

Model **N**

SEMICONDUCTOR & COMPONENT MANUFACTURER

[MODELN.COM](https://www.modeln.com)

Model N

Capturing Lost Revenue – 5 Steps for Semiconductor Companies

Introduction

According to the World Semiconductor Trade Statistics, WSTS expects the world semiconductor market to grow in 2018 and 2019 to \$478 billion and \$490 billion respectively. As a result, semiconductor professionals are asking themselves two questions: How can we take advantage of this growth? And what happens if the economy takes a plunge again?

Semiconductor companies need a strategy that won't leave any revenue on the table. Here are 5 steps semiconductor companies can take to improve business performance, regardless of economic performance.

Model N

Top 5 Steps for Semiconductor Companies

1

Improve sales efficiency and effectiveness

Speed up your deal cycles by improving the close process through automation and by providing an effective deal-desk function. Improve your ease of doing business by directly extending processes to your channel, including registrations, pricing, inventory, and point-of-sale data.

For example, ON Semiconductor found that increased quoting discipline and automation reduced quote cycles by 50% and increased quote-to-order conversion rates by 11% in 12 months without eroding average selling price (ASP). For a multi-billion dollar company this is a significant impact.

Model N

Top 5 Steps for Semiconductor Companies

2

Streamline demand generation tracking

Semiconductor companies need to track business as it moves around the globe – from design to manufacturing, assembly, and shipping. Registration programs are already complex. Business transfer situations exponentially increase this complexity. By streamlining demand generation tracking, you can improve your transfers of business, enforce pricing policies around the world more effectively, and compensate your sales force more accurately.

Companies like Microchip and Cirrus Logic have invested in packaged software and processes to help better track business transfer around the globe. Taking this step helps them align their sales and field application engineers with the most lucrative opportunities and protect their margins in the process.

Model N

Top 5 Steps for Semiconductor Companies

3

Eliminate price erosion

Eliminating price erosion is a simple way for semiconductor companies to recoup millions of dollars. Implementing steps 1 and 2 will help you to pinpoint toxic pricing processes and epicenters. For example, are you providing your best pricing to your poorest performing customer? By improving visibility and control into the discounting process, you will have the tools to address these issues.

In a recent SalesGlobe survey, 70 percent of companies had a deal desk in their sales organization; but nearly 30 percent of respondents had not yet heard of a deal desk, which means these issues are rampant in the industry. ON Semiconductor, Microchip and STMicro have all reported gross margin improvements through better discounting controls and pricing rules.

Model N

Top 5 Steps for Semiconductor Companies

4

Implement effective business intelligence

Semiconductor companies need to continuously utilize timely, accurate and thorough transactional data. You need the ability to coalesce all the pricing, quoting, opportunities, and point-of-sale information into meaningful action items.

Model N

Top 5 Steps for Semiconductor Companies

5

Improve yield of contracts

According to the Aberdeen Group, the average contract loses up to 9% of its value because customers do not live up to their contractual commitments. To improve your contract yield and drive consumption, you need insight into contract utilization and compliance. This information needs to be tracked to your sales organization, with alerts for immediate action by the sales team. By improving the yield of your contracts, you will impact your pricing strategy, without sacrificing your ability to provide customers with discounts and rebates as they continue to consume units.

Model N

Capturing Lost Revenue – 5 Steps for Semiconductor Companies

Conclusion

For many years, companies have bolted together independent siloed solutions to 'get the job done'. In order to maximize top line performance, these complex revenue management business processes need to be streamlined and integrated.

A growing number of companies — including ON Semiconductor, PMC-Sierra, Linear Technology, and NXP - have improved their business operations year-over-year by holistically managing operations and processes from design-win through pricing, quoting, contracting, and channel management. By following these five simple steps, semiconductor companies can improve their bottom line and capture millions of dollars that would otherwise be left on the table.

Model N

THANKS FOR YOUR TIME

MODELN.COM

About Model N

Model N is a leader in Revenue Management Cloud solutions for life science, technology and manufacturing companies. Driving mission critical business processes such as configure, price and quote (CPQ), rebates and regulatory compliance, Model N Cloud solutions transform the revenue lifecycle from a series of disjointed operations into a strategic end-to-end process. With deep industry expertise, Model N supports the unique business needs of the worlds leading brands in life science, technology and manufacturing across more than 100 countries. www.modeln.com

Model N Headquarters

777 Mariners Island Blvd., Suite 300, San Mateo, CA 94404 | Phone: +1 (650) 610-4600, Fax: +1 (650) 610-4699