Aligning Enablement Activities with Partner Operational Challenges
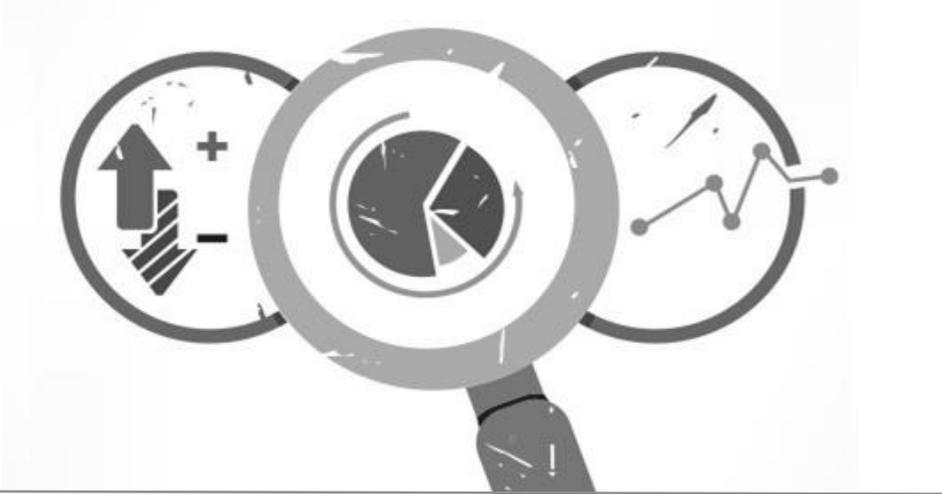
Continuing Education for IPED Channel Masters

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State of Partner Enablement

This research project is intended to understand the partner perceptions and requirements of vendor enablement activities.
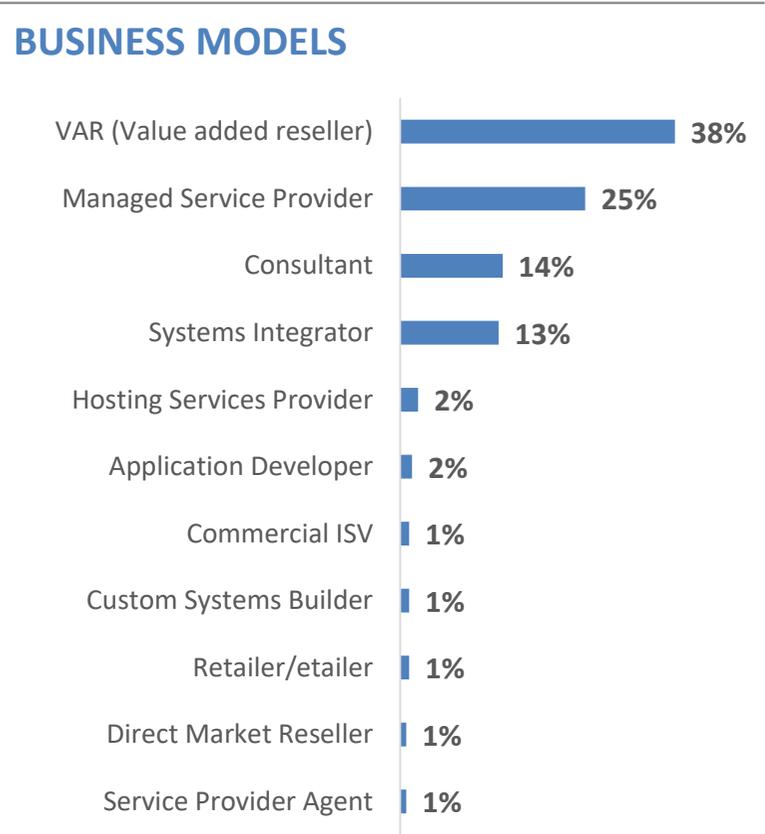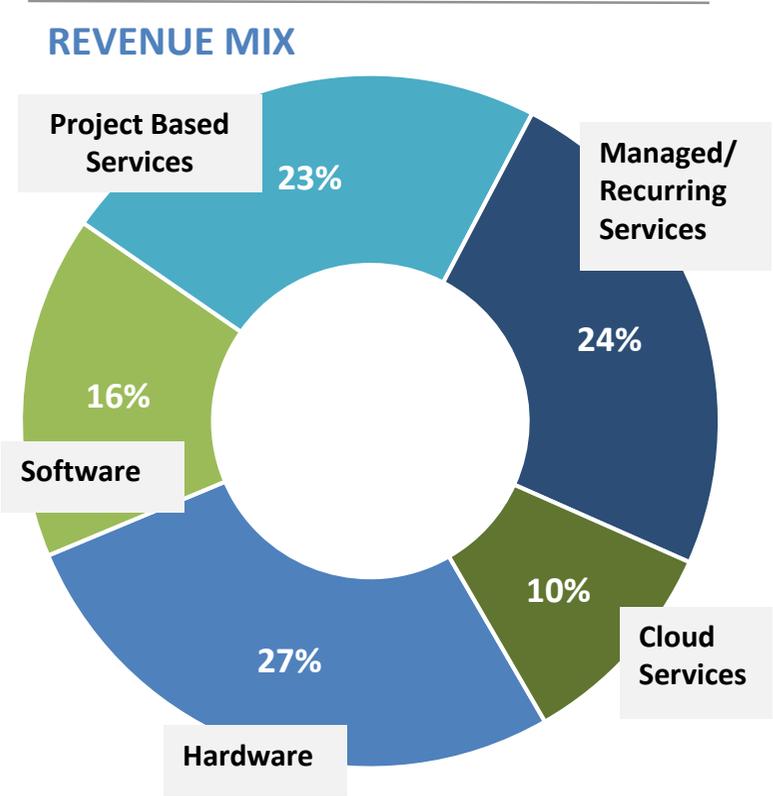

Methodology

► Leverage The Channel Company solution provider database and the CRN Channel Intelligence Council

► On-line survey fielded in May-June 2018

► Approximately 450 individual responses across business, sales and technical enablement.

► Data cleansed and normalized for outliers; data represents medians unless otherwise noted

► Targeted CEO's and functional executives

► Selected partner interviews to clarify responses

Objectives

► Identify the business priorities partners look for vendors to employ enablement activities to support.

► Understand the role of business planning in support of enablement activities.

► Survey the core sales and technical skills partners need to success and how vendor training must deliver these skills

► Understand how partners prioritize the importance of business enablement resources

North American SP Population
170,000
Total SP Organizations

ChannelBase
150,000
Solution Provider Organizations

1.5 million individuals

Respondents Were Predominately Services Heavy VARs And MSPs

$27.5m
TOTAL REVENUE (MEAN)

% of Revenue from Recurring/Project-based/ Cloud Services (mean)

57%

REVENUE MIX

- Project Based Services **23%**
- Managed/ Recurring Services **24%**
- Cloud Services **10%**
- Hardware **27%**
- Software **16%**

BUSINESS MODELS

VAR (Value added reseller)	38%
Managed Service Provider	25%
Consultant	14%
Systems Integrator	13%
Hosting Services Provider	2%
Application Developer	2%
Commercial ISV	1%
Custom Systems Builder	1%
Retailer/etailer	1%
Direct Market Reseller	1%
Service Provider Agent	1%

Revenue Breakdown - 48% SMB   28% Mid-Market 24% Enterprise

Top Four Suggested Enablement Priorities
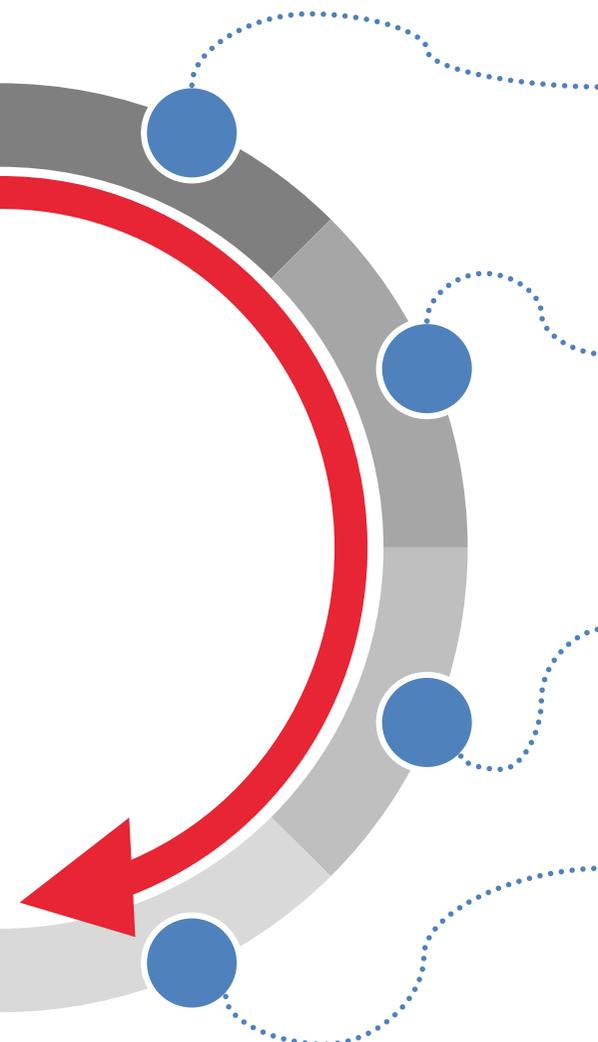
FINDING SKILLS

- Vendors can broaden delivery options for training so partners can build from within.
- Quality and ROI of sales training must improve for partners to embrace programs as ways to fill the resource gap

BUILDING MANAGED SERVICES

- Growing the MSP business was ranked the #1 priority for partners. Access to automation tools is critical. 39% of partners do not have RMM installed and 21% want vendor assistance with automation tools
- Automation is the key to driving profit, particularly for the SMB provider, and many of them want help from vendors

BUILDING CLOUD PRACTICE

- 1/3 of solution providers ranked selling monthly subscription services like cloud and managed services in the top 2 most critical selling skills they need from vendors training

BUILDING PROFESSIONAL SERVICES

- 53% of partners have no PSA tools installed, 31% want vendor assistance
- Professional services are a critical complement to managed services but both are difficult to scale in tandem
- Enablement must include sharing vendor IP which drives selling efficiency and profit in services
- Shadowing and mentoring is critical to training competent post sales deliver talent

Partners Were Consistent on Two Operational Challenges

#1 | Growing Revenue More Quickly

- ► "gaining new accounts"
- ► "new business development and managing growth"
- ► "growing revenue"
- ► "getting new customers"
- ► "growing as fast as we would like"
- ► "finding and closing new clients"

#2 | Finding Qualified Staff

- ► "training to bring new employees up to speed"
- ► "shrinking labor force"
- ► "finding qualified employees and providing them the proper training"
- ► "Identifying and hiring top talent"
- ► "finding people with technical skills and also the people skills"
- ► "finding and keeping good talent"
- ► Recruiting, training, and retaining technical employees at a market level compensation"

Key Takeaways – Enablement Must Align to Service Driven Priorities

▶ **BUSINESS ENABLEMENT – MOVE BEYOND THE PRODUCT**
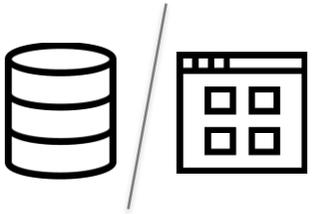
▶ **SALES ENABLEMENT – FOUNDATIONAL SKILLS THE PRIORITY**

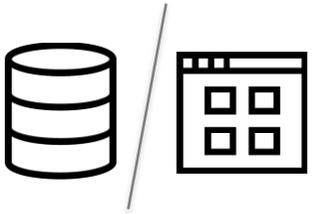▶ **TECHNICAL ENABLEMENT – GET HANDS ON WITH SOLUTIONS**

▶ **HIGH COST, LOW QUALITY AND UNCLEAR ROI DOMINATE PERCEPTIONS OF TRAINING**

Key Takeaways – Enablement Must Align to Service Driven Priorities

▶ BUSINESS ENABLEMENT – MOVE BEYOND THE PRODUCT

Activities and content must be about more than just your product and look at the partners business holistically inclusive of total solutions

▶ SALES ENABLEMENT – FOUNDATIONAL SKILLS THE PRIORITY

▶ TECHNICAL ENABLEMENT – GET HANDS ON WITH SOLUTIONS

▶ HIGH COST, LOW QUALITY AND UNCLEAR ROI DOMINATE PERCEPTIONS OF TRAINING

Partners Build Business Plans For Themselves and Are Skeptical Of Vendor Planning

69% of Partners create a formal business plan for their own business operations

32% create plans for <u>only</u> their strategic vendors and **53%** create plans <u>only</u> if the vendors require them

Partners are skeptical of the business planning process. They believe it's a checkmark for CAM quota, goal and forecast management. But they are open to it being more meaningful.

Desired Business Planning Improvements
(responses ranked #1 and #2)

45% want vendors to look beyond product

41% want better templates and a better process

33% want more than just quota attainment goals in the plan

30% need the CAM to better understand their business

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Q: Do you create a your own formal written business plan for your business outside of a vendors process for creating business plans? (n=169)
Q: Do you create formal business plans with your individual vendors annually? (n=169)

Partners Say "As-a-service" Has Changed Their Needs for Sales Skills

Q: Has Increased Customer Demand For "As-a-service" Offerings Changed Your Needs For Sales Skills And Training For Your Team?

MSPs - 51% YES	VARs – 42% YES	Consultant/SI - 35% YES

▶ "Change of focus to **business value** instead of technical features."

▶ "Our sales team is used to selling Cap Ex ROI and TCO based upon a business as usual spend. **The migration to Op Ex spend and the why behind it and business value has been a struggle**."

▶ "Traditional skills/sales trainings are **not adequate to properly sell monthly recurring services** where clients don't own equipment/software."

▶ "Have had to create a **specialized sales role** just for this type of service. Existing sales team could not embrace this type of sale."

▶ "Need to educate staff on more **outcome based selling**."

▶ "Requires ability to present **financial benefits model**."

▶ "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"

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Innovation In Enablement Programs? – Partners Didn't See It, But...

What partners liked

> #1 "As an MSP we appreciate how SolarWinds is providing support for all aspects of an MSP business. **They go beyond just their product**."

> #2 "Datto puts their money where their mouth is with **helping me as a business and with their products.** They call me, email me, as more and more features, follow-up, train us, provide marketing materials and dollars."

> #3 "I like vendors who provide resources to Ingram, because **Ingram does a good job of aggregating** those and helping us tap into them. It's hard to keep track of what is really available anymore".
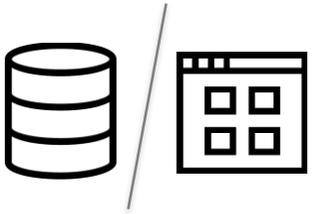
> #4 "Microsoft is expanding its enablement resources and providing **single points of contact** to navigate the resources."

Key Takeaways – Enablement Must Align to Service Driven Priorities

▶ **BUSINESS ENABLEMENT – MOVE BEYOND THE PRODUCT**

▶ **SALES ENABLEMENT – FOUNDATIONAL SKILLS THE PRIORITY**

Curriculum should include core skills such as prospecting, selling subscription services and core sales methodology and be more supportive in general of the shift to MRR

▶ **TECHNICAL ENABLEMENT – GET HANDS ON WITH SOLUTIONS**

▶ **HIGH COST, LOW QUALITY AND UNCLEAR ROI DOMINATE PERCEPTIONS OF TRAINING**

Core Selling Skills as Important as Product Knowledge for Vendor Training

Q What are the critical skill requirements you need addressed through *vendor training?*

- Prospecting ranked near the top for both outside and inside sales
- Prospecting is critical to demand generation for MSPs selling across geographies

OUTSIDE SALES

	Selling Skills Needed From Vendor Training
#1	Prospecting
#2	Selling Best Practices (tied)
#2	Standard Product Training (tied)
#3	Selling Monthly Recurring Revenue Projects (tied)
#3	Competitive Product Training (tied)

INSIDE SALES

	Selling Skills Needed From Vendor Training
#1	Standard Product Training
#2	Prospecting
#3	Competitive Product Training
#4	Vertical Industry Business Training
#5	Selling Monthly Recurring Revenue Projects

Selling Best Practices and Selling Recurring Revenue rated nearly equal in importance to standard and competitive product training

Q: Rank in priority order the most critical skills requirements you need addressed through vendor training for direct outside sales resources.
Q: Rank in priority order the most critical skills requirements you need addressed through vendor training for inside sales resources.

Training Must Help Close Business and Make Deals Bigger

Impact of Sales Training on Ability to Sell

#1	Top priority is the ability to close

#2	Second priority is impact to deal size and profitability
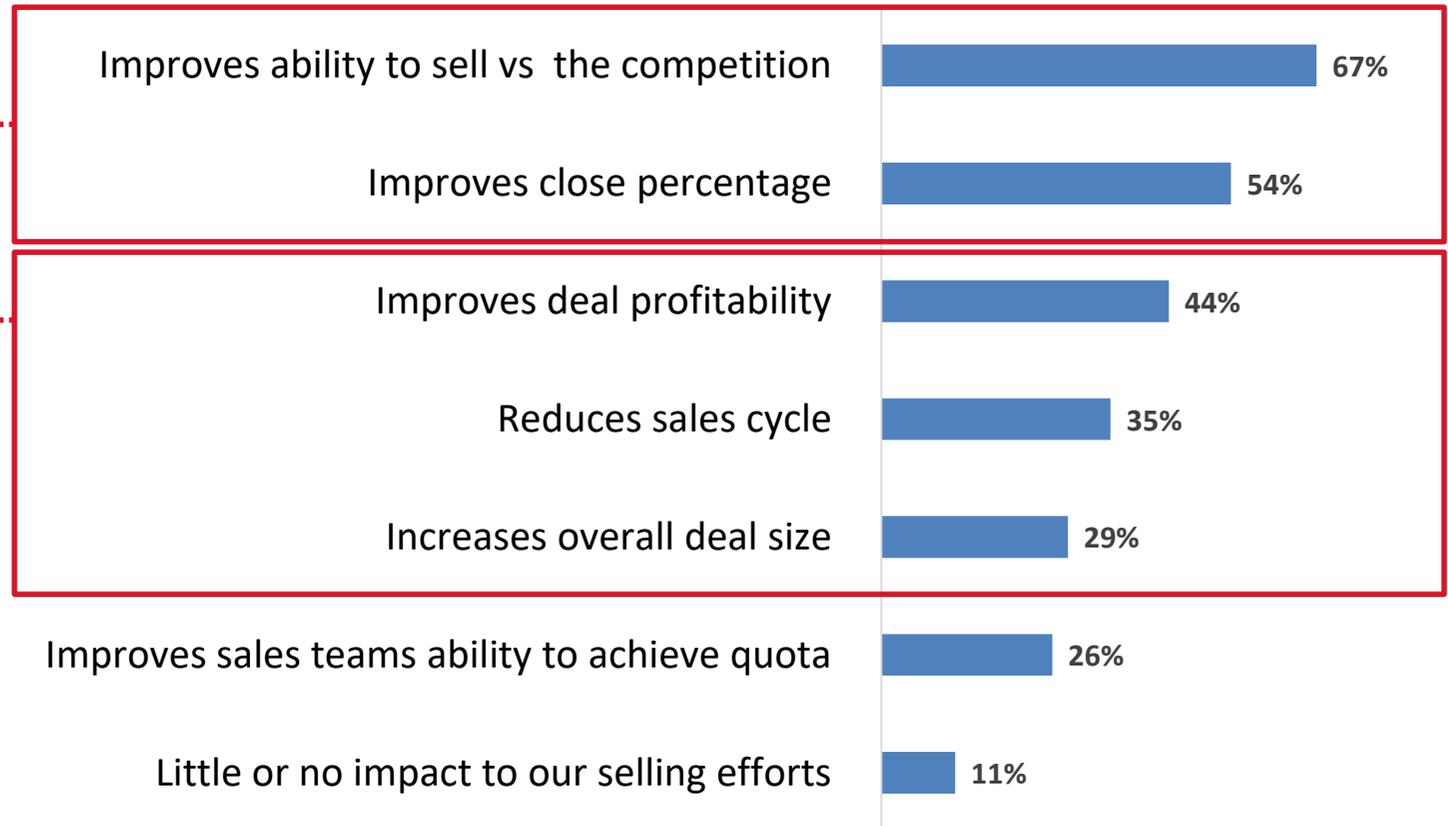
- Improves ability to sell vs the competition — 67%
- Improves close percentage — 54%
- Improves deal profitability — 44%
- Reduces sales cycle — 35%
- Increases overall deal size — 29%
- Improves sales teams ability to achieve quota — 26%
- Little or no impact to our selling efforts — 11%

Q: How would you characterize the impact of vendor sales training in terms of your ability to sell? (n=167)
Q: How important is sales enablement training to your success? (n=167)

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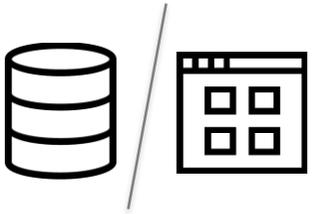
▶ **SALES ENABLEMENT – FOUNDATIONAL SKILLS THE PRIORITY**

▶ **TECHNICAL ENABLEMENT – GET HANDS ON WITH SOLUTIONS**

Getting access to product drives competency and confidence in your offering and can shorten the partner the sales cycle. MSPs rely on product access in order to support their offerings.
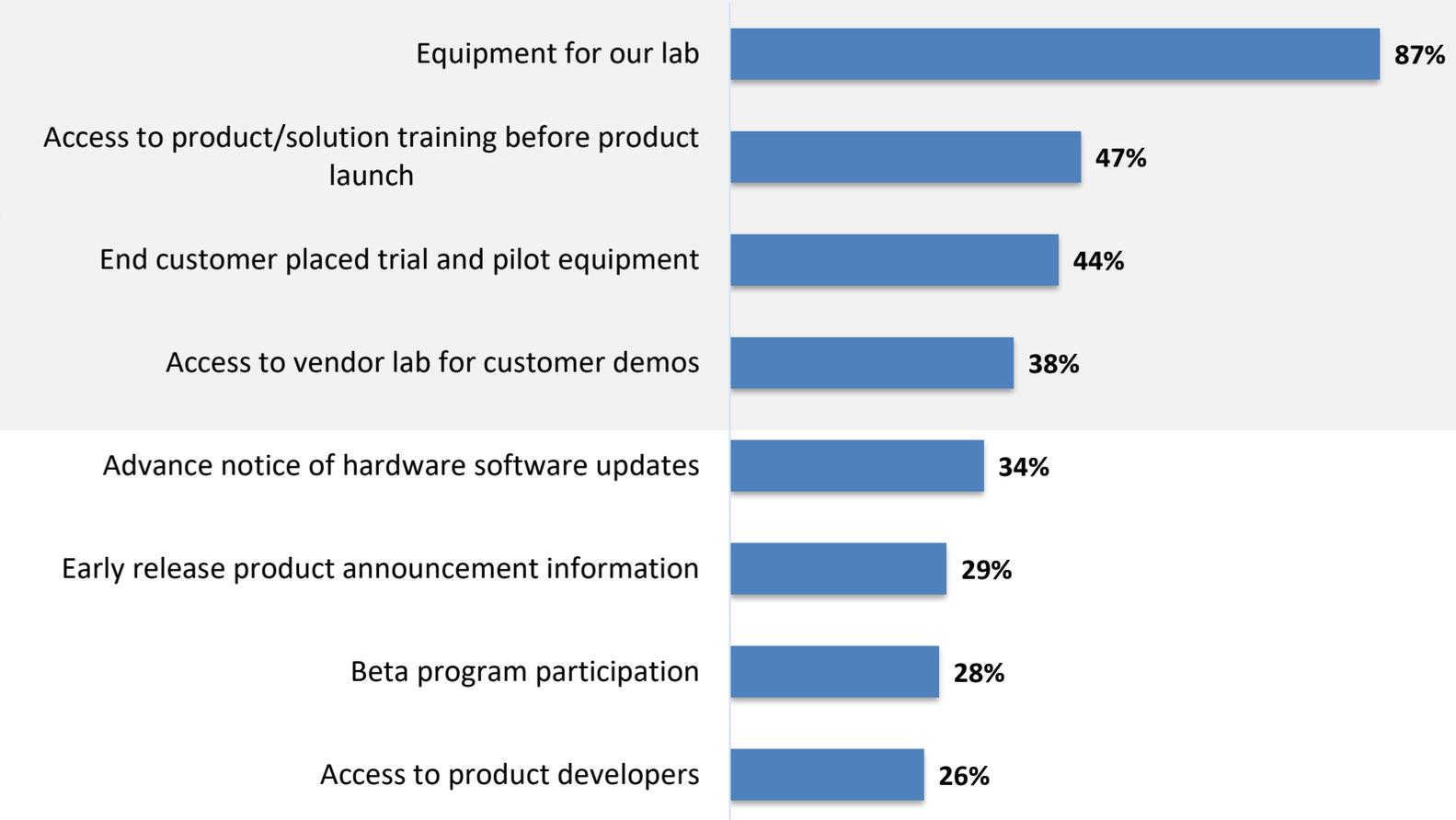
▶ **HIGH COST, LOW QUALITY AND UNCLEAR ROI DOMINATE PERCEPTIONS OF TRAINING**

Provide Better Access to Lab, Demo, and Trial Product

Partners need access to physical equipment for evaluations and training

"Vendors miss both the tech side and the sales sides by not offering gear – it lets me get my techs on board with the product – then tech guys talk it up to sales guys."

- Regional VAR

Importance of Access to Resources

Ranked 1 or 2 Most Important

Resource	Percentage
Equipment for our lab	87%
Access to product/solution training before product launch	47%
End customer placed trial and pilot equipment	44%
Access to vendor lab for customer demos	38%
Advance notice of hardware software updates	34%
Early release product announcement information	29%
Beta program participation	28%
Access to product developers	26%

Don't Forget Vertical Skills and Project Management Training

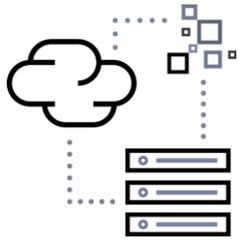| Pre-Sales Resources	Post Sales Resources
#1 Technical Product	#1 Configuration and Integration
#2 Competitive	#2 Architecture and Design
#3 Configuration	#3 Product Optimization and Tuning
#4 Vertical Industry/Business	#4 Project Management
#5 Advanced Architecture/Solution Design	#5 Level 1 Product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

Line of business selling and the need for differentiation by industry skills is driving partners develop expertise beyond just product

Project management is essential to meeting profit goals on delivery projects, improving customer satisfaction and contributing to the "stickiness" of services

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Q: Please rank the most critical skills requirements you need addressed by vendor training for pre-sales resources .
Q: Rank in priority order the most critical skills requirements you need addressed through vendor training for post sales technical services.

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Key Takeaways – Enablement Must Align to Service Driven Priorities

▶ **BUSINESS ENABLEMENT – MOVE BEYOND THE PRODUCT**
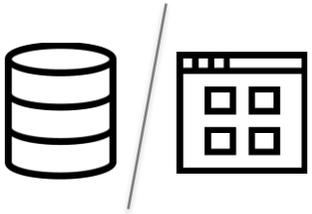
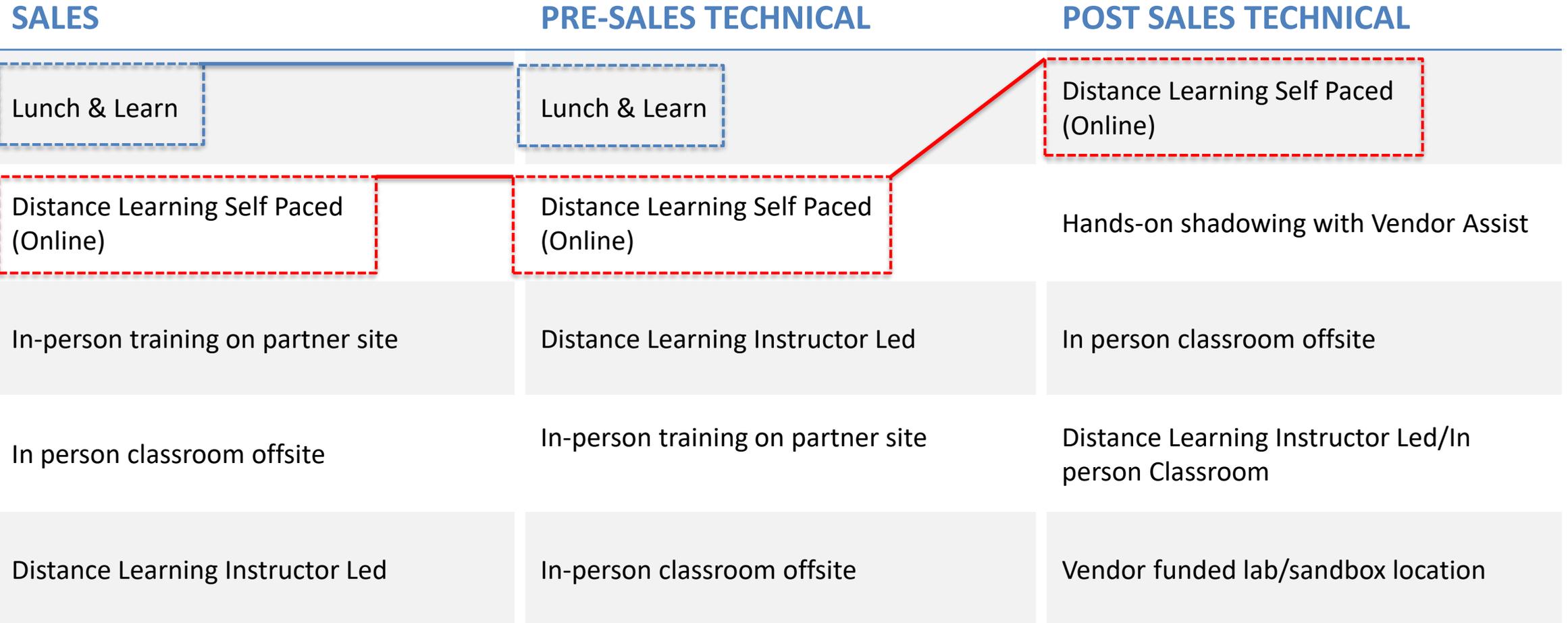▶ **SALES ENABLEMENT – FOUNDATIONAL SKILLS THE PRIORITY**

▶ **TECHNICAL ENABLEMENT – GET HANDS ON WITH SOLUTIONS**

▶ **HIGH COST, LOW QUALITY AND UNCLEAR ROI DOMINATE PERCEPTIONS OF TRAINING**

Improving training/trainer quality with improve consumption and compliance with certification, as well as help partner build skills from within
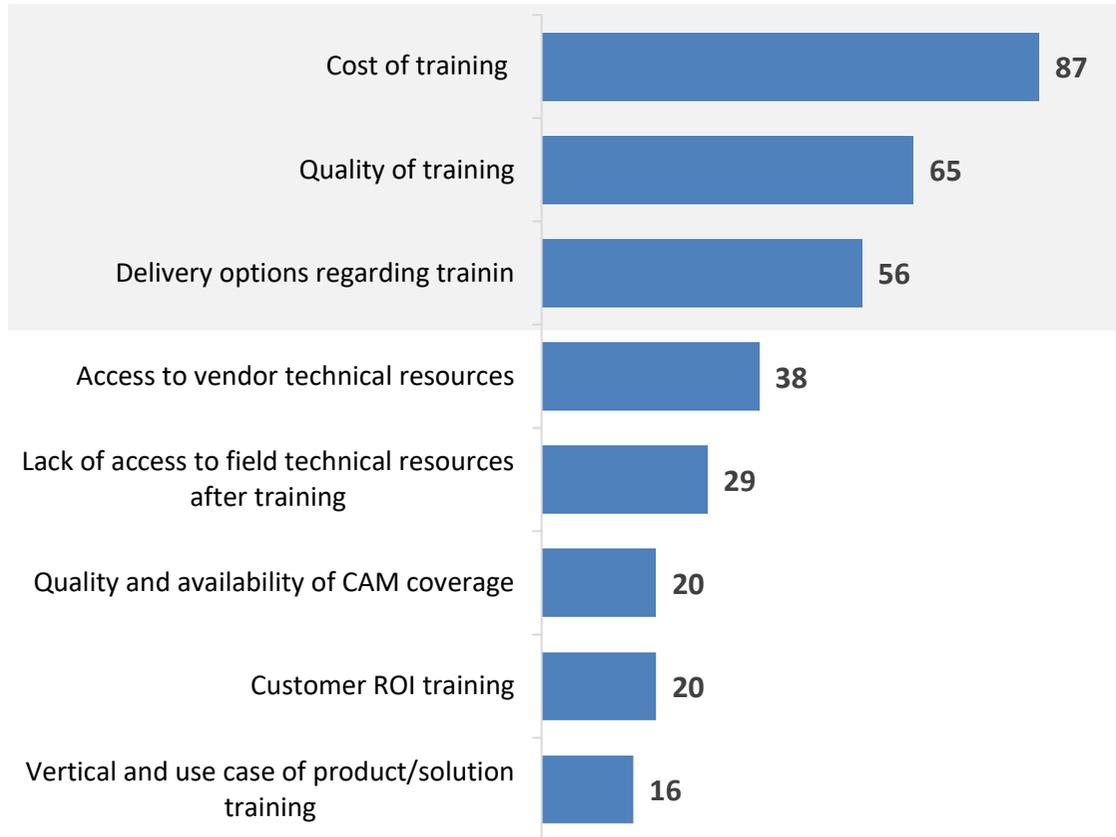
Buy Partners Lunch and Offer Self-paced Training

SALES	PRE-SALES TECHNICAL	POST SALES TECHNICAL
Lunch & Learn	Lunch & Learn	Distance Learning Self Paced (Online)
Distance Learning Self Paced (Online)	Distance Learning Self Paced (Online)	Hands-on shadowing with Vendor Assist
In-person training on partner site	Distance Learning Instructor Led	In person classroom offsite
In person classroom offsite	In-person training on partner site	Distance Learning Instructor Led/In person Classroom
Distance Learning Instructor Led	In-person classroom offsite	Vendor funded lab/sandbox location

Cost, Quality and Delivery Options Need to Be Addressed

Technical Enablement Weaknesses

Ranked 1 or 2 Most Important

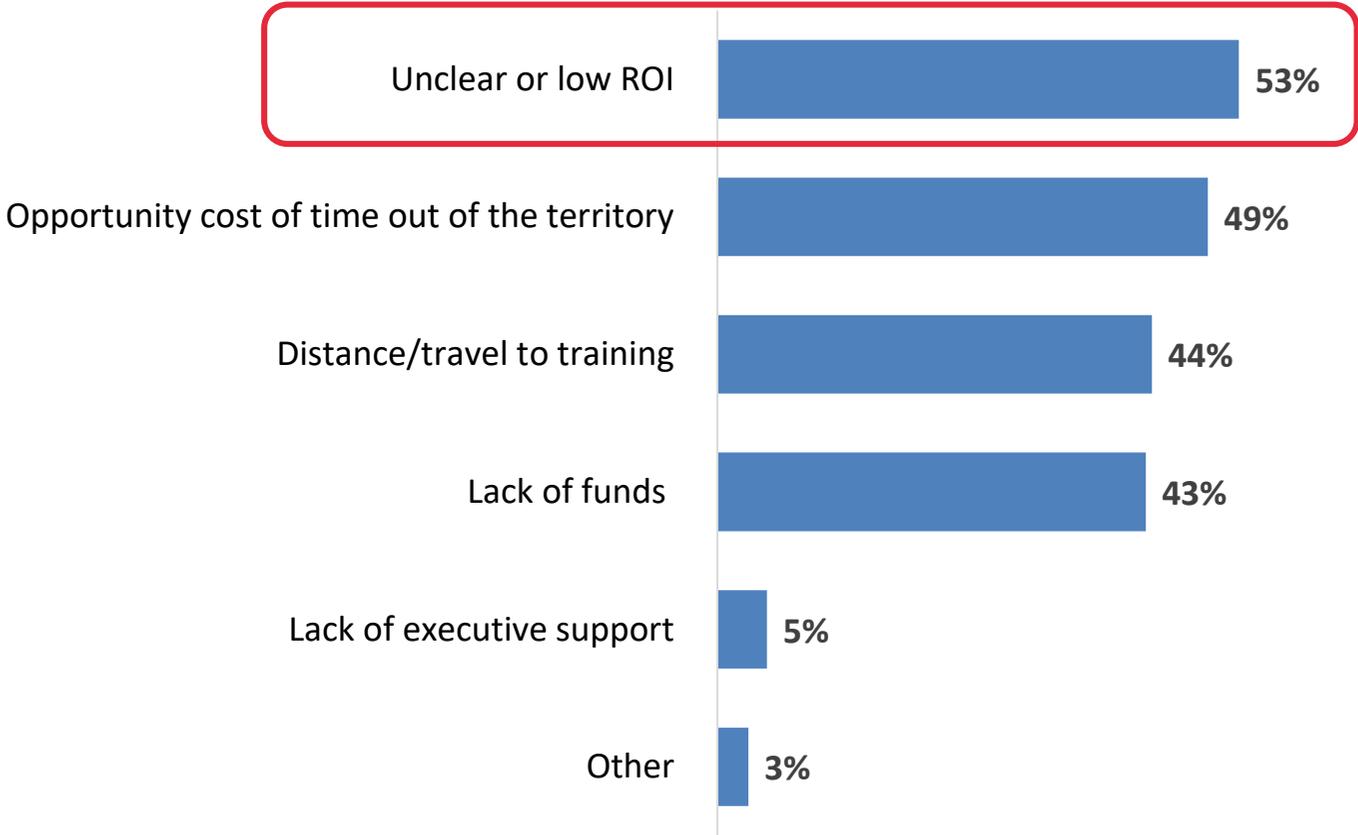| Category	Value
Cost of training	87
Quality of training	65
Delivery options regarding trainin	56
Access to vendor technical resources	38
Lack of access to field technical resources after training	29
Quality and availability of CAM coverage	20
Customer ROI training	20
Vertical and use case of product/solution training	16

Sales Enablement Weaknesses

Ranked 1 or 2 Most Important

Category	Value
Cost of training	54%
Delivery options regarding training	51%
Quality of training	47%
Lack of content on how the vendor product fits into a total solution/ecosystem	37%
Quality and availability of CAM coverage	30%
Access to vendor technical resources	29%
Other	4%

Many View Training As A Necessary and Costly Requirement

- ► More than half of partners are unclear of the ROI in training – training beyond certification requirements is difficult to justify

- ► Partners prefer training onsite or self-paced online whenever possible

- ► The lunch & learn was cited as the most preferred training delivery method

- ► Two hours or less was cited as the optimal time for a training "event"

Inhibitors To Completing Vendor Required Education

Category	%
Unclear or low ROI	53%
Opportunity cost of time out of the territory	49%
Distance/travel to training	44%
Lack of funds	43%
Lack of executive support	5%
Other	3%

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Q: What are the major inhibitors to your organization completing more vendor required education? (n=169)

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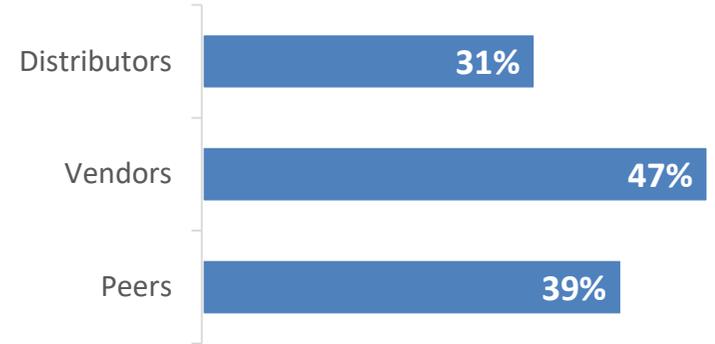# Peers and Distributors Play a Key Role in Enablement

40%

of partners value distributor enablement efforts over vendors

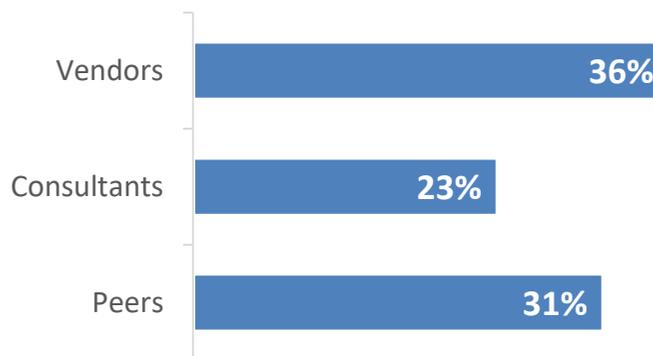"Arrow, even though a distributor, is bringing value in their enablement activities."

Transition/improve cloud practice

Distributors	41%
Vendors	55%
Peers	32%
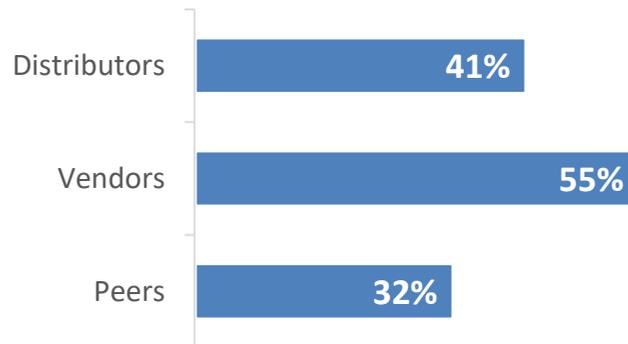
Transition/improve managed services

Distributors	31%
Vendors	47%
Peers	39%

Assistance in building professional services

Vendors	36%
Consultants	23%
Peers	31%

Finding new employees with the right skills

Consultants	25%
Peers	31%
No external assistance needed / desired	25%

Q: From the areas above that you designated 5,6,7, who are you looking to receive this assistance from?

Enablement Summary: Vendor Imperatives

Data Says ….		Vendor Imperative …
1	**Partners want to move beyond just a product conversation**	**1** Address partner business needs holistically in the business planning process – identify skills development beyond just technical and sales certification and develop competencies inclusive of the complete solution - not just your piece
2	**Cost is consistently where partners are most dissatisfied with training**	**2** Align incentives to minimize the cost to partner of training. Leverage program incentives dollars to reduce cost, and keep in mind that VARs have a higher training burden as they broaden support of your portfolio.
3	**Quality and ROI of vendor training is in-question**	**3** Align efforts to foundational selling skills and service selling. Focus on the right breadth of options and length or training (short self-paced modules) and be careful to only put the most qualified trainers in front of partners.

What is Channelytics?

- Channelytics® is a subscription service designed to empower channel professionals to make the decisions that matter most, powered by the data and operational expertise from IPED Consulting.

- **We live and breathe the channel—it's our passion, and only focus.**

- We're here to help you succeed across the board by providing our subscribers with the latest in **channel research**, expert channel **analyst insights** and **tools** designed to better inform and guide your execution.

Research Tracks

We have a wide range of research tracks on hot topics in the industry, curated and specifically chosen based on our data and insights. Each tile is a research track housing a series of downloadable insights and deliverables.

State of Application Development Services	State of Partner Marketing	Channel Census
Professional Services Enablement	Digital Transformation and IoT	Partner Profitability
Evolving Role of Channel Account Management	State of Managed Services	State of Partner Enablement

Thank You

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Additional Charts

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The Skills They Need - Top Solutions Areas Ranked 1-3 Out Of 5 In Terms Where Vendors Should Focus Enablement

► IoT is in the top two for every partner type

► Mobility Solutions is in every top four

► Vendors should align training, education and solutions content in support of the partner priority solution areas

Consultant/SI

- **48%** IoT
- **45%** Mobility Solutions
- **42%** Business Analytics
- **39%** SaaS

MSP

- **58%** SaaS
- **47%** IoT (tie)
- **47%** Business Analytics (tie)
- **44%** Mobility Solutions

VAR

- **56%** Mobility Solutions
- **50%** IoT
- **42%** Vertical Industry Solutions
- **36%** Digital Transformation
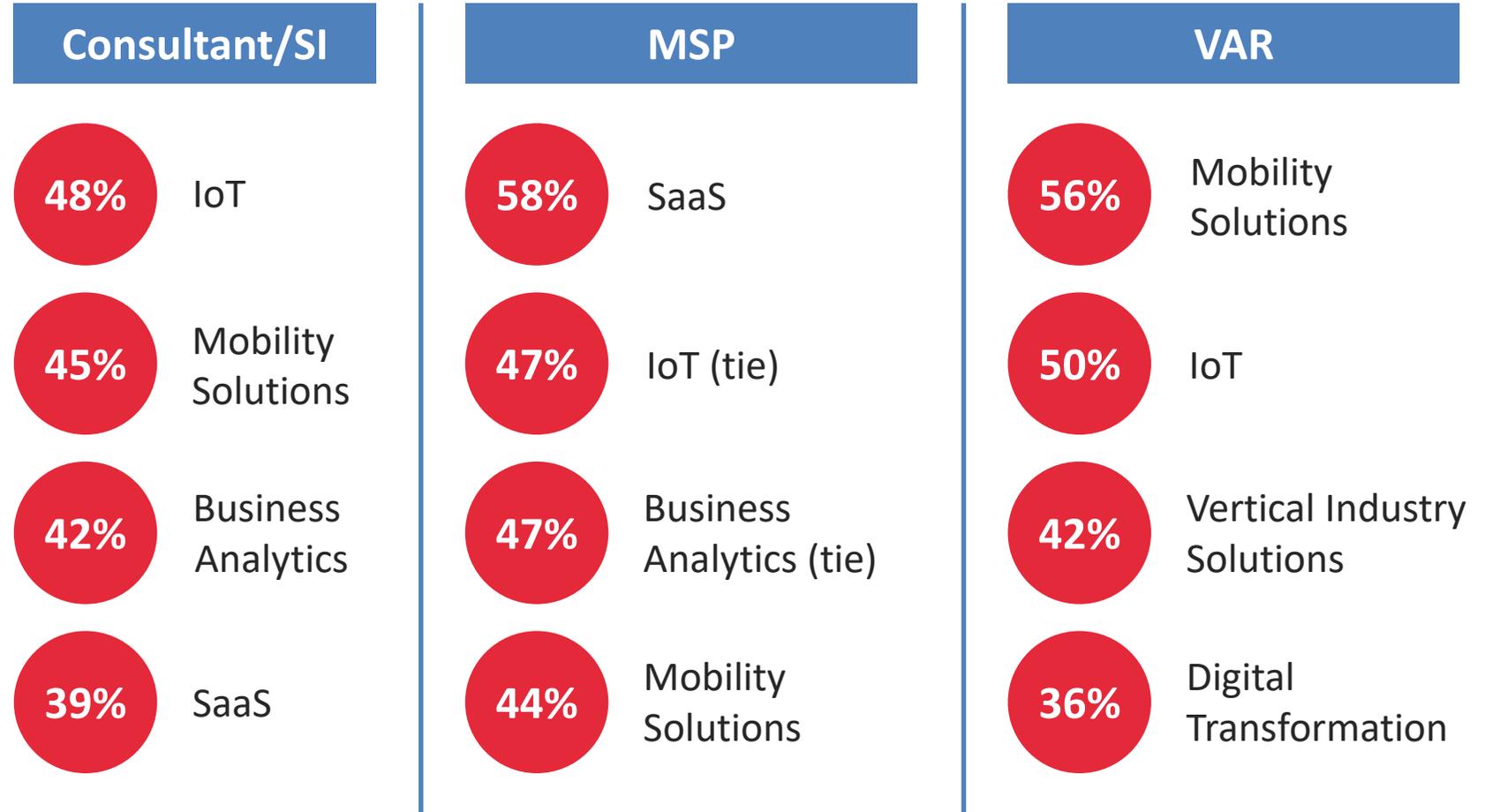
Don't Ask Partners to Send Sales People to Offsite Sales Training

- ► Increasing breadth of training options was partners #1 request to improve sales

- ► 79% of partners say sales training should be 2 hours or less

- ► Partners want you at their site buying them lunch or offering training online

Primary Ways to Receive Vendor Sales Training

Ranked 1 or 2 Most Preferred

Training Type	Label	Value
Lunch and learn (n=149)	Partner Site	81
Distance learning online self-paced web based training (n=150)	Online	74
Partner on-site delivered in-person training (n=132)	Partner Site	46
Classroom in-person training (off site) (n=125)	Offsite	37
Distance learning online instructor led (n=131)	Online	32
Live shot webinar (n=134)	Online	31
Educational video archive (n=129)	Online	11
Podcast (n=120)	Online	10
Video clips (n=126)	Online	8

Key Takeaways: Services Business Models Dominate Priorities

Data Says ….

1 58% of revenue is derived from recurring, project based or cloud services.

2 Transitioning/improving their managed services practice is the #1 priority

3 More than 1/3 of solution providers ranked selling monthly billable services/solutions (cloud, MSP, SaaS) as the first or second most critical selling skill needed to be addressed by vendor training

Vendor Imperative …

1 This continued shift means enablement activities must be focused on showing how the vendors product can complement, be a component of, or a driver of, a services revenue stream for the partner.

2 MSP is no longer a niche. Enablement activities must align to the hybrid business models most partners have and treat each business line uniquely.

3 Partners look to vendors to provide not just product sales training, but training in core sales skills such as prospecting, selling methodology and best practices in selling recurring revenue services to support MSP growth.

Diverse Preferences for Technical Training Delivery

Pre-sales training preference mirrors that of sales teams – Lunch & Learns that last less than 2 hours

Self-paced distance learning is high on the preference list for both pre and post sales

Access to equipment – hands-on matters!

Pre sales **Post sales**

76%
42%
46%
53%
70%
65%
54%
51%
50%
51%
34%
55%
49%
39%
35%
51%

Lunch and Learn

Classroom in-person training (offsite)

Distance Learning Online self-paced web based training

Distance Learning Online instructor led

Partner on-site delivered in-person training

Hands on shadowing (vendor assist on installation for training purposes)

Sandbox lab availability (financed and hosted by partner at partner site)

Sandbox lab availability (financed and hosted by vendor at vendor site)

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Q: What are the primary methods you prefer to receive training? Pre and Post Sales (n=167)

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