills of Materials (BoMs) for missed rebate and reward incentive opportunities and then give feedback to our presales engineers, who would then redo their design. It was a difficult process that was all done by hand using complex Cisco tools. Basically we had no visibility into Cisco VIP rebates, so there were lots of opportunities for mistakes and untapped revenue or margin.

With better reports and analytics we can now automatically optimize our BoMs to maximize our VIP rebates before we book the order. We can easily track, analyze, and understand our vendor reward status with easy-to-understand dashboards. I love it!

Ittai: **David, what have you found?**

David: We have had a similar experience to Adriana's. About a year ago we became one of the early adopters. Prior to that we also used manual processes to identify promotions to incorporate into solution designs and to manage Cisco VIP rewards. Our senior management performed rough spreadsheet analyses with data from vendor reports that were difficult to analyze and did not always provide relevant data or useful insights. Since these were cumbersome processes, they were only done on an as-needed basis.

We are now able to take full advantage of vendor incentive programs by automating our manual processes and identifying opportunities we would never have been aware of. We have seen immediate growth in our reward rebates.

Ittai: **Have you also integrated ChannelXpert directly into the design process?**

David: Yes, previously during the design process NetCraftsmen engineers manually browsed the vendor's websites for promotions before starting the design or took incentives into account after the BoM was created.

Now that ChannelXpert is integrated into Netformx DesignXpert® our engineers can —with a simple right-click— see relevant equipment options and their impact on the budget in real time as they are creating designs. The software cross-references each BoM line item against user certifications and promotion eligibility to determine possible substitutions that yield better program participation. This saves us 15-30 minutes per device — a significant increase in productivity and accuracy!

Ittai: Another ChannelXpert feature aggregates purchasing data from different sources such as the manufacturers and the stocking distributors. Actionable results are identified by consolidating the data into a single pane of glass and running analytics. Using these powerful dashboards, one of our customers noticed that they were selling mostly vendor-branded services and were ordering those via a distributor. Since purchasing these services via their distributors had the lowest margin, the solution provider's profitability was significantly impacted. Once this profitability gap was identified the solution provider launched a campaign with the sales team to sell their own branded services. This enabled them to significantly improve their bottom line. Only with the power of an analytics engine was the solution provider able to not only see what services were being delivered to the enterprise but also the service brand and cost. The result was increased profit.

Ittai: Adriana, have you put a spotlight on other areas where you can improve profitability?

Adriana: Yes, we are now able to better track and manage our deals. We weren't able to do this before and had no vision into what was going on. Now I have complete visibility into our deal register: how many deals are open, in process, or closed. I can see why deals are not closed, understand what's going on, and then take action to avoid disqualification or reduced incentives. Or I can drill down to see registration and eligibility status and maybe identify a sales representative that might need additional coaching or training. I now have visibility I never had before all in a single dashboard.

Ittai: David, have you automated your employee certification tracking?

David: Yes, before getting onboarded and being able to collect certification status, we would manually track certifications using the Cisco certification specialization application reports, which were filled with acronyms and hard to use. It was a painful process involving plowing through spreadsheets and matching coverage gaps against staff certifications and expirations. Expirations were often discovered by accident.

Now our certification and program compliance tracking is easy with the automation of the management, monitoring, and up-keep of employee certification status at company, program, and individual levels. The process creates a required-action checklist that spells out the vendor acronyms and makes the results readily understandable and immediately actionable. With a single click I can see who needs to be recertified and by when, so action can be taken in advance, such as ensuring professional development matches vendor requirements. No decoder ring is needed!

Ittai: Adriana, do you have any closing comments?

Adriana: Our productivity has been greatly enhanced. We can do our work faster and with fewer errors. And by increasing our rebate and reward incentives our margins have improved, helping us to lower prices. This has made us more competitive.

Ittai: What about you, David?

David: As with most solution providers, we were using a hodge-podge of time-consuming manual methods that took many hours every day without providing actionable insights. Raw data and complex reports are a waste of time. Netformx ChannelXpert doesn't just give me data—it provides simple dashboard graphics that tell me what I can do!

Ittai: Thank you Adriana and David for your insights!

Find out more about Netformx ChannelXpert at:
www.netformx.com/ChannelXpert

