Channel Programs

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 with that spend is $10M
  - 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 taken care of; you are building the program spend portion of the budget

- ❑ The Product: "MacroSoft's Cloud One Appliance"

  - Basic model: ASP ~ $20,000 (also available as subscription w/ ASP~$750 mo)

  - Advanced model: ASP ~ $60,000 (also available as subscription w/ ASP~$2,000 mo)

- ❑ Target market: SMB and Upper Mid-market (50 to 1000 users)

- ❑ Competitive Landscape: one major appliance competitive vendor, though alliance relationships with HW and SW vendors compete also

- ❑ Single tier channel of highly productive HW & SW VARs _with solution and managed services capabilities_. Annual revenues around $3M+ selling to SMB and Upper Mid-market customers.

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2015 IPED Vendor Benchmark

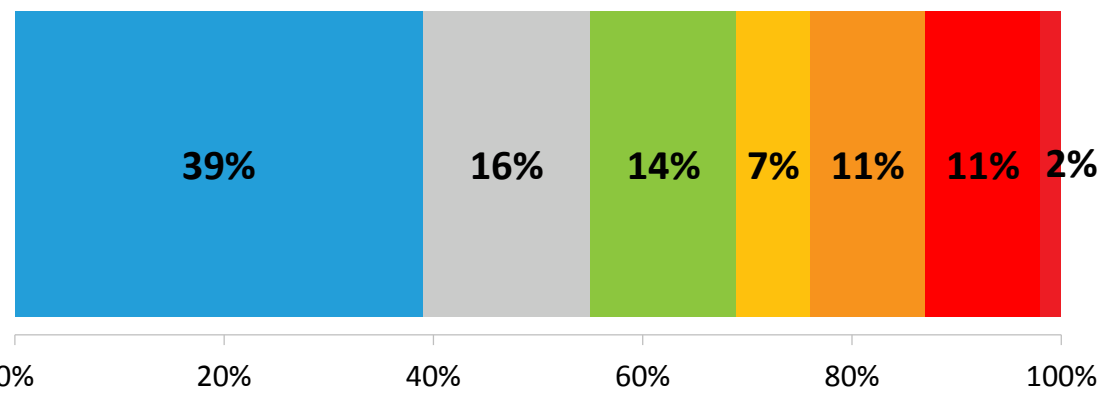**What is the Mix of Program to Headcount Dollars?**

For every Headcount Dollar;

1.5 Program Dollars are spent

PROGRAM TO HEADCOUNT DOLLAR RATIO:
ALL VENDORS (MEAN)

1.5 to 1

How is the total channel budget allocated?

39%	16%	14%	7%	11%	11%	2%

0%   20%   40%   60%   80%   100%

N=98

- All channel-related headcount
- Incentives
- Demand generation funds
- Program or other partner marketing excluding MDF
- Infrastructure and operations

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.
Source: IPED CLF March 2015

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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?**

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Forget What You Know…Focus on this Solution & Partner Profile

The teams who have traditionally won were able to use best practices that applied from their current jobs BUT recognized that program investments, incentives, etc. had to be targeted to the MacroSoft solution and Solution/Managed Services capable partners!

The Million Dollar Channel Answer…Channel 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

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

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Your Strategy Depends on Your Products and Target Markets

E N T E R P R I S E

S I M P L E / C O M M O D I T Y

C O M P L E X

S M B
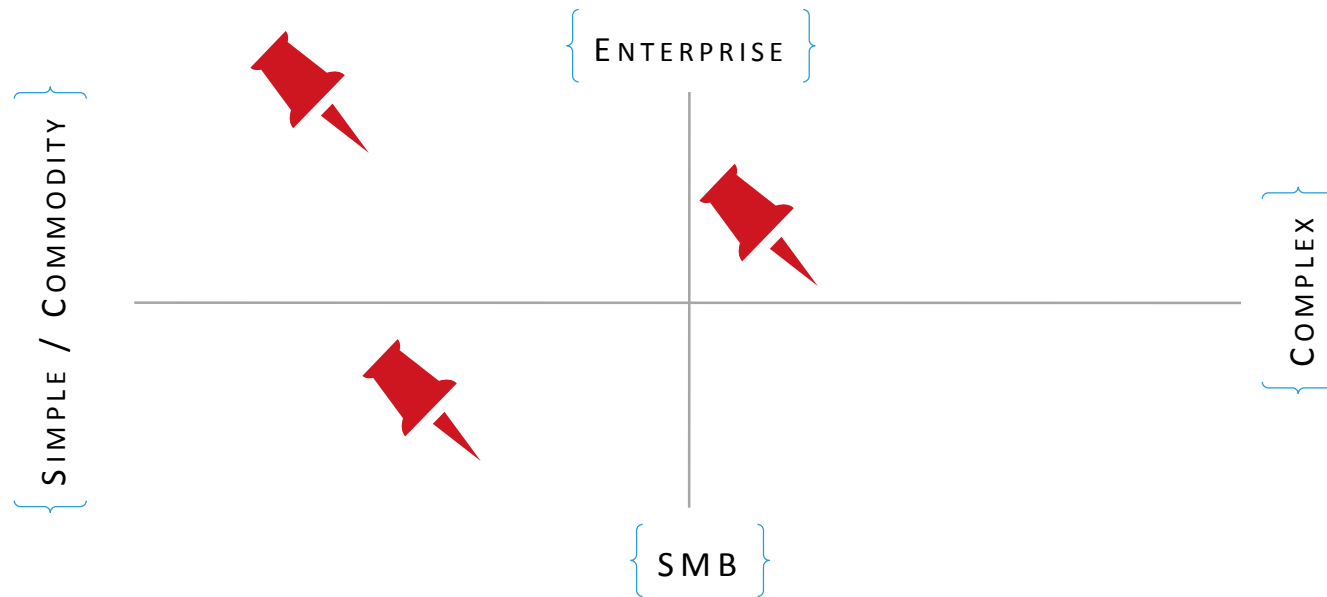
✓ *Different again for components or embedded software versus whole products*
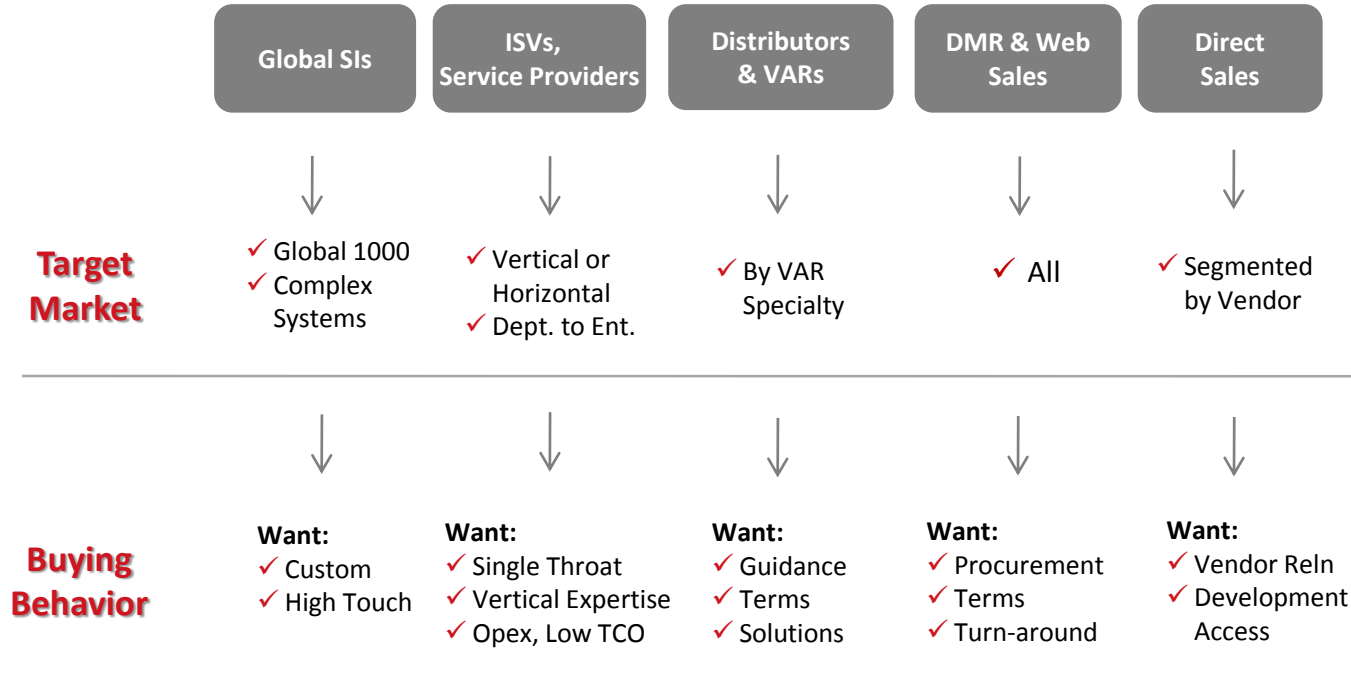
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Routes to Market: Best Practices

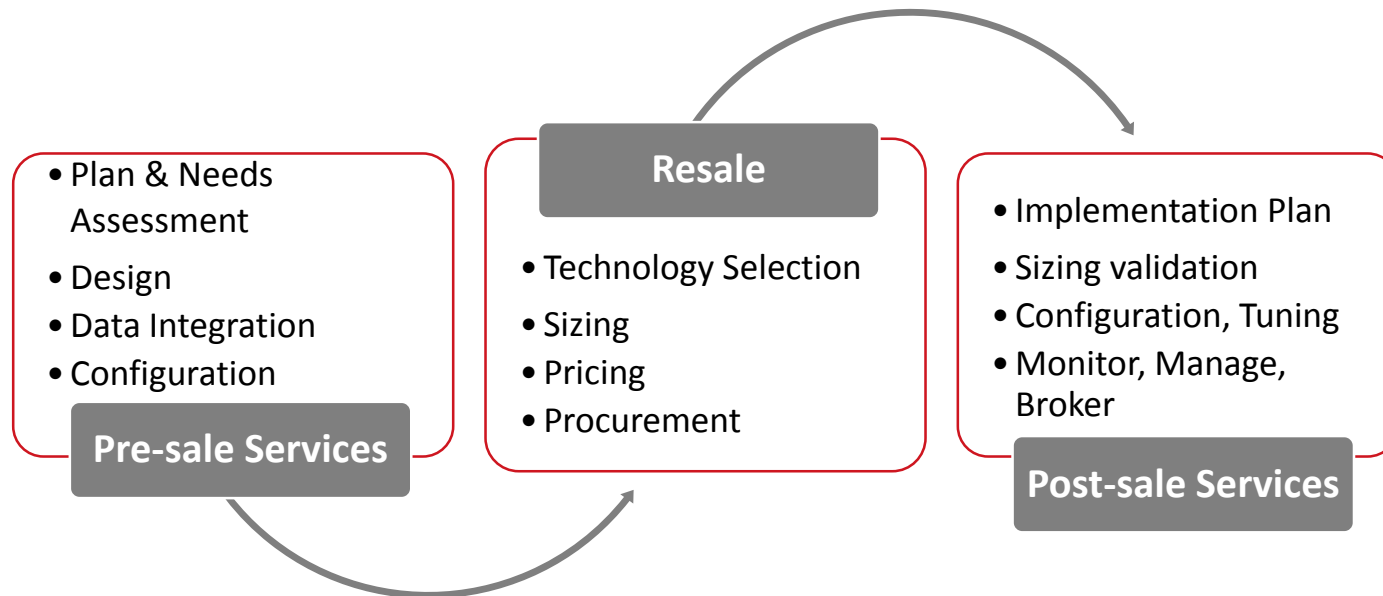*Your Customer and/or Product segmentation e.g. "hard decks" avoids deploying all in the same space*

Enterprise:
E.G. Direct

Mid-Market:
E.G. Direct & Partner

Hard Deck

SMB: Partner Only

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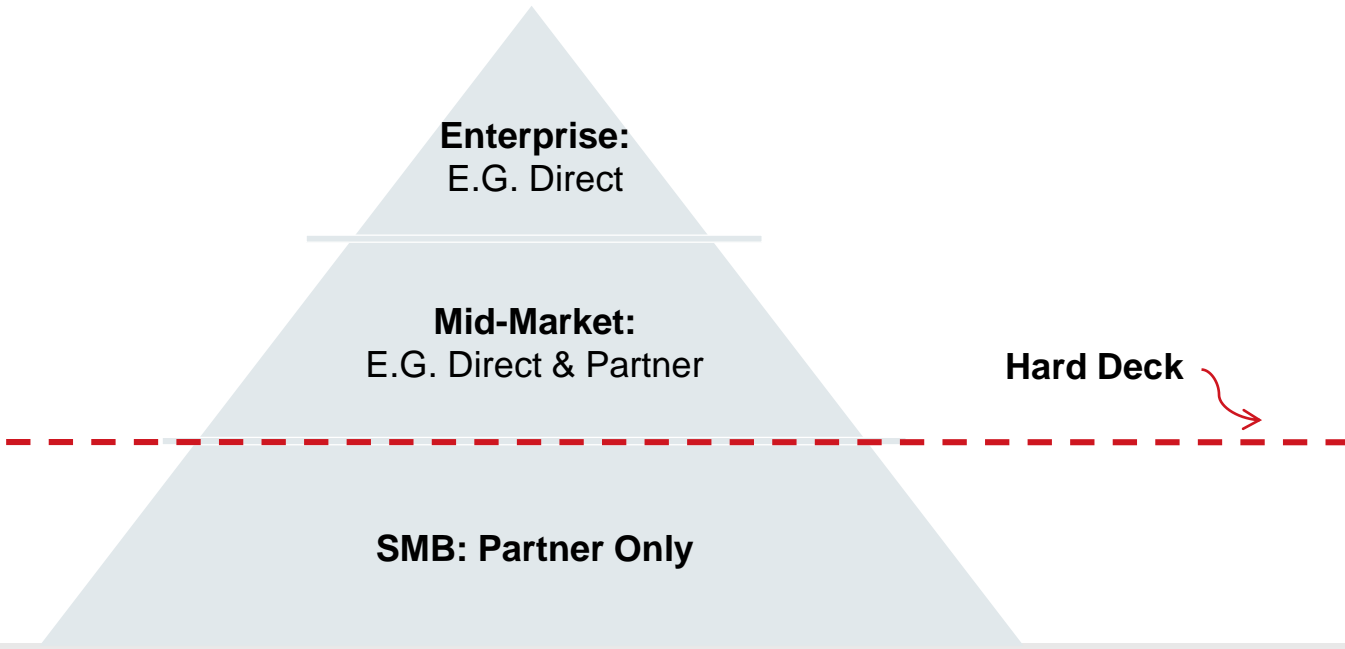
Your Routes to Market Depends on How the Product is Sold & Reach

	Global SIs	ISVs, Service Providers	Distributors & VARs	DMR & Web Sales	Direct Sales
Target Market	✓ Global 1000 ✓ Complex Systems	✓ Vertical or Horizontal ✓ Dept. to Ent.	✓ By VAR Specialty	✓ All	✓ Segmented by Vendor
Buying Behavior	**Want:** ✓ Custom ✓ High Touch	**Want:** ✓ Single Throat ✓ Vertical Expertise ✓ Opex, Low TCO	**Want:** ✓ Guidance ✓ Terms ✓ Solutions	**Want:** ✓ Procurement ✓ Terms ✓ Turn-around	**Want:** ✓ Vendor Reln ✓ Development Access

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Post-Sale versus Full Service VAR-MSP Profile

Resale

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

- Technology Selection
- Sizing
- Pricing
- Procurement

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

Additional Partner Profile Characteristics… VAR/MSP Partner - Sample

Potential

- **Product Adoption Record:** The entire Product Line to enable cross-sell

- **Enablement:** Sales & Technical Training, Support Capabilities, Managed Services
  - ✓ Dedicated Sales Staff Trained
  - ✓ Technical staff trained for both pre-sales design/configure & post-sales implementation & managed services
  - ✓ Maintenance: takes first line support calls

- **Marketing Capabilities:** Dedicated Marketing coordinator, matches MDF, tracks leads and reports back on MDF usage

- **HW, SW, Services Mix:** 50%-15%-35%

- **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, e is 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

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What About Other Routes to Market:

Partner Type	Account Management Objectives Requiring Program or Contract Support		
ISVs	Development Design Win	Lead with Your Brand	Potential Royalty vs. Resale, less co-sell
DIRECT MARKETING RESELLERS *(DMRs)*	Heads on Call Center Floor	Design into Marketing Campaigns	In-bound vs. Outbound call centers, Spiff Impact is High
SERVICE PROVIDERS	Architectural Design Win	Share of "sell to" Revenue	Often common target VARs-MSPs, co-recruitment?
HOSTERS/MSPs	Share & Volume of "sell to" Revenue		

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Finalize Strategy Based on Product Management Plans

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)

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Capacity Planning Templates Help Identify How Many Partners are Required for Recruitment

INFO REQUIRED:

- Product ASP $_____

- # of Deals an Average Partner can Sell _____/year

- My annual Quota/Budget $ _____

- Recruitment Failure Rate: _____%
  *(Historically what % of partners recruited do not achieve **AT LEAST 80%** of the # of deals the Average Partner sells per year?)*

CALCULATIONS:

- Average Partner Productivity $_____
  *(Equals Product ASP * # of Deals Average Partner Can Sell/year)*

- # of Partners Required _____
  (Equals My Annual Quota $ \ Average Partner Productivity $; round up)

- # of Partners likely to Fail _____
  *(Equals # of Partners Required * Recruitment Failure Rate %; round up)*

- Final # of Partners to Recruit _____
  (Equals # of Partners Required + # of Partners Likely to Fail; round up)

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The Structure of Your Channel Context

Context Factor	Your Simulation Context
COMPANY	Newly established division utilizing direct sales, DMR and National Solution Providers
PRODUCT	MacroSoft's Cloud One Appliance™
CUSTOMER	Small to Upper Mid-market who may have the following needs: Backup Disaster Recovery, Web Based Applications, Development and Test, Etc.
CHANNEL	Single Tier, services capable value added solution providers with managed services
RESOURCES	People, Programs, Budget, etc.
OBJECTIVE	$10M Revenue on a $2M budget spend. Set Program Funding to **Build out Program… Recruit … Enable … Win**

In a Word…

How product goals dictate the:

- ✓ Partner strategy
- ✓ Routes to market
- ✓ Partner value proposition
- ✓ 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

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Think Budget! It is NOT necessary to build out the Program

PRODUCT STRATEGY	CHANNEL STRATEGY		PROGRAM DEVELOPMENT			FIELD EXECUTION	
REQUIRED INPUT	RTM	Capacity	Enable	Market	Sell	Recruit	Manage
✓ Product ASP	✓ Routes to Market Selection	✓ Partner Productivity Assumptions	✓ Sales & Technical Training	✓ Market to, through, with strategy	✓ Pre- and post- sale support	✓ Staffing model	✓ Program metrics management
✓ Target Markets	✓ Partner Profile Development	✓ Capacity Planning	✓ Tools & IP Sharing	✓ Demand generation tools	✓ Incentive structures	✓ Onboarding activities	✓ Joint business planning
✓ Buying Behaviors	✓ Value Proposition Development		✓ Field Mentoring or teaming	✓ Co-marketing funds & rules	✓ Pricing and discount models	✓ Role of distribution	✓ Rules of engagement
✓ Competition					✓ Deal Registration		

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

Sample Partner Program Benefits (Typically developed and differ by business model/track)

Partners

Alliances

NDA, **Custom**

Partner Program Branding & Portal

Simulation Phase 1

Education	**Marketing**	**Sales & Support**	**Product**	**Partner Growth Capabilities**
Live & Distance by Role	Co-Branding Tools, Concierge & Full Service	Pre- & Post -Sales	Development Access	Access to Capital
Product Roadshows	Co-operative Marketing Funds	CAM Coverage	Product Beta	Rep Development
Certifications & Specializations	Field Marketing Managers	Conflict Rules of Engagement	Developer Blogs, Workrooms	Transition to Services, MSP, Cloud
	Find-a-Partner	Special Pricing		

Recognition & Spiffs

Discount & Rebate Plans

Distribution Pricing Desk, Configurators, Price Sheets

Product

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You Do Not Need to Build This, However, You Set Budget For It

(Typically developed and differ by business model/track)

Alliances

NDA, **Custom**

Partners

Partner Program Branding & Portal

Product

Deal Reg Goals:
1) **Protect from Direct Sales**
2) **Protect from Reselling Partners**
3) Offer view to pipe or incremental discount

Spiffs also valuable for VARs to incentivize education, penetrate new markets or push commodity products

Simulatio

Product Roadshows

Certifications & Specializations

Co-operative Marketing Funds

Field Marketing Managers

Find-a-Partner

M Coverage

Conflict Rules of Engagement

Special Pricing

Develope Acc

Produ

Develop Blogs, Workroo

Services, MSP, Cloud

Recognition & Spiffs

Discount & Rebate Plans

Distribution Pricing Desk, Configurators, Price Sheets

Product

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No Need to Build Partner Program Levels & Tracks in Phase 1

Program Requirements

- ✓ Certifications
- ✓ Revenue
- ✓ References
- ✓ Customer Satisfaction
- ✓ Points

Program Benefits

- ✓ Rebates
- ✓ Deal Registration
- ✓ CAM Coverage
- ✓ Education
- ✓ MDF
- ✓ Logo Usage
- ✓ Etc.

Platinum

Gold

Silver

Bronze

SERVICE PROVIDER, ISV OR OTHER TRACKS

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Reading the Navigator Handbook

- **Navigator (Simulation) Overview**
  - ✓ Pages 5 - 10

- **The Business Environment**
  - ✓ Pages 12 - 20
  - ✓ The Product: "MacroSoft's Cloud One Appliance"
  - ✓ Basic models: ASP ~ $20,000 (also available as subscription w/ ASP~$750 mo)
  - ✓ Advanced model: ASP ~ $60,000 (also available as subscription w/ ASP~$2,000 mo)
  - ✓ Target market: SMB and Upper Mid-market (50 to 1000 users)
  - ✓ Competitive Landscape: one major appliance competitive vendor, though alliance relationships with HW and SW vendors compete also
  - ✓ Single tier channel of highly productive HW & SW VARs with solution and managed services capabilities. Annual revenues around $3M+ selling to SMB and Upper Mid-market customers. Page 17.

- **Phase 1: Build A Channel Program**
  - Infrastructure assumptions: Page 19
  - Design a Partner Program: Pages 20 - 21
  - Spend $2,000,000 to build your program that will achieve a $10,000,000 revenue contribution

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The Structure of Your Channel Context

Context Factor	Your Simulation Context
COMPANY	Newly established division utilizing direct sales, DMR and National Solution Providers
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CHANNEL	Single Tier, services capable value added solution providers with managed services
RESOURCES	People, Programs, Budget, etc.
OBJECTIVE	$10M Revenue on a $2M budget spend. Set Program Funding to **Build out Program… Recruit … Enable … Win**

Phase 1 Simulation Logistics

- *You are buying program components in the stated increments*
- *Every team has one memory stick*
- *Within timeframe*

1. Complete your purchase of the program components until you spend your **$2,000,000** budget to achieve a $10,000,000 revenue number in Year 1
   (Note The 3-5 year revenue expectation is $150 – $250M in annual revenue)

2. Make entries in the template

3. Return the memory stick

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Additional Considerations

Note:

The ARC rankings tend to reflect requirements for established market solutions.

Newer solutions may require different priorities

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Remember: What's in Each Bucket?

Incentives
(OPEX only and includes business development funds)

This category includes all of the program elements associated with partner incentives to drive product sales, education and training behavior, etc.
Note: This includes OPEX funds only.

Elements may include: business development funds, sales SPIFFs, rebates, performance incentives, deal registration incentives, special pricing programs, etc.

Demand Generation Funds
(includes all MDF)

This category includes all of the program elements that are related to driving end user demand with and through your partners. (This does not include corporate end user demand generation, advertising, trade shows, etc.)

Elements may include: end-user targeted advertising, promotions, marketing activities designed to generate qualified leads, trade show participation, joint seminars, etc.

Program or Other Partner Marketing Activities
(excluding MDF)

This category includes all of the program elements that relate to marketing your program and all aspects of "marketing to" your partners.

Elements may include: print advertising, web advertising, industry events, emails, newsletters, self-created webinars, partner road shows, etc.

Remember: What's in Each Bucket?

Infrastructure and Operations
(includes eval units, POCs, Pre/Post sales support items and portal)

This category includes all of the program elements that are necessary to execute and implement your partner program and support partners during sales engagements.

Elements may include: partner portal, pre-sales technical support for, post-sales technical support for partners outside of the normal technical product support (such as concierge services, escalation support, technical or professional services based FAQs, technical best practices), cost of maintaining deal registration systems, etc.

Education
(Sales and Technical)

This category includes all of the program elements that are related to enabling your partner's technical or sales teams.

Elements may include: technical training programs, product or solution certifications, training webinars, etc. sales education programs, product training for sales reps, sales webinars, customer education, competitive positioning, etc.

Other

This category is open ended and designed to be a place to make investments outside of what is listed above. This is intended to be a place to add creative ideas that might be outside of the normal investments.

Examples might include: focused investments in a targeted competitive partner, joint development opportunities, and established Rules of Engagement if your channel sells side by side with your direct sales force or any other, non-standard need, in the real world, that is not part of standard partner operations.

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Team Workshop: Spreadsheet Demo

Team Workshop Readout

As we calculate your scores…please elect a speaker or speaker team

✓ *What was your team process?*

✓ *Were your thoughts that impacted your allocation of funds?*

✓ *What was your view on what was important? and Why?*

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Team Workshop
Phase 1

Investing in the Right Channel Programs

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Debrief

- ✓ What info did you have?
- ✓ What info did you need?
- ✓ How did you use it?

Finalize Strategy Based on Product Management Plans

PRODUCT STRATEGY	CHANNEL STRATEGY		PROGRAM DEVELOPMENT			FIELD EXECUTION	
REQUIRED INPUT	**RTM**	**Capacity**	**Enable**	**Market**	**Sell**	**Recruit**	**Manage**
✓ Product ASP	✓ Routes to Market Selection	✓ Partner Productivity Assumptions	✓ Sales & Technical Training	✓ Market to, through, with strategy	✓ Pre- and post- sale support	✓ Staffing model	✓ Program metrics management
✓ Target Markets	✓ Partner Profile Development	✓ Capacity Planning	✓ Tools & IP Sharing	✓ Demand generation tools	✓ Incentive structures	✓ Onboarding activities	✓ Joint business planning
✓ Buying Behaviors	✓ Value Proposition Development		✓ Field Mentoring or teaming	✓ Co-marketing funds & rules	✓ Pricing and discount models	✓ Role of distribution	✓ Rules of engagement
✓ Competition					✓ Deal Registration		

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

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Partner Priorities. Sample: Annual Report Card

What's Most Important
When Evaluating Vendors

✓ Different across 18 product categories
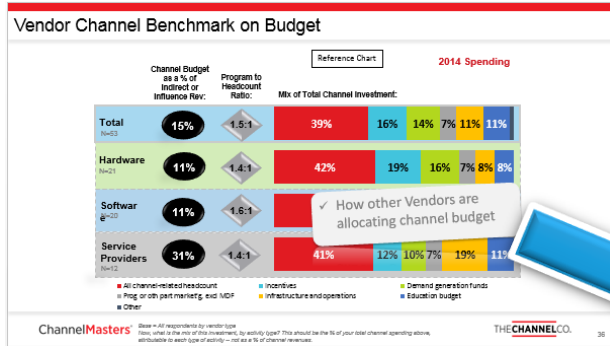
✓ Different for your specific products

ARC Importance Ratings	RANK
(Product) Quality and Reliability	1
(Product) Compatibility & Ease of Integration	2t
Revenue and Profit Potential	2t
Ease of Doing Business	4t
Richness of Product Features / Functionality	4t
(Product) Technical Innovation	6
Post-Sales Support	7
Communication	8
Services Opportunity	9t
Marketability	9t
Manages Channel Conflict	9t
Pre-Sales Support	12t
Solution Provider Program	12t
Quality of Field Management	14
Training	15
ROI (return on investment)	16
Partner Portal	17
Marketing Support	18

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CRN®
ARC ANNUAL REPORT CARD

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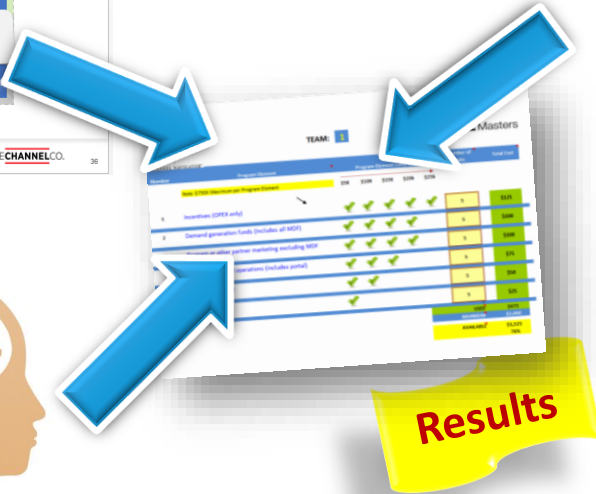
Vendor Channel Benchmark on Budget
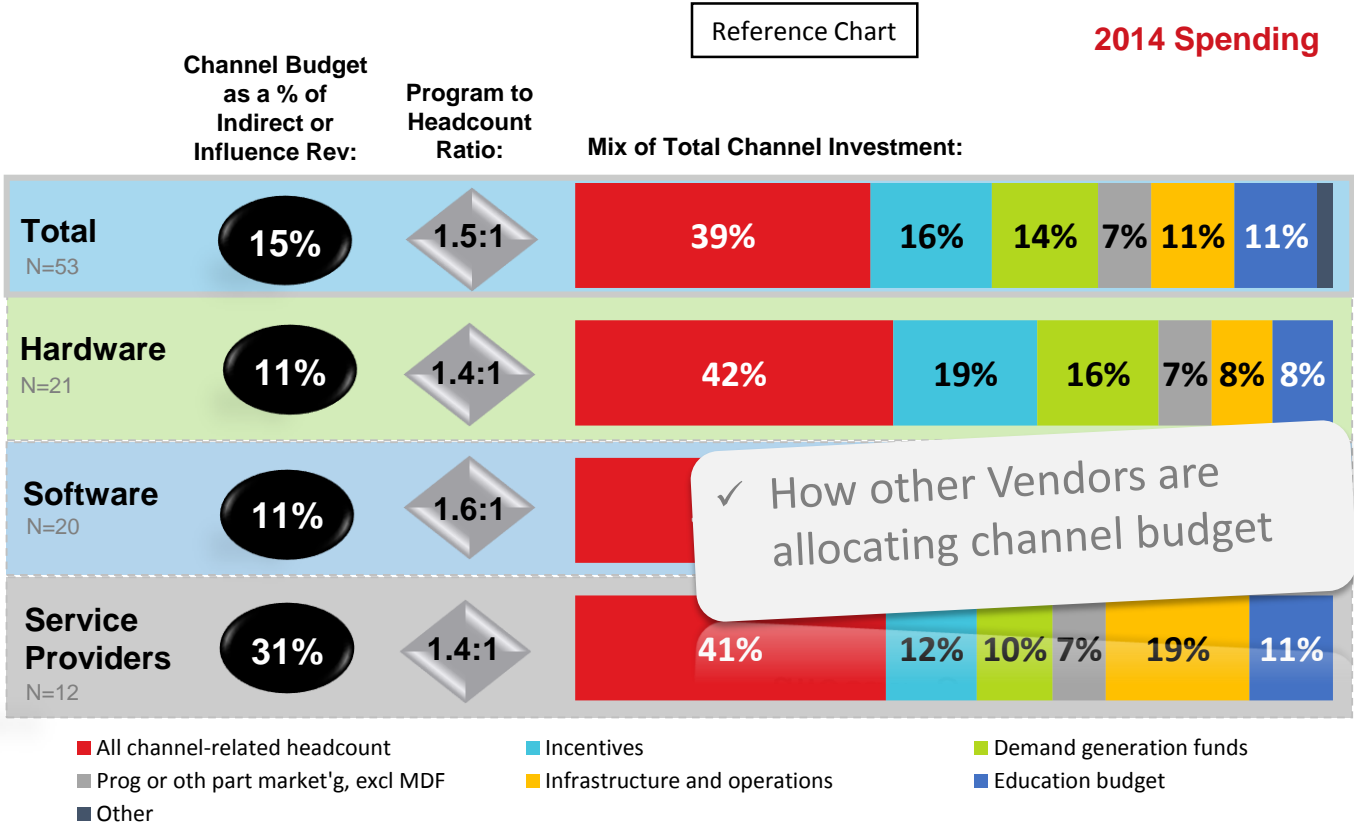
Simulation Calculation Methodology

Vendor Investment Priority

Focus on combination of HW and SW vendors

Used real world experience to rationalize model to simulation assumptions

Results

Channel Experience

Partner Preference

ARC Importance Ratings	RANK
(Product) Quality and Reliability	1
Richness of Product Features / Functionality	2
(Product) Compatibility & Ease of Integration	3
(Product) Technical Innovation	4
Revenue and Profit Potential	5
Ease of Doing Business	6
Post-Sales Support	7
Marketability	8
Services Opportunity	9
Communication	10
Pre-Sales Support	11
Solution Provider Program	12
Manages Channel Conflict	13
Quality of Field Management	14
Training	15
Product Support	16
Partner Portal	17
Cloud Program/Opportunity or ROI	18
Services Opportunity* MSS only	19
Marketing Support	20
Education & Enablement	21
Pre-Sales Engineering	22

Based on average of all ARC categories and includes Support and Partnership preferences.

Optimal Allocations

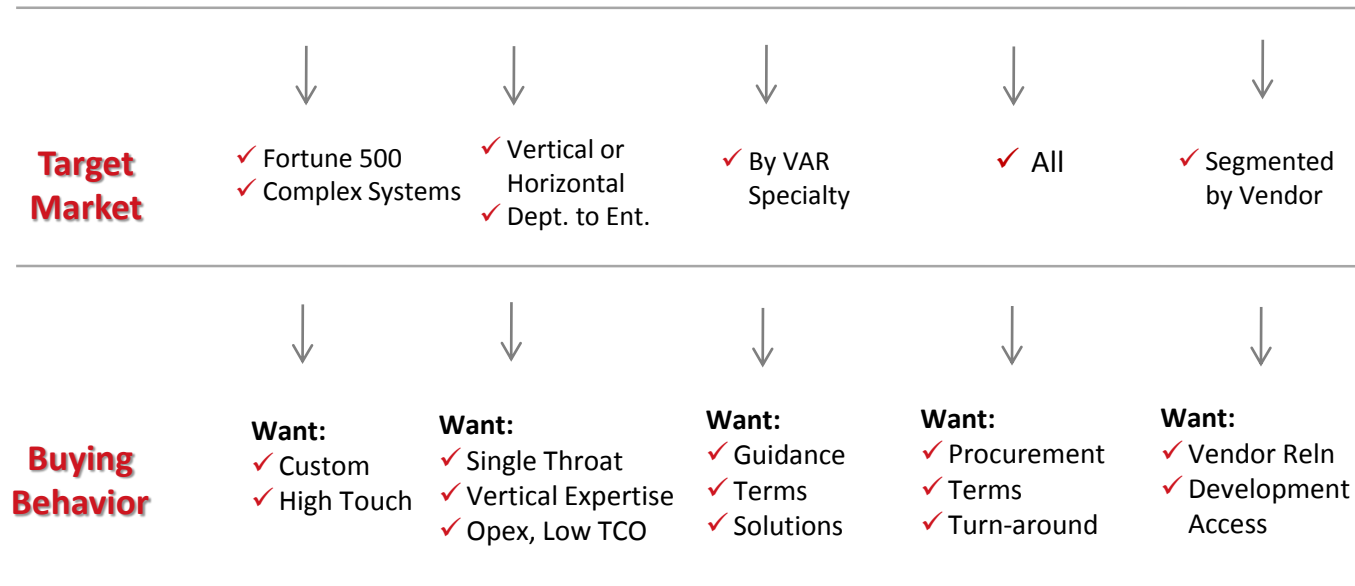| Program Element	# of Units	Total Cost	Rationale
Infrastructure and operations (includes portal)	32	$480	Partners need the right support and handholding to get started
Education budget	42	$420	Education will need to be tailored and delivered for partners (Tech & Sales)
Demand generation funds (Includes all MDF)	19	$380	This is a new product and there must be some marketing (joint) implemented to drive interest
Incentives (OPEX only)	13	$325	Partners are busy. Incentives help drive intended behavior in advance of revenue. Rebates, revenue based incentives are typically less important in solution sales
Program or other partner marketing excluding MDF	15	$300	Partners need to know about the programs and see that this is not a "trial effort". They refer to their peers often in evaluation cycles.
Other	19	$95	Creativity matters…but most partners are looking for the key program elements that meet their needs.

But Wait, There's More!

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Partner Program Development Topics We Don't Have Time to Address

- Affinity Alliances
- Two Tier Distribution
- The role of Service Providers in Two Tier Distribution
- Trends in Routes to Market usage
- Real Life Examples of Role based Programs, Converged Infrastructure, Cloud Programs, Services IP for Partners to Fuel Services Capabilities, Born in the Cloud Program
- Tiers and Levels: Three versus Four
- Graduation to higher tier levels
- Consolidation resulting in Broad Product Lines offering Cross Sell opportunities

- Ease of Use in Single sign-on, single brand with multiple tracks by business model or role
- Tiered vs Role based discounts
- Incentives
- Global considerations
- Feedback loops: CAM, Advisory Councils, Road Shows, Roundtables
- Program transformation history: Revenue, Points, Specialization/Certification, Role
- PRM
- Forecasting and access to POS through Distribution

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Distribution: A Product of Target Markets

Affinity Alliances (Telco, Hoster, HW OEM, etc.)

Target Market	↓ ✓ Fortune 500 ✓ Complex Systems	↓ ✓ Vertical or Horizontal ✓ Dept. to Ent.	↓ ✓ By VAR Specialty	↓ ✓ All	↓ ✓ Segmented by Vendor
Buying Behavior	↓ **Want:** ✓ Custom ✓ High Touch	↓ **Want:** ✓ Single Throat ✓ Vertical Expertise ✓ Opex, Low TCO	↓ **Want:** ✓ Guidance ✓ Terms ✓ Solutions	↓ **Want:** ✓ Procurement ✓ Terms ✓ Turn-around	↓ **Want:** ✓ Vendor Reln ✓ Development Access

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The REAL Answer For Channel Success

Strategy is Critical

✓ Identify a customer target market … and buying behaviors

✓ Identify the routes to your market … based on "reach"

✓ Design a value proposition … and make it compelling for recruitment of targeted partners

Execution is Key

✓ Build Enablement, Marketing and Sales Incentive Programs

✓ Educate your Field Channel Account Managers

✓ Manage the plans and tactics of partner-level execution … to ensure partners become productive sellers

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Now to Fill in Program Components…

RECRUIT ▶ **ENABLE** ▶ **CO-MARKET** ▶ **CO-SELL**

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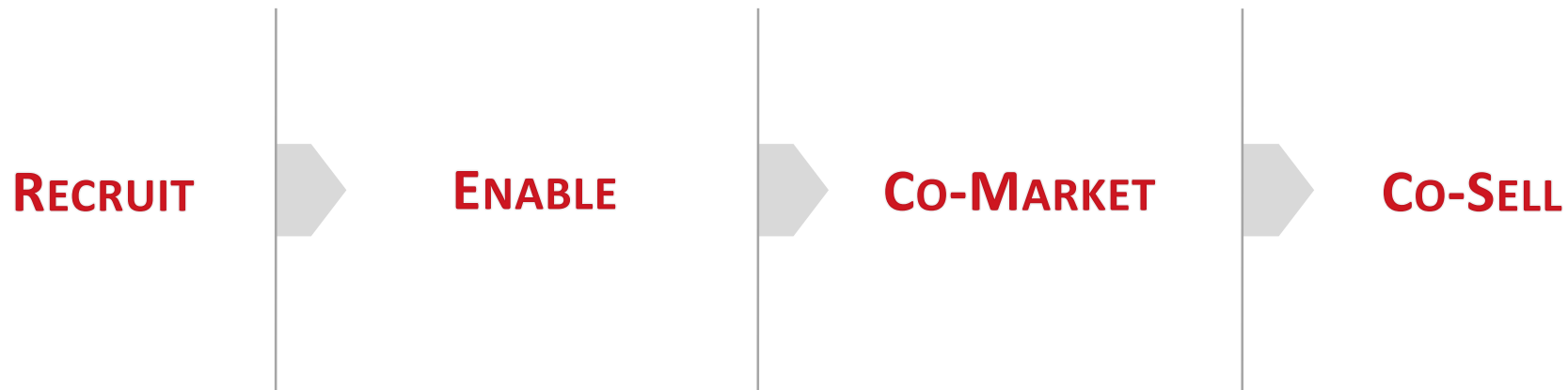
Routes to Market: 8-10 years Ago
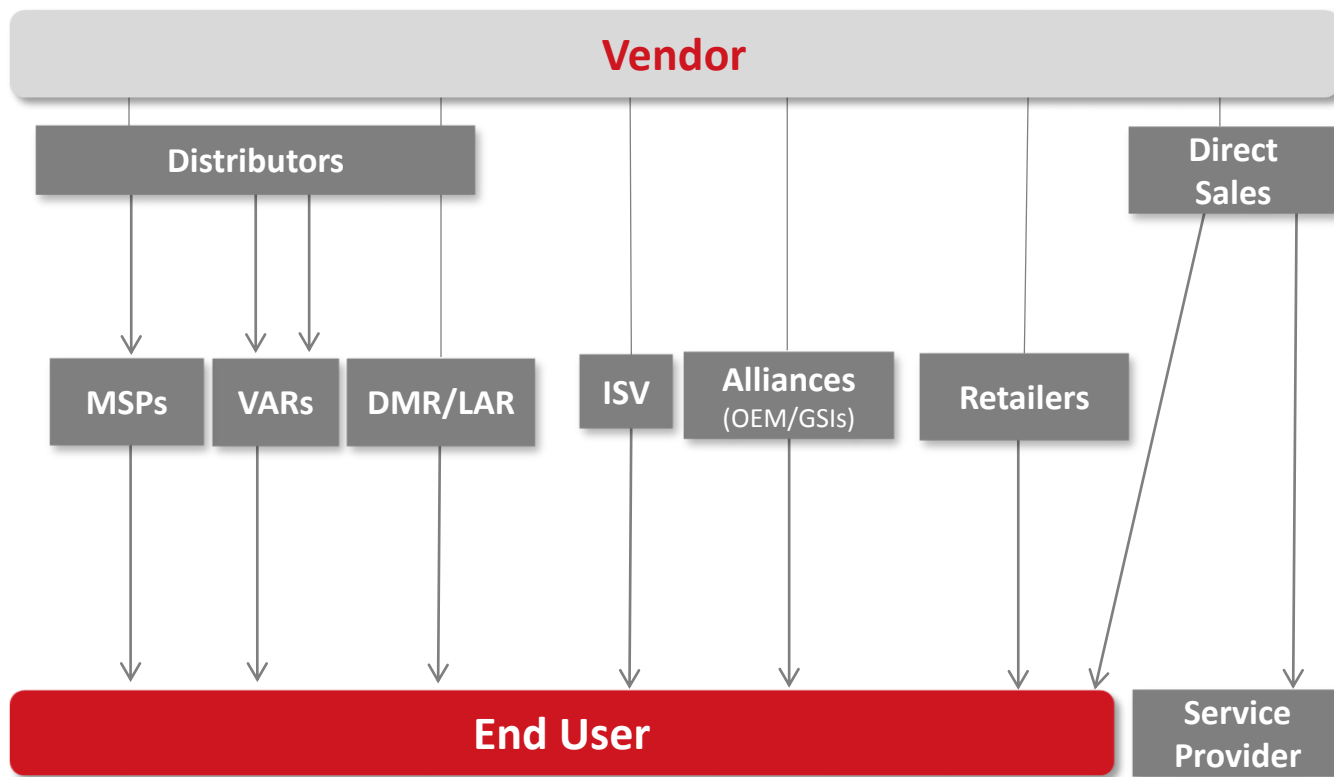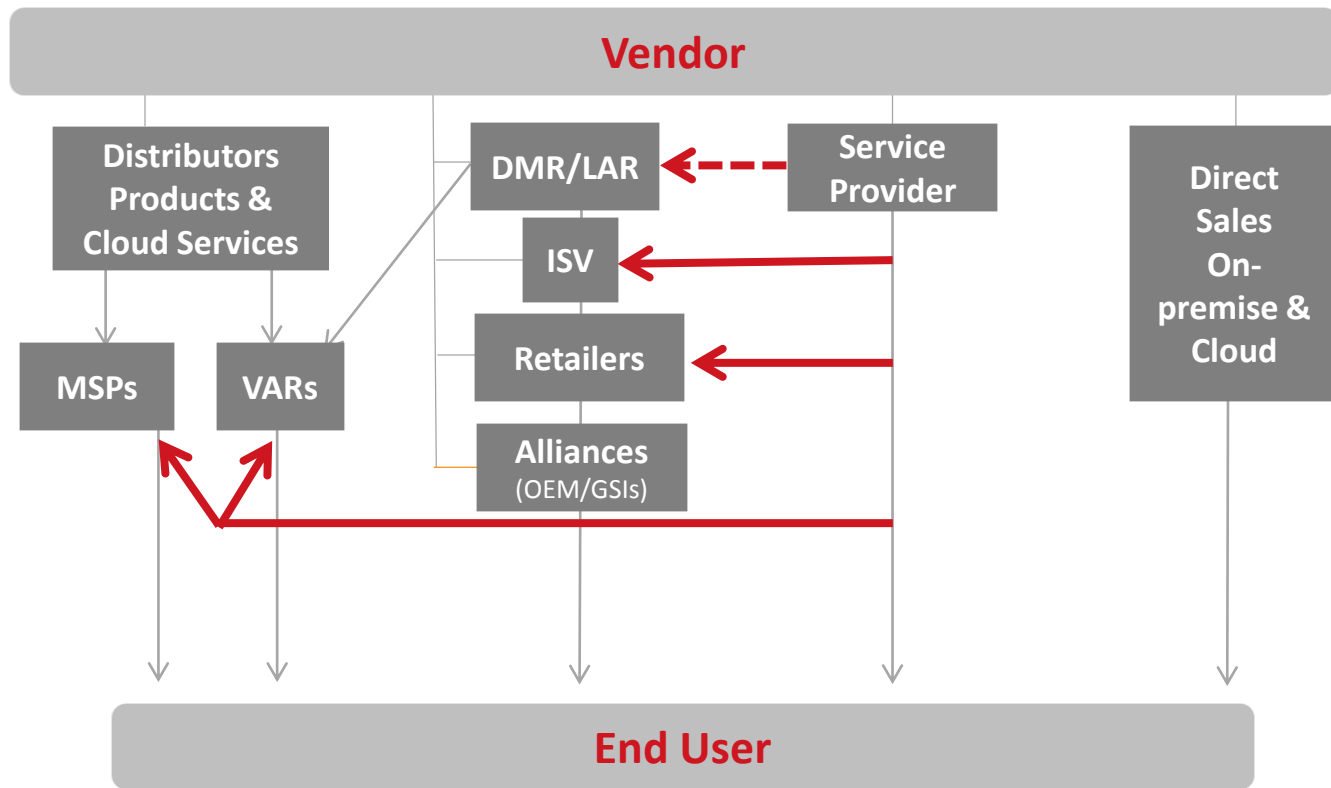
Routes to Market: Today's IT Ecosystem

Routes to Market: Today's IT Ecosystem

Vendor

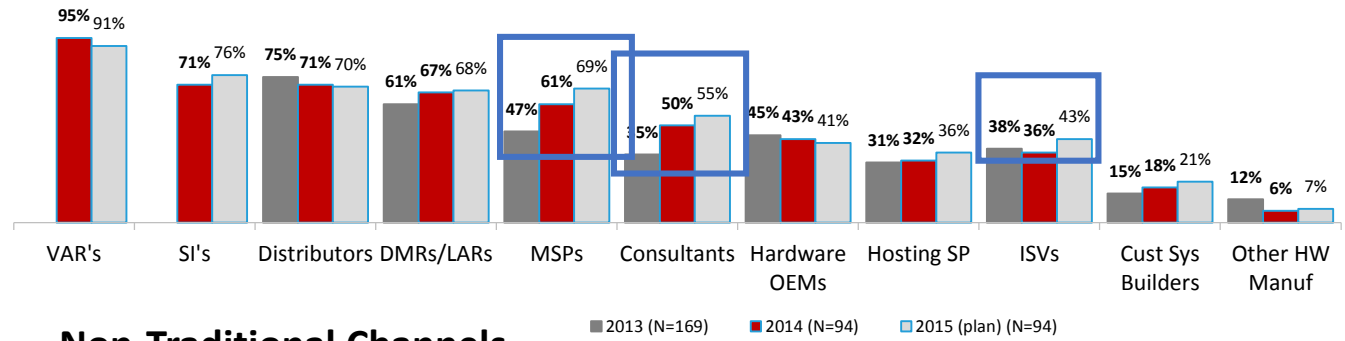**Distributors Products & Cloud Services**

DMR/LAR

ISV

Retailers

Alliances (OEM/GSIs)

Service Provider

Direct Sales On-premise & Cloud

MSPs

VARs

Today Most VARs Are Hybrids Offering Both Capabilities

Master Agents

Telephony Agents

Carrier Service Providers Bring an Agent Eco-system to IT

End User

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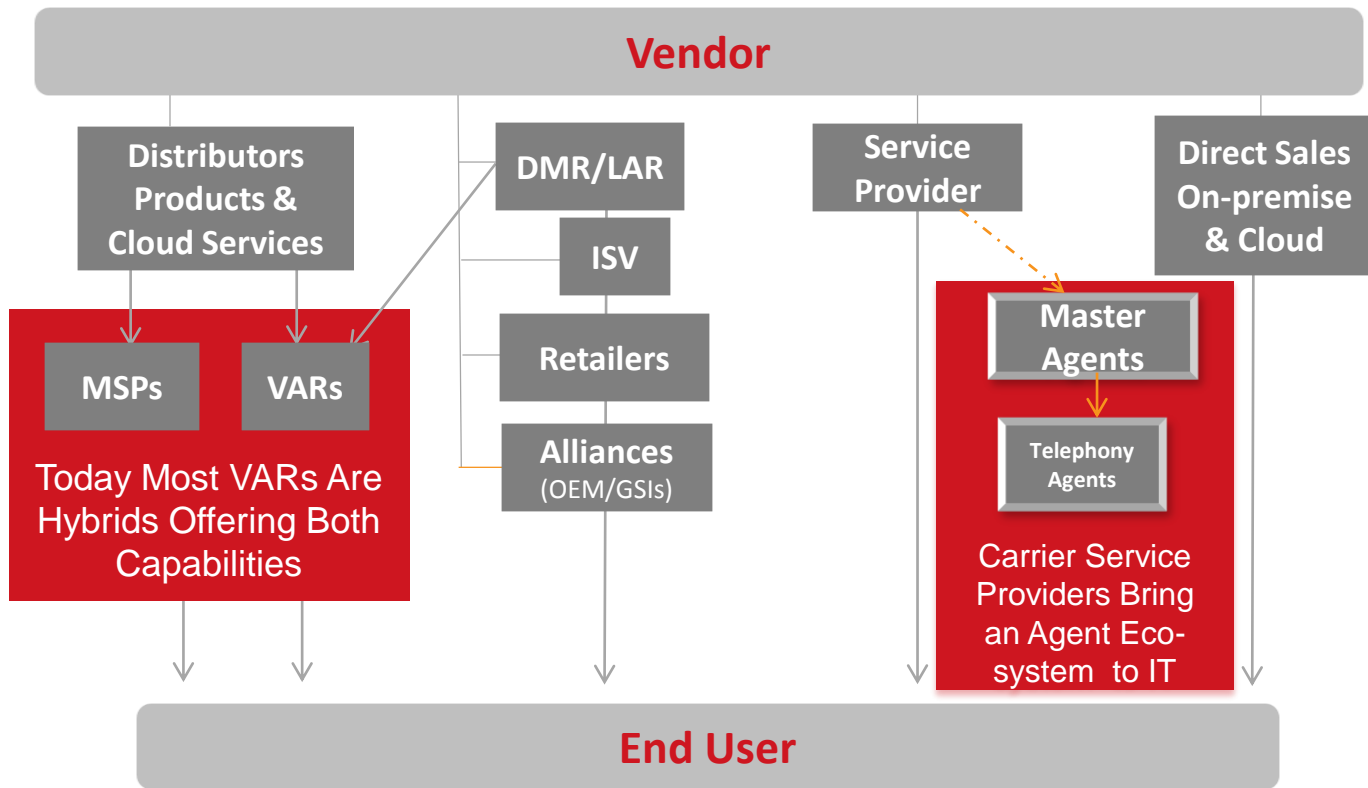
Routes to Market: At the Planning and Execution Level

Vendor

Global SI	Distributor	ISVs	DRM & Web Sales	Direct Sales
Large & Global Customers	Two- tier Distributors supplying VARs	Packaged Application Providers	Call center, Web Catalogers	Field Sales, Telephone and Internet
% of Rev % YoY	*% of Rev % YoY*	*% of Rev = YoY*	*% of Rev % YoY*	*% of Rev % YoY*
% of New Biz % YoY	*% of New Biz % YoY*	*% of New Biz % YoY*	*% of New Biz % YoY*	*% of New Biz % YoY*
# of BPs	VARs/MSPs /Hosters	*# of BPs*	*# of BPs*	

End User

Routes to Market 2013 to 2015 All Vendors

MSPs and Consultants as traditional channel segments up most from year to year; Telecom carriers remain highest "new" channel in vendor's RTM strategy; moved from customer to partner (and in some cases) to strategic alliance

Traditional Channels

	VAR's	SI's	Distributors	DMRs/LARs	MSPs	Consultants	Hardware OEMs	Hosting SP	ISVs	Cust Sys Builders	Other HW Manuf
2013 (N=169)	95%	71%	75%	61%	47%	35%	45%	31%	38%	15%	12%
2014 (N=94)	91%	76%	71%	67%	61%	50%	43%	32%	36%	18%	6%
2015 (plan) (N=94)	91%	76%	70%	68%	69%	55%	41%	36%	43%	21%	7%

Non-Traditional Channels

	Web developers	Telecom carriers	Cable companies	Teleco or cableco agents	Financial institutions	HR providers	Office supply retailers	Payroll providers	Retailers / e-tailers	Shipping companies	Warehouse shopping centers
2013	5%	30%	12%	10%	8%	2%	13%	2%	15%	2%	7%
2014	4%	28%	9%	11%	3%	0%	10%	0%	11%	0%	5%
2015	4%	29%	9%	13%	3%	1%	10%	0%	10%	1%	4%

ISVs INCREASE IN STRATEGIC IMPORTANCE IN 2015, AS SaaS, MOBILITY AND BIG DATA/ANALYTICS DRIVE MORE IT SPEND

Base = All vendors
First, for the product categories you selected, which of the following routes to market do you currently use as part of your channel strategy, and which ones do you expect you use in 2015?

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Real Life Examples

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Role Based versus Specific Track Program Structures

Program Trends: HP

Next Gen Cisco Partner Program 2014
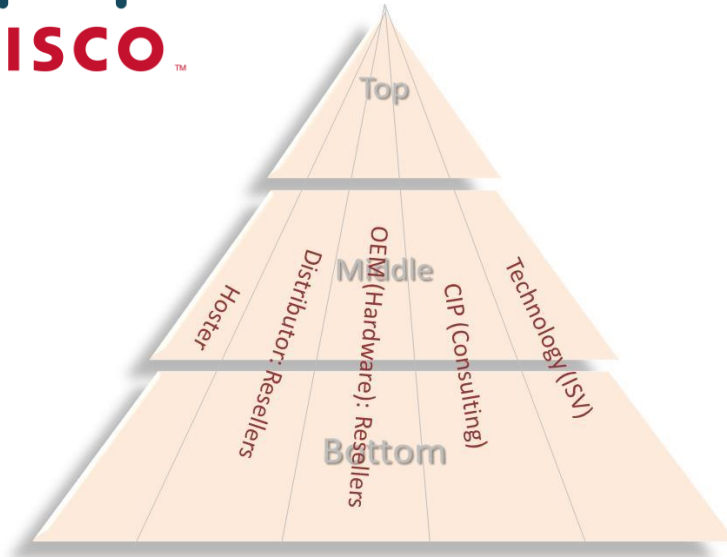
Driving Cloud Adoption by Role:

✓ Cloud Builder – designed for those building clouds (private and pubic)

✓ Cloud Provider – designed for those who want to take an offering to the public

✓ Cloud and Managed Services Reseller – designed to connect the traditional Cisco reseller to a public cloud provider

2014 Cisco enters the Public Cloud Services Space, competes with AWS, VMware, etc.

Driving Change

Under the new program, partners at the Gold level -- still the highest possible tier -- need to be actively selling a minimum of four Cisco cloud or managed services offerings, and can only meet that requirement by selling at least one cloud service and at least one managed service.

Partner Program Trend Examples: VMware

vmware®

Best of Breed

The pyramid labels (top to bottom / across):
- Authorized Training Centers (VATC)
- VMware Consulting & Integration (CIPP)
- VMware Service Provider (VSPP)
- Distributors
- Corporate Resellers
- VMware Solution Provider

Top

Middle

Entry
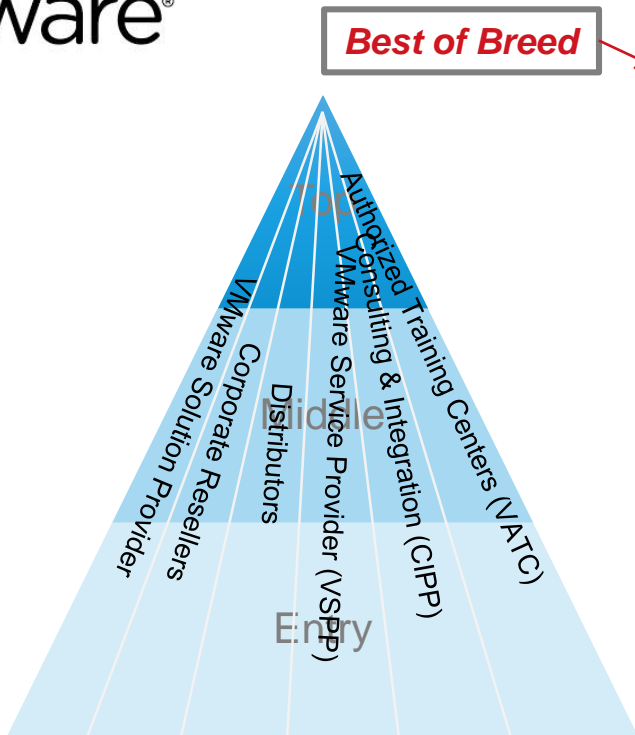
VMware Best Practices focuses on helping partners build services and service revenue quickly:

vmware® SERVICES SOFTWARE SOLUTIONS

Bundled kit of services wrapped around VMware Software to allow partners the ability to streamline and simplify many repetitive, time- intensive tasks performed in virtualization projects.

SKUd solution from distributors or available direct via download from VMware for higher level partners.

✓ Service Kits also available to partners

Kits that wrap up VMware IP to provide partners with resources and tools to sell services around VMware products.

Includes:
✓ *Checklists*
✓ *Best practices*
✓ *Spreadsheets*

Partner Program Trend Examples: Amazon

Emerging vendors are NOT encumbered by the past.

✓ Focused on WHY they need partners and offering targeted programs

✓ Focused on specific business models that make sense for their product offerings

✓ Accommodations for current business models…but no always core to their partnering model

Program Design Base Principles

The Million Dollar Channel Answer...Channel 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

- 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 Reac
- Fulfillment versus Value-Add Channel
- Product and Brand Awareness & Share

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

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The REAL Answer For Channel Success

Strategy is Critical

- ✓ Identify a customer target market ... and buying behaviors
- ✓ Identify the routes to your market ... based on "reach"
- ✓ Design a value proposition ... and make it compelling for recruitment of targeted partners

Execution is Key

- ✓ Build Enablement, Marketing and Sales Incentive Programs
- ✓ Educate your Field Channel Account Managers
- ✓ Manage the plans and tactics of partner-level execution ... to ensure partners become productive sellers

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Program Decisions for the Framework

Tiers and Levels: Three Levels versus Four
- ✓ *Entry levels*
- ✓ *Free levels, Fee based levels*

Graduation to Higher Program Levels
- ✓ *Do Criteria & Benefits Motivate Graduation*

Consolidation Driving Broad Product Lines
- ✓ *Support for Specialty Products/Lines*
- ✓ *Single Program with Multiple Program Capabilities*
- ✓ *Versus Multiple Program*

Single Brand, Multiple Tracks
- ✓ *Greater Ease of Use than Multiple Programs each with Different Branding*
- ✓ *Ease of Use is Critical*

Program Decisions…May Differ by Route

Solving for one Route in the eco-system; with no impact or control over the others
- ✓ *e.g. Pricing, Commitments, Coverage*

Discounts as part of the Business Proposition
- ✓ *Business model (VAR, ISV, MSP, Service Provider) based?*
  - ✓ *Equal footing for customer choice based on value …. or*
- ✓ *Volume (sell in) based?*

Is Direct considered a channel route? Should be.
- ✓ *Indirect growing faster, equal to or slower than Direct? the Company?*

Incentives: Spiffs, Bonuses, Incremental Discounts to drive desired behavior
- ✓ *Tied to emerging product sales? New accounts? Cross sell?*

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Program Management Decisions…

What percent at each tier you can afford?

Can you make a coverage commitment the field team can deliver?

How do you allocate a finite amount of budget across MDF, education, rebates or spiffs?

Establishing Solid Feedback Loops

Executive Roundtables

The CAM

Advisory Councils

Road Shows

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The Partner Program Holy Grail

"When do we start to trim some of our legacy program capabilities to make room for the new selling and technology models we are investing in today?"

Global Technology Vendor Channel Chief

Partner Program Levels & Tracks in Phase 1

Program Requirements
- ✓ Certifications
- ✓ Revenue
- ✓ References
- ✓ Customer Satisfaction
- ✓ Points

Program Benefits
- ✓ Rebates
- ✓ Deal Registration
- ✓ CAM Coverage
- ✓ Education
- ✓ MDF
- ✓ Logo Usage
- ✓ Etc.

Platinum
Gold
Silver
Bronze

← SERVICE PROVIDER, ISV OR OTHER TRACKS

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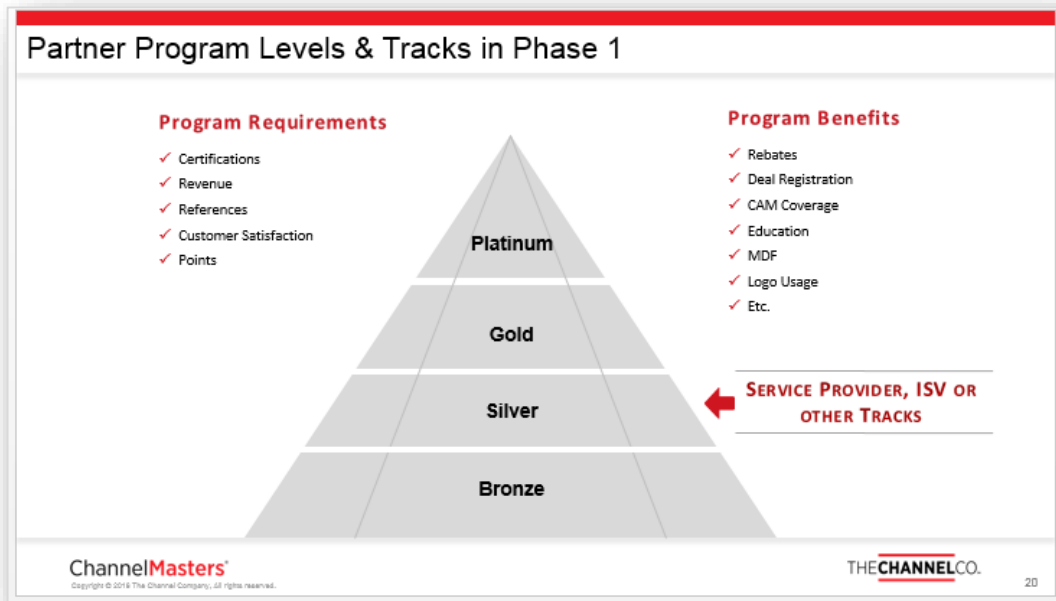
Program Decisions…The Disrupted Ecosystem

Revenue → Points → Specializations/Certifications → Roles: _Suggest Combo Revenue and Role Based Competency_

Program Tracks by Business Model are more difficult to manage:

- Partner Transformation is blurring the lines between Solution Providers, Hosters/Service Providers

  ✓ White Label IaaS, Host, Resale IaaS

- Partners no longer operate in just one model

  ✓ Solution Provider, MSP, ISV, Systems Integrator

Trend to: Program Support Benefits allocation by Partner Roles and Capabilities

  ✓ Reselling, Hosting/White Labeling, Developing, Complementing, etc.

Closing Thoughts

OTHER TOPICS

- Partner Relationship Management (PRM)
  - ✓ *Ability to track non-quantitative Partner activities*
  - ✓ *Administer Deal Registration*
- Forecasting in the Indirect Channel
- Access to POS Data
- Impacting Corporate decisions from the Field
  - ✓ *Engaging the Field when making Corporate decisions*

CHANNEL ACCOUNT MANAGER TOPICS

- Portfolio Management (Invest/Divest) Decisions
- Field Business Planning, QBRs, Call Planning
- Train, Train, Train

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We "Touch" on Program Development

PRODUCT STRATEGY	CHANNEL STRATEGY		PROGRAM DEVELOPMENT			FIELD EXECUTION	
REQUIRED INPUT	RTM	Capacity	Enable	Market	Sell	Recruit	Manage
✓ Product ASP	✓ Routes to Market Selection	✓ Partner Productivity Assumptions	✓ Sales & Technical Training	✓ Market to, through, with strategy	✓ Pre- and post- sale support	✓ Staffing model	✓ Program metrics management
✓ Target Markets	✓ Partner Profile Development	✓ Capacity Planning	✓ Tools & IP Sharing	✓ Demand generation tools	✓ Incentive structures	✓ Onboarding activities	✓ Joint business planning
✓ Buying Behaviors	✓ Value Proposition Development		✓ Field Mentoring or teaming	✓ Co-marketing funds & rules	✓ Pricing and discount models	✓ Role of distribution	✓ Rules of engagement
✓ Competition					✓ Deal Registration		

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

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We Won't Get to "Manage" in Field Execution; but We'll Preview Some Tools in Phase 3

PRODUCT STRATEGY	CHANNEL STRATEGY		PROGRAM DEVELOPMENT			FIELD EXECUTION	
REQUIRED INPUT	**RTM**	**Capacity**	**Enable**	**Market**	**Sell**	**Recruit**	**Manage**
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