Partner Recruitment

Phase 2: Recruit The Right Partners

Workshop Exercise:

✓ Develop: a recruiting presentation

✓ Goal: for your ideal solution provider to join the partner program you have just created

✓ Medium: live presentation to the panel

✓ Situation: you previously met and gained sponsorship for an executive team meeting

✓ *Note: Do not assume your audience understands the Customer or Partner Value Propositions from previous meetings*

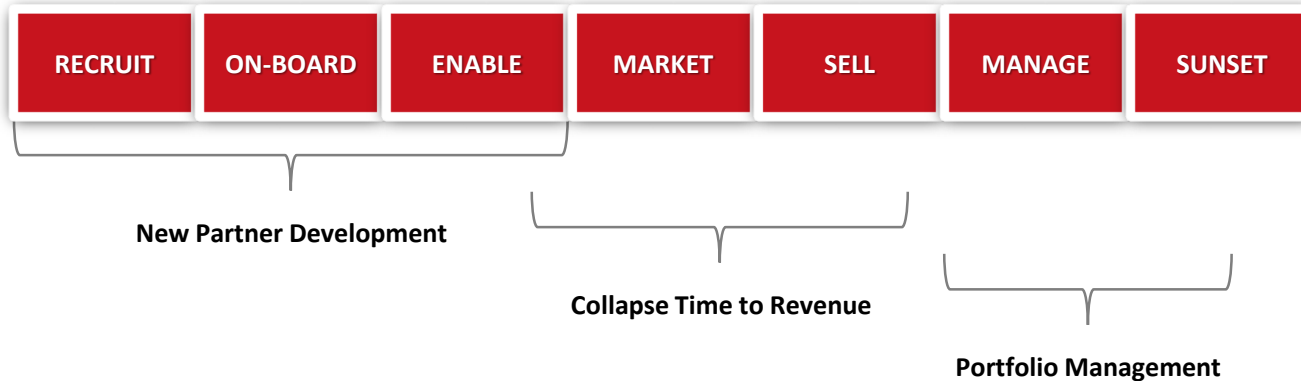**Partner Value Proposition: Detailed View**

Simulation Phase 2

Category	The Questions Partners Ask = What's in it for them?
SOLUTION VIABILITY	✓ Do my Technicians vouch for it? ✓ Does the product work? ✓ Is it considered Best of Breed? ✓ Is it an open solution with easy integration? ✓ Would I bet my business on it? ✓ What is the size of the target market?
CUSTOMER DEMAND	✓ Are customers aware of it? ✓ What business problems does it solve? How? ✓ Are customers asking for it?
PROFIT POTENTIAL	✓ How hard is it to ramp up? ✓ What are the GMs? ✓ What are my costs to sell and support? ✓ What investment do I need to make? ✓ Can I make money selling it?
VENDOR CULTURE	✓ Can I trust vendor claims? ✓ Is the vendor committed to the channel? ✓ Does the go to market plan favor the channel?
SYNERGY & DIFFERENTIATION	✓ Will it set me apart from my competitors? ✓ Will it allow me to become more competitive? ✓ Does it offer the next adjacency to my current skills?

15

Hint: This page matters, it is your content!!!

Now to Articulate Your Value Proposition

How You Manage Your Partners Depends On WHO They Are … As Well As "WHERE" They Are

RECRUIT	ON-BOARD	ENABLE	MARKET	SELL	MANAGE	SUNSET

New Partner Development

Collapse Time to Revenue
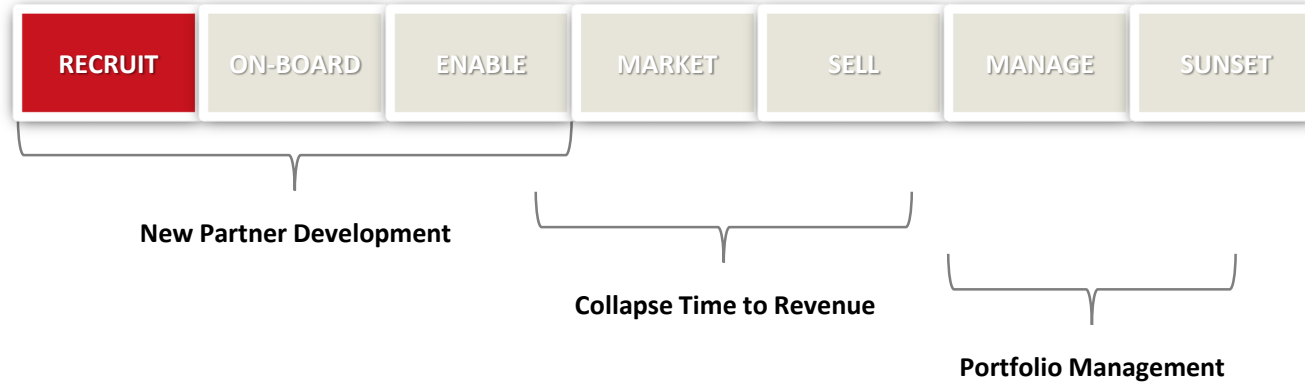
Portfolio Management

Q:
- ✓ *How much effort / investment?*
- ✓ *How much revenue expected?*
- ✓ *How stable is the relationship?*
- ✓ *Which specific actions / tactics apply?*

Each discipline must be adapted to partner types (model / effectiveness / etc.) as well as relationship type & coverage model

THE**CHANNEL**CO.

Now to Articulate Your Value Proposition

How You Manage Your Partners Depends On WHO They Are … As Well As "WHERE" They Are

RECRUIT	ON-BOARD	ENABLE	MARKET	SELL	MANAGE	SUNSET

New Partner Development

Collapse Time to Revenue

Portfolio Management

Q:

✓ *How much effort / investment?*

✓ *How much revenue expected?*

✓ *How stable is the relationship?*

✓ *Which specific actions / tactics apply?*

Each discipline must be adapted to partner types (model / effectiveness / etc.) as well as relationship type & coverage model

The Bottom Line

Always Be Visible	Reinforce Your Message	Demonstrate Your Value

1.5 MILLION Solution Providers

MAKE CHOICES EVERY DAY

Discussion Topics

1

- **The Recruiting Landscape**

2

- **The Value Proposition**

THE**CHANNEL**CO.

How do your Partners see their Relationship with you?

VENDOR RELATIONSHIPS

	DEFINITION
STRATEGIC	*Generating a significant amount of revenue, highly involved with them at the sales, marketing and technical levels*
TACTICAL	*Generate a significant amount of revenue with these vendors; product alternatives exist and we are not strategically invested in these lines*
OPPORTUNISTIC	*Infrequent and small purchases, reactive based on our customers' demands*

ChannelMasters®

Q: For each of the following categories of IT vendor relationship types, with how many vendors are you currently engaged and what percent did each type represent of your total revenues?

THECHANNELCO.™

7

Connecting The Channel Dots

What Does the Data Say?

✓ Vendors Intend to Drive More Revenue from Channels

✓ There are Fewer Channel Partners Today than in Years Past

✓ Majority of Channel Relationships are Transactional / Reactive

✓ Majority of Channel Partners Less Than Satisfied with Existing Vendor Relationships

- Higher Rates of Dissatisfaction in the US when compared to the UK for example

Today's Recruiting Landscape
More competition for fewer partners based on tougher standards and lowered expectations with lower budgets / fewer resources

ChannelMasters®

THECHANNELCO.

Partner Recruiting – Process Steps

1   **Identify Target Market & Customer Buying Behavior:** *for the solution being sold, what product, competition and target customer/buying behaviors are you recruiting for?*

2   **Determine Which Partner Business Models Have Access to those Customers:** *based on how customers buy and the skills, solutions or procurement terms the customer desires…note differences in complex or commodity products and enterprise to SMB markets*

3   **Build the Ideal Partner Profile:** *what is the PROFILE of a partner who is likely to succeed in your channel program AND has access to the targeted Customer AND can provide the solution*

4   **Capacity Plan:** *based on the average productivity of a typical partner in the program, how many partners do you need … where do you need them?   (Phase 3)*

5   **Coverage Plan:** *how will you communicate with your targeted Channel Partners … en masse and/or one-to-one? If one to one, how will you engage a Channel Partner in a Value Proposition conversation?*

6   **Write the Value Proposition:** *what are you asking the partner to do, how will he differentiate himself and make money as a result? How long will it take?*

# Let's Consider a VAR-MSP Hybrid Partner Example

Typical Answers

- ✓ Competitors' best partners

- ✓ Existing technology sales practice is majority of their business

- ✓ Biggest solution providers

- ✓ Partners who are willing to be exclusive

- ✓ Anyone who will say YES

Evolved Answers…
One Who Meets Your Profile

- ✓ Partners who can execute their business models and are accountable for results

- ✓ Partners who have mature / effective services practices

- ✓ Partners who target specific high-priority vertical segments

- ✓ Partners who have effective marketing / demand generation abilities

THE**CHANNEL**CO.
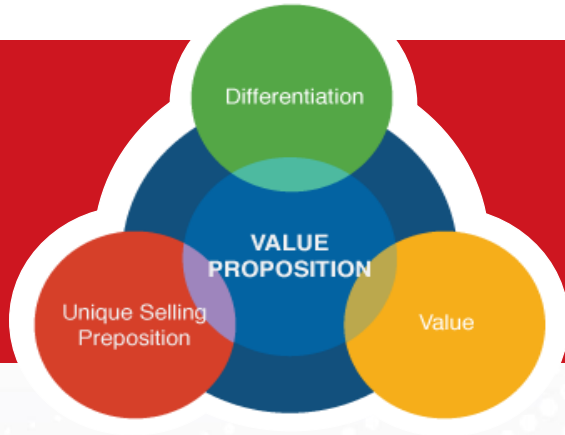
Value Proposition

Delivering the Value Proposition VAR-MSP View

A Partner's Assessment of Your Product & Program versus Other Choices

Solution Viability:

Would I bet my business on it?

Solution: *Is the product best of breed? Does it integrate easily?*

Customer Demand:

Pull vs. Push?

Customer Demand: *Is there sales momentum and customer desire for the product or service?*

Profit Potential:

ROI on Education, Demo Sets, etc.

Profit: *Is there a compelling case for ROI and profitability?*

Do the Math for them.

Vendor Culture

Go to Market with Channel?

Vendor Culture: *Is trust established with the channel. What is the go to market plan; where does the channel play? Are Rules of Engagement Trustworthy?*

Synergy & Differentiation

Am I the Correct Profile?

Synergy: *Is there an obvious adjacency with current offerings resulting in synergy with my existing business?*

Differentiation: *Does this solution differentiate me from competitors?*

Delivering the Value Proposition VAR-MSP View

A Partner's Assessment of Your Product & Program versus Other Choices

Solution Viability:

Would I bet my business on it?

Customer Demand:

Pull vs. Push?

Profit Potential:

ROI on Education, Demo Sets, etc.

Vendor Culture

Go to Market with Channel?

Synergy & Differentiation

Am I the Correct Profile?

The goal is not to convince a partner to sell your product, but to recognize a mutually-beneficial business opportunity… then commit to building the business together.

This is NOT a sales conversation, it's a business investment conversation. Your role is to help them see the opportunity and the beneficial synergies it brings to their business objectives.

THE**CHANNEL**CO.

What About Other Routes to Market; One Size Does Not Fit All

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?
MSPs	Share & Volume of "sell to" Revenue		

Partner Value Proposition: Detailed View

Simulation Phase 2

Category	The Questions Partners Ask = What's in it for them?
SOLUTION VIABILITY	✓ Do my Technicians vouch for it? ✓ Does the product work? ✓ Is it considered Best of Breed? ✓ Is it an open solution with easy integration? ✓ Would I bet my business on it?
CUSTOMER DEMAND	✓ What is the size of the target market? ✓ Are customers aware of it? ✓ What business problems does it solve? How? ✓ Are customers asking for it?
PROFIT POTENTIAL	✓ How hard is it to ramp up? ✓ What are the GMs? ✓ What are my costs to sell and support? ✓ What investment do I need to make? ✓ Can I make money selling it?
VENDOR CULTURE	✓ Can I trust vendor claims? ✓ Is the vendor committed to the channel? ✓ Does the go to market plan favor the channel?
SYNERGY & DIFFERENTIATION	✓ Will it set me apart from my competitors? ✓ Will it allow me to become more competitive? ✓ Does it offer the next adjacency to my current skills?

What is a Customer Value Proposition?

- The Customer Value Proposition is a required piece of information
- The Partner Value Proposition may not be written without it
- Product Marketing is typically the source for Customer Value Propositions
- If you do not provide it; PAMs will make it up!!!

Category	The Questions Partners Ask = What's in it for them?
CUSTOMER DEMAND	✓ **What is the size of the target market?** ✓ **Are customers aware of it?** ✓ **What business problems does it solve? How?** ✓ **Are customers asking for it?**

Each Partner Recruitment discussion starts with:
- *A request to invest in your solution*
- *Followed by the Customer Value Proposition*
- *It doesn't end there…*

THE**CHANNEL**CO.

Real Life Examples

ChannelMasters®

THECHANNELCO.

What Would MacroSoft CloudOne Look Like in Real Life?

Use Case

IBM CloudBurst is a prepackaged and **self-contained service delivery platform** that can be easily and quickly implemented in a data center environment. It allows the data center to accelerate the creation of service platforms for a wide spectrum of workload types with a high degree of integration, flexibility, and resource optimization, providing an enhanced request-driven user experience, while aiding efforts to drive down costs and accelerating time to market for the business.

Business Benefit

IBM CloudBurst combines the necessary hardware, software, and services components to rapidly implement cloud computing. As a single solution, it demystifies the intricacies of implementing a cloud computing model and can enable organizations to quickly realize the benefits and business potential of a dynamic infrastructure. Cloud computing is a services acquisition and delivery model for IT resources, and if used properly, can help improve business performance and control the costs of delivering IT resources to an organization. As a cloud computing quick start, IBM CloudBurst allows organizations to provide the benefits of this delivery model in a defined portion of their data center or for a specific internal project.

Potential benefits include:
- Reduction in operational and capital expenditures
- Enhanced productivity – the ability to innovate more with fewer resources
- Decreased time-to-market for business features that increase competitiveness **Customer Benefits**
- Standardized and consolidated IT services that drive improved resource utilization
- Increased resiliency to market demands
- Improved quality of service for IT consumers

Built upon the IBM System X BladeCenter platform, IBM CloudBurst provides preinstalled capabilities essential to a cloud model, including:
- A self-service portal interface for reservation of computer, storage, and networking resources, including virtualized resources
- Automated provisioning and de-provisioning of resources
- Prepackaged automation templates and workflows for most common resource types, such as VMware virtual machines
- Service management for cloud computing
- Real-time monitoring for elasticity
- Energy management
- Backup and recovery

Partner Value Proposition vs. Customer Value Proposition

Partner Value Proposition

- **Audience**: Partner
- **Answers the Questions**:
  - What is the solution? Customer Value Proposition?
  - What is the customer demand?
  - What must I do to invest?
  - What is my likely return? By when?
  - Will I differentiate myself from my competitors?
  - Do I trust you/your company?

Customer Value Proposition

- **Audiences**: Partner during recruitment value proposition and Customer when Partner sells solution
- **Answers the Questions**:
  - What is the solution? Capabilities?
  - What biz problem does it solve?
  - What is the demand & market size?
  - What are the use cases?
  - Who are the references?

ChannelMasters®

THE**CHANNEL**CO.

It Doesn't End with Customer Value Propositions & Discounts…Build a Business Case for Commitment

Beyond "Soft Promises" … Can You Count / Calculate the ROI?

"I want you to invest…"

How Much? ➜ **Enablement & Staffing Costs**
- ✓ *Education/Certification: Class Fee, Travel, Billable Time Lost*
- ✓ *Demo Units, Diagnostic Kits, Support Certification*
- ✓ *Incremental Sales Staff*

How Soon? ➜ **Time to Realize Break Even**
- ✓ *Number of months until expected Product & Services margins (Product revenue + Service attach) exceeds Enablement cost investments*

How Certain? ➜ **Likelihood of Achieving Payback = CONFIDENCE**
- ✓ *Enablement Methodology + Joint Commitments*
- ✓ *Case Studies + Testimonials*

ChannelMasters®

Methodology: It's Math

"I want you to invest…"

Opportunity

Investment

Qualitative:

- ✓ Innovative and reliable technology
- ✓ Brand strength & market presence
- ✓ Ability to differentiate in their markets
- ✓ Relationship with you

Quantitative:

- ✓ Revenue and profits
- ✓ Performance incentives
- ✓ Program support & cost off-set (sales, marketing, technical, services)

THE**CHANNEL**CO.

Methodology: It's Math

"I want you to invest…"
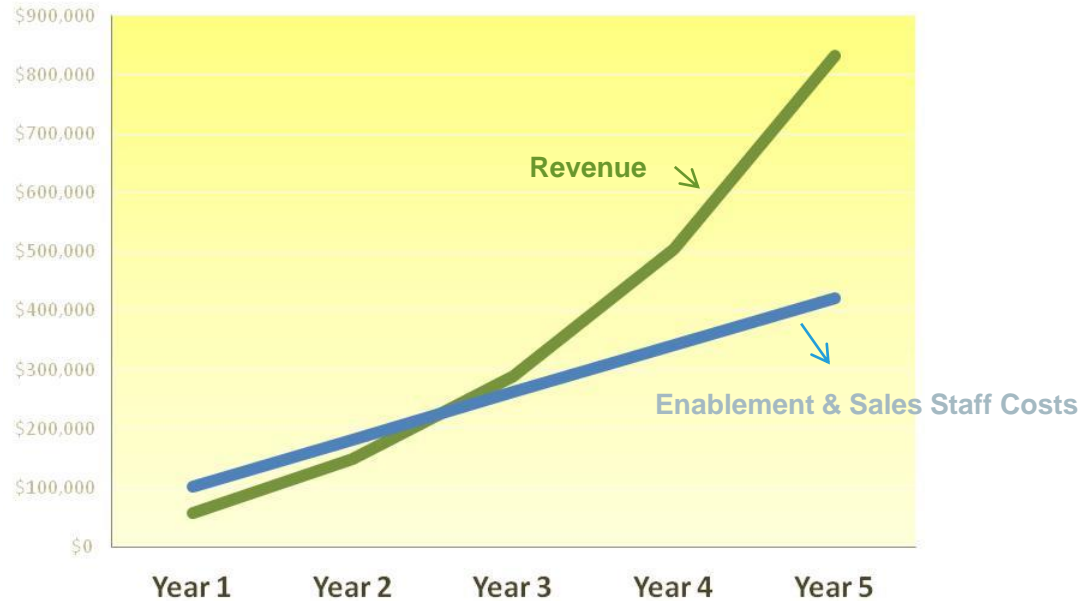
Opportunity

Investment

- ✓ Program fees
- ✓ Training (hard cost & opportunity cost)
- ✓ Certification & testing expense (initial & maintenance)
- ✓ Field mentoring or IP sharing
- ✓ Relationship development and trust
- ✓ Business Process – EODB
- ✓ Strategic planning & audit processes with your teams

THE**CHANNEL**CO.

Methodology: It's Math

"I want you to invest…"

Opportunity

Investment

How Much?

How Soon?

How Certain?

- ✓ Program fees
- ✓ Training (hard cost & opportunity cost)
- ✓ Certification & testing expense (initial & maintenance)
- ✓ Field mentoring or IP sharing
- ✓ Relationship development and trust
- ✓ Business Process – EODB
- ✓ Strategic planning & audit processes with your teams

ChannelMasters®

THE**CHANNEL**CO.

In a Perfect World Break Even Would Accompany the Value Proposition

Sample Break Even Analysis

Partners typically invest in technologies where they break even in less than 12 months!

The data contained in this chart is illustrative

THE**CHANNEL**CO.™

Framework From a Real Client Engagement

"I want you to invest…"

Getting Started

The Program & Enablement Requirements

Your Opportunity to Make Money

Our Go to Market Direct and/or Channel

The Public Cloud Service **or** Converged Solution **or** Product including Use Cases

THE**CHANNEL**CO.

Real Life Examples…For Extra Credit ☺

Real Life Examples:
Customer Value Proposition IaaS New Service Provider

Target Market

✓ Mid-market+ data centers

✓ 500 to 10,000 employee customer segments

Typical Buyer

✓ Architects

✓ IT-System-DB-Network Managers

✓ Application Developers

✓ Security-Compliance Teams

Typical Use Cases:
- Backup Disaster Recovery
- Application Development Test Capacity
- Peak Period Processing Capacity

Compelling Buyer Motivation

✓ Ease of use when xxxxx; avoids application re-write, different tools or processes

✓ A need for predictable and consistent hybrid cloud performance

✓ Robust, enterprise-class support regardless of where the workload resides

THE**CHANNEL**CO.

Real Life Examples:
This is a Service rather than an Appliance Proposition

What might you assume to get started?

✓ Service sold @ xx% discount + rebate
✓ Utilize 50% of an existing xx skilled sales person for emphasis
✓ Does not require incremental hiring; utilize your existing sales force
✓ Utilize existing xx technical skills for on-boarding & service delivery

What might the revenue outlook be for 10 deals in 12 months?

✓ January: Sales training is completed, leverage existing certification in place on technical side
✓ February: Selling
✓ March: first large contract closed @ $8000/mo; 60 day lag to order and on-board
✓ April, July, October closes one (1) deal/each month @$1,800/mo
✓ May, August, November closes one (1) Dev-Test or BDR deal/each month @ $3,000/mo
✓ June, September, December closes one large deal/each month @ $12,000/mo

Does not Yet include your managed, hosting or cloud services

✓ Your patch management or other managed services are not yet included
✓ Assumes list pricing
✓ Demand generation and awareness tasks are completed driving prospective customers both inside
  your current customers as well as some net new customers landed

THE**CHANNEL**CO.

Real Life Examples:
Sample ROI Analysis on a Service Showing Time to Break Even

Assumptions on previous page are for illustrative purposes only, your assumptions must be used to plot your break even point.

Break even starting at month 9;
Typical IT partner ROI goal between 6 & 12 months
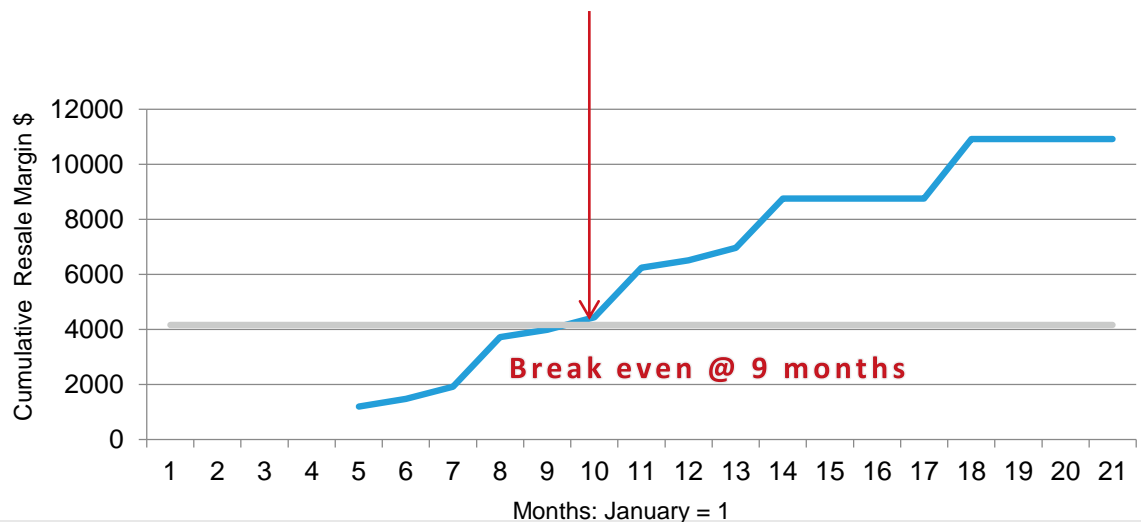
Please also include your value add, managed services

Break even @ 9 months

Cumulative Resale Margin $

Months: January = 1

Cum Margin $

1/2 Rep $

ROI Revenue by Month

Month	1	2	3	4	5	6	7	8	9	0	11	12	13	14	15	16	17	18	19	20	21
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept
March					1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
April						270	270	270	270	270	270	270	270	270	270	270	270	270	270	270	270
May							450	450	450	450	450	450	450	450	450	450	450	450	450	450	450
June								1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800
July									270	270	270	270	270	270	270	270	270	270	270	270	270
Aug										450	450	450	450	450	450	450	450	450	450	450	450
Sept											1800	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800
Oct												270	270	270	270	270	270	270	270	270	270
Nov													450	450	450	450	450	450	450	450	450
Dec														1800	1800	1800	1800	1800	1800	1800	1800
Jan															480	480	480	480	480	480	480
Feb																720	720	720	720	720	720
Mar																	960	960	960	960	960
Cum Margin $					1200	1470	1920	3720	3990	4440	6240	6510	6960	8760	8760	8760	8760	10920	10920	10920	10920
1/2 Rep $	4166	4166	4166	4166	4166	4166	4166	4166	4166	4166	4166	4166	4166	4166	4166	4166	4166	4166	4166	4166	4166

"Our Solution will offer you the ability to continue your managed services growth."

Each sale is captured by month, delay to revenue estimated, then recurring or one time charge revenue amount shown each month or year.

For accelerators or 36 month up front payments, they are calculated as lump sum payments.

ChannelMasters®

THECHANNELCO.

Partner Recruiting – Closing The Deal

Once a Channel Partner Agrees to Join Your Program, the Effectiveness and Simplicity of your Sign-up Process is Mission Critical

Formal Application – Make It Easy!

- ✓ Make a simple checklist of all the paperwork to ensure you don't miss any details in the process

- ✓ Help them fill out the paperwork … no matter how short or long it is

Authorization – Make It Fast!

- ✓ Provide a specific description of exactly who is involved the approval process, what steps will be taken, and how long each stage of the process will take

- ✓ Notify the partner of progress throughout the process … even if it's just a formality

Distribution Alignment – Make It Obvious!

- ✓ If it's necessary for partners to purchase through Distribution, make sure you tell them why … in terms that add value for the Partner!

- ✓ If there's additional paperwork to be completed … see the "Application" information above

Next Steps – Make It Urgent!

- ✓ No matter how compelling the reasons were to sign up, if you don't IMMEDIATELY follow up with action that leads to opportunity then "buyer's remorse" will undo the entire process

- ✓ Be specific – exactly what you'll do, when, why, and what's in it for the Partner

ChannelMasters®

You Don't Yet Have a Program with Tiers nor with Tracks for Hosters/MPS versus VARs, however, which Partners are you Recruiting to Start?

Platinum

Gold

VAR

Silver

ISV

HOSTER, MSP

Bronze

Managed Partners
Top Group to Start
Designated CAMs
May write business plans
Tend to have high value contact with MacroSoft

How do these Partners differ from the balance who will join the program over the next several years?

Team Workshop
Phase 2

Recruit the Right Partners

ChannelMasters®

THE**CHANNEL**CO.

Reading the Navigator Handbook

Navigator (Simulation) Overview
- ✓ Pages 5 - 10

The Business Environment
- ✓ Pages 12 - 19
- ✓ The Product: "MacroSoft's CloudOne Appliance"
- ✓ Traditional Resell Offering: ASP $50,000
- ✓ Managed Services Offering: ASP $1,000 per mo./per appliance
- ✓ Target market: SMB, upper mid market, departmental usage in enterprise customers
- ✓ Competitive Landscape: limited to one major appliance vendor, but many larger HW & SW vendors claim capabilities via alliance or OEM relationships
- ✓ Single tier channel of highly productive HW & SW VARs with solution and managed services capabilities. Annual revenues of $3M+ and growing Page 17

Phase 2: Recruit the Right Partners
- ✓ Recruit the Right Partners: Page 25

Team
Workshop
Phase 2

Phase 2: Recruit The Right Partners

Workshop Exercise:

- ✓ Develop: a recruiting presentation

- ✓ Goal: for your ideal solution provider to join the partner program you have just created

- ✓ Medium: live presentation to the panel

- ✓ Situation: you previously met and gained sponsorship for an executive team meeting

- ✓ *Note: Do not assume your audience understands the Customer or Partner Value Propositions from previous meetings*

Hint: This page matters, it is your content!!!

Likely Partner Value Proposition Presentation Components (Order)

In the real world, a competitive program is necessary as partners have alternatives.

Selling that program is critical.

Your time is limited; determine how best to present these in a face to face scenario.

Then present it!

Hint: Introduce yourselves & why you're there!!!

MacroSoft CloudOne Appliance
Define the solution, customer value prop including: customer use cases, key customer benefits

The Market
Describe the customer target market, competition and market opportunity

Partner Opportunity
Outline product, services and managed offering assumptions and opportunities to profit. Given more time calculate Break Even Chart (do the math).

Our Investments
Propose a business relationship; outline what the partner is expected to invest and what you will provide as a vendor

Getting Started
Outline next steps

How Partners Will Score Your Presentation

Overall Business ROI:

- *Profitability to their company - top line revenue, bottom line contribution*

Opportunity:

- *Is there a market for the solution? Do they have customers who can use it? Can they make money?*

Enablement:

- *How difficult, in time and money, is it to achieve the stated investment? Will the vendor support them?*

Program Viability:

- *Does the Program support sound like it will help partners be successful?*
- *Can the vendor deliver?*

Synergy:

- *Does the proposed business relationship offer synergy with their main business? Is this a natural extension or complement to Partner's business?*

THE**CHANNEL**CO.

Team Workshop
Phase 2

Recruit the Right Partners

Solution Description

- **Product Overview**

- **Use Cases**

- **Customer Benefits**

- **Typical Sales Cycle**

- **Average Sales Price of the Solution including Partner Services assumptions**

Please use your skills to title appropriately

THECHANNELCO.

The Market Assumptions

- **Target Customer Segment of the Market**

- **The typical Buyer**

- **Total Addressable Market likely available to this Partner**

- **Competitive Forces in the Market**

Please use your skills to title appropriately

THE**CHANNEL**CO.

The Opportunity

- Why we targeted you to recruit into this Program.

- How I understand your existing capabilities complement this offering or fill in a hole in their offerings.

- How this capability will help them capture customer budget, and compete with others more effectively.

Please use your skills to title appropriately

THE**CHANNEL**CO.

The Business Relationship Proposed

e.g. Requirements: what you must invest

e.g. Benefits: what I, the vendor, will provide

Please use your skills to title appropriately

Financial Summary of Investment & Return to the Partner

- e.g. Break Even Analysis (in real life) or assumptions if you run out of time

- Some pseudo-facsimile (provide an overview) as you will likely not have time to build a full financial analysis...

- Include financial assumptions factored into # of deals a partner can sell in a defined period, with margin and services margin assumptions

- Overlay an estimate of expenses incurred including education, marketing, staffing and any other costs

Please use your skills to title appropriately

THE**CHANNEL**CO.

Next Steps

- **What do we do to get started from this meeting today?**

Please use your skills to title appropriately

THE**CHANNEL**CO.™

Keep These in Mind…

Credibility & Believability Matter!!!

- ✓ You are meeting with the Company President/Owner

- ✓ You have 10 minutes to get him or her to "YES"

- ✓ Prioritize on relevant information and get to the point quickly

- ✓ These are real partners, BUT this is a "safe learning environment"

ChannelMasters®

THE**CHANNEL**CO.

Debrief

- ✓ What do they want?
- ✓ What is the value for the customer?
- ✓ How do they assess vendors?

THE**CHANNEL**CO.
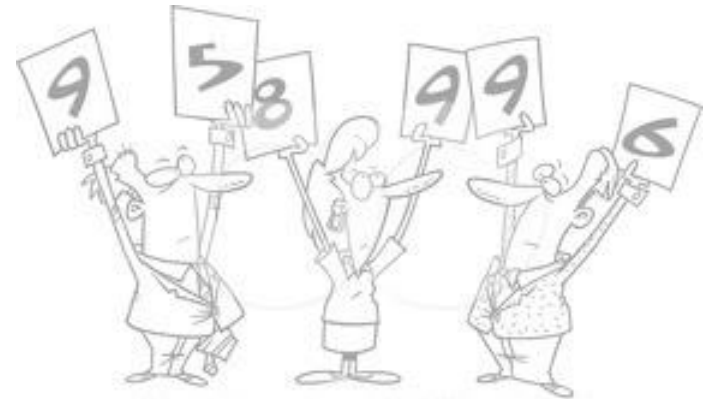
Partner Recruiting – Basic Best Practices

Target / Profile

- All partners are NOT appropriate for a single vendor program … but some are

- The Ideal Partner Profile determines the characteristics a Partner MOST LIKELY TO SUCCEED

Promote

- Communicate with targeted Partner with messages customized to attract + repel … only solicit the IDEAL partner profile

- Combine MASS media and ONE-TO-ONE media to achieve awareness, credibility, momentum and opportunity
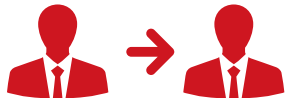
Engage

- Utilize a simple, self-service Value Proposition to engage potential partners from mass media campaigns

- Deliver the human connection @ Channel Manager layer – enabled and empowered to execute program details effectively

ChannelMasters®

THE**CHANNEL**CO.

We Were Asked to Write the Value Proposition

$$\frac{\text{Opportunity}}{\text{Investment}} = \begin{array}{c}\textbf{2 to 3 ROI} \\ \textbf{with a Break Even} \\ \textbf{< 6 months;} \\ \textbf{absolutely no more than} \\ \textbf{12 months}\end{array}$$

IPED Channel Masters Webinars on Value Proposition

ChannelMasters®

THE**CHANNEL**CO.

Sample Value Proposition

MacroSoft
Cloud One Appliance

From a Company You Trust, MacroSoft

"The Single LOB, IoT or Cloud Infrastructure Solution for the SMB, Upper Mid-market or Departmental Enterprise Customer"

THE**CHANNEL**CO.

Today's Discussion

MacroSoft CloudOne Appliance

The Market

Partner Opportunity

Our Investments

Getting Started
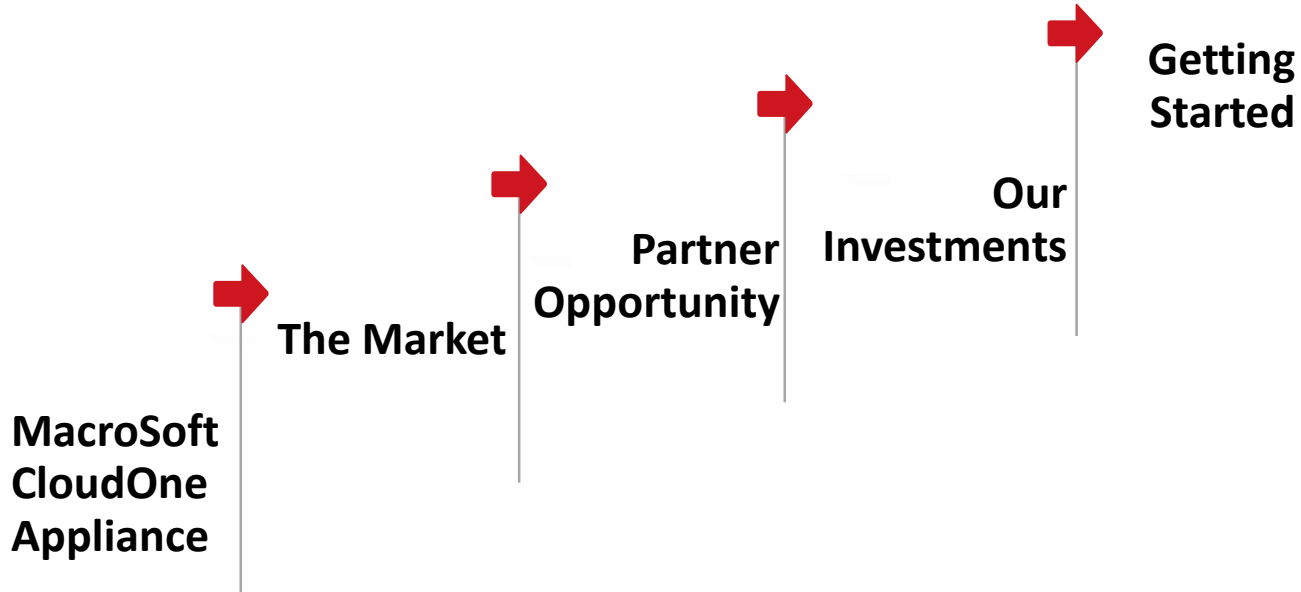
Our Solution

In an effort to dramatically simplify Line of Business, IoT and Cloud Computing, an integrated solution is available on-premise or as a service; offering a single device to deploy to any Departmental Enterprise, Mid-Market or SMB customer (private, public or hybrid)

Feedback from our Beta Customers, MacroSoft

KEY SOLUTION FEATURES:

- COMPREHENSIVE IoT, LOB or CLOUD MANAGEMENT PLATFORM
- SELF-CONTAINED HARDWARE UNIT
- ENHANCED SECURITY THREAT, OPERATIONAL AND CUSTOMER BEHAVIOR VISIBILITY
- PRE-INTEGRATED ACCESS TO MOST MAJOR PUBLIC CLOUD OFFERINGS
- COMPREHENSIVE APIs, CONNECTS TO OR HOSTS IoT PLATFORM SOFTWARE

Do You Have Customers with These Needs? (use cases):
- Enterprise Private Cloud
- Hybrid Cloud Server
- Backup Disaster Recovery
- Web Based or LOB Applications
- IoT Platform Application Server needs

ChannelMasters®

THE**CHANNEL**CO.

The Market and Your Services Opportunities

Cloud, LOB or IoT Customer

- ✓ *SMB & Upper MM Customer <$250M Revenues*
- ✓ *Enterprise Departmental*
- ✓ *Up to 200 Users*

Market Size

- ✓ *$2.1B total addressable Market*
- ✓ *Over 5 years*
- ✓ *14.5 CAGR 2015 thru 2020*

Customer Benefits

- ✓ *Reduced Costs*
- ✓ *Faster Time to Market*
- ✓ *Reduced Risks: e.g. Security*
- ✓ *Enhanced operational and customer behavior visibility (Splunk)*

Sales Cycle

- ✓ *30 – 60 days SMB, Mid-market*
- ✓ *30 – 90 days Enterprise Departmental solution*

Your Services	Traditional Resell Offering	Managed Services Offering
Pre-sales consulting opportunity: (i.e. Requirements development, POC implementation, planning services, etc.)	**10-15%** of total system price (For SMBs, mostly at no-charge)	**10-15%** of total system price (For SMBs, mostly at no-charge)
Implementation services opportunity: (i.e: installation, configuration, data migration, etc.)	**25-50%** of total system price	**10-20%** of 3 year subscription price
Managed Services opportunity: (i.e. monitoring, break/fix support, help desk, patch management, backup/DR)	NA	**~ $550** Per month / per system
Approximately 1 out of 4 customers have stated they would consider this solution to solve additional business problems with your strategic consulting expertise.		

ChannelMasters®

THE CHANNEL CO.

Your Differentiation in the Market is a function of Your Managed Services Capabilities
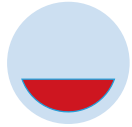
Cloud, IoT Consulting & Plans

- Customer Workloads
- Application Security
- Availability & Compliance Needs
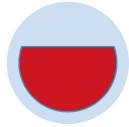
Implementation

- Migration
- System Interfaces
- Administration
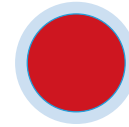
Managed IT Services

- Including monitoring, application & patch management
- Machine, Operational and Customer Behavior Dashboards (Splunk)
- For the platform or a fully managed LOB application system by you for the customer

An Opportunity to Grow Vertical, Managed or other Emerging Services

As a Service Monthly	Basic Service	Total Contract Value @ 36 mos	Pre-/Post-sale Services
SMB	$1,000	$36,000	$9,000/Implementation $550/month managed services
Mid-market & Dept. Enterprise	$1,000	$36,000	$18,000/Implementation $550 month managed services

Our Go to Market Leverages Trusted Solution Providers with Existing Customer Relationships

TARGETING CLOUD PARTNERS WITH: $3M+ ANNUAL REVENUES, 25% FROM MANAGED SERVICES WITH AN EXISTING SMB & MID-MARKET INSTALL BASE, ACCESS TO ENTERPRISE CUSTOMERS

Partner requirements:
- >2 cloud service offerings
- partnership with a public cloud provider and a hw, sw, cloud services track record
- half a sales staff dedicated to leadership
- technical staff trained for pre-sales consulting and post-sales implementation

Single-tier channel ready solution offering a direct relationship with us, partner only territories, including a flat 35% discount and performance based rebates:
- no cost training
- $7,000 mdf to drive pipeline, more is available
- services mentoring, sow in a box, facilitated business planning session

THE**CHANNEL**CO.

Assume 30 day lag from sale to revenue

Month	Activity	Revenue by Month
January	Staff, Target Accounts	none
February	Train & Sell	none
March	Close SMB service	none
April	Close SMB service	SMB service
May	Close Mid-market service	SMB service
June	Close Departmental Enterprise on prem	Mid-market service
July	Close Mid-market service	Enterprise on premise
August	Close Mid-market on prem	Mid-market service
September	Departmental Ent. on premise	Mid-market on prem
October	Close Mid-market on premise	Enterprise on prem
November	Close Mid-market on premise	Mid-market on prem
December	Close SMB service	Mid-market on prem
January	none	SMB service

Is this a Reasonable Scenario?

2 months
-Hire, Train, Sell

Then close one/month @ 10 months
2 Enterprise On Prem
4 SMB as a Service
1 Mid-market as a Service
3 Mid-market on Prem

Investments:

Half a Sales Rep — $125,000 fully loaded full time
$10,417/mo **Waived**

Tech Education Opp Cost — $4,800 $1600/day @ 3 days

Marketing — $7,000 MDF, two investments
available, matched $ per investment
asked to match **Waived**

Beta Customer Experience Reflected to Project Break Even in 8-10 Mos.

Assumptions available and are for illustrative purposes only, we would like to to plot your break even point with you.

SAMPLE - CLOSE 10 SALES IN ONE YEAR:

- 2 Enterprise On Prem
- 4 SMB as a Service
- 1 Mid-market as a Service
- 3 Mid-market On Prem
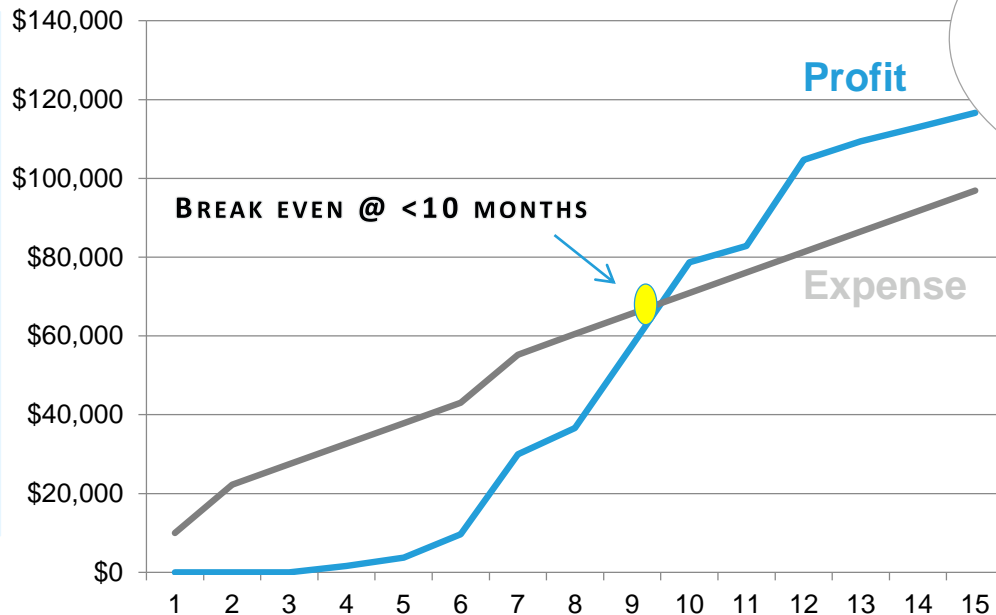
35% Discount less 10% customer discount , No Rebates, One Half Sales Staff for Leadership, Technical Opportunity Cost to Train Included, Matched MDF

Profit

Expense

BREAK EVEN @ <10 MONTHS

—— Cum Gross Margin $
—— Cum Investment Cost $

Getting Off to a Fast Start

Today! → **30 Days!**

Executive Sponsorship → CAM Assignment → Training Plan → Business Planning Session →

Marketing Plan → Execution Per Commitments
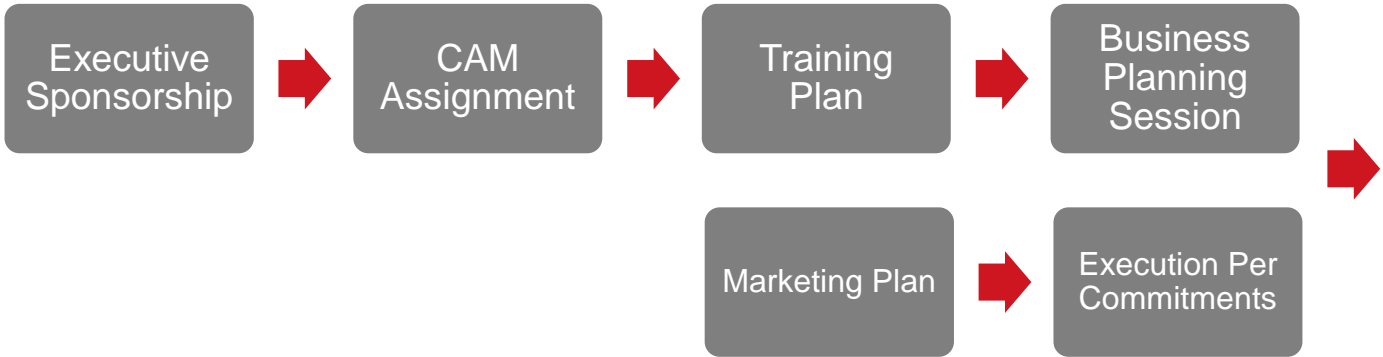
Gross Margin Math: MacroSoft

SMB Service	Monthly or OTC	TCV Revenue	GM	TCV Profit	Monthly Profit	OTC Profit
Pre-sales consulting	na	0	32%	$0		$0
MacroSoft Service ($1,000)	MRR @ 36 months	$36,000	25%*	$9,000	$250	
Implementation (10% of $36k/TCV)	OTC	$3,600	32%	$1,152		$1,152
Managed Services ($550 @ 36 mos)	MRR	$18,000	42%	$7,560	$210	
*at list price less 10% disc.	Total Revenue Est.	$63,000	Total Margin Est.	$17,712	$460	$1,152

Mid-market, Dept. Enterprise Service	Monthly or OTC	TCV Revenue	GM	TCV Profit	Monthly Profit	OTC Profit
Pre-sales consulting (15% of MacroSoft $)	OTC	$5,400	32%	$1,728		$1,728
MacroSoft Service ($1,000/month)	MRR @ 36 months	$36,000	25%*	$9,000	$250	
Implementation (25% of $36k/TCV)	OTC	$9,000	32%	$2,880		$2,880
Managed Services ($550 @ 36 mos)	MRR	$18,000	42%	$7,560	$210	
*at list price less 10% disc	Total Revenue Est.	$68,400	Total Margin Est.	$21,168	$460	$4,608

Mid-market, Dept. Enterprise On-premise	Monthly or OTC	TCV Revenue	GM	TCV Profit	Monthly Profit	OTC Profit
Pre-sales consulting (15% of MacroSoft $)	OTC	$7,500	32%	$2,400		$2,400
MacroSoft Box	OTC	$50,000	25%*	$12,500		$12,500
Implementation (25% of $50,000)	OTC	$12,500	32%	$4,000		$4,000
Managed Services ($550 @ 36 mos)	MRR	$18,000	42%	$7,560	$210	
	Total Revenue Est.	$88,000	Total Margin Est.	$26,460	$210	$18,900
*at list price less 10% disc						

Is it Material to the Partner; Will MacroSoft Make Plan?

SAMPLE - CLOSE 10 SALES IN ONE YEAR:

- 2 Enterprise On Prem
- 4 SMB as a Service
- 1 Mid-market as a Service
- 3 Mid-market On Prem

# of Sales	Sale Details	Per Sale/TCV Revenue	Per Sale/TCV Profit	Total TCV Revenue	Total TCV Profit
2	Ent on Premise	$88,264	$26,884	$176,528	$53,768
4	SMB as a Service	$63,000	$17,800	$252,000	$71,200
1	Mid-market as a Service	$68,000	$21,168	$68,000	$21,168
3	Mid-market On Prem	$88,264	$26,884	$264,792	$80,652
				$761,320	$226,788

For every Partner who achieves this scenario, $761k of our $10M goal is retired.
14 fully productive partners are needed to achieve $10M in revenues.
28 should likely be recruited assuming 50% won't make this level commitment & success.

For every Partner who achieves this scenario, at least $226k is recognized profit.
For a $5M Partner, this is likely material in the first year of a relationship.

MacroSoft CloudOne ROI

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Jan	Hire, Train, Sell															
Feb	Sell															
Mar	Sell, Close															
Apr	Sell, Implement, Invoice/SMB Serv, Close				$1,618	$460	$460	$460	$460	$460	$460	$460	$460	$460	$460	$460
May	Sell, Implement, Invoice/SMB Serv, Close					$1,618	$460	$460	$460	$460	$460	$460	$460	$460	$460	$460
Jun	Sell, Implement, Invoice/MM Serv, Close						$5,068	$460	$460	$460	$460	$460	$460	$460	$460	$460
Jul	Sell, Implement, Invoice/ent on-prem, Close							$18,900	$210	$210	$210	$210	$210	$210	$210	$210
Aug	Sell, Implement, Invoice/MM serv, Close								$5,068	$460	$460	$460	$460	$460	$460	$460
Sep	Sell, Implement, Invoice/MM on-prem, Close									$18,900	$210	$210	$210	$210	$210	$210
Oct	Sell, Implement, Invoice/Ent on-prem, Close										$18,900	$210	$210	$210	$210	$210
Nov	Sell, Implement, Invoice/MM on-prem, Close											$1,618	$460	$460	$460	$460
Dec	Sell, Implement, Invoice/MM on-prem, Close												$18,900	$210	$210	$210
Jan	Sell, Implement, Invoice/SMB Serv, Close													$1,618	$460	$460
	Monthl Gross Margin $				$1,618	$2,078	$5,988	$20,280	$6,658	$20,950	$21,160	$4,088	$21,830	$4,758	$3,600	$3,600
	Monthly Investment Costs $	$10,008	$12,208	$5,208	$5,208	$5,208	$5,208	$12,208	$5,208	$5,208	$5,208	$5,208	$5,208	$5,208	$5,208	$5,208
	*1/2 Sales Rep Dedicated	$5,208	$5,208	$5,208	$5,208	$5,208	$5,208	$5,208	$5,208	$5,208	$5,208	$5,208	$5,208	$5,208	$5,208	$5,208
	*Education Opportunity Cost	$4,800														
	MDF Match		$7,000					$7,000								
		$10,008	$12,208	$5,208	$5,208	$5,208	$5,208	$12,208	$5,208	$5,208	$5,208	$5,208	$5,208	$5,208	$5,208	$5,208
	j															
	Cum Gross Margin $	$0	$0	$0	$1,618	$3,696	$9,684	$29,964	$36,622	$57,572	$78,732	$82,820	$104,650	$109,408	$113,008	$116,608
	Cum Investment Cost $	$10,008	$22,216	$27,424	$32,632	$37,840	$43,048	$55,256	$60,464	$65,672	$70,880	$76,088	$81,296	$86,504	$91,712	$96,920

ChannelMasters

THECHANNELCO.

But Wait, There's More!

Recruiting Backdrop

- Year round recruiting? or Only when declared?

- Who's responsible for recruiting?

- Who Identifies the Ideal Partner Profile?

- Recruiting few? or Many?

- Who's researching prospective recruits?

  ✓ Targeted: stated profile represents many partners

  ✓ Pinpoint: stated profile representative of a few, critical partners

  ✓ All Who Apply: open to any profile

THE**CHANNEL**CO.