PHASE 1

Set Your Partner Program Budget

Phase 1: Simulation Business Problem to Solve

- You are spending money to build your channel budget

- Your **annual budget** is $2M

- Your **annual revenue goal** to achieve is $5M

  - *The 3-5 year ramp of this program is expected to deliver a $150M to $250M channel in terms of indirect revenues*

- Headcount spend has already been allocated and hired; **you are building the program spend** portion of the budget

- **The Product**: "MacroSoft's CloudOne Appliance"

  - *Traditional Resell Offering: ASP $50,000*

  - *Managed Services Offering: ASP $1,000 per mo./ per appliance*

- **Target market:** SMB, upper mid market, departmental users in enterprise customers

- **Competitive landscape**: one major appliance competitive vendor competes but many larger HW & SW vendors claim capabilities via alliance or OEM relationships

- **Single tier channel** of highly productive HW & SW VARs *with solution and managed services capabilities*.
  Annual revenues $3M+ and growing

IPED Vendor Benchmark Research: Helping Channel Chiefs Justify Spend
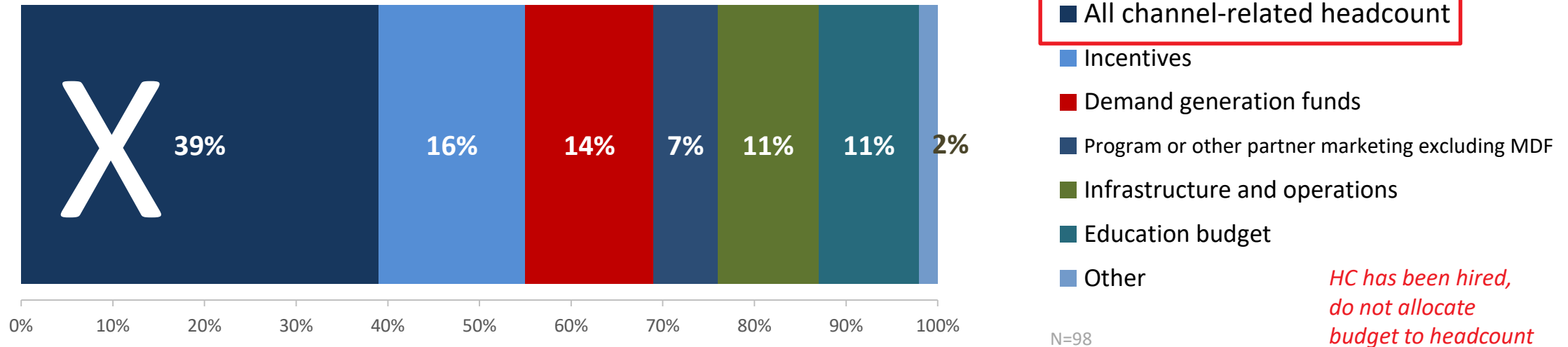
This is a Channel Chief task in real life!

You will allocate budget across these categories in your teams.

There will be no budget targeted to headcount, it has already been allocated for you!

How is the total channel budget allocated?

Bar segment	Value
All channel-related headcount	X 39%
Incentives	16%
Demand generation funds	14%
Program or other partner marketing excluding MDF	7%
Infrastructure and operations	11%
Education budget	11%
Other	2%

Legend:
- All channel-related headcount
- Incentives
- Demand generation funds
- Program or other partner marketing excluding MDF
- Infrastructure and operations
- Education budget
- Other

N=98

HC has been hired, do not allocate budget to headcount

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Why Might the Benchmark #s Offer Insight, but Not the Entire Answer?

**It's not a question of which tool is best, or even which programs are most effective
… it's about what you're trying to accomplish**
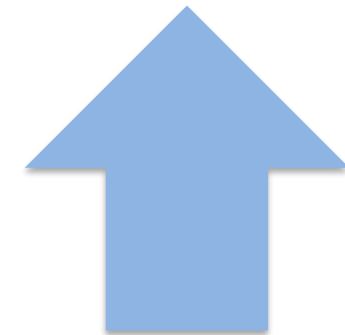
**Consider This Question:
Which Tool Is Most Valuable?**

Wrench? or Screw Driver?
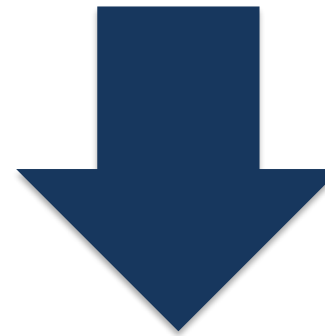
What causes success in the channel?

OR…

Why do some channels thrive while others languish or fail?

The Million Dollar Channel Answer...Channel Context & Strategy is Critical

Avoid One Size Fits All... What are the Stated Objectives?

{ Is It Possible To Do All Of These At The Same Time? }

Microsoft Dynamics AX for Retail

Office 365 Microsoft Partner

This is **"Channel Context"** ...
and there is **NO SUCH THING**
as a Single Right Answer

- New or Mature Product?

- New or Existing Channel?

- A Program for the Masses or Targeted Few?

- Volume/Commodity versus Complex Solution?

- Customer Target Market Enterprise or SMB?

- Which Routes to Market? Customers they Reach?

- Fulfillment versus Value-Add Channel

- Product and Brand Awareness & Share

Let's Use a Methodology Based on Context to Solve our Simulation Business Problems

PRODUCT STRATEGY

REQUIRED INPUT

- ✓ Product ASP
- ✓ Target Markets
- ✓ Buying Behaviors
- ✓ Competition

CHANNEL STRATEGY

RTM

- ✓ Routes to Market Selection
- ✓ Partner Profile Development
- ✓ Value Proposition Development

Capacity

- ✓ Partner Productivity Assumptions
- ✓ Capacity Planning

PROGRAM DEVELOPMENT

Enable

- ✓ Sales & Technical Training
- ✓ Tools & IP Sharing
- ✓ Field Mentoring or teaming

Market

- ✓ Market to, through, with strategy
- ✓ Demand generation tools
- ✓ Co-marketing funds & rules

Sell

- ✓ Pre- and post- sale support
- ✓ Incentive structures
- ✓ Pricing and discount models
- ✓ Deal Registration

FIELD EXECUTION

Recruit

- ✓ Staffing model
- ✓ Onboarding activities
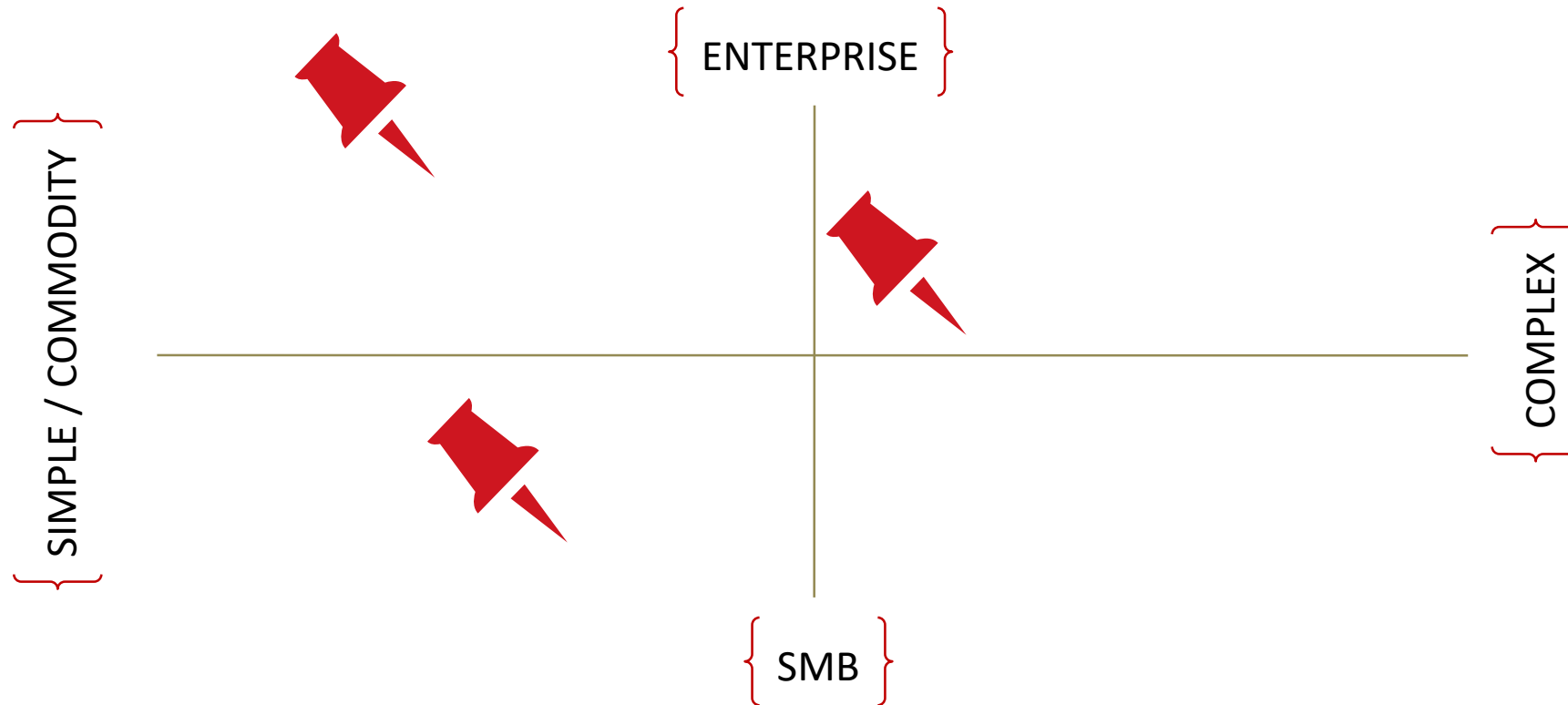- ✓ Role of distribution

Manage

- ✓ Program metrics management
- ✓ Joint business planning
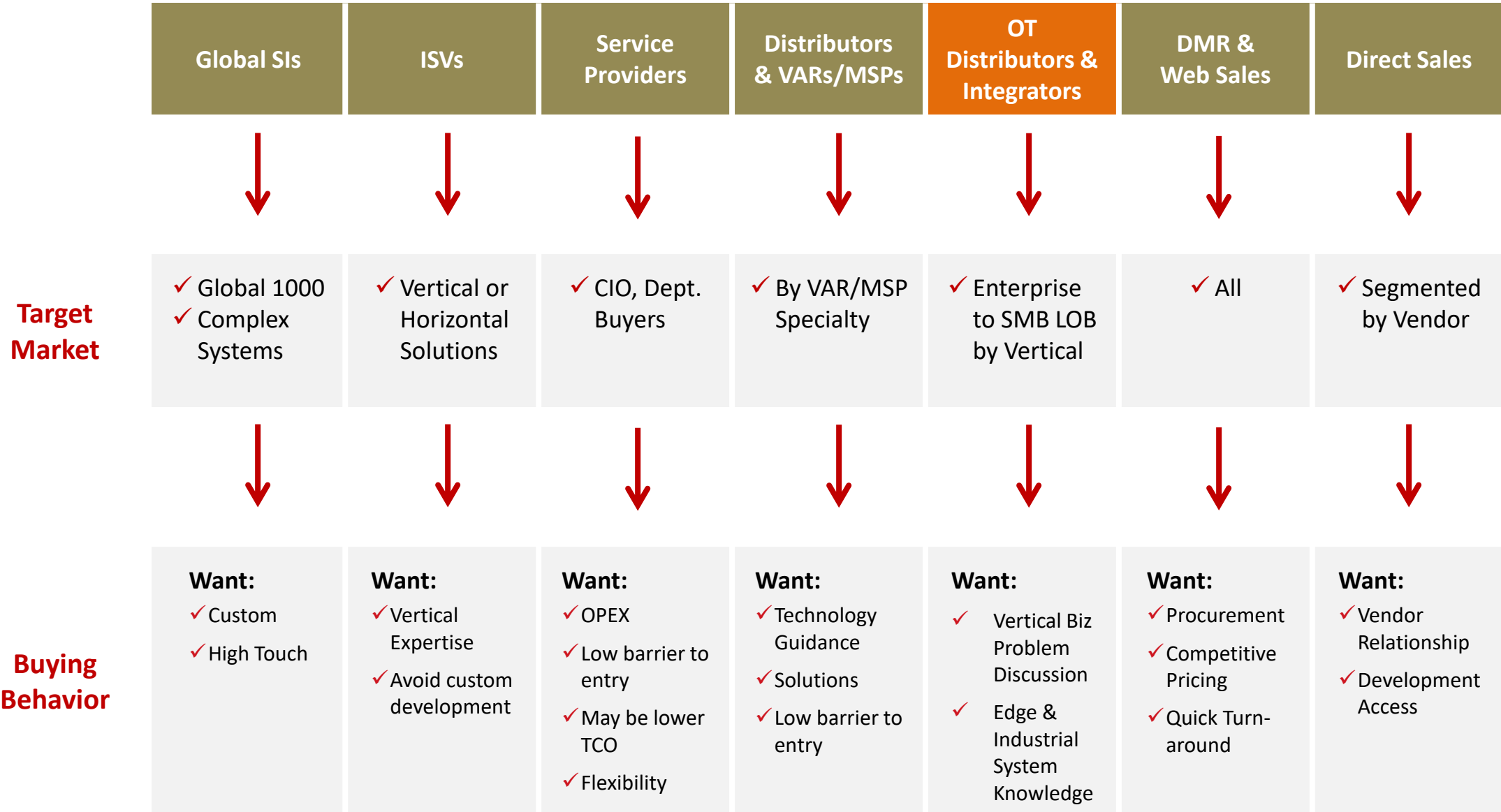- ✓ Rules of engagement

SUPPORTING INFRASTRUCTURE (PRM, 800#, SUPPORT LINE, PORTAL)

Which Target Markets are You Going After?
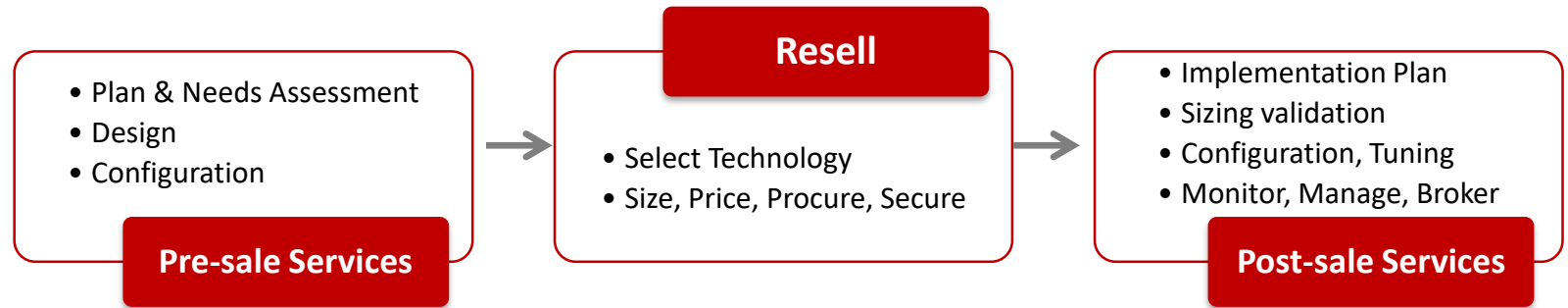

✓ *Different again for components or embedded software versus whole products*

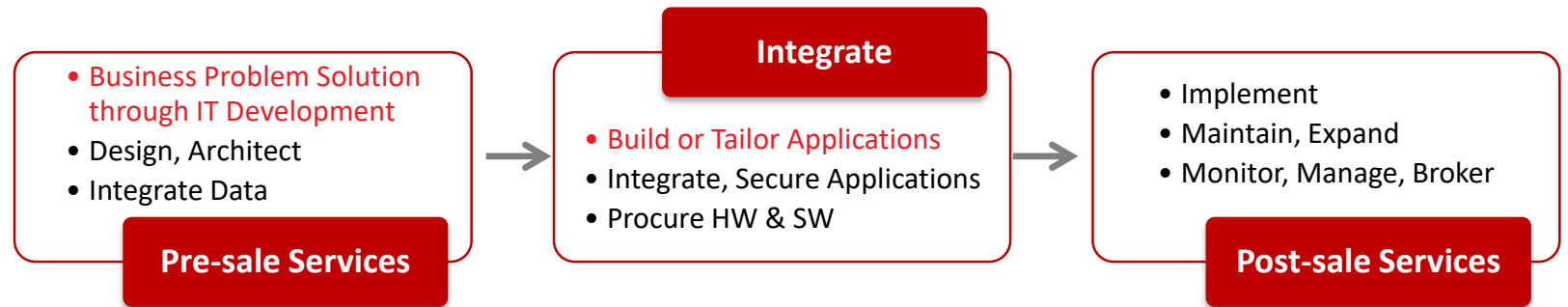# Which Partner Business Models have Access to the Target Markets?

	Global SIs	ISVs	Service Providers	Distributors & VARs/MSPs	OT Distributors & Integrators	DMR & Web Sales	Direct Sales
Target Market	✓ Global 1000 ✓ Complex Systems	✓ Vertical or Horizontal Solutions	✓ CIO, Dept. Buyers	✓ By VAR/MSP Specialty	✓ Enterprise to SMB LOB by Vertical	✓ All	✓ Segmented by Vendor
Buying Behavior	**Want:** ✓ Custom ✓ High Touch	**Want:** ✓ Vertical Expertise ✓ Avoid custom development	**Want:** ✓ OPEX ✓ Low barrier to entry ✓ May be lower TCO ✓ Flexibility	**Want:** ✓ Technology Guidance ✓ Solutions ✓ Low barrier to entry	**Want:** ✓ Vertical Biz Problem Discussion ✓ Edge & Industrial System Knowledge	**Want:** ✓ Procurement ✓ Competitive Pricing ✓ Quick Turn-around	**Want:** ✓ Vendor Relationship ✓ Development Access

Which Partner Capabilities are Required?

IT Infrastructure

Pre-sale Services
- Plan & Needs Assessment
- Design
- Configuration

→

Resell
- Select Technology
- Size, Price, Procure, Secure

→

Post-sale Services
- Implementation Plan
- Sizing validation
- Configuration, Tuning
- Monitor, Manage, Broker

IT Applications

Pre-sale Services
- Business Problem Solution through IT Development
- Design, Architect
- Integrate Data

→

Integrate
- Build or Tailor Applications
- Integrate, Secure Applications
- Procure HW & SW

→

Post-sale Services
- Implement
- Maintain, Expand
- Monitor, Manage, Broker

OT or OT Industrial

Pre-sale Services
- Business Problem Solution through Vertical Expertise
- Design, Architect
- Integrate Data

→

Install, Integrate
- Build, Tailor, Secure Solutions
- Procure, Place Edge Sensors and Operational Point Solutions

→

Post-sale Services
- Implement
- Monitor, Manage, Expand
- Maintain via MRO

A Solid Partner Profile Is Essential! Sample: Hybrid MSP/VAR Partner Profile

Partner Potential

PRODUCT ADOPTION RECORD: The entire Product Line to enable cross-sell

ENABLEMENT: Sales, Operational, Technical Training, Support Capabilities

- Dedicated Sales Staff Trained (Qty)

- Technical staff trained for both pre-sales design/configure & post-sales implementation

- Operations staff trained for Managed Services Delivery

CAPABILITIES: Dedicated Marketing coordinator, matches MDF, tracks leads and reports back on MDF usage

HW, SW, SERVICES MIX: 25%-25%-50%

TOP LINE REVENUE GROWTH: 10%

Revenue

REVENUE/SALES:

- Vertically targeted customers with specialization in our target markets and products

- Receives high customer satisfaction feedback, has customers ready for be references

- Last FY annual or recurring or product revenue $XXX,XXX

SAMPLE SALES CRITERIA: Customer Target Markets, Industry Verticals, Horizontal Solutions, Customer Satisfaction, References, Average Deal Economics, Transaction Volumes

- Account Alignment: Quantity of accounts in your named territory segmentation

- Access to Whitespace Accounts: Low, Medium, High

BTW… You will rarely find a partner that meets the profile EXACTLY. Judgment is required

...a Sample Telco Agent Profile

Potential

- **Product Adoption Record:** Telco/Cableco Broadband services, selling BDR, VOIP, Office365 Cloud services, etc.

- **Enablement:** Sales Training in conjunction with a Master Agent

    - ✓ <u>Agent:</u> Dedicated Sales Staff Trained

    - ✓ <u>Master Agent</u>: Technical staff trained for both pre-sales design/configure & post-sales implementation

- **Marketing Capabilities:** Can create pipeline often based on contract and subscription expiration dates, uses less MDF than a typical MSP/VAR

- **HW, SW, Services Mix:** 100% Carrier and Cloud Commissions (maybe resale). Recommends then provisions through CSP Master Agent.

- **Top Line Revenue Growth:** 15%

Revenue

- **Sales:** To which Customer Target Markets does this Agent have access? Which Industry Verticals, Horizontal Solutions? What are the Average Deal Economics, Transaction Volume?

    - ✓ Mid-market and SMB in Southern Cal with a vertical emphasis in start-up technology companies in South Orange County

    - ✓ Been in territory for 15 years

    - ✓ Works with Intelisys Master Agent (bought by ScanSource)

    - ✓ Last FY annual carrier services recurring revenue contracts: $500,000

What if your Partners started as Consultants? Born in the Cloud?

Potential

- **Product Adoption Record:**

  - ✓ Core product and cross sell products

  - ✓ Developed proprietary extensions sold through our Marketplace

- **Enablement:** Sales, Technical and Services training

  - ✓ Implementation, Management, Development

- **Marketing Capabilities:** Can create pipeline and demand based on credibility, vertical expertise & solutions

- **HW, SW, Services Mix:** 100% Services

- **Top Line Revenue Growth:** 15%

Revenue

- **Sales:** To which Customer Target Markets does this Agent have access? Which Industry Verticals, Horizontal Solutions?   What are the Average Deal Economics, Transaction Volume?

- Can co-sell with with our team and with other Partners

bluewolf an IBM Company

Capacity Planning

As you build your program,

you need to know if you are building for 1000s or for 100s.

Additionally, part of management review will include an indication of how many partners you'll recruit to achieve $5M in revenue.

Capacity Planning Helps Identify How Many Partners are Required for Recruitment

INFO REQUIRED	
Product Average Selling Price (ASP) @ Net Revenue	**$10,000**
Number of Deals Average Partner Can Sell / Year	**10 / Year**
My Annual Quota	**$1,000,000**
Recruitment Failure Rate: *(Historically what % of partners recruited do not achieve **AT LEAST 80%** of the # of deals the Average Partner sells per year?)*	**30%**

Not in Navigator

CALCULATIONS	

Average Partner Productivity =
Product average selling price (ASP) * number of deals partner can sell/year

$100,000

Number of Partners Required =
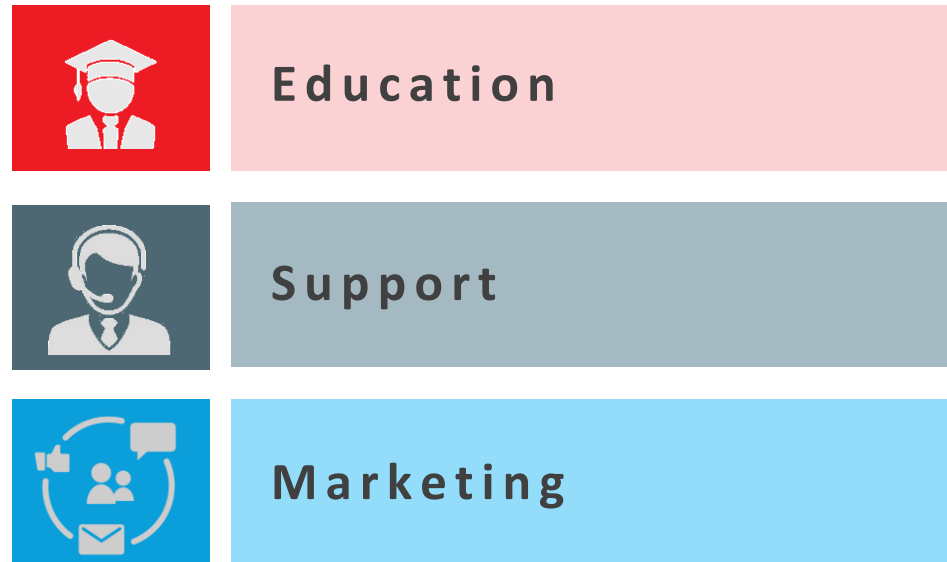Quota / average partner productivity / year (round up)

10

Number of Partners Likely to Fail =
Recruitment failure rate * number of partners required (round up)

3

Final Number of Partners to Recruit =
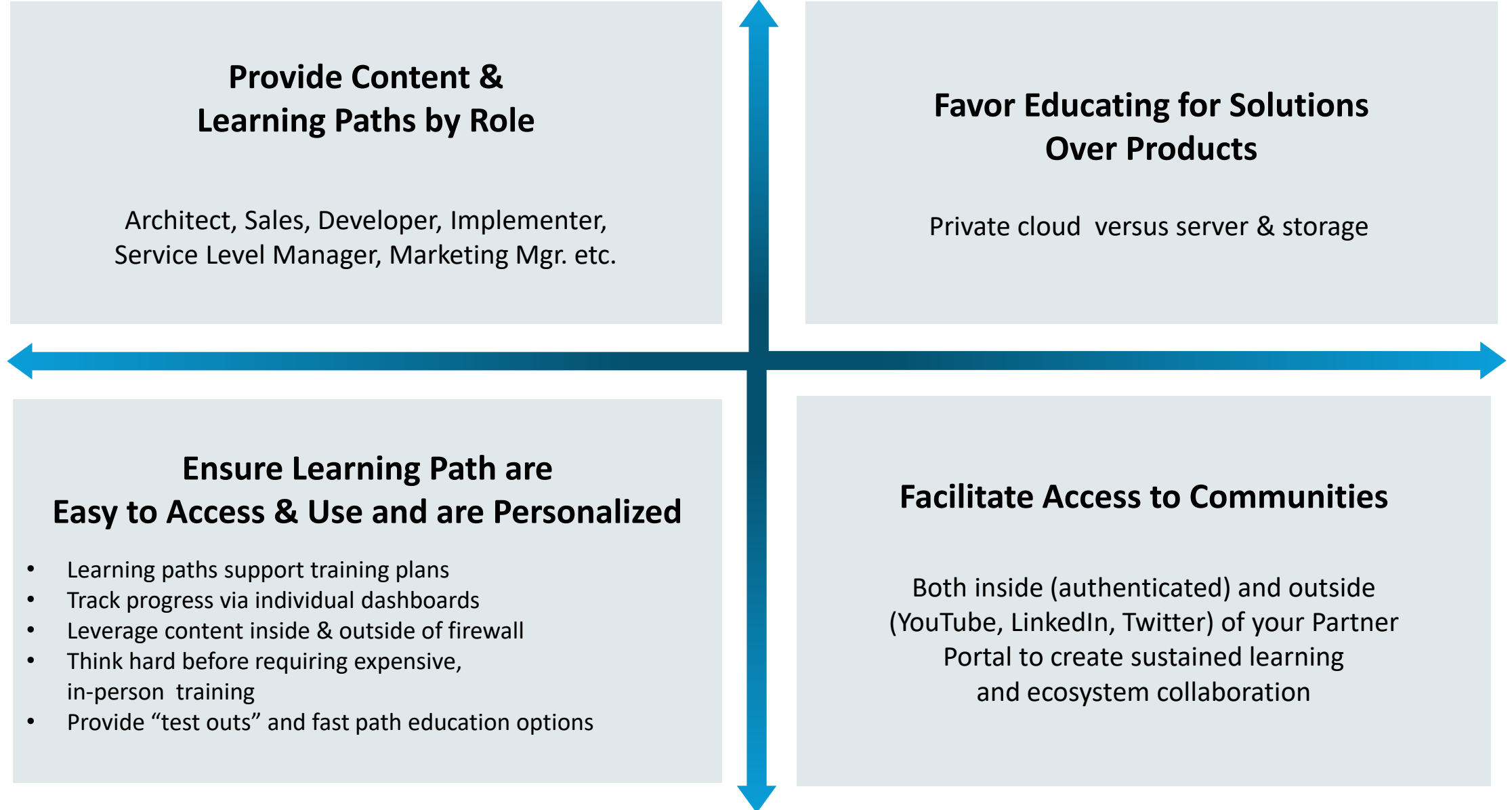Number of partners required + number of partners likely to fail (round up)

13

*In this **example**, all numbers are net revenue to the vendor.*

Product Revenue & Service Attach Rates from the Navigator

NOTE: BETA FEEDBACK INDICATES THE $50K ON PREMISE SOLUTION IS TYPICALLY SOLD ONLY INTO THE ENTERPRISE

Product Resale Available at 25% Discount	CloudOne on Premise
MacroSoft List Price	**$50,000**

- **Average Sales Price (ASP) of the Solution**
- **Partner Services assumptions**

Your Services Opportunity	CloudOne on Premise	CloudOne as a Service
Pre-sales consulting, billed as a one time charge:	**$7,500**	**$4,500**
Implementation services, billed as a one time charge:	**$12,500**	**$9,000**
Additional Managed Services:	**~ $550** Per month / per system	**~ $550** Per month / per system

As a Service Monthly	Basic Service	Total Contract Value @ 36 mos	Pre-/Post-sale Services
SMB, Mid-market or Dept. Enterprise	$1,000	$36,000	$9,000/Implementation $550/month managed services

Capacity Planning Worksheet….Complete as a Team

FOR SIMULATION EASE ONLY: ASSUME ALL AS A SERVICE DEALS ARE SOLD IN JUNE

	ASP (for MRR use TCV)		Typical # Sold /Year	Sub-total (ASP * # sold/yr)
On Premise	$ $50,000	/OTC	3	$150,000
Monthly Recurring Revenue (MRR)	$ $1,000	/month	7	$42,000
Total = Average Partner Productivity / Year (list price)			$	$192,000 @ list
Less Partner Discount (per Navigator = 25%)			Less $	$48,000 $ discount
Equals Net Partner Productivity / Year (net to MacroSoft)			$	$144,000 @ net

My Annual Quota?   **$5,000,000 net @ 25% discount**

Failure Rate =
% of partners recruited historically that didn't make revenue expectations

30%

Number of Partners Required =
quota / average partner productivity / year (round up)

35

Number of Partners Likely to Fail =
failure rate * number of partners required (round up)

11

Final Number of Partners to Recruit =
number of partners required + number of partners likely to fail (round up)

46

Capacity Planning Worksheet

Use the Navigator to find the following info:

- Net Revenue Average Selling Prices (ASPs) – MRR vs OTC
- Revenues estimates
- and a 25% partner discount

...as you estimate the number of partners you will recruit.

Assume all CloudOne as a Service deals generate 6 months of MRR revenue; FOR CAPACITY PLAN SIMULATION ONLY ALL DEALS CLOSED IN JUNE.

In real life, there are two options when MRR is involved:

- the MRR is recognized monthly over the life of the contract
- in some cases, 36 months is recognized up front, aka, the Total Contract Value (TCV)

We will use real MRR to calculate and pay revenues and profit for the partner.

Based on the Ideal Partner Profile…

Let's prioritize the type of benefits required to make that partner immediately successful in the ROLE he/she is playing with your product, service or solution.

Education

Support

Marketing

Education Table Stakes

**Provide Content &
Learning Paths by Role**

Architect, Sales, Developer, Implementer,
Service Level Manager, Marketing Mgr. etc.

**Favor Educating for Solutions
Over Products**

Private cloud versus server & storage

**Ensure Learning Path are
Easy to Access & Use and are Personalized**

- Learning paths support training plans
- Track progress via individual dashboards
- Leverage content inside & outside of firewall
- Think hard before requiring expensive,
  in-person training
- Provide "test outs" and fast path education options

Facilitate Access to Communities

Both inside (authenticated) and outside
(YouTube, LinkedIn, Twitter) of your Partner
Portal to create sustained learning
and ecosystem collaboration

Education Table Stakes: As a Service & Business Value Sales Training

Q *"Has increased customer demand for as-a-service offerings changed your needs for sales skills and training for your team?"*

YES

MSPs 51%	VARs 42%	Consultant/SI 35%

► "We are changing our focus to **business value** instead of technical features."

► **"The migration to Op Ex spend and the why behind the business value has been a struggle**."

► "It requires ability to present **financial benefits model**."

► "We need less emphasis on specific products and more **emphasis on customer relations and end user satisfaction** with managed services and responsiveness."

► "Need to learn how to **sell outside of IT as decisions** are being made outside the traditional IT department"

Project Management & Business Value Training Required as Well

	Pre-Sales Resources		Post Sales Resources
1	Technical Product Training	1	Configuration and Integration Training
2	Competitive Training	2	Architecture and Design Training
3	Configuration Training	3	Product Optimization and Tuning Training
4	Vertical Industry/Business Training	4	Project Management
5	Advanced Architecture/Solution Design Training	5	Level 1 Product Support Training

How do your Education offerings map to these?

Education Table Stakes: As a Service Education & Support Delivery

THE MSP EDUCATION PROCESS

"The right sales education is hard to find."

Marketing materials:

position product and customer value prop

If Complex:

we'll look for tech specs on the web

If not clear:

we Google to see what others are saying, LinkedIn and MSP discussion groups

If we commit strategically:

then I'll find vendor's sales education

We're an MSP, we just need positioning:

20 minutes would be ideal; no more than 1hr

As a Service Provider

what matters is support

to ensure my SLA is not impacted

Pre-sales support through Mentoring Program

Azure Mentor Program (AMP)

Program Goals

Kick start your Azure Practice with a customized technical plan, help with pre-sales and deployment, and post-deployment support using your MPN benefits

Accelerate the sales cycle with deal-specific, pre-sales technical support to confidently close and deploy your first several customer opportunities

Success

Deploy up to 5 Azure solutions deployed within 6 months

Attain the Silver Cloud Platform Competency

Ability to build a profitable Azure and/or EMS practice

Azure

Partner Readiness

1:1 Technical Pre-Sales Support

Deployment Support

EMS

Interested? Contact your PSE and USCESMBHelp@microsoft.com

"Regarding education, our needs are a bit different. We're an MSP, web based, free or on-site for our team works. I don't think I should have to pay to understand how to sell the product."

"We would pay for post-sales support then pass that on to the client in our service level contracts."

How Many Days Per Year Do You Ask Each Partner to Complete?

Days of Vendor Training Annually Across all Vendors (by role and business model)

	Days of Vendor Training (avg.)		
	VAR (n=53)	MSP (n=47)	Consultant and SI (n=48)
Pre Sales Technical Staff	10	9	7
Post Sales Technical Staff	10	6	5
Telephone/Help Desk Support	9	10	4
Break/Fix Onsite Support	8	7	5
MSP Operations Staff	9	9	7
Customer Success Team	9	6	5

How do the # of days your program require map to the number above?

How do you balance against complex MSP and IoT Programs based on far greater investments required. See AWS Phase 2.

IPED Research Note: # of days have been rounded up as appropriate

Try as we may Lunch n' Learn Still Rules; Minimize Offsite Sales Training; On-line Training Provides Opportunity to Train over Weekends

Vendor Training Delivery Methods

SALES

1	Lunch n' Learns	On-site
2	Distance learning – self-paced	On-line
3	In-person training	On-site
4	In-person training	Off-site/ classroom
5	Distance learning – instructor led	On-line

*"What matters is fast and efficient.
Let me download materials/audio and
use while I drive." (non-major metro area)*

TECHNICAL

1	Lunch n' Learns	On-site
2	Distance learning – self-paced	On-line
3	Distance learning – Instructor led	On-line
4	In-person training	Off-site Classroom
5	In person training	On-site

*"Different people learn in different ways; for some
people a (recorded) webinar is a waste of time because
you can't ask questions." - $2.8M regional VAR*

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*Source: IPED 2018 State of Partner Enablement Study – Sales & Technical studies
Q: What are the primary delivery vehicles you prefer for your team to receive vendor sales training?
Q: What are the primary delivery vehicles you prefer for your team to receive pre-sales and post-sales technical training?*

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Education: Biggest Inhibitors...Does the Partner Believe You Understand?

✓ **Time and Money**

✓ **Return on Investment**

✓ **True Opportunity Costs:**

- Keeping the business running while participating in education
- Pulling people out of the field
- Project delays if we pull people off projects to train
- SLA impact if we pull people off the NOC/management to train

✓ **Access to enablement resources, post-training**

- Demo/lab gear
- Technical stand-box
- Access to vendor field technical staff

> " The ideal length of training should be **less than 2 hours.**"

Support: Access to Product & Field Technical Staff are Critical for Managed Partners

Prioritized Technical Enablement Resources

Esp. for MSPs

Early access to product highly value

1. Equipment for our lab
2. Access to product/solution training pre- product launch
3. End-customer placed trial and pilot equipment
4. Access to vendor lab for customer demos
5. Early release product announcement info
6. Beta program participation
7. Access to product developers

86%

of solution providers prioritize **access to vendor field technical staff** post-training as critical to technical enablement

" *Vendors are missing both the tech side and the sales sides by not offering gear …*

It lets me get my techs on board with the product – then techs talk it up to sales guys."

– Regional VAR

Pre and Post Sales Support

Technical Support and Types of Offerings:

- 800# Unlimited
- 800# Limited Calls
- Field based systems engineer
- Field based services division mentor
- Distributor technical resources

Demo Systems, Not For Resale Code

For Managed Services:

- Expedited Support Processes: to Support SLAs
- PSA: Professional Services Automation & RMM: Remote Monitoring & Management Integration
- Customer Success Processes: Service adoption rates and renewal motions, LAER etc.

Land ▸ Adopt ▸ Expand ▸ Renew

Channel Masters MSP Partner Panelist:
"I need an elevated level of support. You can tie it to certification or other requirements."

How do these affect a partner's P&L?

Lowers Costs

LEVERS OF PARTNER PROFITABILITY: MSPs

SELLING GENERAL & ADMINISTRATIVE
OPERATIONS MANAGEMENT

Decrease SG&A	Create linkage to key PSA or recurring revenue automation tools	41%
Decrease COG	Expanded financing to help us absorb the cost of building/ expanding our data center	32%
Decrease COG	Provide greater services automation tools that link to their systems	11%

Q: What support do you need from your traditional IT vendors to decrease your SG&A costs?
Please select three and rank in order of importance

SELLING GENERAL & ADMINISTRATIVE
VENDOR ENABLEMENT AND TRANSACTION SUPPORT (PROGRAM)

Decrease SG&A	Make training and certification more affordable	64%
Decrease SG&A	Reduce/Eliminate Channel/Alliance Program Fees	33%
Decrease SG&A	Make marketing funds easier to get access to	28%

Source: State of Partner Enablement – Technical
Q: Please rank in terms of importance access to the following technical resources

Marketing is Strategic to Business Growth but Planning and Skills are Declared Weaknesses

▶ **MARKETING'S ROLE IN COMPANY'S SUCCESS**

Critical - 48%

Important - 21%

Doesn't Have a Role – 10%

Q: How does your company view marketing as it relates to their success in the future? (1 – 7 scale agreement); %'s represent top two agreement categories

~70% say marketing is important or critical to their company's future

▶ **CREATE A REGULAR MARKETING PLAN?**

37%

YES

ALWAYS

SOMETIMES	31%
NO	17%
ONLY AS KEY SUPPLIERS REQUIRE	15%

▶ **SKILLS DESIRED IN NEW MARKETING EMPLOYEES**

Digital marketing	67%
Social marketing	60%
Marketing technology	55%
Content development	43%
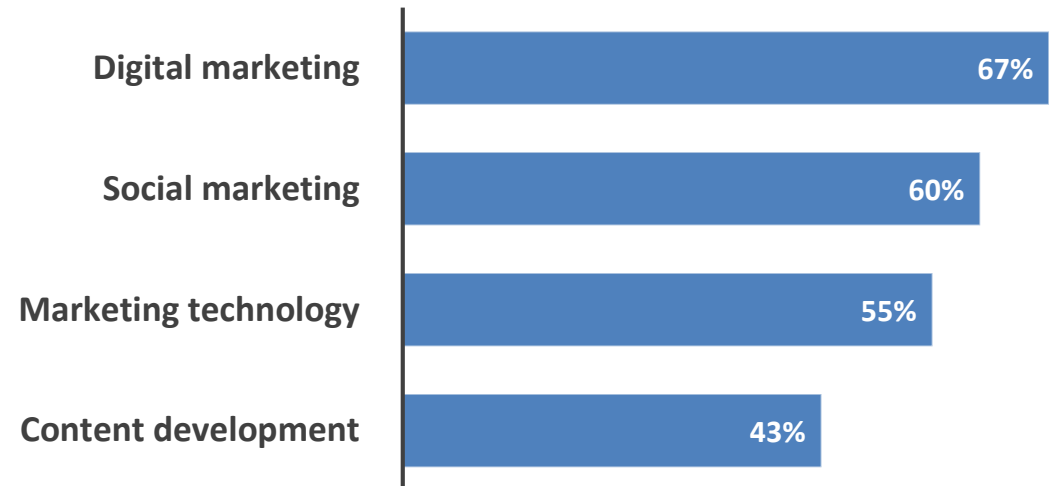
Source: IPED 2018 State of Partner Marketing
Q: How does your company view marketing as it relates to their success in the future?
Q: Does your company create a regular (annual, quarterly) marketing plan as a key component of your business plan?
Q: : In which of the following areas will your company look to focus when hiring these new marketing employees?

Formal Marketing Certifications Becoming a Common Education Offering

Formal accreditation; required at the Gold program level

- Marketing curriculum and training modules count towards partners' accreditation and program tier eligibility
- Focus on building digital and social marketing skills
  - also tied to Dell's "Four Transformations"

For Your Un-managed Partners, What % are Utilizing Your Portal Marketing Assets?

PARTNER MARKETING SUPPORT DELIVERY MODELS

PARTNER SELF-SERVE

What % are using portal materials?

Best of Breed Partner Marketing Programs:

VENDOR SUPPORTED

24%

Vendor supports partner planning, materials and/or execution; partner leads

Templated materials & content made available for partners to customize & create campaigns around; partner is autonomous

VENDOR MANAGED

14%

Vendor and/or partner materials, managed as a complete campaign; managed by vendor on an ongoing basis

- Offer all three engagement models

- Offer marketing agency support to assist with sustained (portal) utilization and execution

- Build independent skills

- Have supporting marketing automation tools

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Source: IPED 2018 State of Partner Marketing study
Q: Thinking about your company's marketing activities and campaigns over the past 12 months, estimate what portion of those fit each of these types of IT vendor co-marketing engagement? (n=382)

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Partners Claim MDF Program Complexity and Lack of Staffing as Top Inhibitors

Partner Marketing Inhibitors

Partners Perceive MDF Program Barriers	
Rank	Issue
1	Approval complexity or timing for proposal-based MDF
2	Limited list of eligible marketing activities
3	Insufficient MDF funds available
4	Lack of MDF visibility or predictability
5	Insufficient vendor marketing staff to help plan & execute campaigns

*"Our #1 inhibitor is lack of full time staffing -- we have 2 FTEs, we supplement with outside firms.
Lack of funding is 2nd, lack of budget is 3rd."*

"Quarter by quarter approval of funds doesn't work, as we can't plan. If you can't tell me what my 2018 funds are in January, I can't write a plan with you to execute and staff for the year."

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Source: IPED 2018 State of Partner Marketing Study
Q: What are the biggest barriers your company faces regarding engaging with your leading IT suppliers around marketing? (n=382)

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Marketing Best of Breed Vendor Examples: Easy to Access, Turn Key and Digital-Enabled

*"**Adobe** has great templates and microsites."*

*"**Nutanix** content is very good."*
- easy portal
- list buying through 3rd party
- list development

*"**Citrix** Marketing IQ Portal"*
- Great interface
- Great content
- Proposal based"

*"**Datto** marketing offerings are superior. By making it simple partners use it, and it works, so partners engage."*

- *They set up webinar to attend; email blast and 5 nurturing emails in between.*
- *Full product info on portal*
- *Designated person to help craft healthcare HIPPA campaign*
- *Datto University teaches us requirements and how to size (medical vs. hospital and how to go after new markets)*
- *Datto helps do this for $1,000/year*
- *We can use MDF to pay for it.*

*"The best marketing support is from **VMware**."*

- *Client-facing microsites branded for customer*
- *Fed by an email lead nurturing campaign (3-5 emails)*
- *Laid out over 3 – 5 weeks with activity coming from us*
- *They hired a marketing firm to host drip campaigns*

*"**Lenovo** Campaigns are very good."*
- *Web browser access to see what leads are coming in.*
- *I can get back to the customer in 5 minutes*
- *They use OneAffiniti automation platform*

We Have So Much More Info Available to You Though We Can Only Scratch the Surface Here!

Please see Channelytics® **Marketing and Education Research!**

Source: IPED State of Partner Marketing Study and IPED State of Partner Enablement Study.

You Now Have Your Channel Context and Some Best of Breed Program Examples!

Context Factor	Your Simulation Context
COMPANY	Newly established division utilizing direct sales, DMR and National Solution Providers
PRODUCT	MacroSoft's CloudOne Appliance™
CUSTOMER	Small, upper mid market, enterprise departmental who may have the following needs: Backup Disaster Recovery, Web Based Applications, IoT, Etc.
CHANNEL	Single Tier, services capable value added solution providers with managed services
RESOURCES	People, Programs, Budget, etc.
OBJECTIVE	$5M Revenue on a $2M budget spend. Set Program Funding to **Build out Program… Recruit … Enable … Win**

Use Cases

- Managed Security or Networking
- Digital Ready Infrastructure
- Hybrid Cloud Server
- IoT/AI Server
- Backup-Disaster Recovery
- Any LOB or Departmental Enterprise Server

Key Product Feature:

Includes embedded Splunk to offer enhanced security, insight to operational efficiencies and customer behaviors

Customer Business Value:

- Reduced costs
- Faster time to market
- Reduced risks

When Sold as MRR:

- Internally consumed in order to offer a service
- Priced as a service

Team Workshop Phase 1

Set Your Partner Program Budget

Posters In Each Team Room Offer Additional Considerations
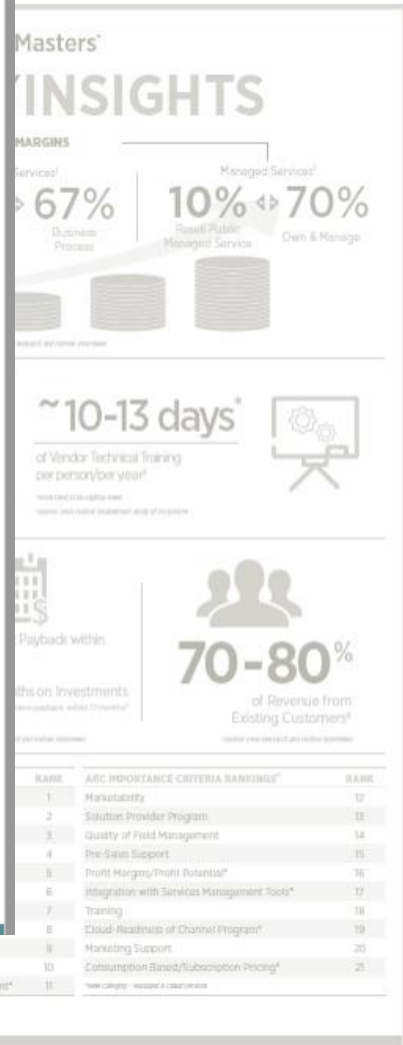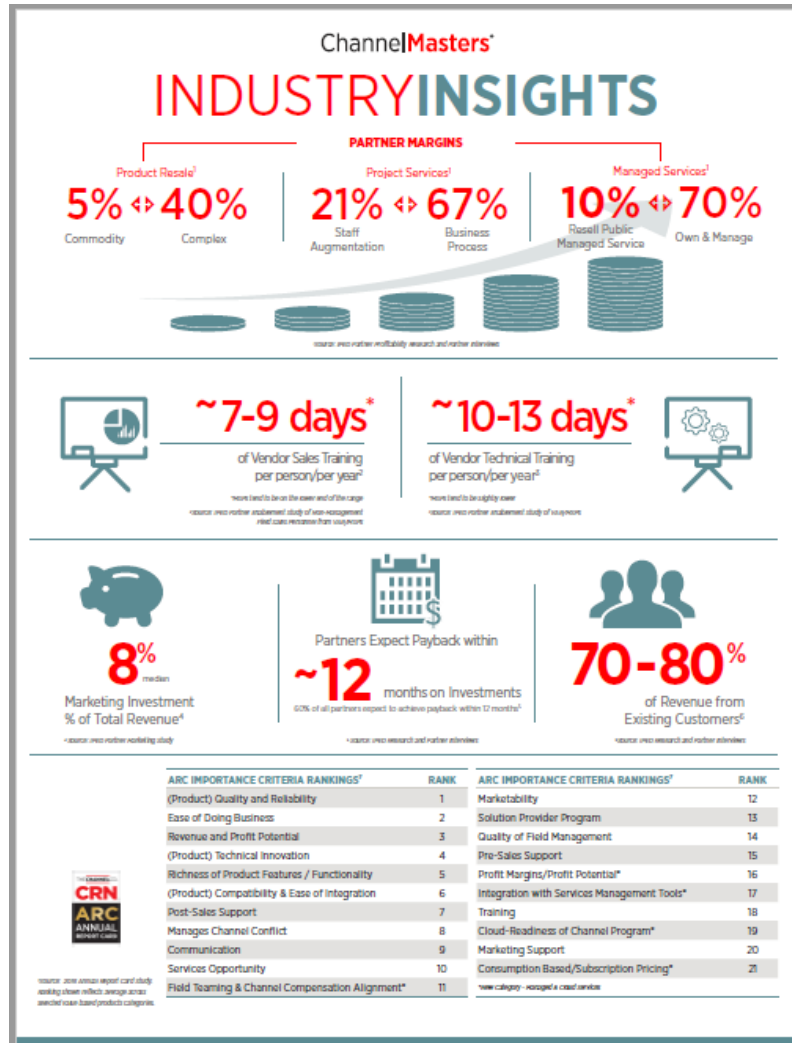
Note: CRN Annual Report Card (ARC) partners rank vendor evaluation criteria. Ranking shown reflects average across selected value based products categories.

Newer solutions may require different priorities.

The First Program is One With no Tiers nor Tracks. You Are Recruiting "Managed" Partners.

Charter Partners

VAR, MSP OR HYBRID
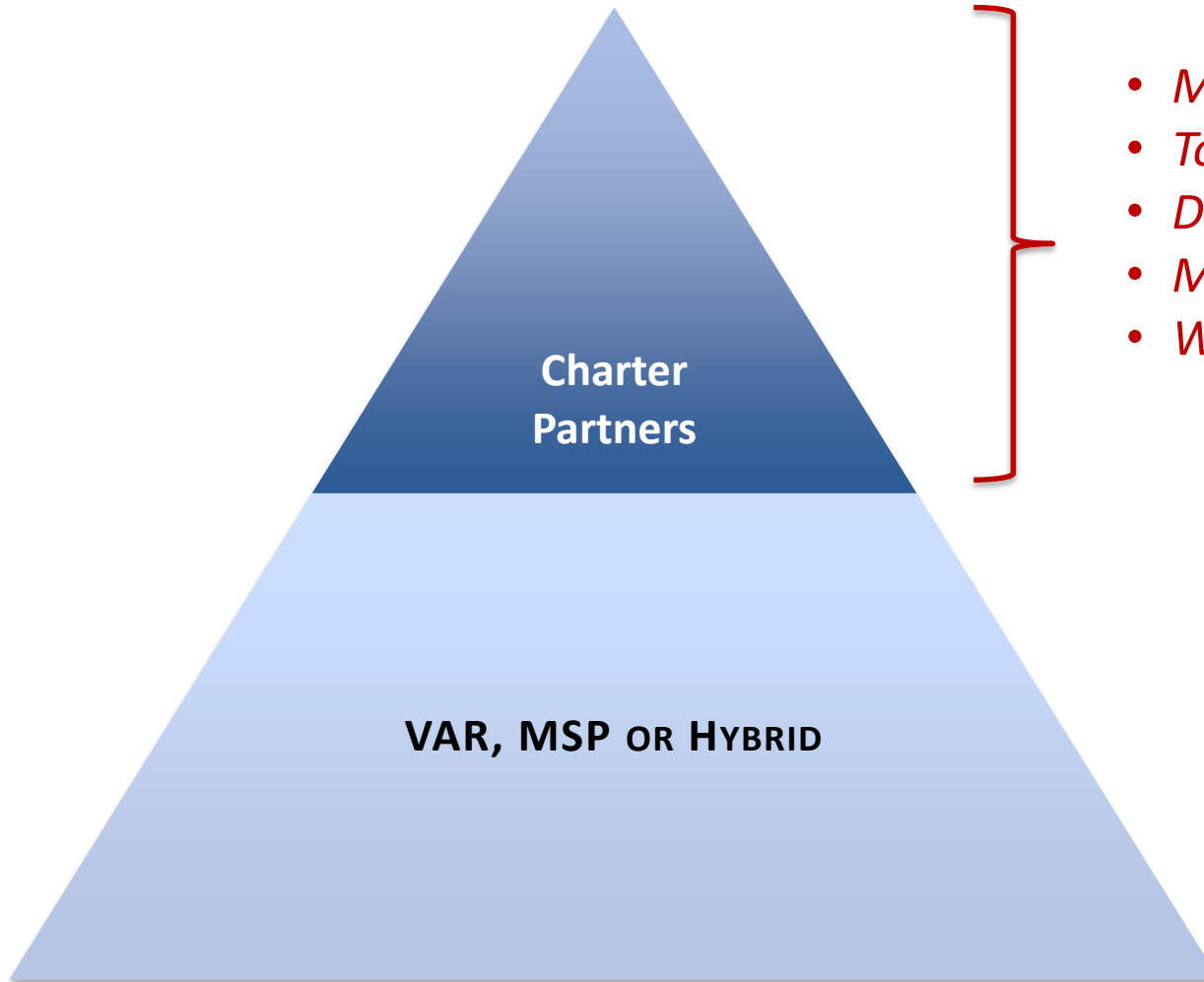
- *Managed Partners*
- *Top group to start*
- *Designated CAMs*
- *May write business plans*
- *Will have high value contact with MacroSoft*

Partners who join after this charter group will be supported with more programmatic benefits until they earn their way up a new program with levels.

Now, **Prioritize** Your Budget Spend Priorities for Your Ideal Partner

All are important, RED Indicates Partner Priorities

Product Focused Resellers

- ✓ Predictable product flow
- ✓ Competitive SRP pricing & Rebates
- ✓ **Strong brand presence**
- ✓ **Clear, stable front-end margins**
- ✓ On-line sales & technical training
- ✓ Deal protection/reg.
- ✓ Affordable training
- ✓ Access to Channel rep
- ✓ Minimal channel conflict

Simplicity & affordability

Services & Solution VARs & SI's

- ✓ **Reference architectures**
- ✓ Technical training, architectures & tools - **Certification/Specializations**
- ✓ Clear rules of engagement (w/vendor, partners & field sales)
- ✓ **Co-marketing/MDF, Incentives/Rebates**
- ✓ Use-cases and references
- ✓ **Prof. Services mentoring & tools**

Services-attach & tech. depth

MSPs & Service Providers

- ✓ Deep technical relationship
- ✓ Classroom and lab based training
- ✓ **Utility-based licensing models**
- ✓ **Expedited L3/L4 support**
- ✓ **Creative financing**
- ✓ P2P collaboration program visibility
- ✓ Compensation neutrality for vendor field teams

Solid technology financing/licensing

Match Your Spend Priorities to the Navigator Simulation Buckets

Description	**Incentives** *(OPEX only and includes business development funds*)*	**Demand Generation Funds** *(includes all MDF)*	**Program or Other** **Partner Marketing Activities** *(excluding MDF)*
Description	This category includes all of the program elements associated with partner incentives to drive: • Product sales • Education • Training behavior, etc.	This category includes all of the program elements that are related to driving end user demand with and through your partners. Note: this does not include corporate end user demand generation, advertising, trade shows, etc.	This category includes all of the program elements that relate to marketing your program and all aspects of "marketing to" your partners.
Includes: *These are items that may be included in this budget section. This is not an exhaustive list, so other items can be included.*	• Business development funds • Sales SPIFFs • Rebates • Performance incentives • Deal registration incentives • Special pricing programs, etc. **This includes OPEX funds only so do not confuse this with any contra-revenue items or discussion. We will address contra-revenue later in the Channel Masters curriculum.*	• End-user targeted advertising • Promotions • Marketing activities designed to generate qualified leads • Trade show participation • Joint seminars, etc.	• Channel based print/web advertising • Industry events • Emails • Newsletters • Self-created webinars • Partner road shows, etc.

Match Your Spend Priorities to the Navigator Simulation Buckets Continued

	Infrastructure and Support *(includes eval units, POCs, Pre/Post sales support items & portal)*	**Education** *(Sales and Technical)*	**Other**
Description	This category includes all of the program elements that are necessary to: • Execute and implement your partner program • Support partners during sales engagements.	This category includes all of the program elements that are related to enabling your partner's technical or sales teams.	This category is open ended and designed to be a place to make investments outside of what is listed. This is intended to be a place to add creative ideas that might be outside of the normal investments.
Includes: *These are items that may be included in this budget section. This is not an exhaustive list, so other items can be included.*	• Partner portal (content updates) • Pre-sales technical support for partners • Eval units and proof of concept sessions • Post-sales tech support for partners (above normal tech support) • Concierge services • Professional services support • Technical best practices, etc. • Automation systems	• Technical training programs • Product or solution certifications, training webinars/in-person sessions sales education programs • Product training for sales reps • Sales webinars • Customer education • Competitive positioning, etc.	• Focused investments in a targeted competitive partner • Ability to make un-budgeted investments (i.e. consulting assistance) in the real world that is not part of standard partner operations, etc.

Reading the Navigator Handbook

Four Case Study Sections in the Navigator are each color coded.

Section 1: Company Overview
Section 2: Product Overview
Section 3: Customer Overview
Section 4: Go-to-Market Overview

Team Workshop Phase 1 – Reading the Navigator Handbook

Navigator (Simulation) Overview

- Pages 4-6

The Business Environment

- Pages 7-14

- The Product: "MacroSoft's CloudOne Appliance"

- Traditional Resell Offering: ASP $50,000

- Managed Services Offering: ASP $1,000 per mo./per appliance

- Target market: SMB, upper mid market, departmental usage in enterprise customers

- Competitive Landscape: limited to one major appliance vendor, but many larger HW & SW vendors claim capabilities via alliance or OEM relationships

- Single tier channel of highly productive HW & SW VARs with solution and managed services capabilities. Annual revenues of $3M+ and growing

Phase 1: Partner Program Budget Planning

- Infrastructure assumptions: Page 13

- Invest in the Right Program Elements: Pages 17-19

- Spend $2,000,000 to build your program that will achieve a $5,000,000 revenue contribution

Simulation Logistics

You are buying program components in the stated increments

- Lisa will email the workshop documents to each team.

- Each team will receive:
  - Capacity Planning Template: to estimate the number of Partners to recruit
  - Input Spreadsheet for Phase 1: to allocate budget dollars
  - PPT Templates/Reference Materials for Phases 2 & 3

- Using the the Capacity Planning Template, estimate the number of partners you will need to achieve $5M in revenue.

- Using the Budget Input Spreadsheet provided, complete your purchase of the program components until you spend your **$2,000,000** budget to achieve a $5,000,000 revenue number in Year 1
  (Note: The 3-5 year revenue expectation is $150 – $250M in annual revenue)

- Save your Capacity Planning Template (paper) for Phase 2 and your final budget allocation (spreadsheet) on your laptop

- Email a copy of your final budget allocation to Lisa (lsabourin@thechannelco.com)

⚠ Note: Once emailed, you may not make any adjustments

Team Workshop: Complete the Budget Spend Spreadsheet

Simulation Phase I

DEMO

CHANNEL NAVIGATOR™

TEAM: 1 | Capactiy Plan: # of Partners = [ ]

Number	Program Element	Budget Amt ($)	Budget %
		Note: $750K Maximum per Program Element	
1	Incentives (OPEX only)		
2	Demand generation funds (Includes all MDF)		
3	Program or other partner marketing excluding MDF		
4	Infrastructure and support (includes portal)		
5	Education budget		
6	Other		

Total Allocated	$2,000	
MAXIMUM	$2,000	
Amt left to allocate:	$0	
% left to allocate:	0%	

June 2019 Kickoff Workshop

Debrief
Team Workshop
Phase 1

Set Your Partner Program Budget

Debrief

What info did you have?

What info did you need?

How did you use it?
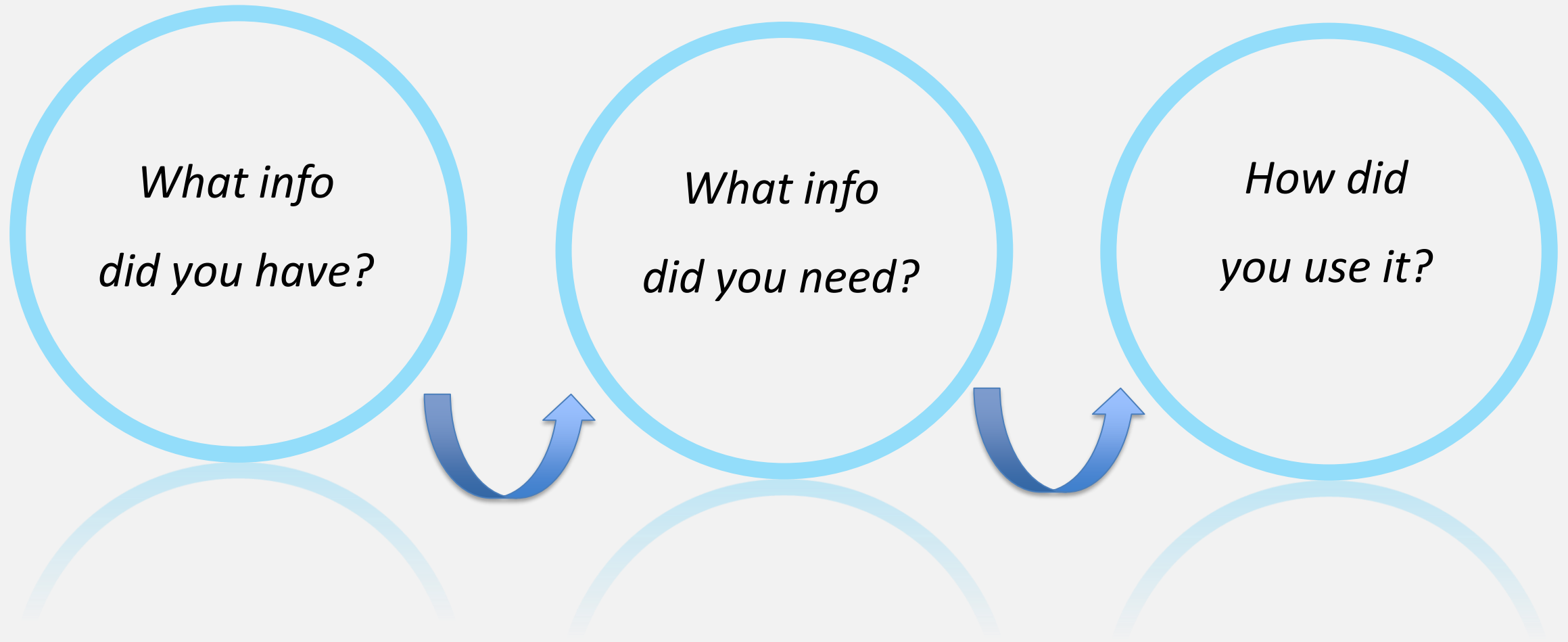
Partner Priorities. Sample: Annual Report Card

What's Most Important
When Evaluating Vendors

THE**CHANNEL**CO.
CRN
ARC
ANNUAL
REPORT CARD

✓ 2018 Annual Report Card Study. Ranking shown reflects average across selected value based products categories.

✓ Different for your specific products.

ARC Importance Criteria Ratings	RANK
(Product) Quality and Reliability	1
Ease of Doing Business	2
Revenue and Profit Potential	3
(Product) Technical Innovation	4
Richness of Product Features / Functionality	5
(Product) Compatibility & Ease of Integration	6
Post-Sales Support	7
Manages Channel Conflict	8
Communication	9
Services Opportunity	10
Field Teaming and Channel Compensation Alignment*	11
Marketability	12
Solution Provider Program	13
Quality of Field Management	14
Pre-Sales Support	15
Profit Margins / Profit Potential*	16
Integration with Services Management Tools*	17
Training	18
Cloud-Readiness of Channel Program*	19
Marketing Support	20
Consumption Based / Subscription Pricing*	21

New Category – Managed & Cloud Services

IPED Consulting

Vendor Channel Benchmark on Budget

	Channel Budget as a % of Indirect or Influence Rev:	Program to Headcount Ratio:	Mix of Total Channel Investment:					
Total N=53	**15%**	**1.5:1**	39%	16%	14%	7%	11%	11%
Hardware N=21	**11%**	**1.4:1**	42%	19%	16%	7%	8%	8%
Software N=20	**11%**	**1.6:1**	39%					
Service Providers N=12	**31%**	**1.4:1**	41%	12%	10%	7%	19%	11%

✓ How other Vendors are allocating channel budget

- ■ All channel-related headcount
- ■ Incentives
- ■ Demand generation funds
- ■ Prog or oth part market'g, excl MDF
- ■ Infrastructure and operations
- ■ Education budget
- ■ Other

Source: IPED Vendor Benchmark
Base = All respondents by vendor type
Now, what is the mix of this investment, by activity type?
This should be the % of your total channel spending above, attributable to each type of activity -- not as a % of channel revenues.

Simulation Calculation Methodology

Vendor Investment Priority

Vendor Channel Benchmark on Budget

	Channel Budget as a % of Indirect or Influence Rev:	Program to Headcount Ratio:	Mix of Total Channel Investment:
Total N=53	15%	1.5:1	39% / 16% / 14% / 7% / 11% / 11%
Hardware N=21	11%	1.4:1	42% / 19% / 16% / 7% / 8% / 8%
Software N=20	11%	1.6:1	39%
Service Providers N=12	31%	1.4:1	41% / 12% / 10% / 7% / 19% / 11%

✓ How other Vendors are allocating channel budget
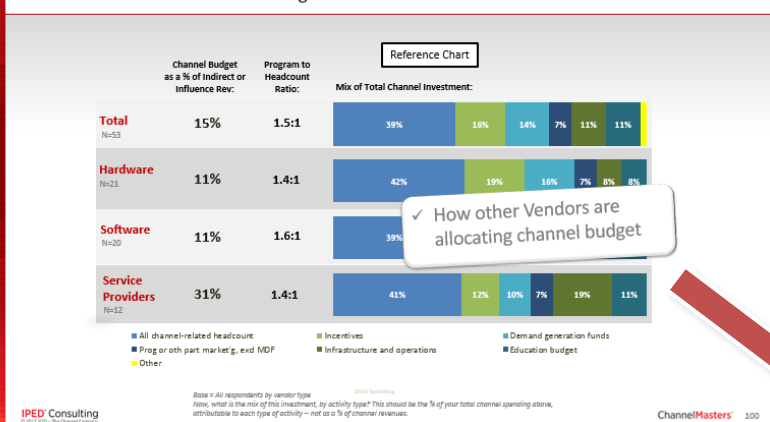
Focus on combination of HW and SW vendors

2018 Annual Report Card Study. Ranking shown reflects average across selected value based products categories.

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CRN
ARC
ANNUAL
REPORT CARD

Channel Experience
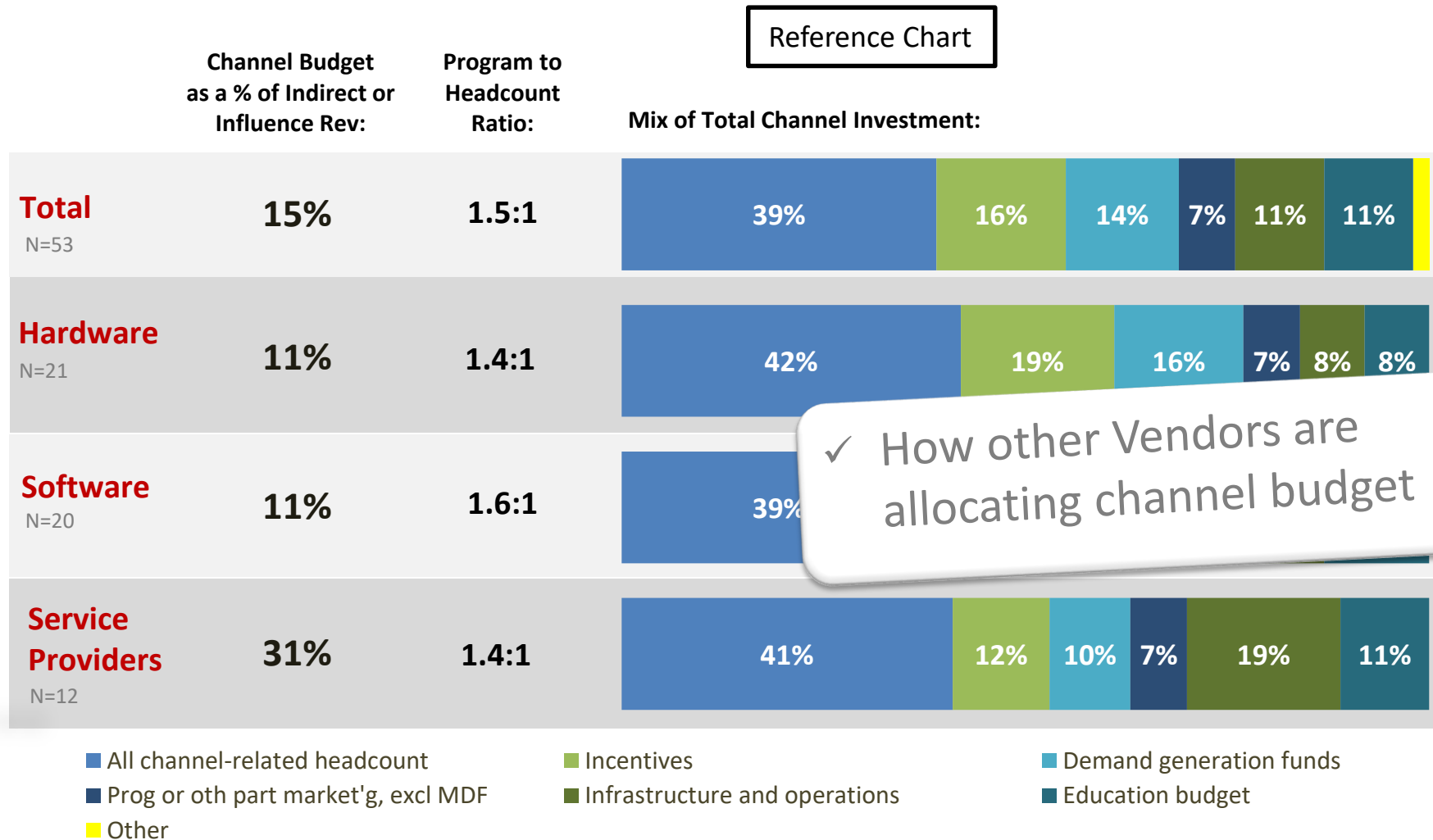
Used real world experience to rationalize model to simulation assumptions

June 2019 Kickoff Workshop

R E S U L T S

Partner Preference

ARC Importance Criteria Ratings | **RANK**

ARC Importance Criteria Ratings	RANK
(Product) Quality and Reliability	1
Ease of Doing Business	2
Revenue and Profit Potential	3
(Product) Technical Innovation	4
Richness of Product Features / Functionality	5
(Product) Compatibility & Ease of Integration	6
Post-Sales Support	7
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Integration with Services Management Tools*	17
Training	18
Cloud-Readiness of Channel Program*	19
Marketing Support	20
Consumption Based / Subscription Pricing*	21

*New Category – Managed & Cloud Services

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But Wait, There's More!

What About Other Routes to Market; Stay Tuned for the IPED Profitability Webinar

Partner Type	Account Management Objectives Requiring Program or Contract Support		
ISVs	Development Design Win	Lead with Your Brand	Potential Royalty, Resale, Influence Revenue
DIRECT MARKETING RESELLERS (DMRs)	Heads on Call Center Floor	Design into Marketing Campaigns	In-bound, Outbound call centers, Spiff Impact is High
SERVICE PROVIDERS	Architectural Design Win	Share of "sell to" Revenue	With "sell to" relationship, investigate opportunity to coordinate reseller recruitment
MSPs	Architectural Design Win	Share of "sell to" Revenue	Influence as existing on-premise workloads move to managed service

Which Partner Business Models have Access to the Target Markets?

	Global SIs	ISVs	Service Providers	Distributors & VARs/MSPs	OT Distributors & Integrators	DMR & Web Sales	Direct Sales
Target Market	✓Global 1000 ✓Complex Systems	✓Vertical or Horizontal Solutions	✓CIO, Dept. Buyers	✓By VAR/MSP Specialty	✓Enterprise to SMB LOB by Vertical	✓All	✓Segmented by Vendor
Buying Behavior	**Want:** ✓Custom ✓High Touch	**Want:** ✓Vertical Expertise ✓Avoid custom development	**Want:** ✓OPEX ✓Low barrier to entry ✓May be lower TCO ✓Flexibility	**Want:** ✓Technology Guidance ✓Solutions ✓Low barrier to entry	**Want:** ✓ Vertical Biz Problem Discussion ✓ Edge & Industrial System Knowledge	**Want:** ✓Procurement ✓Competitive Pricing ✓Quick Turn-around	**Want:** ✓Vendor Relationship ✓Development Access

Three Pure-Play Models from Which You Can have a Granular View of Profitability, Benchmark Your Program and Value Proposition

70% VAR + **30% MSP** = **Hybrid VAR**
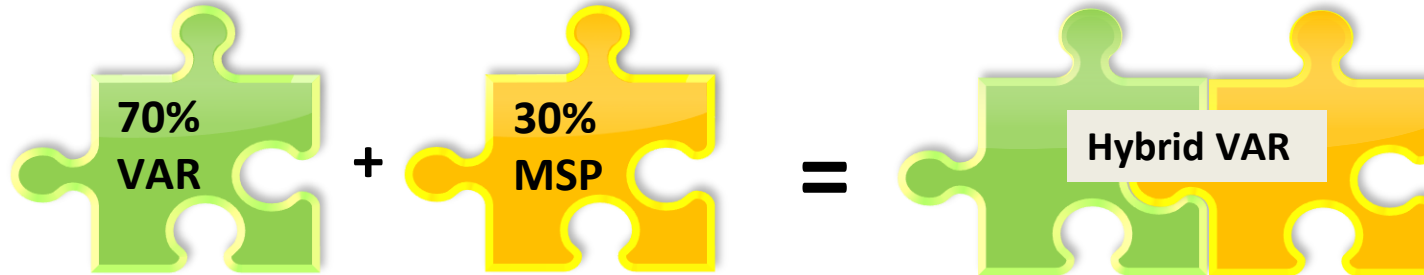
Partner Profitability

VAR Profitability Drivers
(with blended SI/Consultant functions)

Profit Factors — Drivers

MSP Profitability Drivers
(with blended partner managed & partner owned model)

Profit Factors — Drivers

Consultant Profitability Drivers
(Systems Integrator is apx. 70% Consultant & 30% VAR or MSP)

Profit Factors — Drivers

Increase:

Revenue	Growth Rate	Competitive Win Rate	Avg Engagement Size/Duration	Strategic Value	Customer Sat/References
Solution Development	Methodologies	Implementation/ Development	Repeatable Solution	Reference Architecture	
Scope of Practice	Horizontal (O365, SFDC)	Vertical (SAP, Dynamics)	End to End Provider	Alliances	
Service Gross Margin	Prof. Services % GM	Bench Utilization	Product Expertise	Delivery Process	
Total Gross Margin	Service + Product GM%		Additional offerings		

Decrease:

SG&A	Vendor IP	Vendor Co-selling	Access to Development	Tech. Training & Certification	Services Automation

IPED Consulting — System Integrator heavy components — THE CHANNEL CO.
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Vendor Support Needs

Levers Of Partner Profitability: VAR

Partner P&L Levers	Type	Vendor Tools / Resources
	Increase Revenue	Stronger sales tools 23%

Levers Of Partner Profitability: MSP

Partner P&L Levers	Type	Vendor Tools / Resources
	Increase Revenue	Offer utility based or consumption based pricing 53%
MRR Sales	Decrease SG&A	More marketing visibility as part of vendors MSP partner ecosystem 38%

Levers Of Partner Profitability: Consultant/Systems Integrator

Partner P&L Levers	Type	Vendor Tools / Resources
SOLUTION DEVELOPMENT		
Intellectual Property	Increase REVENUE	More IP to help us Architect Next-Generation Services 34%
DELIVERY EFFICIENCY		
Service Delivery Tools	Decrease COGS	Better Access to Service Delivery Tools, Best Practices (Architectures, SOWs, Integration Guides) 30%
STAFFING		
Resources and Development	Decrease SG&A	Easier Access to Field SEs for Joint Engagement 43%
	Decrease COGS	Field Mentoring for Consultants 35%
	Increase REVENUE	Access to Field Salespeople for Joint Engagements 26%
	Decrease COGS	Help us Get Access to Certified Technical Talent to Expand our Bench 29% Better Access to Demo Gear 22%
COST OF SALES		
Sales Process	Decrease SG&A	Sales Influence Fees to Reward Co-selling 26%
Program	Decrease SG&A	Reduce/Eliminate Channel/Alliance Program Fees 47%

REVENUE / C.O.G.S. / SG&A

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