

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

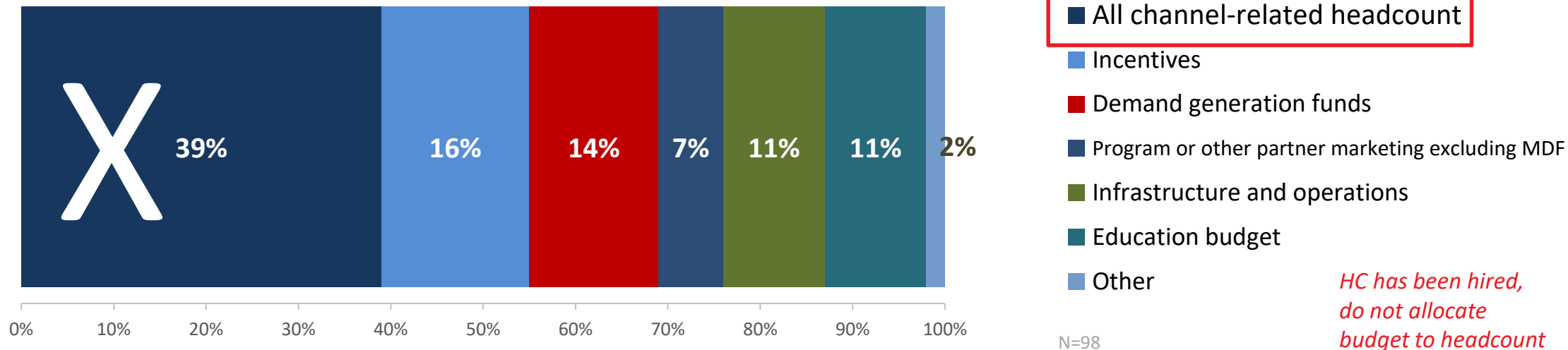
This is a Channel Chief task in real life!



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?



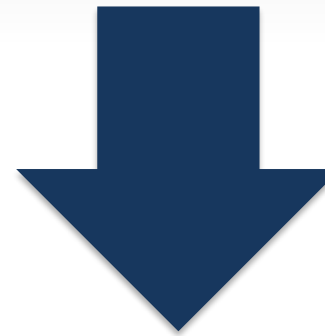
Source: IPED Channelytics Vendor Benchmark Study
Base = All respondents; by Vendor Type
Now, what is the mix of this investment, by activity type? This should be the % of your total channel spending above, attributable to each type of activity -- not as a % of channel revenues.

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?**

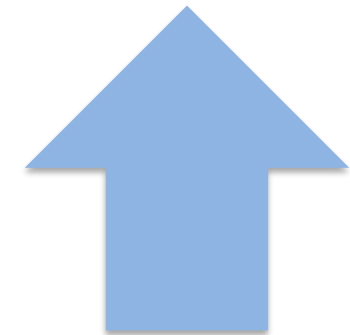
Wrench? or Screw Driver?



**What causes
success in the
channel?**



**Why do some
channels thrive
while others
languish or fail?**



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

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

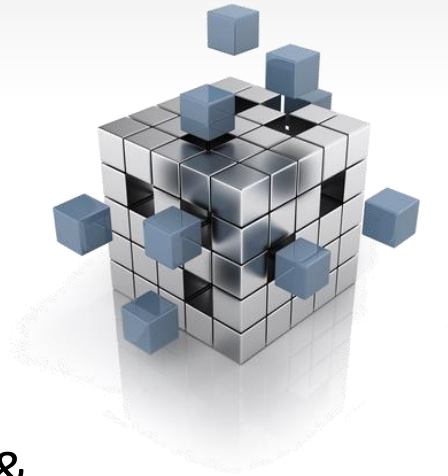


This is **“Channel Context”** ...
and there is **NO SUCH THING**
as a Single Right Answer

- 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

How product goals dictate the:

- ✓ Partner strategy
- ✓ Routes to market
- ✓ Partner program
- ✓ Field execution
- ✓ The impact of IoT, Cloud, Mobility & Hardware Function Shift to Software (e.g. SDN, SDDC)



***All are building blocks
(one linked to the other)
to achieve a desired end***

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

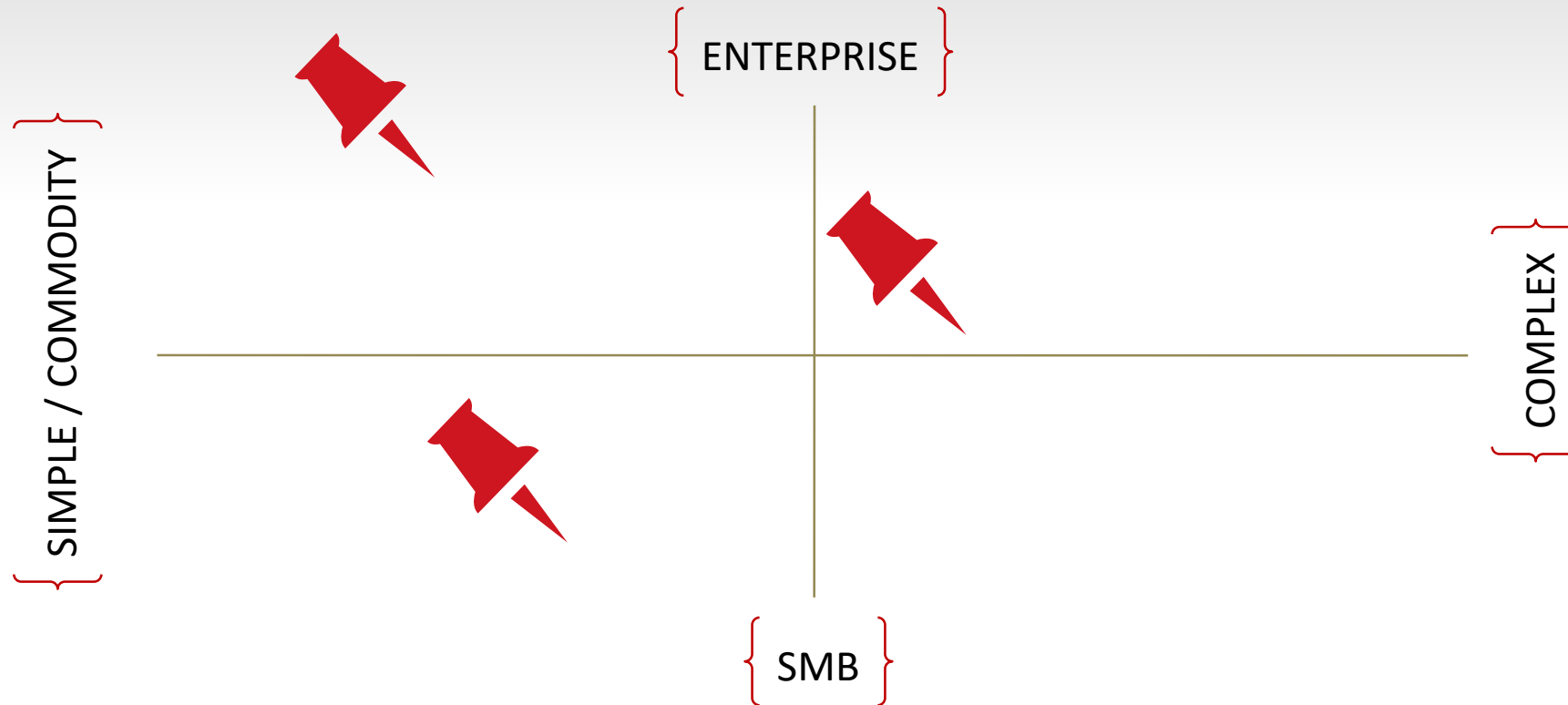
Manage

- ✓ 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?

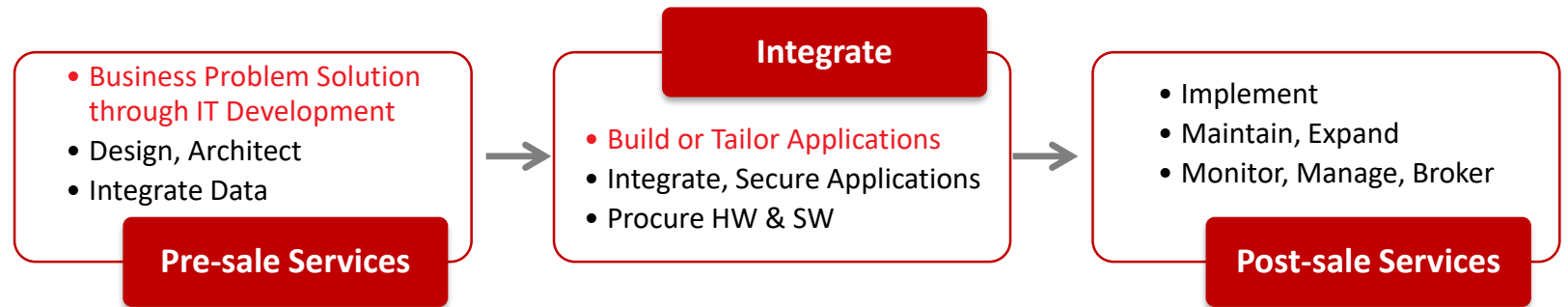
	Global SIs	ISVs	Service Providers	Distributors & VARs/MSPs	OT Distributors & Integrators	DMR & Web Sales	Direct Sales
	↓	↓	↓	↓	↓	↓	↓
Target Market	<ul style="list-style-type: none"> ✓ Global 1000 ✓ Complex Systems 	<ul style="list-style-type: none"> ✓ Vertical or Horizontal Solutions 	<ul style="list-style-type: none"> ✓ CIO, Dept. Buyers 	<ul style="list-style-type: none"> ✓ By VAR/MSP Specialty 	<ul style="list-style-type: none"> ✓ Enterprise to SMB LOB by Vertical 	<ul style="list-style-type: none"> ✓ All 	<ul style="list-style-type: none"> ✓ Segmented by Vendor
	↓	↓	↓	↓	↓	↓	↓
Buying Behavior	<p>Want:</p> <ul style="list-style-type: none"> ✓ Custom ✓ High Touch 	<p>Want:</p> <ul style="list-style-type: none"> ✓ Vertical Expertise ✓ Avoid custom development 	<p>Want:</p> <ul style="list-style-type: none"> ✓ OPEX ✓ Low barrier to entry ✓ May be lower TCO ✓ Flexibility 	<p>Want:</p> <ul style="list-style-type: none"> ✓ Technology Guidance ✓ Solutions ✓ Low barrier to entry 	<p>Want:</p> <ul style="list-style-type: none"> ✓ Vertical Biz Problem Discussion ✓ Edge & Industrial System Knowledge 	<p>Want:</p> <ul style="list-style-type: none"> ✓ Procurement ✓ Competitive Pricing ✓ Quick Turn-around 	<p>Want:</p> <ul style="list-style-type: none"> ✓ Vendor Relationship ✓ Development Access

Which Partner Capabilities are Required?

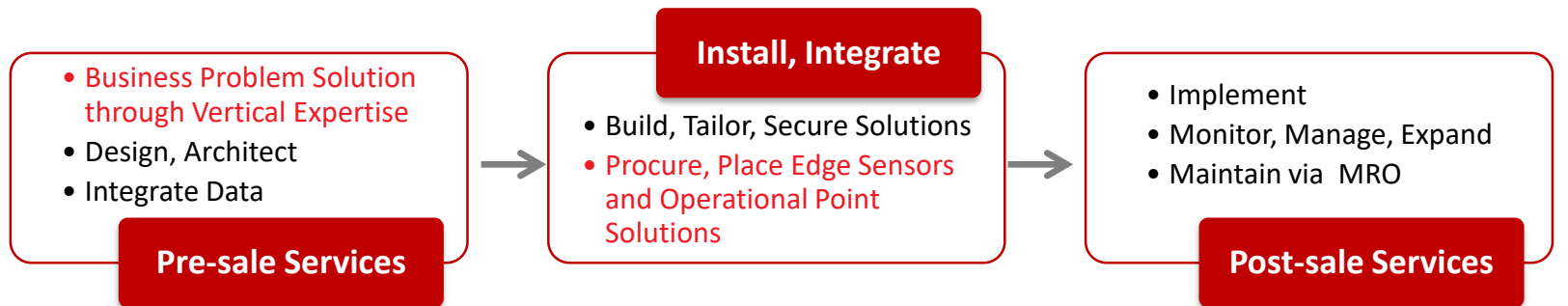
IT Infrastructure



IT Applications



OT or OT Industrial



What, then, is the Resulting “Ideal Partner” Profile? VAR/MSP Partner - Sample

Potential

Product Adoption Record: The entire Product Line to enable cross-sell; adjacent vendor relationships to enable solutions

Enablement: Sales, Technical & Operational Training, Support Capabilities, Managed Services

- Dedicated Sales Staff Trained
- Technical staff trained for both pre-sales design/configure, post-sales implementation & operational managed services
- Maintenance: takes first line support calls

Marketing Capabilities: Dedicated Marketing coordinator, matches MDF, tracks leads and reports back on MDF usage, spends 8% of revenues on marketing

HW, SW, Services, MRR Mix: 40%-15%-35%-10%

Top Line Revenue Growth: 10%

Revenue

Sales Capabilities: (Customer Target Markets, Industry Verticals, Horizontal Solutions, Customer Satisfaction, References, Average Deal Economics, Transaction Volume)

- Upper mid-market customers with specialization in Hybrid Cloud, Network Infrastructure Design and Operation (can provide MSP option)
- Receives high customer satisfaction feedback, i.e. a ready reference
- ASP is \$10,000 OTC and \$3k/month managed desktop
- Last FY annual product revenue \$100,000 in vendor product

**Check Navigator
for Ideal Partner Profile**

...a Sample Telco Agent Profile

Potential

- **Product Adoption Record:** Telco/Cableco Broadband services, selling BDR & Office365 Cloud services
- **Enablement:** Sales Training in conjunction with a Master Agent
 - ✓ Agent: Dedicated Sales Staff Trained
 - ✓ Master Agent: Technical staff trained for both pre-sales design/configure & post-sales implementation
- **Marketing Capabilities:** Can create pipeline, uses less MDF and custom campaigns than IT VAR
- **HW, SW, Services Mix:** 100% Carrier Commissions. 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



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.

Top Four Partner Business Priorities are Targeted at Building Services or Related Capabilities



• FINDING SKILLS

- Vendors must broaden delivery options for training so partners can build from within.
- Sales training must address non-product areas such as prospecting, selling methodology and selling monthly recurring services

• BUILDING MSP BUSINESS

- 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

• BUILDING CLOUD RECURRING REVENUE

- 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 CAPABILITIES

- 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
- Vendors must assist partners with staff utilization

Provide Content & Learning Paths by Role

E.g. Sales, Developer, Implementer, Architect, Service Level Manager, etc.

More often, Educate for Solutions Rather than Products

Private cloud solution versus server & storage

Ensure Learning Path Ease of Access, Ease of Use and Personalization

- Learning paths should facilitate training plans and track progress via dashboards by individual
- Consider which content is available outside firewalls, e.g. YouTube
- Think hard before requiring expensive, in person training requiring travel and time out of territory
- Provide “test outs” and fast path education when a similar or competitive certification is held

Facilitate Access to Developers & Communities

Both inside (authenticated) and Outside (YouTube, LinkedIn, Twitter) of your Partner Portal

Partners Make Significant Investment in Time and Money in Training Across All Vendors

How Much Time Can they Reasonably Commit to Your Training?

Days per Year (Average)

Days Annually	Vendor Sales Training		Vendor Technical Training	
	VAR	MSP		
	9-11	7-9	Pre Sales Technical Staff	9-10
				6-9



Source: IPED Channelytics Partner Enablement Study

Q: Approximately how many days of vendor training annually do the following staff members attend (all delivery methods, online, in-person)? (n=166)

Core Sales Enablement Priorities Include Prospecting, Product and MRR Training



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

Critical component to demand generation for MSP services across geographies

DIRECT 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 |

Source: IPED Channelytics Partner Enablement Study

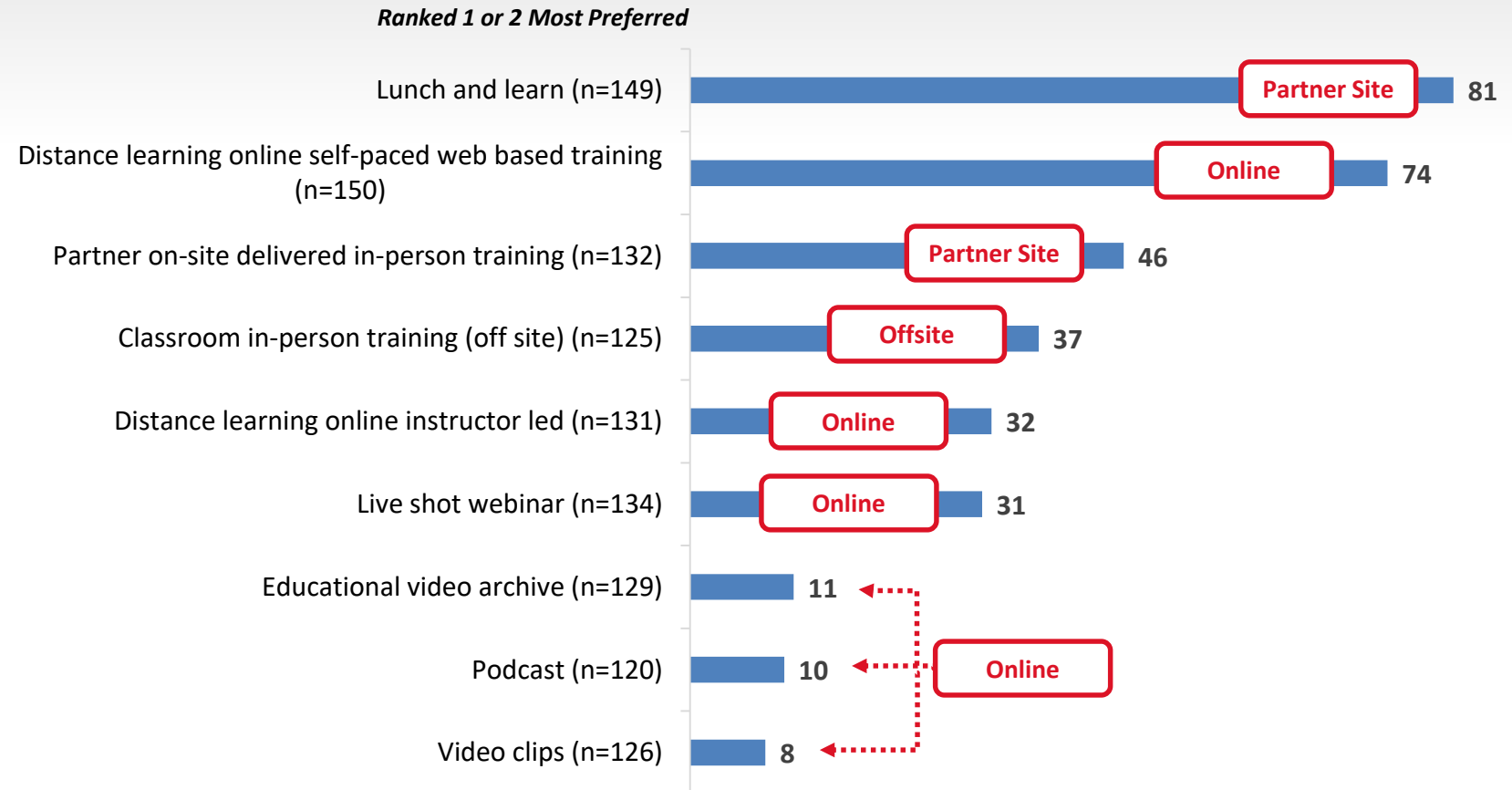
Q: Rank in priority order the most critical skills requirements you need addressed through vendor training for direct outside sales resources.

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

Don't Ask Partners to Send Sales People to Offsite Sales Training

Primary Ways to Receive Vendor 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
- ▶ If you're not bringing the pizza – then we want to log in or dial-in.

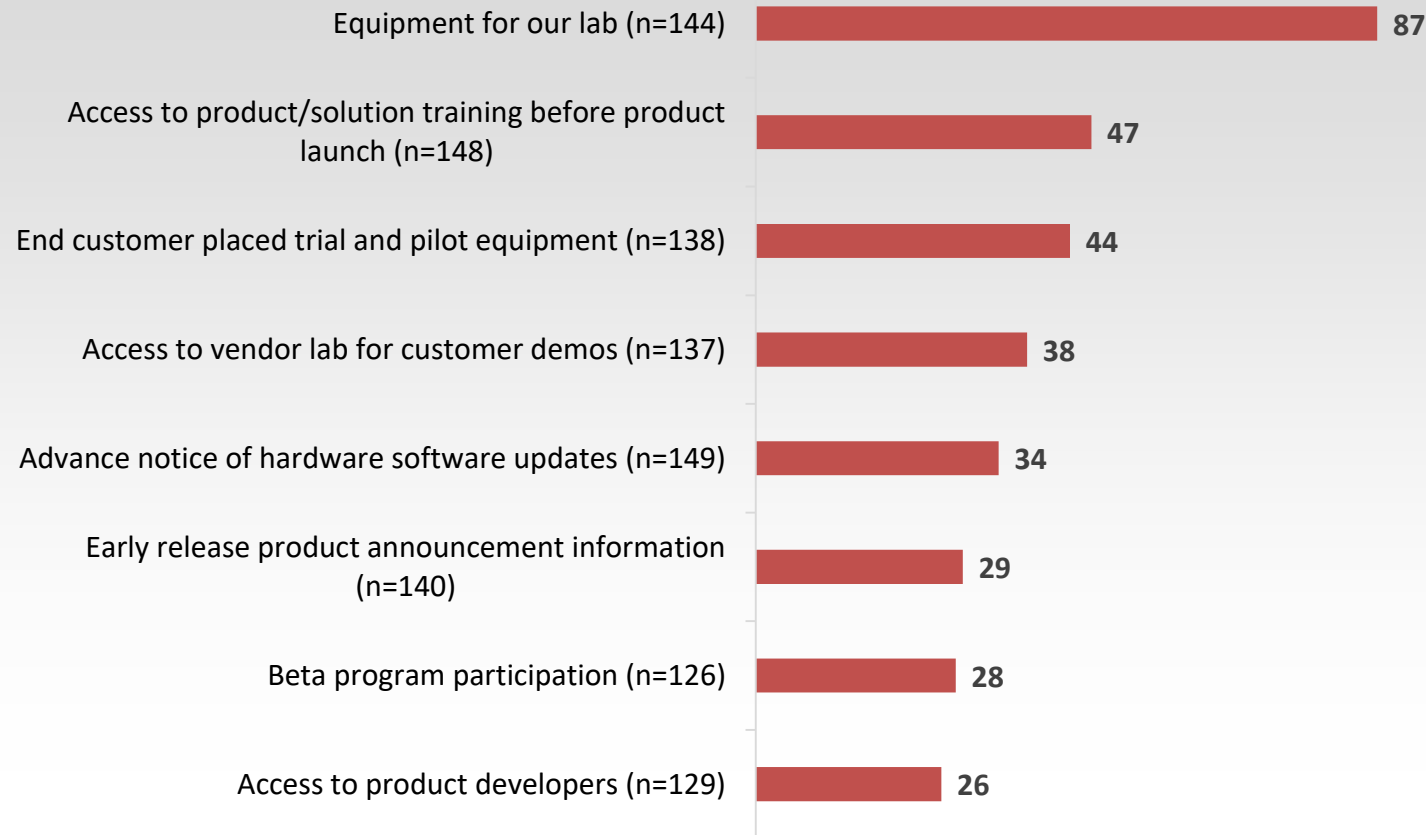


Source: IPED Channelytics Partner Enablement Study

Q: What are the primary delivery vehicles you prefer for your team to receive vendor sales training?

Where Can You Get Return on Your Technical Training Investment?

Technical Enablement



“Our training is sourced from a combination of distributors and vendors.”

“Best of Breed is efficiency when we need it!

- *Basic features*
- *What business problem it solves or the intended purpose*
- *Why is it different or better than the alternatives*
- *Sizing, configuration and model differences”*

“Our CEO will not invest in non-technical training... I look at CRN, Infowebk, RSS feeds, network or vendors visiting. I don't need to pay CompTIA to tell us.”

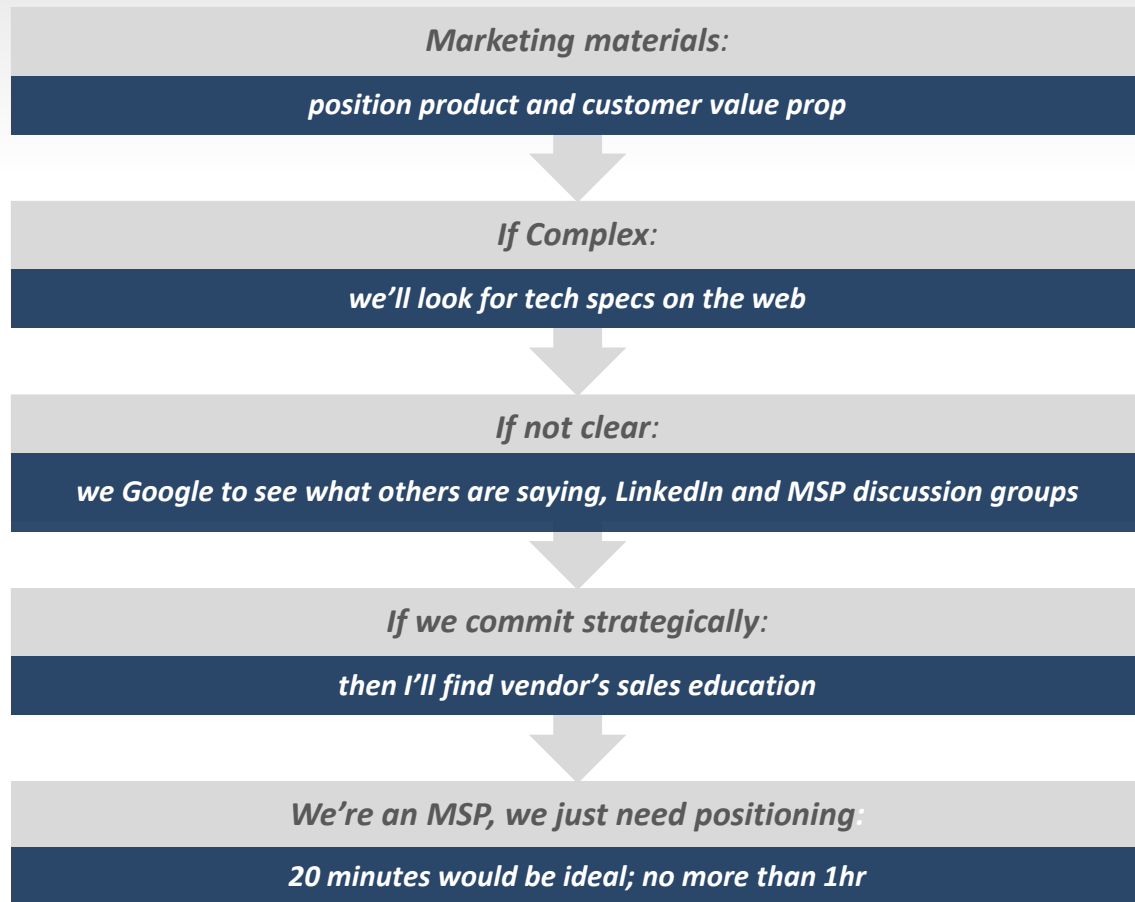
*“What matters is fast and efficient, let me download materials/audio and use while I drive.”
(non-major metro area)*

Source: IPED Channelytics Partner Enablement Study
Q19e-Q19g: Whom do you believe is the most effective in delivering the following types of education or support?

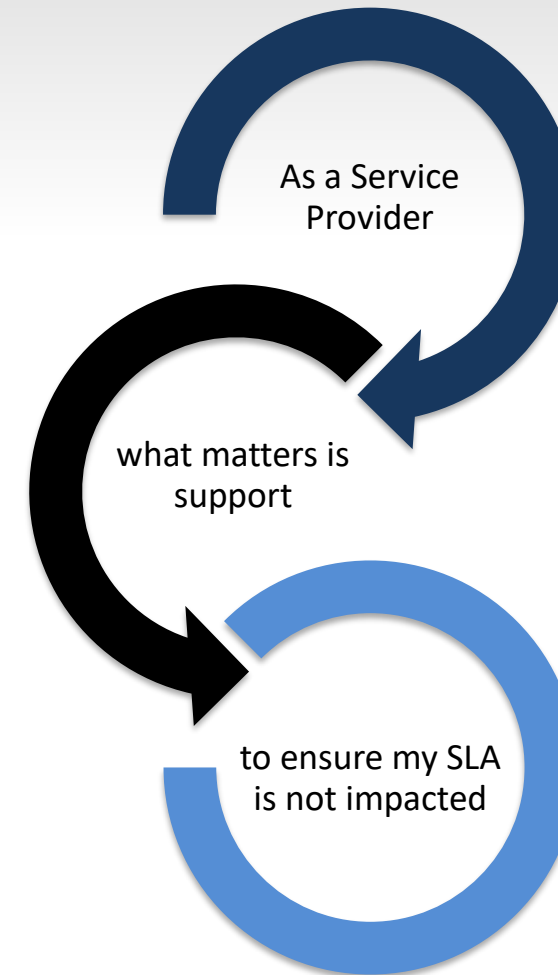
New Business Models Require New Education & Support Offerings

THE MSP EDUCATION PROCESS

"The right sales education is hard to find."



SUPPORT



"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."

Education Best Practices

The New Builders Podcast

By IBM developerWorks TV

To listen to an audio podcast, mouse over the title and click Play. Open iTunes to download and subscribe.



[View in iTunes](#)

Description

Today's applications are central to decision-making at all levels of society - whether governments monitor critical infrastructure using smart sensor data, or helping consumers buy their favorite brand of cereal. The New Builders podcast features interviews with experts, in which they reveal their best practices, latest projects and favorite tools.

Name	Description	Released	P
1 Ep. 31: Data, Demos-N-...	This week, we're previ...	3/15/2017	Fi
2 Ep. 30: Meditations on Cl...	The TV landscape has ...	2/26/2017	Fi

Vendor Built Intellectual Property (IP) made available to partners to speed the ability to deliver services or to improve services profitability.

- Virtual technical labs with continued access after class
- Mobile device delivered content
- Determine what must be ubiquitous and outside the firewall versus inside
- Individual incentives to achieve required learning including, cash/debit cards, points programs for merchandise, access to developer or Vendor Partner forums, individual designations/badges/certification titles

Spiffs

MSP education needs differ.

Sales education is considered best of breed when the curriculum provides revenue generating direction in the least amount of time, when needed.

Best of breed technical training requires the use virtual labs where work can be saved for reference after class.

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

- Time and Money
- Cost and ROI
- 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



“Lack of executive support.”

“Lack of proximity (major metropolitan area) and we prefer in person training.”



REAL COST, OPPORTUNITY COST, AND PERCEIVED ROI INHIBIT TRAINING CONSUMPTION

Cost continues to be the main area of dissatisfaction with partners and training. VARs in particular spend nearly 20% more days in technical training than do MSPs or Consultants due to certification requirements across a wider range of vendors products.

Source: IPED Channelytics Partner Enablement Study

Partners Declare Marketing a Significant Weakness



Marketing

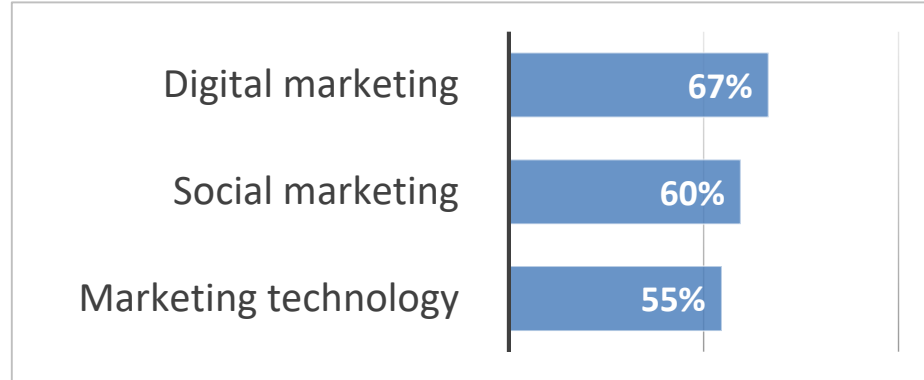
- ✓ Assistance to supplement Partners' acknowledged poor marketing skills is highly valued
- ✓ **28%** of solution providers utilize vendor self service marketing assets.
- ✓ Some, looking for high touch support, opt for lesser known vendors who will allocate full marketing support.

“Events: We appreciate help getting people to show up with MDF. We did an IBM security suite event with an IBM speaker, excellent turnout due to topic and speaker. MDF helped us get people there, we got a few prospects, one was a whale. It’s not the numbers it’s the quality of the attendees.”

“Both Cisco and EMC have invested in Channel Partner Marketing Certification.”

Marketing Considerations

New skills requirements



Strategies deployed by Cloud Solution Providers

- Try and buy programs
- Focus on thought leadership
- Digital transformation
- Pre-sales consultancy
- Assessments
- Packaged solution offerings
- Account based marketing (expand part of land)

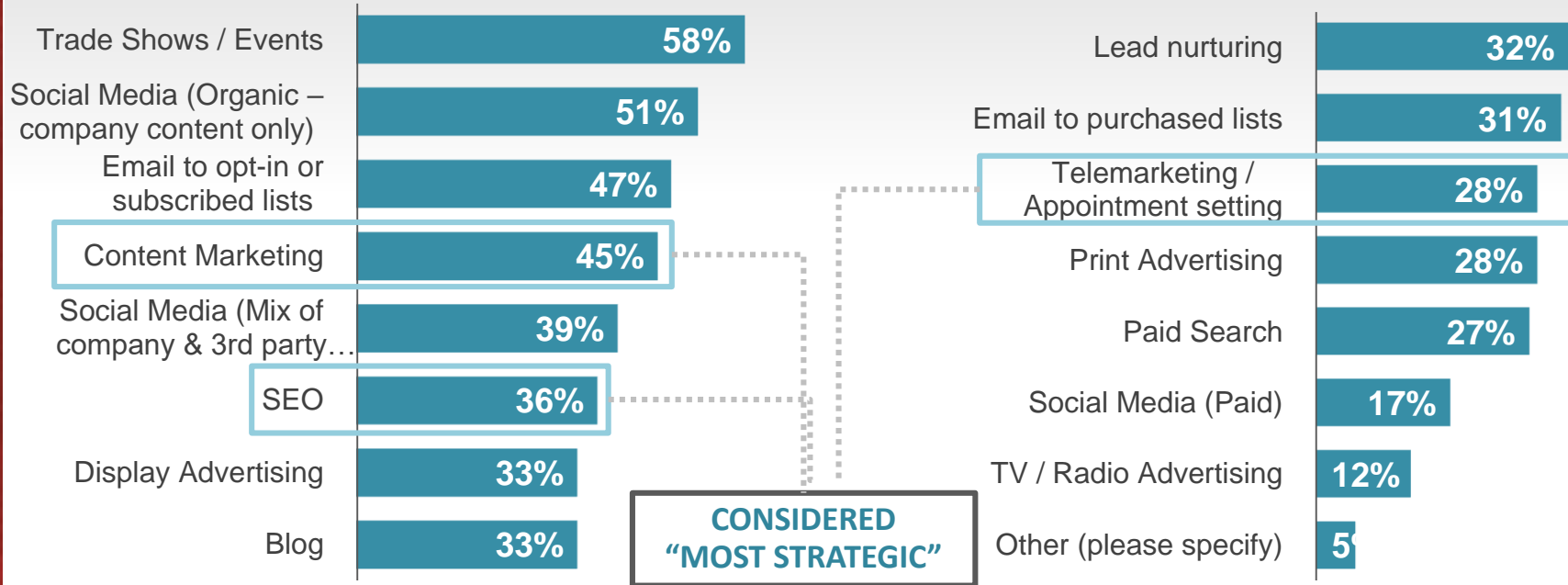
Activities are potentially different



“Digital Marketing is easier to customize.”

Self Serve Model Shifting to Vendor-Supported or -Managed

PARTNER MARKETING ACTIVITIES



“Events: We hosted a Starwars screening and worked with two vendors... we opened with a meeting maker appointment about us, then video, then offered standard incentives, \$200 Sunglass Hut gift card, for the appointment.”

MARKETING BUDGET AS A % OF COMPANY'S REVENUE

8% (median)

Nearly 50% of respondents spend 5% or less of company revenues on marketing

Self Service Tools Demonstrate A Less Than 35% Adoption Rate

Vendor Support Is Needed To Supplement The Typical Partners' Capabilities.

The Question

Can high touch capabilities scale to the masses through a marketing automation investment driving greater participation?

BEST OF BREED OPTIONS

28% ADOPTION

PARTNER SELF SERVE

- Templated materials around which partners can customize & create campaigns (no other vendor role)
- Enable partners with simple, easy to use, turnkey campaigns

VENDOR SUPPORTED

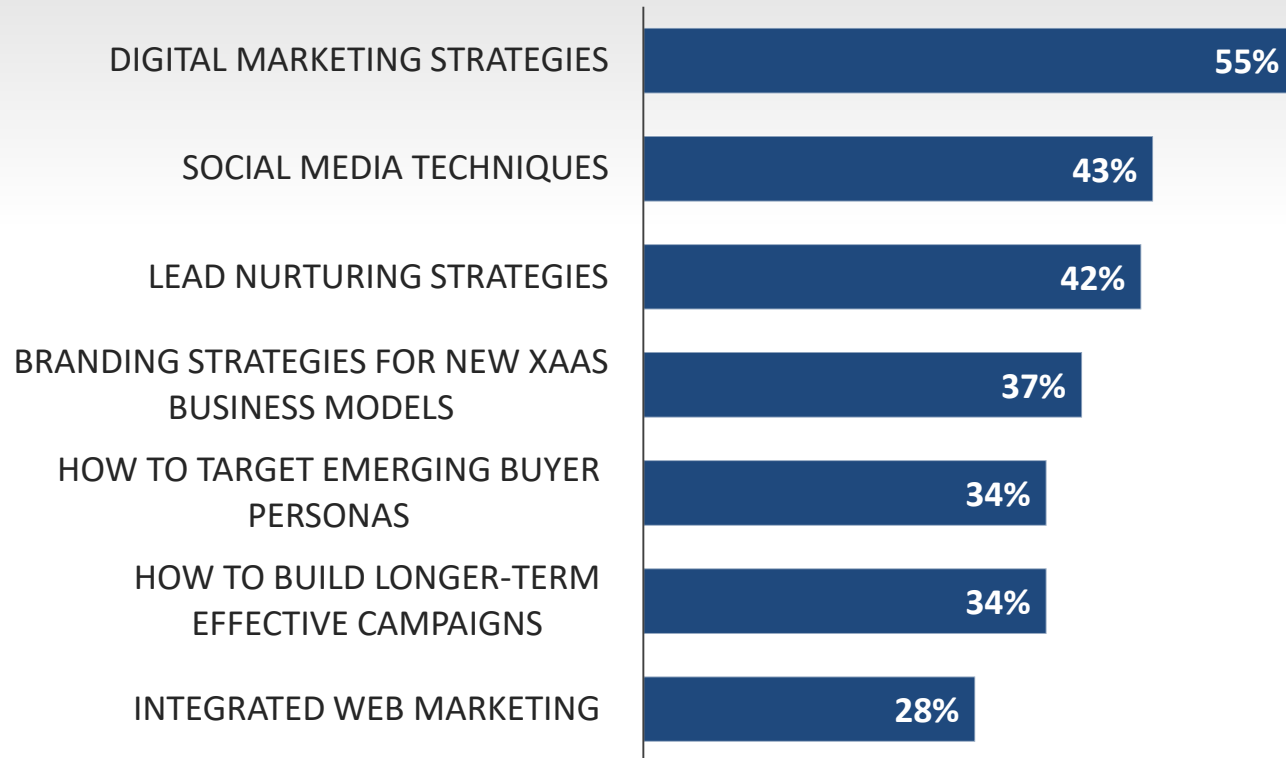
- Vendor supports partner planning, or materials and/or execution; partner leads
- Deliver guidance and direction to partners and assist with planning, setup and execution of campaigns
- Single point of contact for all marketing inquiries
- Focus on high value partners

VENDOR MANAGED

- Vendor and/or partner materials, managed as a complete campaign on an ongoing basis by vendor
- Offers highest level of automation and integration
- Designed to minimize partner effort
- Focus on highest value marketing activities and partners

Best of Breed Partner Marketing is a Supported or Managed Service Typically Allocated to Strategic Partners

TYPES OF MARKETING INSIGHTS OR TRAINING DESIRED FROM IT SUPPLIERS



*“The best marketing support is from **VMware**:*

- VMware has client facing microsites branded for customer, customer can visit and feel like they own part of it already*
- In this case an email campaign, nurturing emails were sent*
- Campaign goes from 3 – 5 emails*
- Laid out over 3 – 5 weeks with activity coming from us*
- They hired a marketing firm to host drip campaigns”*

“Lenovo is very good:

- I can open a web browser to see what leads are coming in. This is great.*
- I have 3 monitors in my office, the campaign is running on one monitor.*
- I can get back to the customer in 5 minutes*
- They use OneAffiniti bought by Ziff Davis direct marketing to the IT channel*
- Juniper is good; but I have to log in every 4 hours to see if anything came through, I can’t make my 5 min goal.”*

Marketing Best of Breed Vendor Examples

*“**Adobe** we can download and use templates and microsites.”*

*“**Citrix** Marketing IQ Portal:*

- *Great interface*
- *Great content*
- *Proposal based”*

*“**Nutanix:** the content is good*

- *easy portal*
- *list buying through 3rd party*
- *list development”*

*“**Datto** marketing offerings are superior to what we’ve seen out there. They are younger, want to grow. Their partnership is strong, they do not sell direct, this makes them exceptional in the market.”*

“They set up webinar to attend, email blast and 5 nurturing emails in between. Datto helps do this for \$1,000/year and we can use MDF to pay for it. By making it simple; partners use it; and it works, so partners engage.”

- *Full product info on portal*
- *Designated person to help craft healthcare campaign*
- *How to address HIPPA*
- *Taught us small medical versus hospital needs*
- *How to use Datto for building, engineering, utilities or schools*
- *Datto University teaches us requirements and how to size”*

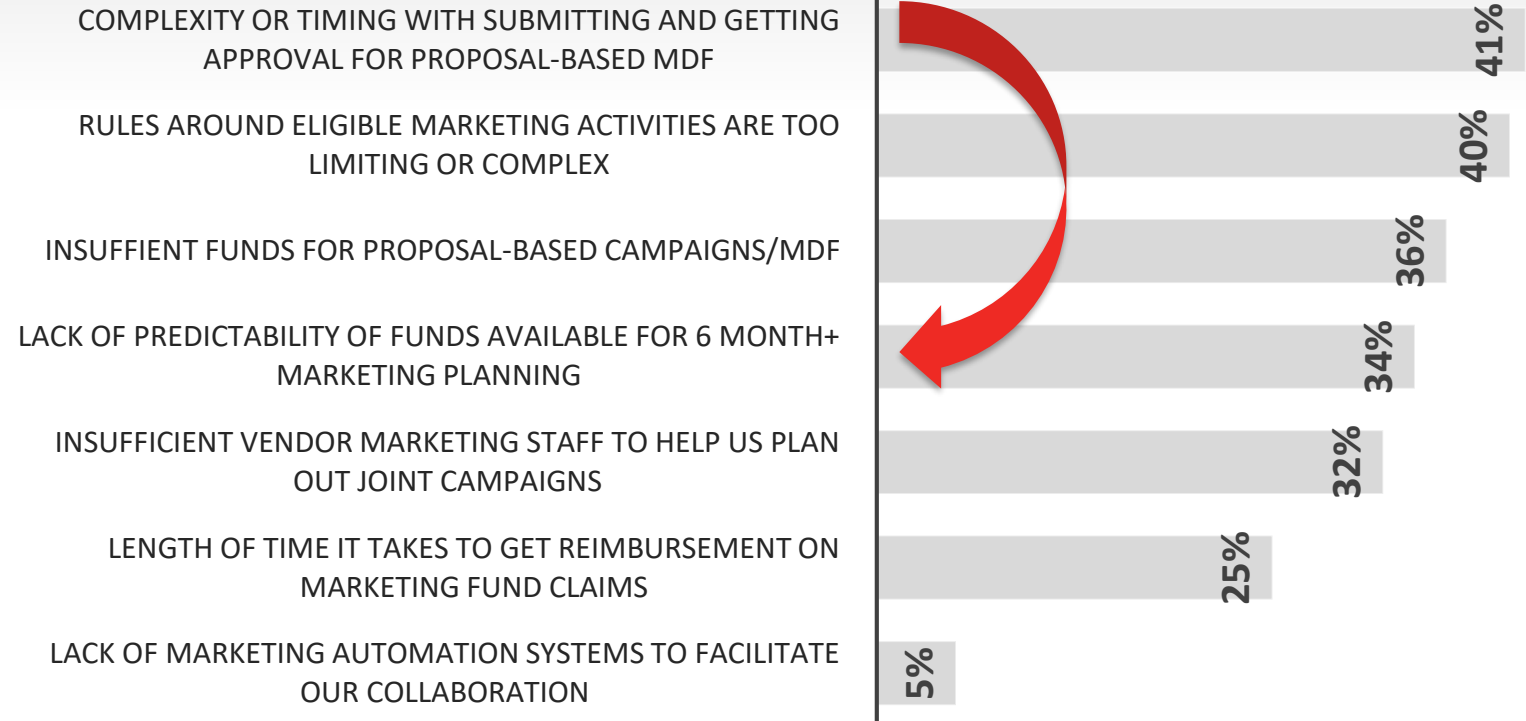
Biggest barrier to vendor marketing is MDF program complexity; funding levels and staffing support perceived to be less challenging

“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.”

▶ TOP 3 BARRIERS OVERALL: (mean)

- 1 Complexity or time involved in MDF up-front approval process
- 2 Rules around eligible marketing activities for MDF
- 3 Insufficient proposal-based MDF funds

▶ IT SUPPLIER MARKETING BARRIERS



“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.”

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

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

Demo Systems, Not For Resale Code

MSP Expedited Product Support when a Customer experiences an Outage or High Severity Product Issue

MSP Operational Support: Cisco



- Cisco's Land, Adopt, Expand & Renew Lifecycle Services Model
- Lifecycle Advisor program helps partners build and reward investments in Lifecycle practices
- Supports partners recurring revenue services and Cisco's investments in subscription services
- 397 Customer Success Managers hired by partners this past fiscal year



You Now Have Your Channel Context!

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 Networking
- Managed Security
- Enterprise Departmental Server
- Cloud Server
- IoT Application Server
- Any Line of Business Application Server
- Backup-Disaster Recovery

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

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 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



	Incentives <i>(OPEX only and includes business development funds*)</i>	Demand Generation Funds <i>(includes all MDF)</i>	Program or Other Partner Marketing Activities <i>(excluding MDF)</i>
Description	<p>This category includes all of the program elements associated with partner incentives to drive:</p> <ul style="list-style-type: none"> • Product sales • Education • Training behavior, etc. 	<p>This category includes all of the program elements that are related to driving end user demand with and through your partners.</p> <p>Note: this does not include corporate end user demand generation, advertising, trade shows, etc.</p>	<p>This category includes all of the program elements that relate to marketing your program and all aspects of “marketing to” your partners.</p>
<p>Includes: <i>These are items that may be included in this budget section. This is not an exhaustive list, so other items can be included.</i></p>	<ul style="list-style-type: none"> • Business development funds • Sales SPIFFs • Rebates • Performance incentives • Deal registration incentives • Special pricing programs, etc. 	<ul style="list-style-type: none"> • End-user targeted advertising • Promotions • Marketing activities designed to generate qualified leads • Trade show participation • Joint seminars, etc. 	<ul style="list-style-type: none"> • Channel based print/web advertising • Industry events • Emails • Newsletters • Self-created webinars • Partner road shows, 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.*



	Infrastructure and Support <i>(includes eval units, POCs, Pre/Post sales support items & portal)</i>	Education <i>(Sales and Technical)</i>	Other
Description	<p>This category includes all of the program elements that are necessary to:</p> <ul style="list-style-type: none"> • Execute and implement your partner program • Support partners during sales engagements. 	<p>This category includes all of the program elements that are related to enabling your partner’s technical or sales teams.</p>	<p>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.</p>
Includes: <i>These are items that may be included in this budget section. This is not an exhaustive list, so other items can be included.</i>	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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.

Debrief Team Workshop Phase 1

Set Your Partner Program Budget

✓ *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



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

✓ Different for your specific products.

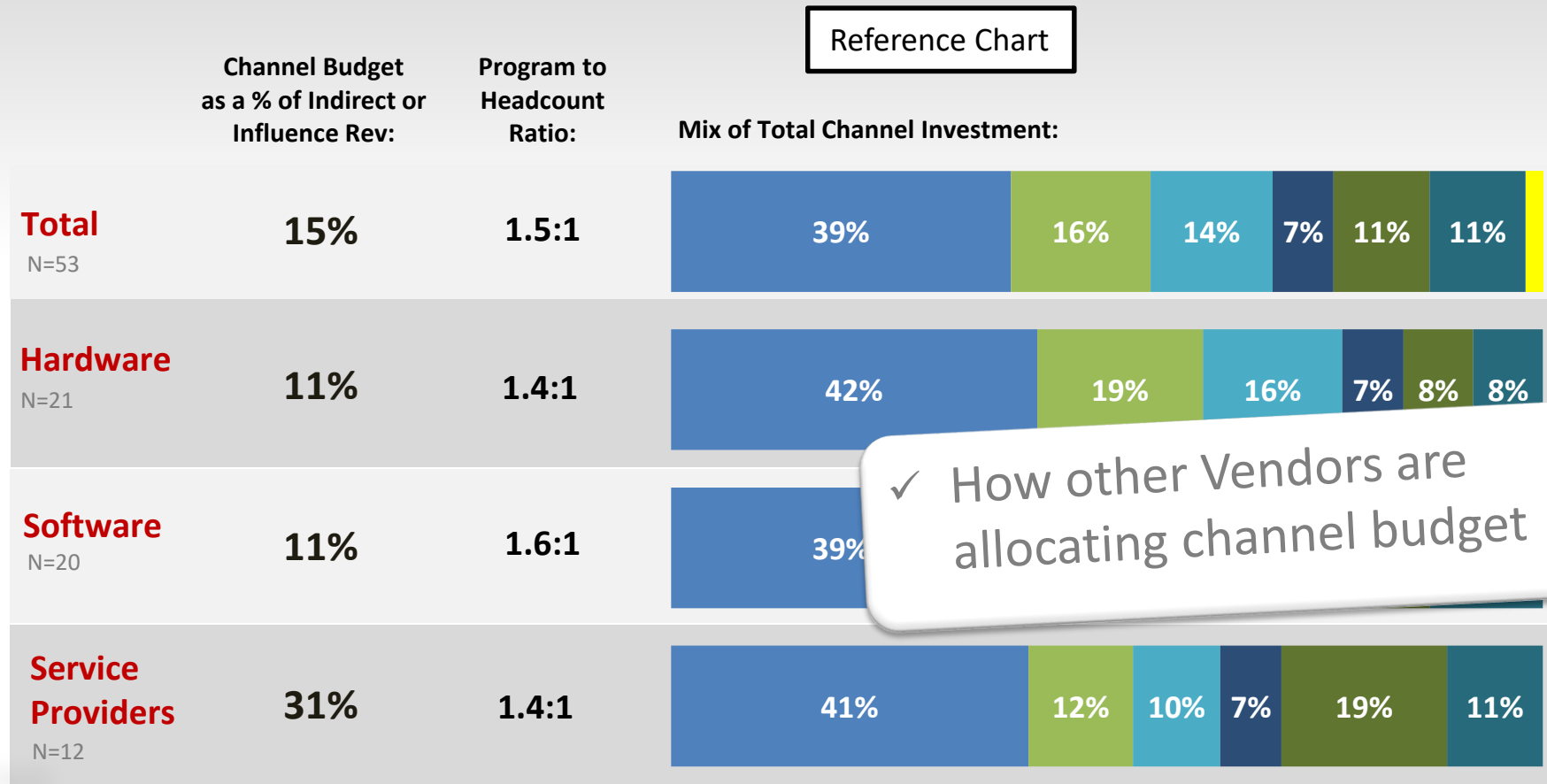
ARC Importance Criteria Ratings

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

Vendor Channel Benchmark on Budget



✓ How other Vendors are allocating channel budget

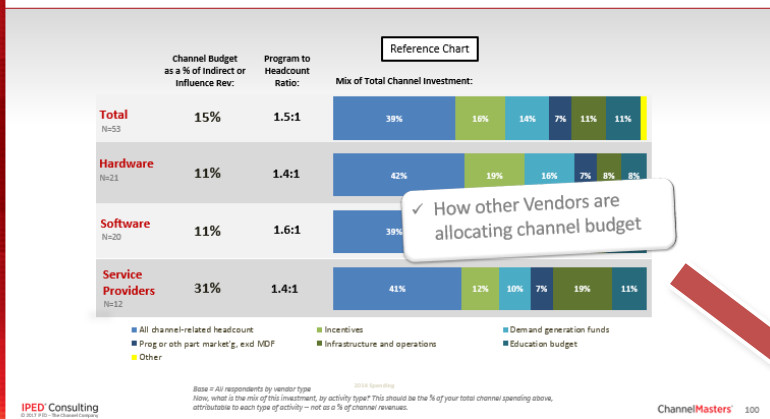
- All channel-related headcount
- Incentives
- Demand generation funds
- Prog or oth part market'g, excl MDF
- Infrastructure and operations
- Education budget
- Other

*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



Focus on combination of HW and SW vendors

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



Partner Preference

ARC Importance Criteria Ratings

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
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Cloud-Readiness of Channel Program*	19
Marketing Support	20
Consumption Based / Subscription Pricing*	21

Channel Experience

Used real world experience to rationalize model to simulation assumptions



Number	Program Element	Budget Amt (\$)	Budget %
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%	

October 2018 Kickoff Workshop

RESULTS

But Wait, There's More!



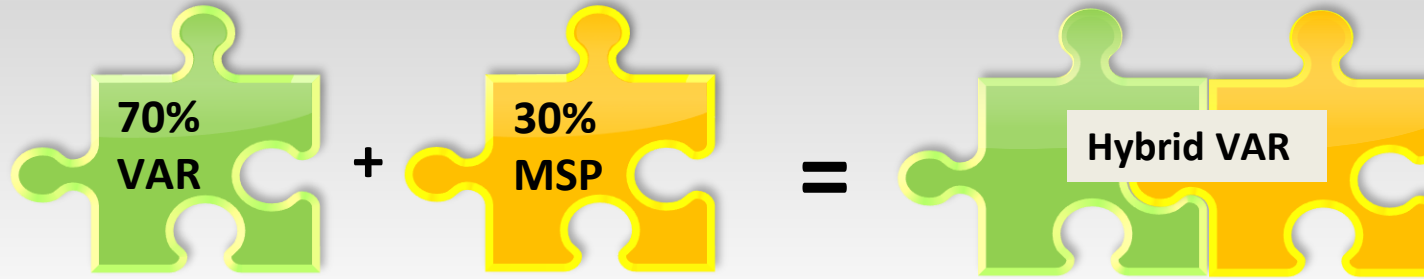
What About Other Routes to Market; Stay Tuned for the IPED Profitability Webinar

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	<ul style="list-style-type: none"> ✓ Global 1000 ✓ Complex Systems 	<ul style="list-style-type: none"> ✓ Vertical or Horizontal Solutions 	<ul style="list-style-type: none"> ✓ CIO, Dept. Buyers 	<ul style="list-style-type: none"> ✓ By VAR/MSP Specialty 	<ul style="list-style-type: none"> ✓ Enterprise to SMB LOB by Vertical 	<ul style="list-style-type: none"> ✓ All 	<ul style="list-style-type: none"> ✓ Segmented by Vendor
	↓	↓	↓	↓	↓	↓	↓
Buying Behavior	<p>Want:</p> <ul style="list-style-type: none"> ✓ Custom ✓ High Touch 	<p>Want:</p> <ul style="list-style-type: none"> ✓ Vertical Expertise ✓ Avoid custom development 	<p>Want:</p> <ul style="list-style-type: none"> ✓ OPEX ✓ Low barrier to entry ✓ May be lower TCO ✓ Flexibility 	<p>Want:</p> <ul style="list-style-type: none"> ✓ Technology Guidance ✓ Solutions ✓ Low barrier to entry 	<p>Want:</p> <ul style="list-style-type: none"> ✓ Vertical Biz Problem Discussion ✓ Edge & Industrial System Knowledge 	<p>Want:</p> <ul style="list-style-type: none"> ✓ Procurement ✓ Competitive Pricing ✓ Quick Turn-around 	<p>Want:</p> <ul style="list-style-type: none"> ✓ Vendor Relationship ✓ Development Access

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



Partner Profitability

VAR Profitability Drivers
(with blended SI/Consultant functions)

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

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

Category	Item	Value/Impact
Revenue	Growth Rate	Increase
	Competitive Win Rate	Increase
	Avg Engagement Size/Duration	Increase
	Strategic Value	Increase
	Customer Sat/References	Increase
	Customer Sat/References	Increase
Solution Development	Methodologies	Increase
	Implementation/Development	Increase
	Repeatable Solution	Increase
	Reference Architecture	Increase
Scope of Practice	Horizontal (OB65, SFDC)	Increase
	Vertical (SAP, Dynamics)	Increase
	End to End Provider	Increase
	Alliances	Increase
Service Gross Margin	Prof Services % GM	Increase
	Bench Utilization	Increase
	Product Expertise	Increase
	Delivery Process	Increase
Total Gross Margin	Service + Product GM%	Increase
	Additional offerings	Increase
SG&A	Vendor IP	Decrease
	Vendor Co-selling	Decrease
	Access to Development	Decrease
	Tech. Training & Certification	Decrease
	Services Automation	Decrease

IPED Consulting | System Integrator heavy components | THECHANNELCO. 32

Vendor Support Needs

Lever of Partner Profitability: VAR

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

Lever of Partner Profitability: MSP

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

Lever 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%

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