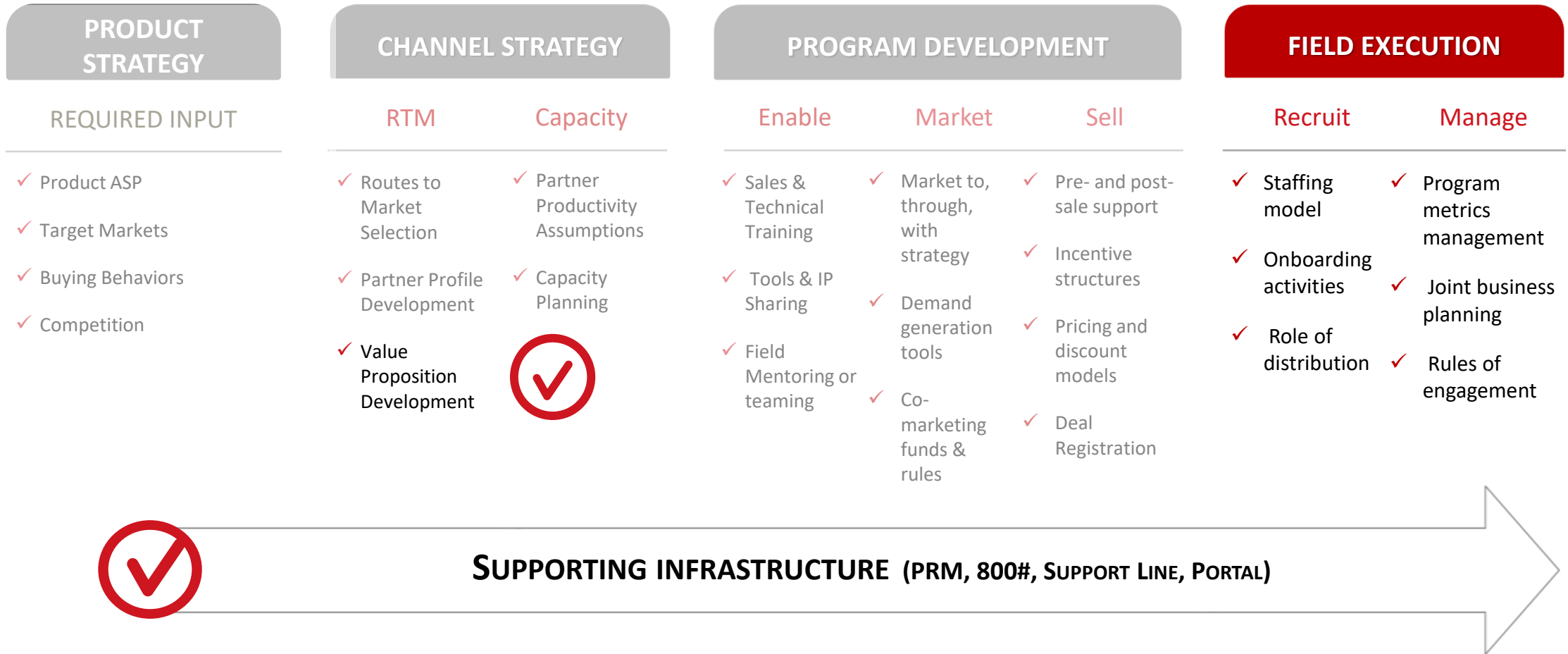
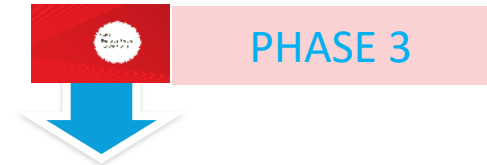


PHASE 3

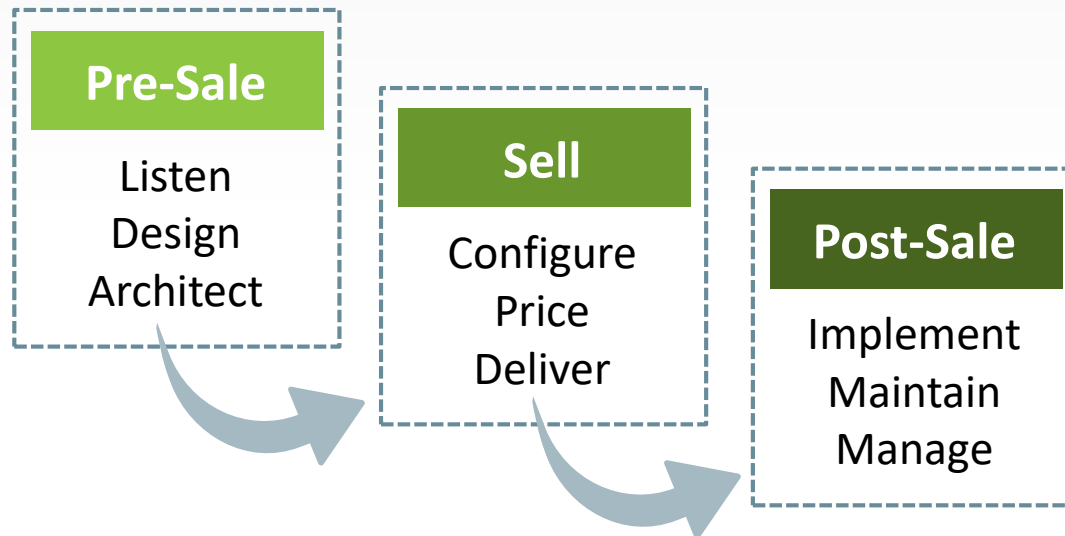
**Recruit a Partner
to the Program**

Field Recruiting Using the Partner Value Proposition

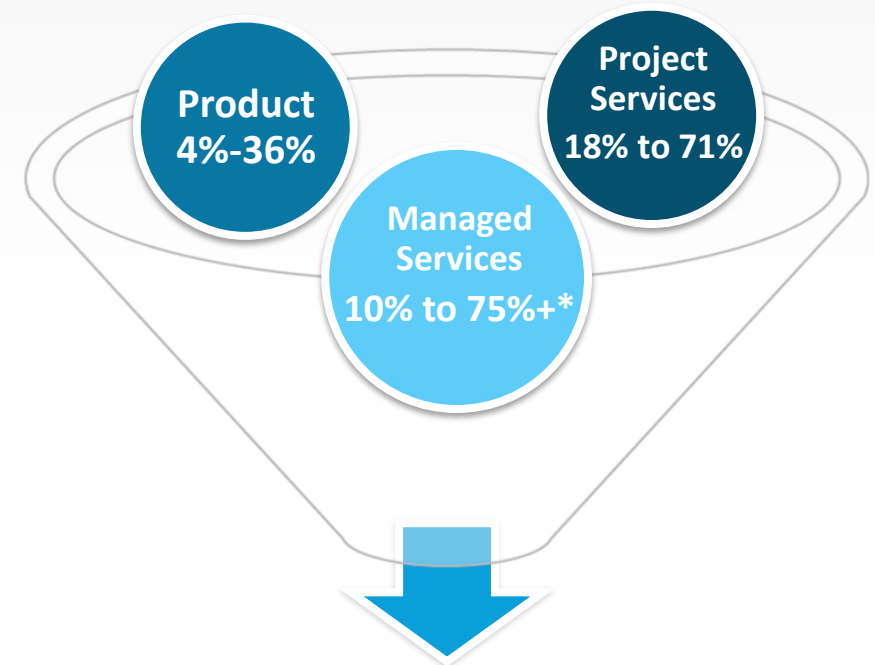


What They Do to Make Money

- ✓ The mix of what they do
&
- ✓ How they deliver the solution (resell another's or sell their own)
at the corresponding gross margins dictate profitability ...



ROI typically < 12 months



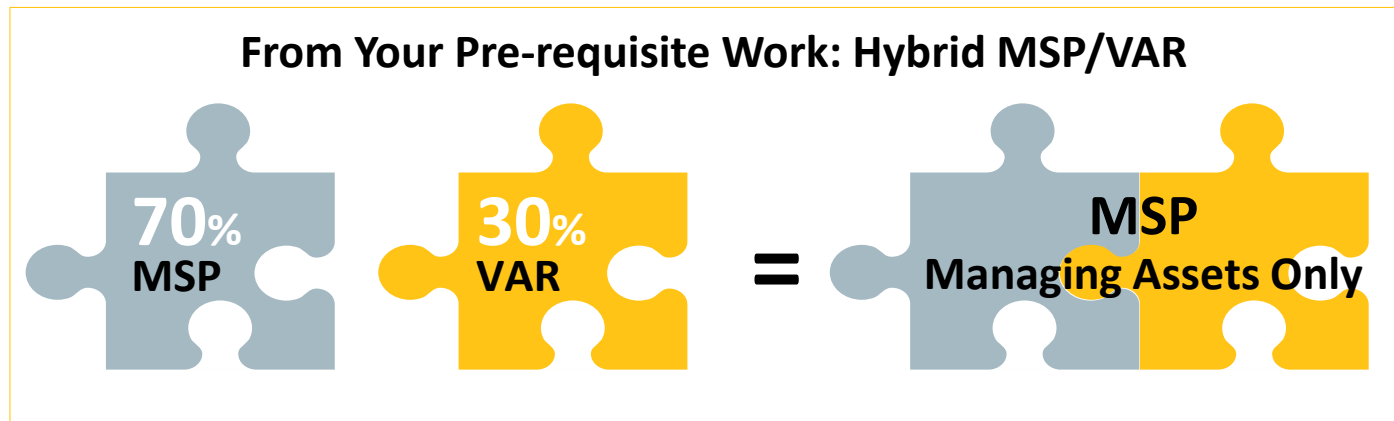
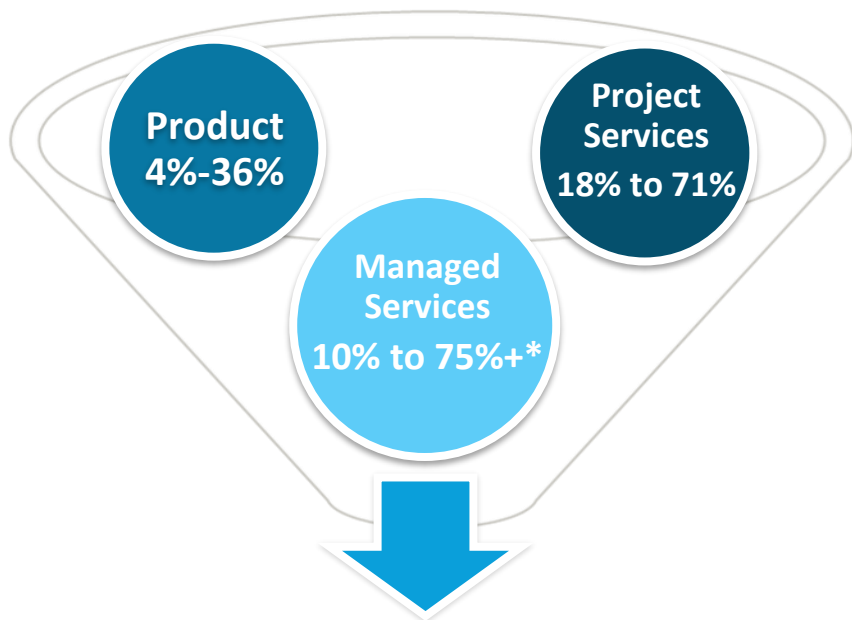
Technology Line of Business
or Company

Sample Average Gross Margins*

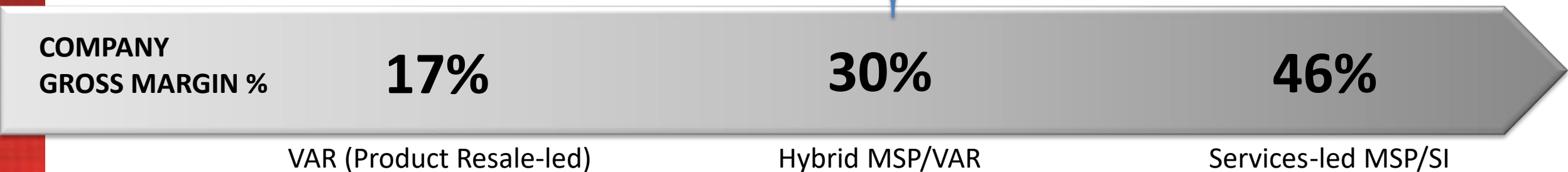
*IPED Profitability Study and SME: data directionally correct

*IPED note: Managed Services Gross Margins may go as high as 100% when assets under management are owned by the MSP

Higher Services Mix = Higher Profits

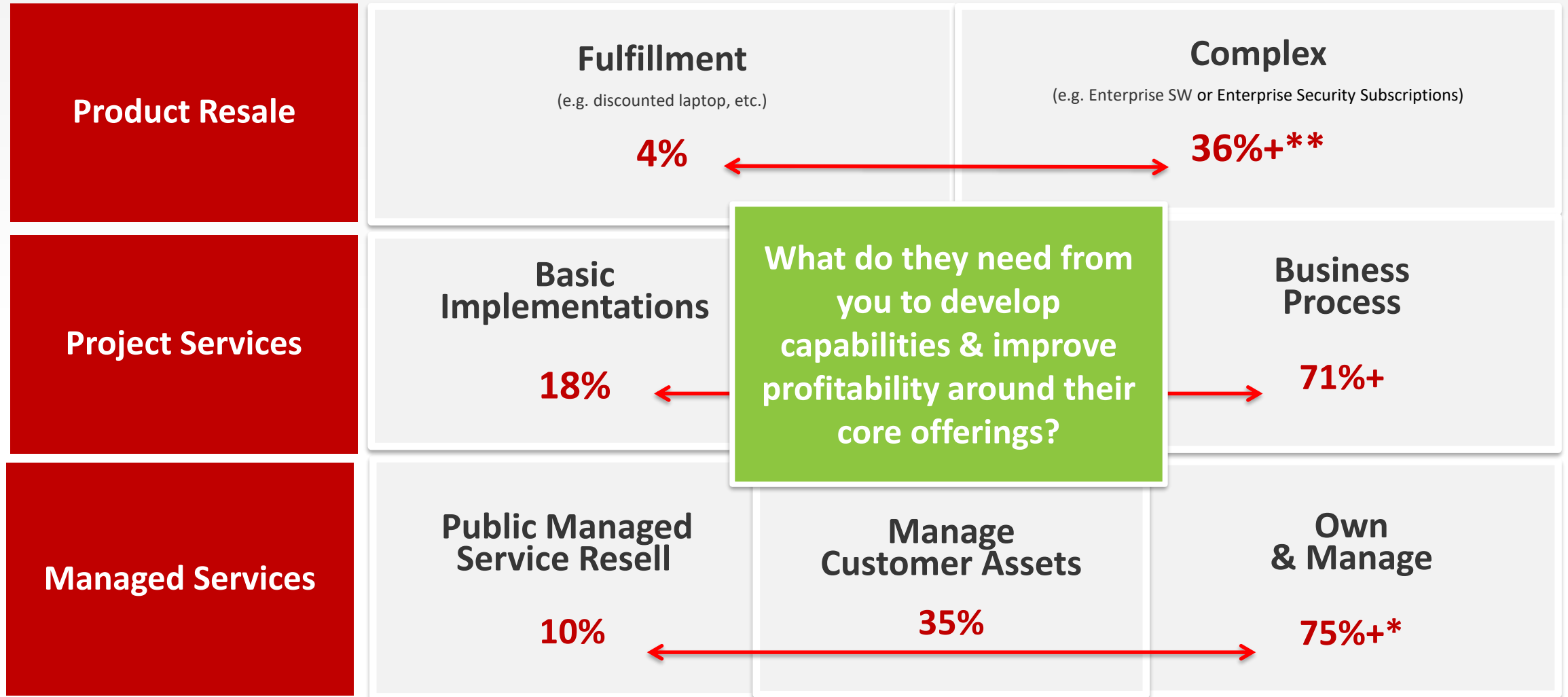


*IPED note: Managed Services Gross Margins may go as high as 100% when assets under management are owned by the MSP
Source: IPED Profitability Study



Remembering What They Do to Make Money?

Channel Masters Partner Panelist: "Typical MSP goal is 70% Gross Margins"



*IPED Research Note: some MSP Gross Margins may go as high as 100% when assets are owned

**IPED Research Note: some complex solutions, typically ERP, CAD, etc. software, result in 40% gross margins

Phase 3: Recruit a Partner to the Program

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 – Pick the Areas You Will Address

| Category | The Questions Partners Ask = What's In It For Them? |
|--------------------|---|
| SOLUTION VIABILITY | <ul style="list-style-type: none">• 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 | <ul style="list-style-type: none">• What is the size of the target market?• What are the use cases?• How does it solve those business problems?• Are customers asking for it? |
| PROFIT POTENTIAL | <ul style="list-style-type: none">• 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?• How long until I break even? |
| VENDOR CULTURE | <ul style="list-style-type: none">• Can I trust vendor claims?• Is the vendor committed to the channel?• Does the go to market plan favor the channel? |
| SYNERGY & GROWTH | <ul style="list-style-type: none">• Will it set me apart from my competitors?• Will it allow me to enter new markets?• Does it offer the next adjacency to my current skills? |

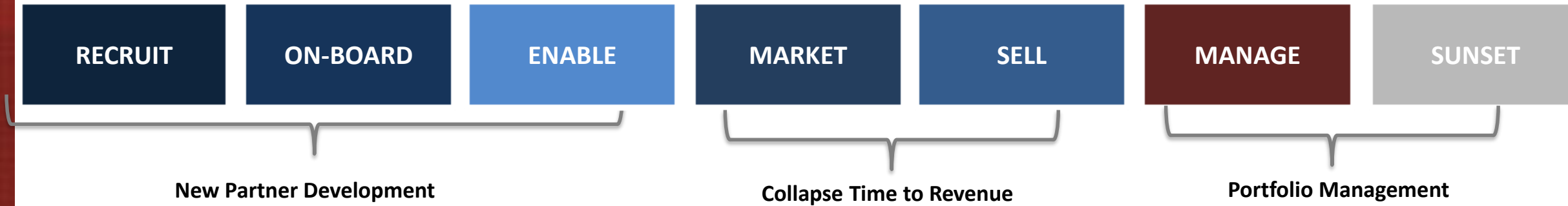
Simulation Phase 3

CRITICAL KNOWLEDGE FOR PHASE 3

CRITICAL KNOWLEDGE FOR PHASE 3

Now Articulate Your Value Proposition

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

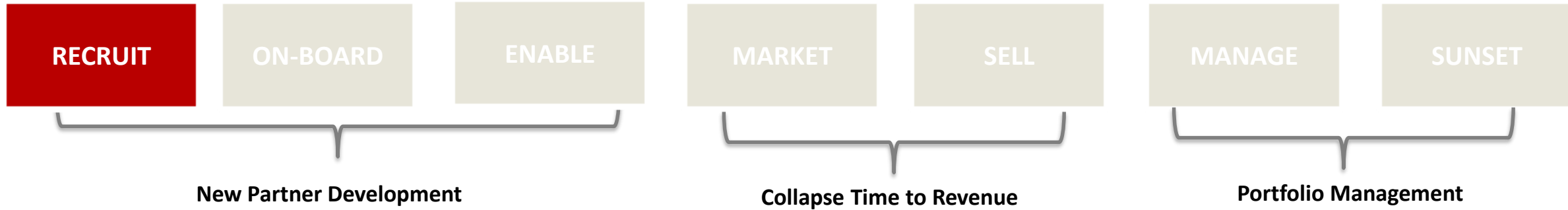


- How much effort / investment?
- How much revenue expected?
- How stable is the relationship?
- Which specific actions / tactics apply?

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

Now Articulate Your Value Proposition

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



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

Always
Be Visible

Reinforce
Your Message

Demonstrate
Your Value



1.5 MILLION
Solution Providers

MAKE CHOICES EVERY DAY

Recruiting Starts with the Ideal Partner Profile

Where to find partners...

Who Meet Your Profile



Beyond your Profile; You Want Well Run Businesses

For managed accounts or competitive win-backs or strategic partner recruiting:

- Channel Account Managers must research the partner before recruitment call.
- Indicate why that particular partner is on your recruitment list... open your meeting with this.
- Start with Worksheet #1 Ideal Partner Profile.

CRITICAL ACTION FOR PHASE 3

- Partners **positioned for success** today and for the future...innovation and transformation
- Partners who **can execute** their business models and **are accountable** for results
- Partners who have mature/effective **project & recurring revenue** service practices
- Partners who **target** specific high-priority **vertical market segments**
- Partners who have effective **marketing/ demand generation abilities**

Refer to
Product Strategy Worksheet
(Worksheet #1)

PRODUCT STRATEGY WORKSHEET

Complete the Product Strategy for: MacroSoft CloudOne Appliance

1. Target Markets:

2. Average Selling Price as Monthly Recurring Revenue (MRR):

3. Describe the Competition:

4. Describe the Typical Buyer:

5. For What Use Cases:

6. What is the Profile of the Ideal Partner You are Trying to Recruit?

ChannelMasters Name: _____ Company: _____



Value Proposition

Delivering the Value Proposition MSP-VAR 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 and Growth: 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.

Delivering the Value Proposition MSP-VAR 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?

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ROI on Education, Demo Sets, etc.

Vendor Culture:

Go to Market with Channel?

Synergy and Growth: Am I the Correct Profile?

Partner Value Proposition

- Describe **the Solution**
- Deliver the **Customer Value Proposition**
- Show the **Profit Potential**
- Highlight the **Vendor Culture**
- Point to **Synergy & Growth**

You will create a PowerPoint presentation to Recruit a Partner

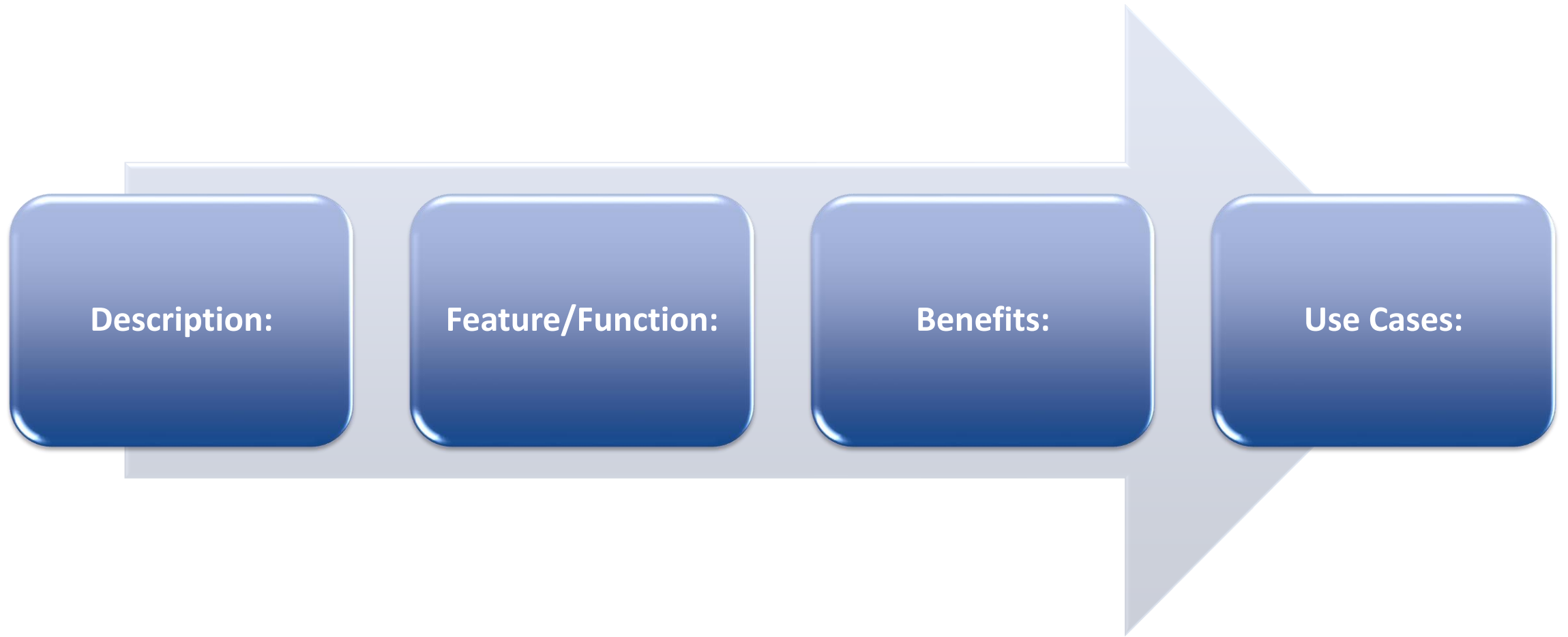
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Simulation Phase 3

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CRITICAL KNOWLEDGE FOR PHASE 3

Solution Viability - Describe the Solution



Solution Viability - Describe the Solution

Because Exadata Express runs the newest enterprise database release plus options, it gives you access to exciting new features of Oracle Database 12c Release 2. For enterprise database experience. You do not need to worry about network or storage configuration, patching, upgrade or other DBA tasks. These activities are managed for you by Oracle, so no customer DBA is required. Exadata Express gives you the same

Oracle Database Exadata Express Cloud Service is the ideal entry-level service for running Oracle Database in Oracle Cloud. It delivers an affordable and fully managed Oracle Database 12c Release 2 experience, with enterprise options, running on Oracle Exadata. It is a great fit for small and medium sized production databases as well as development, testing and evaluation environments. For developers, Exadata Express provides easy access to advanced development features of Oracle Database, enabling you to rapidly create modern data-driven applications.

Solution Viability - Describe the Solution

Because Exadata Express runs the newest enterprise database release plus options, it gives you access to exciting new features of Oracle Database 12c Release 2. For enterprise database experience. You do not need to worry about network or storage configuration, patching, upgrade or other DBA tasks. These activities are managed for you by Oracle, so no customer DBA is required. Exadata Express gives you the ease

Description:

- An ideal entry level service to run Oracle DB
- An affordable fully managed DB with enterprise options & Exadata

Feature/Function:

- Oracle DB 12c Release 2

Benefits:

- No DBA required
- No configuration
- No patching or upgrades

Use Cases:

- Production databases
- Development
- Test and evaluation environments

enterprise options, running on Oracle Exadata. It is a great fit for small and medium sized production databases as well as development, testing and evaluation environments. For developers, Exadata Express provides easy access to advanced development features of Oracle Database, enabling you to rapidly create modern data-driven applications.



MSP Consumes

- May use to host services
- May place on-premise with a customer, but charge an MRR for the hardware



“We have an appliance solution called Wolf Pack. 13% of our revenues are HW but we place these on premise as part of our managed networking solution for our customers. We then try not to sell one time charge, typically we bundle hardware and software into the Monthly Recurring Revenue.” (MRR).

HW as a Service

What is a Customer Value Proposition?



- The **Customer Value Proposition** is required, though not always made clear in communications
 - *Vendors often stop at Feature, Function, Benefit*
- The **Partner Value Proposition** is not complete without a Customer Value Proposition
- Product Marketing is typically the source for Customer Value Propositions
- If you do not provide it; CAMs will make it up!!!

| Category | The Questions Partners Ask = What's In It For Them? |
|-----------------|--|
| CUSTOMER DEMAND | <ul style="list-style-type: none">• What is the size of the target market?• What are the use cases?• How does it solve those business problems?• Are customers asking for it? |

Customer Value Prop

Partner Value Proposition vs. Customer Value Proposition

What's the Difference



Partner Value Proposition



Customer Value Proposition

Audience

Partner: assess relevance, odds of success and ability to make money.

- Partner: during recruitment visualizes which Customers have the solution/product need.
- Customer: assesses need when the Partner sells solution

Answers the Questions

- What is the solution?
- Customer Value Proposition?
- What is the customer demand and market size?
- 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?

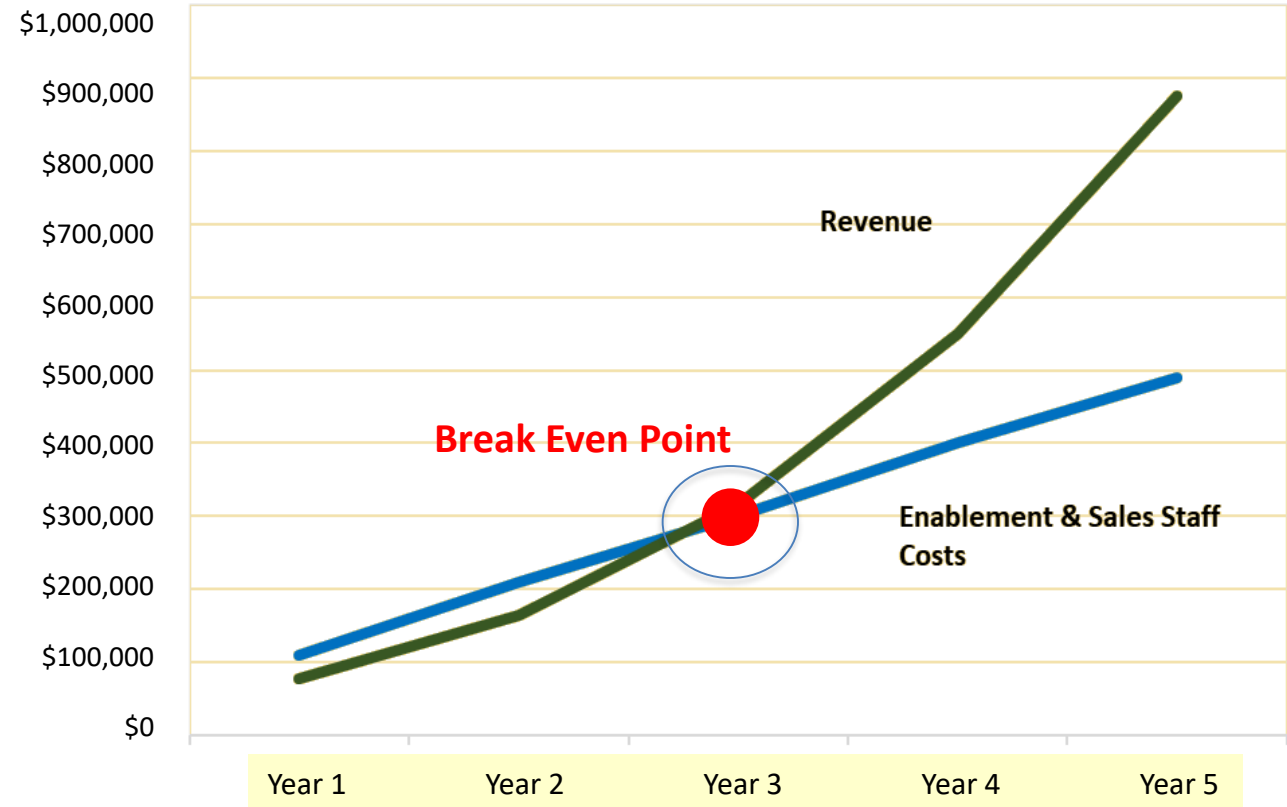
- What is the solution? Capabilities?
- What business problem does it solve?
- What is the demand ?
- What are the use cases?
- Who are the references?

In a Perfect World, Break Even Would Accompany the Partner Value Proposition

Sample Break Even Analysis



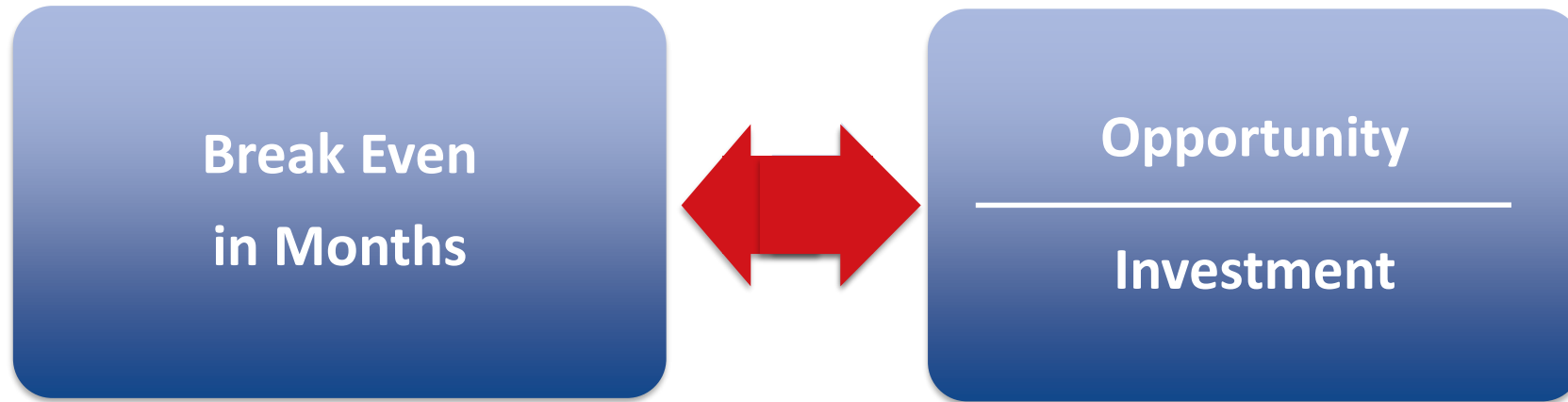
Partners typically invest in technologies where they break even in less than 12 months!



- Data Illustrative Only -

Time to Break Even Calculation...It's Simply Math

"I want you to invest..."



"I want you to invest...here's what's in it for you."



Opportunity

Investment

Qualitative:

- Technology in customer demand
- Brand strength & market presence
- Size of the Solution addressable market in \$
- Relationship with you, the Vendor

Quantitative:

- **Revenue and profits over a period of time projected by month**
- Incentives
- Program support & cost off-sets (sales, marketing, technical, service program benefits (GETS))

"I want you to invest..."

Opportunity



Investment

- Program fees
- Sales Training
- **Technical or Operations Training tuition & travel**
- **Technical/Operations Training opportunity cost (technical time lost billing @ maybe \$200/hr.)**
- Certification & testing expense
- Marketing
- Demo Sets, etc.
- Incremental staff to be hired

Product Revenue & Service Attach Rates from the Navigator: Input to Analysis



- 
- **Average Sales Price of the Solution**
 - **Partner Services Assumptions from Beta Customers**

| Partner Services Opportunity | Customer Segment | MRR per month/ per system | Partner Delivered Services One Time Charge (OTC) |
|--|------------------|---------------------------|--|
| CloudOne HW as a Service (MRR) | All | \$1,000 | |
| Pre-sales consulting, billed as a one time charge by Partner: | SMB | | \$0 |
| | MM & Ent | | \$5,400 |
| Implementation services, billed as a one time charge by Partner: | SMB | | \$3,600 |
| | MM & Ent | | \$9,000 |
| Additional Solution Managed Services (Partner Delivered): | SMB | ~\$550 | |
| | MM & Ent | ~\$750 | |

Profit Potential - Gross Margin Math: CloudOne

Gross Margins for Spreadsheet



| SMB | Monthly or OTC | Monthly Revenue | OTC Revenue | GM | Monthly Profit | OTC Profit |
|---|----------------|-----------------|-------------|-----|----------------|----------------|
| Pre-sales consulting | Unlikely | 0 | 0 | | | \$0 |
| <u>CloudOne Service (\$1,000/month)</u> | MRR | \$1,000 | 0 | 25% | \$250 | |
| Implementation | OTC | 0 | \$3,600 | 40% | | \$1,440 |
| Managed Services (\$550/month) | MRR | \$550 | | 42% | \$231 | |
| Total Rev & Profit Est. | | \$1,550 | \$3,600 | | \$481 | \$1,440 |

| Mid-market, Enterprise | Monthly or OTC | Monthly Revenue | OTC Revenue | GM | Monthly Profit | OTC Profit |
|---|----------------|-----------------|-------------|-----|----------------|----------------|
| Pre-sales consulting | OTC | 0 | \$5,400 | 35% | | \$1,890 |
| <u>CloudOne Service (\$1,000/month)</u> | MRR | \$1,000 | 0 | 25% | \$250 | |
| Implementation | OTC | 0 | \$9,000 | 40% | | \$3,600 |
| Managed Services (\$750/month) | MRR | \$750 | 0 | 42% | \$315 | |
| Total Rev & Profit Est. | | \$1,750 | \$14,400 | | \$565 | \$5,490 |

“My profit comes from services, the box gives me the excuse to sell services.”

Channel Masters Partner Panelist

Notes:

- Yellow numbers from Navigator opportunity (previous page)
- No pre-sales consulting in SMB
- Partner provided managed services are greater in Mid-market and Enterprise

Assume 30 Day Lag from Sale to Revenue: Use These or Make Your Own Assumptions!



| Month | Activity | Revenue by Month |
|-----------|------------------------|------------------|
| January | Staff, Target Accounts | none |
| February | Train & Sell | none |
| March | Close SMB | none |
| April | Close SMB | SMB |
| May | Close Mid-market | SMB |
| June | Close Enterprise | Mid-market |
| July | Close Mid-market | Enterprise |
| August | Close Mid-market | Mid-market |
| September | Close Enterprise | Mid-market |
| October | Close Mid-market | Enterprise |
| November | Close Enterprise | Mid-market |
| December | Close SMB | Enterprise |
| January | none | SMB |

Is this a Reasonable 1st Year Scenario?

- Two (2) months to Staff, Train, Sell
- Then close one as a service deal/month for 10 months:
 - 3 Enterprise
 - 4 Mid-market
 - 3 SMB

Partner Investments (Give to Get):

Use Existing Sales Reps

But, ask Partner to fund \$1,000/month in Sales Incentives

Train 2 Techs: Opp Cost

\$9,600 in lost billings/for 2 techs
\$1,600/day @ 3 days/each per Technician

Matched Marketing Dollars

\$15,000 MDF available in three (3) \$5,000 increments



Profit Potential: MacroSoft CloudOne ROI Spreadsheet Charts Break Even



| | | 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, Close | | | | \$1,440 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 |
| May | Sell, Implement, Invoice/SMB, Close | | | | | \$1,440 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 |
| Jun | Sell, Implement, Invoice/MM, Close | | | | | | \$5,490 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 |
| Jul | Sell, Implement, Invoice/Enterprise, Close | | | | | | | \$5,490 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 |
| Aug | Sell, Implement, Invoice/MM, Close | | | | | | | | \$5,490 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 |
| Sep | Sell, Implement, Invoice/ MM, Close | | | | | | | | | \$5,490 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 |
| Oct | Sell, Implement, Invoice/Enterprise, Close | | | | | | | | | | \$5,490 | \$565 | \$565 | \$565 | \$565 | \$565 |
| Nov | Sell, Implement, Invoice/MM, Close | | | | | | | | | | | \$5,490 | \$565 | \$565 | \$565 | \$565 |
| Dec | Sell, Implement, Invoice/Enterprise, Close | | | | | | | | | | | | \$5,490 | \$565 | \$565 | \$565 |
| Jan | Sell, Implement, Invoice/SMB, Close | | | | | | | | | | | | | \$1,440 | \$481 | \$481 |
| | Monthly Gross Margin \$ | | | | \$1,440 | \$1,921 | \$6,452 | \$7,017 | \$7,582 | \$8,147 | \$8,712 | \$9,277 | \$9,842 | \$6,357 | \$5,398 | \$5,398 |
| | Monthly Investment Costs \$ | \$5,800 | \$10,800 | \$1,000 | \$6,000 | \$1,000 | \$1,000 | \$6,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| | Use existing sales reps; partner offers incentive to sell | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| | Education opportunity cost | \$4,800 | \$4,800 | | | | | | | | | | | | | |
| | MDF Match | | \$5,000 | | \$5,000 | | | \$5,000 | | | | | | | | |
| | | \$5,800 | \$10,800 | \$1,000 | \$6,000 | \$1,000 | \$1,000 | \$6,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| | Cum Gross Margin \$ | \$0 | \$0 | \$0 | \$1,440 | \$3,361 | \$9,813 | \$16,830 | \$24,412 | \$32,559 | \$41,271 | \$50,548 | \$60,390 | \$66,747 | \$72,145 | \$77,543 |
| | Cum Investment Cost \$ | \$5,800 | \$16,600 | \$17,600 | \$23,600 | \$24,600 | \$25,600 | \$31,600 | \$32,600 | \$33,600 | \$34,600 | \$35,600 | \$36,600 | \$37,600 | \$38,600 | \$39,600 |

Chart spreadsheet →

Partner Gross Margins →

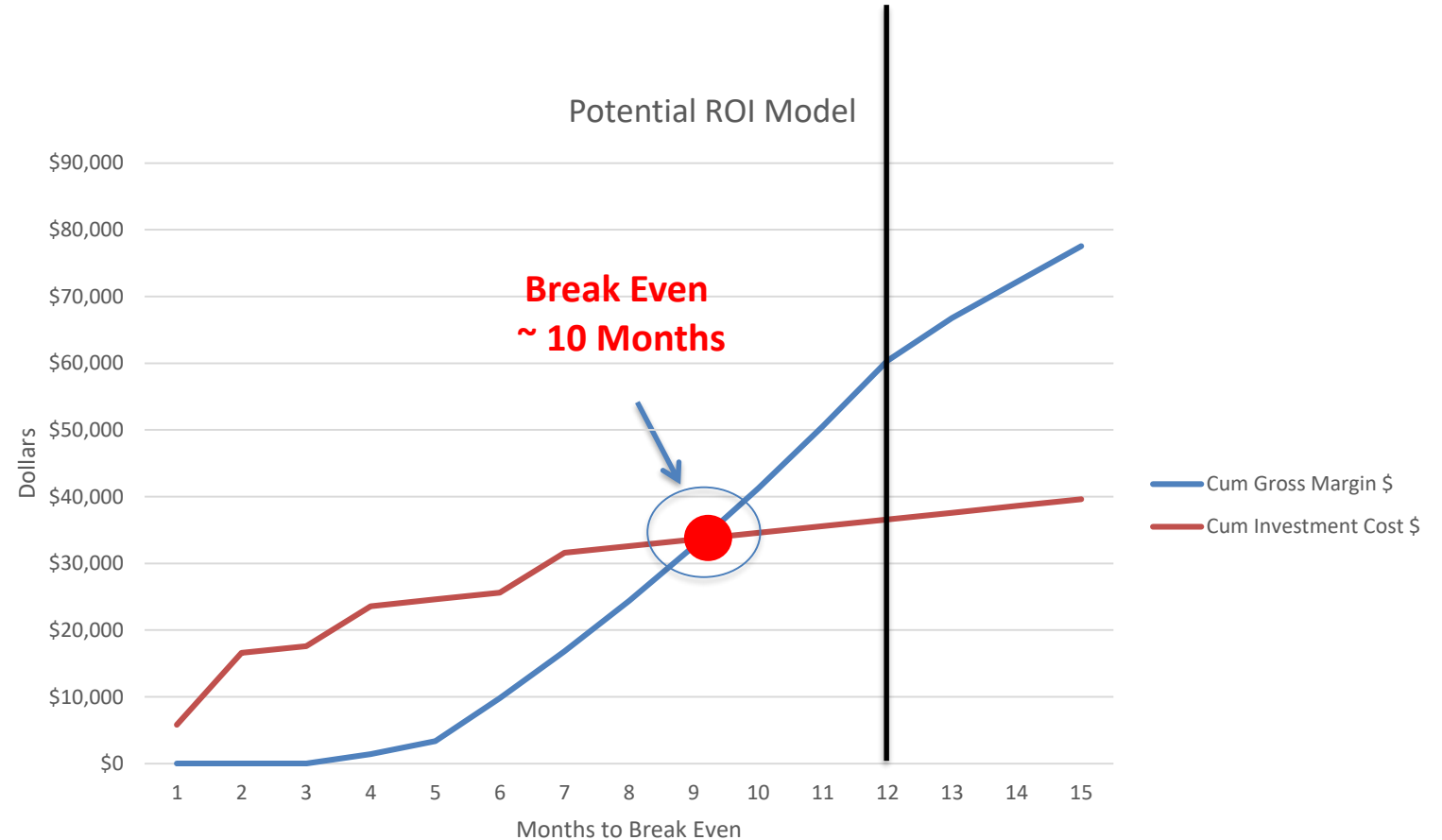
← Partner Investments

In a Perfect World Break Even Would Accompany the Value Proposition

Sample Break Even Analysis



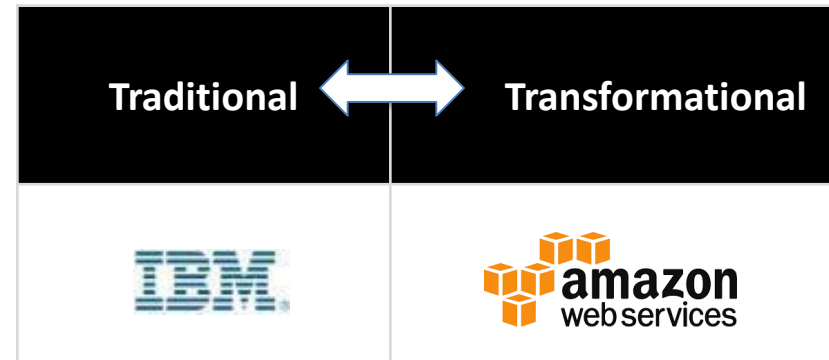
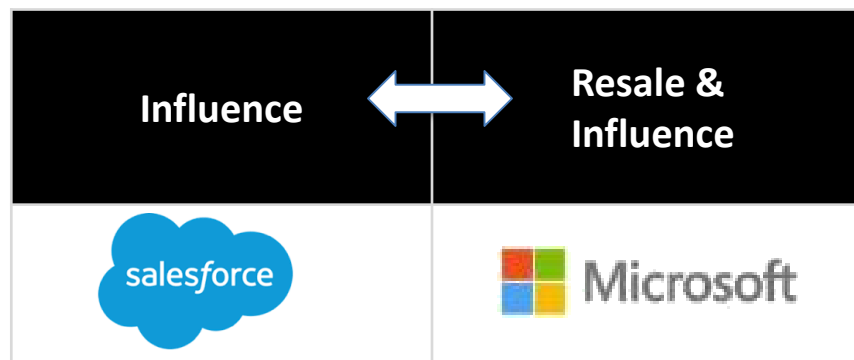
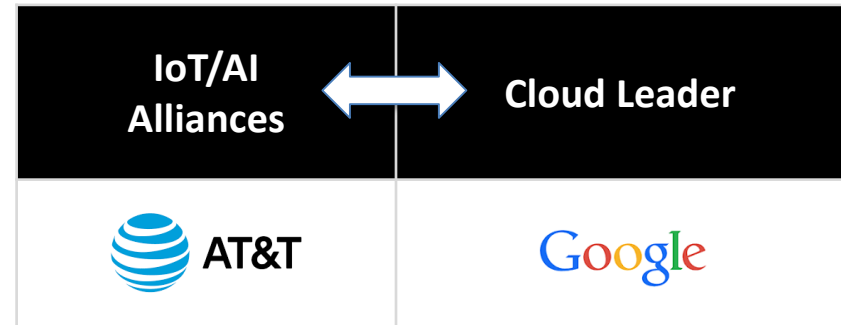
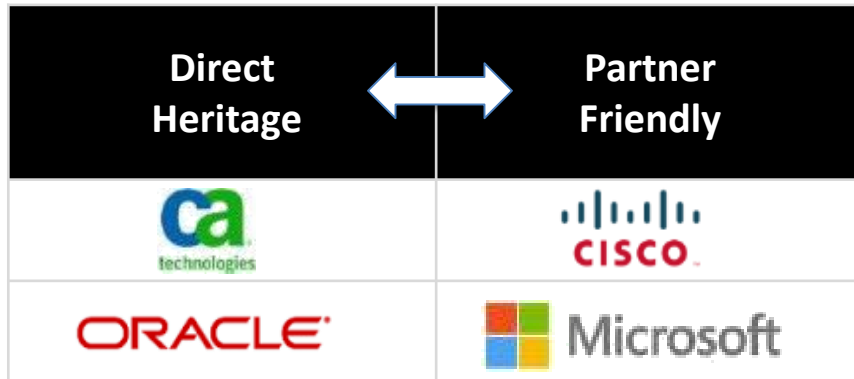
Partners typically invest in technologies where they break even in less than 12 months!



- Data Illustrative Only -

Vendor Culture

| Category | The Questions Partners Ask = What's In It For Them? |
|--|--|
| <p style="text-align: center;">VENDOR CULTURE</p> | <ul style="list-style-type: none"> • Can I trust vendor claims? • Is the vendor committed to the channel? • Does the go-to-market plan favor the channel? |



Synergy & Growth

| Category | The Questions Partners Ask = What's In It For Them? |
|------------------|---|
| SYNERGY & GROWTH | <ul style="list-style-type: none"> • 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? |

IPED Adjacencies?
In which programs do your targets participate?

| Operational | Industrial | Applications | Telephony | Networking | Data Center |
|---|---|--|---|--|--|
| <input type="checkbox"/> Vertical Expertise | <input type="checkbox"/> Operational Stack | <input type="checkbox"/> Office 365, ERP/SCM, Vertical, etc. | <input type="checkbox"/> On-prem PBX | <input type="checkbox"/> Routers, Hubs | <input type="checkbox"/> Servers |
| <input type="checkbox"/> Site Surveys | <input type="checkbox"/> Point Solutions, e.g. SCADA | <input type="checkbox"/> DevOps, Containers | <input type="checkbox"/> Cabling, Batteries | <input type="checkbox"/> Security | <input type="checkbox"/> Storage |
| <input type="checkbox"/> Cabling | <input type="checkbox"/> Purdue Model | <input type="checkbox"/> AWS, Azure Dev/Production | <input type="checkbox"/> Wireless | <input type="checkbox"/> SDN, SD WAN | <input type="checkbox"/> Systems Mgt. Software |
| <input type="checkbox"/> Edge Sensors | <input type="checkbox"/> Electrical – Mechanical – Chemical Engineers, etc. | <input type="checkbox"/> IoT Platform Dev. | <input type="checkbox"/> Unified Comms | <input type="checkbox"/> Unified Comms | <input type="checkbox"/> VDI, Business Intelligence (BI) |
| <input type="checkbox"/> MRO | <input type="checkbox"/> Circuit Design/Build | <input type="checkbox"/> Business Intelligence (BI) | <input type="checkbox"/> Voice & Data | <input type="checkbox"/> Comm as a Service | <input type="checkbox"/> IaaS, BDR, etc. |
| | <input type="checkbox"/> IoT Platform Dev. | | <input type="checkbox"/> Managed PBX | | |

“How am I different than every other Cisco Gold?”

Blue in Stack heading indicates IT Capabilities
Red in Stack heading indicates OT Capabilities

“The more you know about me, the better. I appreciate when your pitch has synergy with my current capabilities.”

Team Workshop

Recruit a Partner to the Program

Team Workshop Phase 3 – Reading the Navigator Handbook

Navigator (Simulation) Overview

- Pages 4-6

The Business Environment

- Pages 7-14
- The Product: “MacroSoft’s CloudOne Appliance”
- Managed Services Offering: ASP \$1,000 per mo./per appliance
- Target market: SMB, mid-market and enterprise
- 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 \$10M - \$40M and growing.

Phase 3: Recruit the Right Partner

- ✓ Present your Value Proposition to the partner company owner: Page 23

TEAM WORKSHOP PHASE 3

■ RECRUIT THE RIGHT PARTNER

Assignment

As a team your assignment is to complete the following activities:

- Review the presentation template
- Discuss the partner value proposition components outlined in the lecture based on the case study material
- Develop a 10-minute recruitment pitch designed to get the prospective partner to say “yes” to partner with you on the new product offering described in the case study
- Select spokespeople and practice your delivery (leave at least 15 minutes at the end of your working session to make sure you know what you are going to say). Remember this is essentially a “partner recruitment sales call” so the verbal communications will be as important as the charts.
- The solution provider panel will grade each team and the scores will be added to the scores from Phases 1 and 2

Time allocation

- Team Presentation: 13 Minutes

Information for your assignment

- The solution provider panel will consist of REAL partners that are in role-play mode. They have been briefed in advance. This is a safe learning environment and they realize you and your team are here to learn.
- There will be 3 - 5 panelists, but all will be playing the same role of company owner.
- Use the information provided in the lecture material combined with the investments decisions you made in Phases 1 and 2
- During your presentation, the solution provider panel will grade your team on the following criteria:
 - **Solution Viability:** Would I bet my business on it? Is the product best of breed? Does it integrate easily?
 - **Customer Demand:** Is the product sales environment “Pull vs. Push”? Is there sales momentum and customer desire for the product or service?
 - **Profit Potential:** Is there a compelling case for ROI and profitability?
 - **Vendor Culture:** Is the go to market favorable to the channel? Is trust established with the channel? Are rules of engagement trustworthy?
 - **Synergy & Differentiation:** Am I the correct profile? **Synergy:** Is there an obvious adjacency with my current offerings resulting in synergy with my existing business? **Differentiation:** Does this solution differentiate me from my competitors?

Final Deliverable

- 4-6 slide Powerpoint presentation emailed to Lisa Sabourin before you leave the work session.

After this session, we will tally the final scores and present the winning team with their prize!

Phase 3: 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:** simulated live recruitment meeting
- ✓ **Situation:** you previously met and gained sponsorship for a meeting with the company owners

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

Partner Value Proposition: Detailed View – Pick the Areas You Will Address

| Category | The Questions Partners Ask = What's In It For Them? |
|-----------------------------|---|
| SOLUTION VIABILITY | <ul style="list-style-type: none">• 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 | <ul style="list-style-type: none">• What is the size of the target market?• What are the use cases?• How does it solve those business problems?• Are customers asking for it? |
| PROFIT POTENTIAL | <ul style="list-style-type: none">• 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?• How long until I break even? |
| VENDOR CULTURE | <ul style="list-style-type: none">• Can I trust vendor claims?• Is the vendor committed to the channel?• Does the go to market plan favor the channel? |
| SYNERGY & GROWTH | <ul style="list-style-type: none">• Will it set me apart from my competitors?• Will it allow me to enter new markets?• Does it offer the next adjacency to my current skills? |

Simulation Phase 3

CRITICAL KNOWLEDGE FOR PHASE 3

IPED Consulting



This page matters, it is your content!!!

Likely Partner Value Proposition Presentation Components (Order)

Hint: Introduce yourselves, why you want them & why you're there!!!

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!

**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 the Partner Value Prop 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
Present your Program Give to Gets



Getting Started
Outline next steps

How Will Partners Score Your Presentation?

SOLUTION VIABILITY



Would I bet my business on it? Is the product best of breed?
Does it integrate easily?

CUSTOMER DEMAND



Is the produce sales environment "Pull vs. Push"?
Is there sales momentum and customer desire for the product or service?

PROFIT POTENTIAL



Is there a compelling case for ROI and profitability?

VENDOR CULTURE



Is the go to market favorable to the channel? Is trust established with the channel? Are rules of engagement trustworthy?


SYNERGY & GROWTH



Am I the correct profile? **Synergy:** Is there an obvious adjacency with my current offerings resulting in synergy with my existing business?
Adjacency: Does this solution offer an opportunity to penetrate the next logical market based on my current skills and offerings?

Recruit a Partner to the Program Judging Scoring Sheet

Team # _____

 CHANNEL NAVIGATOR

| JUDGING CRITERIA | SCORE |
|---|--|
| SOLUTION VIABILITY Would I bet my business on it? Is the product best of breed? Does it integrate easily? Comments: _____ | <input type="checkbox"/> TOTAL POSSIBLE POINTS = 20 |
| CUSTOMER DEMAND Is the product sales environment "Pull vs. Push"? Is there sales momentum and customer desire for the product or service? Comments: _____ | <input type="checkbox"/> TOTAL POSSIBLE POINTS = 20 |
| PROFIT POTENTIAL Is there a compelling case for ROI and profitability? Comments: _____ | <input type="checkbox"/> TOTAL POSSIBLE POINTS = 20 |
| VENDOR CULTURE Is the go to market favorable to the channel? Is trust established with the channel? Are rules of engagement trustworthy? Comments: _____ | <input type="checkbox"/> TOTAL POSSIBLE POINTS = 20 |
| SYNERGY & GROWTH Am I the correct profile? Synergy: Is there an obvious adjacency with my current offerings resulting in synergy with my existing business? Adjacency: Does this solution offer an opportunity to penetrate the next logical market based on my current skills and offerings? Comments: _____ | <input type="checkbox"/> TOTAL POSSIBLE POINTS = 20 |

Judge: _____
Print name _____

ChannelMasters

TOTAL POINTS

October 2019 Kickoff Workshop - Phase 3

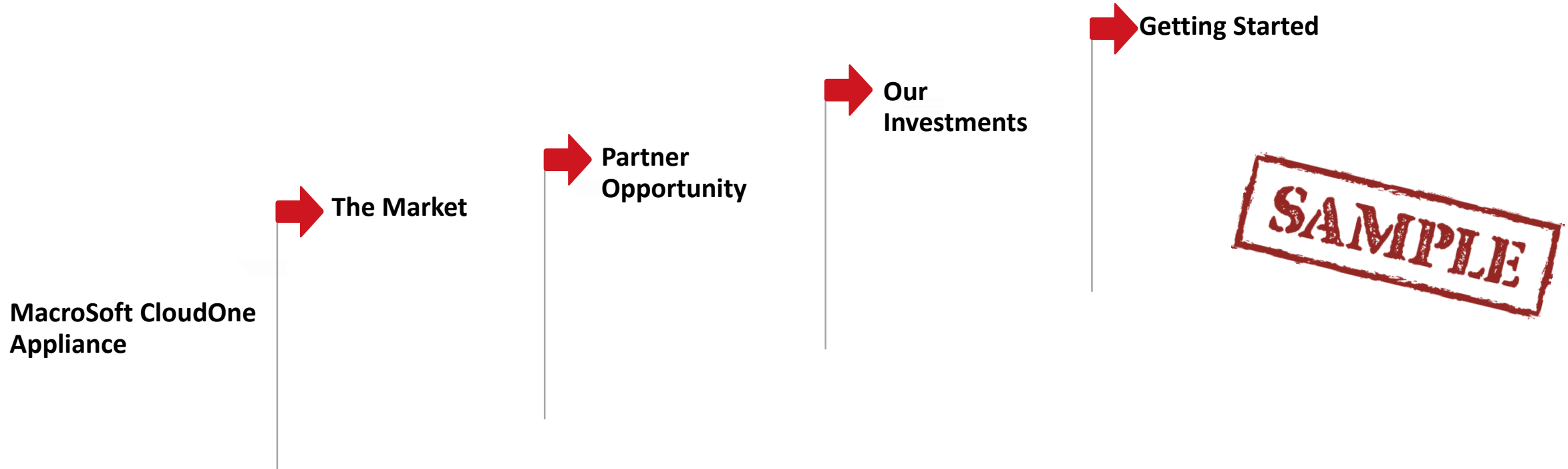
Cloud One Appliance



MacroSoft

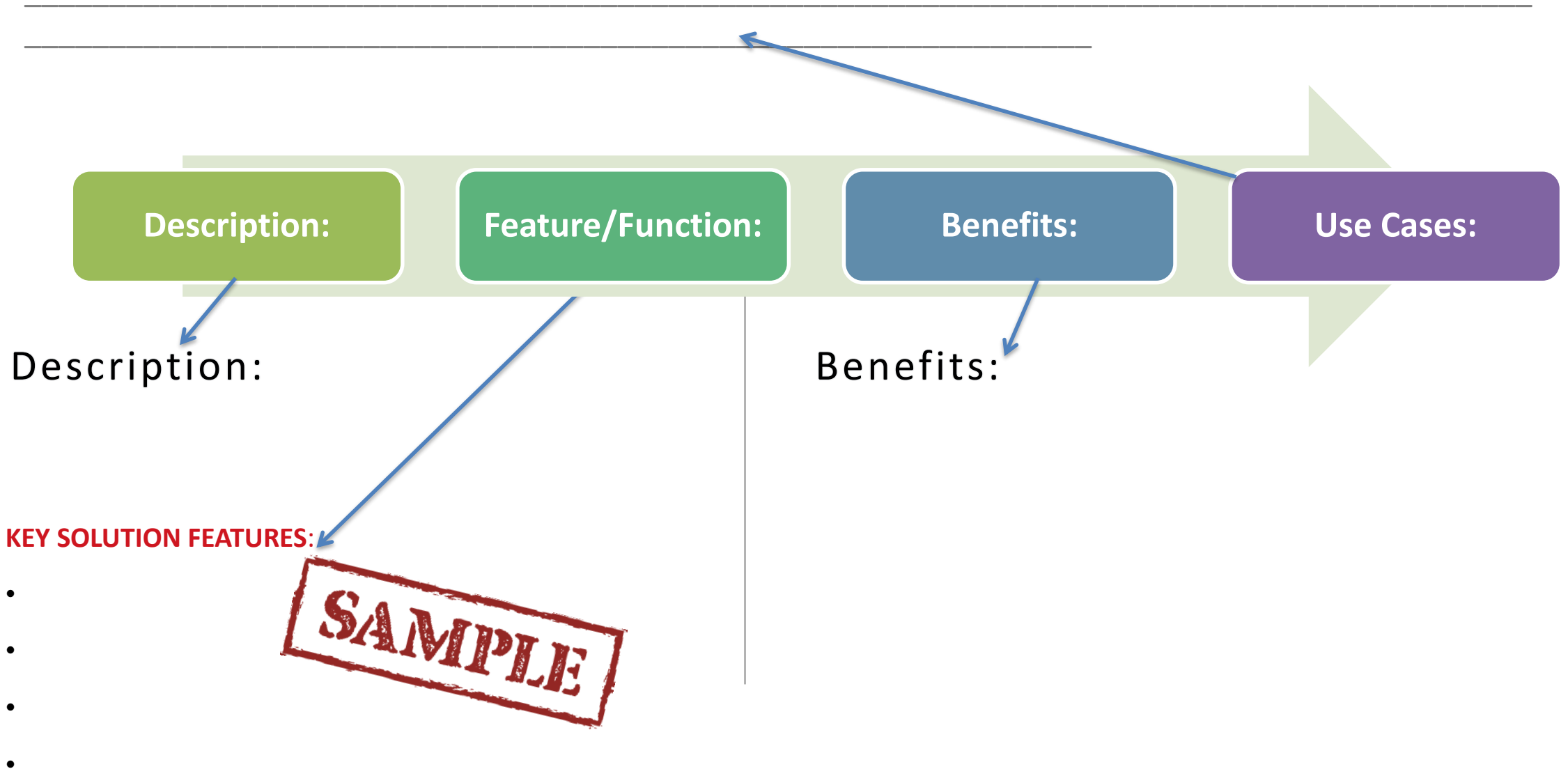
Today's Discussion

Potential Talk Track: Thank you for taking the time today ... Your company is of specific interest to us because You fit the profile of a partner who can make significant money with MacroSoft.
We are looking for Partners who: ...



Start with Customer Needs, then Describe the Solution and How it Addresses the Needs

Do You Have Customers with These Needs?



Describe the Market

Indicate:

Market size _____

Growth rates _____

Describe:

Target buyers _____

Competition _____

MacroSoft go to market plans _____



The Opportunity

For partners who meet the Ideal Partner Profile, lay out the opportunity.

CloudOne product revenue and gross margins for both On-premise and As a Service model

Pre- and post-sales project based services, and/or additional managed services when CloudOne is sold as a service

SAMPLE

Describe how the box can be placed on-premise via resale/managed service or how it may be consumed by the partner for a managed service.

Answer how adding offerings that leverage this appliance might differentiate this partner from others who don't offer this appliance or solution? (optional)

Please use your skills to title appropriately

Our Program Investment

Partner benefits (Give)

-
-
-



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

Partner requirements (Gets):

e.g. Requirements: what you must achieve

Single-tier channel ready solution: that offers the partner the opportunity to: _____

Capture new customers or grow MRR or build a managed offering or ?? _____

Please use your skills to title appropriately

Financial Summary of Investment & Return to the Partner

Pull in your ROI spreadsheet and financial assumptions around how many deals they can close in 12, 18 or 24 months.

Calculate a Break Even analysis if you have time.

SAMPLE

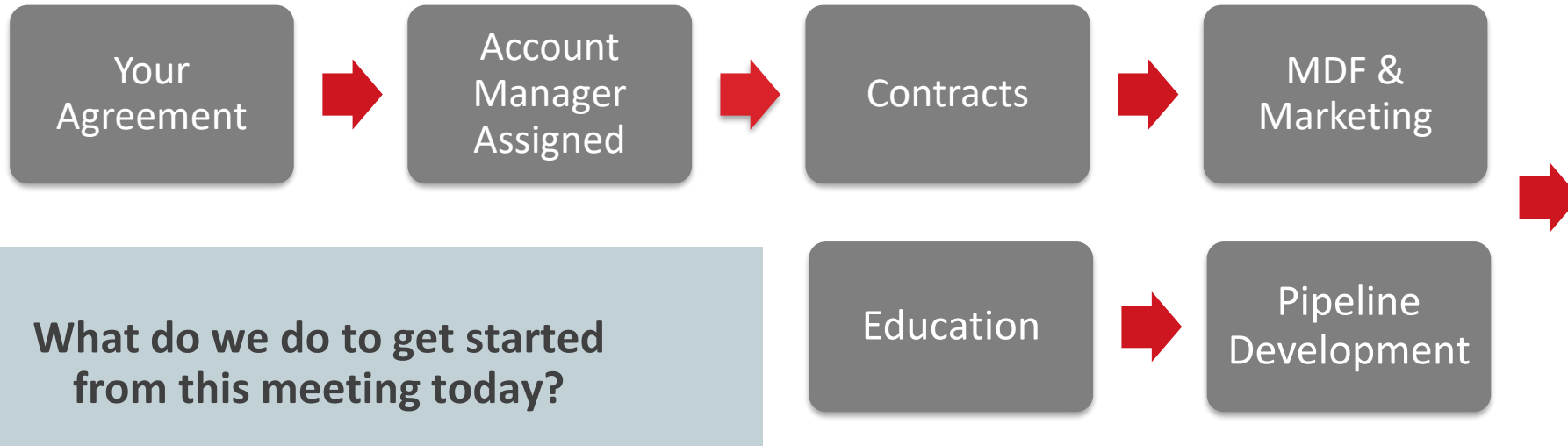
**Please use your skills
to title appropriately**

Getting Off to a Fast Start

Today!

30 Days!

SAMPLE



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

**Please use your skills to
title appropriately**

Keep These in Mind...



You are meeting
with the
Company President/
Owner



You have
13 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"

Credibility & Believability Matter!!!

Handouts Required to Complete the Workshop

Don't forget your handouts.



ASSUME 30 DAY LAG FROM SALE TO REVENUE:
USE THESE OR MAKE YOUR OWN ASSUMPTIONS!

| Month | Activity | Revenue by Month |
|-----------|------------------------|------------------|
| January | Staff, Target Accounts | none |
| February | Train & Sell | none |
| March | Close SMB | none |
| April | Close SMB | SMB |
| May | Close Mid-market | SMB |
| June | Close Enterprise | Mid-market |
| July | Close Mid-market | Enterprise |
| August | Close Mid market | |
| September | Close Enterprise | |
| October | Close Mid-market | |
| November | Close Enterprise | |
| December | Close SMB | |
| January | none | |

Is this a Reasonable 1st Year Scenario?

- Two (2) months to Staff, Train, Sell
- Then close one as a service deal/month for 10 months:
 - 3 Enterprise
 - 4 Mid-market
 - 3 SMB

Partner Investments (Give to Get):

Use Existing Sales Reps But, ask Partner to fund \$1,000/month in Sales Incentives.

PRODUCT REVENUE & SERVICE ATTACH RATES FROM THE NAVIGATOR

| Partner Services Opportunity | Customer Segment | MRR per Month/ per System | Partner Delivered Services One Time Charge (OTC) |
|--|------------------|---------------------------|--|
| CloudOne HW as a Service (MRR) | All | \$1,000 | |
| Pre-sales consulting, billed as a one time charge by Partner: | SMB | | \$0 |
| | MM & Ent | | \$5,400 |
| Implementation services, billed as a one time charge by Partner: | SMB | | \$3,600 |
| | MM & Ent | | \$9,000 |
| Additional Solution Managed Services | SMB | ~\$550 | |

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

PROFIT POTENTIAL - Gross Margin Math: CloudOne

Gross Margins for Spreadsheet

| SMB | Monthly or OTC | Monthly Revenue | OTC Revenue | GM | Monthly Profit | OTC Profit |
|------------------------------------|----------------|-----------------|----------------|-----|----------------|----------------|
| Pre-sales consulting | Unlikely | 0 | 0 | | | \$0 |
| CloudOne Service (\$1,000/month) | MRR | \$1,000 | 0 | 25% | \$250 | |
| Implementation | OTC | 0 | \$3,600 | 40% | | \$1,440 |
| Managed Services (\$550/month) | MRR | \$550 | 0 | 42% | \$231 | |
| Total Rev & Profit Est. | | \$1,550 | \$3,600 | | \$481 | \$1,440 |

| Mid-market, Enterprise | Monthly or OTC | Monthly Revenue | OTC Revenue | GM | Monthly Profit | OTC Profit |
|------------------------------------|----------------|-----------------|-----------------|-----|----------------|----------------|
| Pre-sales consulting | OTC | 0 | \$5,400 | 35% | | \$1,890 |
| CloudOne Service (\$1,000/month) | MRR | \$1,000 | 0 | 25% | \$250 | |
| Implementation | OTC | 0 | \$9,000 | 40% | | \$3,600 |
| Managed Services (\$750/month) | MRR | \$750 | 0 | 42% | \$315 | |
| Total Rev & Profit Est. | | \$1,750 | \$14,400 | | \$565 | \$5,490 |

"My profit comes from services, the box gives me the excuse to sell services."
Channel Masters Partner Panelist

- Notes:
- Yellow numbers from Navigator opportunity (previous page)
 - No pre-sales consulting in SMB
 - Partner provided managed services are greater in Mid-market and Enterprise

Profit Potential: MacroSoft CloudOne ROI Spreadsheet Charts Break Even

| | 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, Close | | | \$1,440 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 |
| May | Sell, Implement, Invoice/SMB, Close | | | | \$1,440 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 | \$481 |
| Jun | Sell, Implement, Invoice/MM, Close | | | | | \$5,490 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 |
| Jul | Sell, Implement, Invoice/Enterprise, Close | | | | | | \$5,490 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 |
| Aug | Sell, Implement, Invoice/MM, Close | | | | | | | \$5,490 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 |
| Sep | Sell, Implement, Invoice/MM, Close | | | | | | | | \$5,490 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 |
| Oct | Sell, Implement, Invoice/Enterprise, Close | | | | | | | | | \$5,490 | \$565 | \$565 | \$565 | \$565 | \$565 | \$565 |
| Nov | Sell, Implement, Invoice/MM, Close | | | | | | | | | | \$5,490 | \$565 | \$565 | \$565 | \$565 | \$565 |
| Dec | Sell, Implement, Invoice/Enterprise, Close | | | | | | | | | | | \$5,490 | \$565 | \$565 | \$565 | \$565 |
| Jan | Sell, Implement, Invoice/SMB, Close | | | | | | | | | | | | \$1,440 | \$481 | \$481 | |
| Monthly Gross Margin \$ | | | | \$1,440 | \$1,921 | \$6,452 | \$7,017 | \$7,582 | \$8,147 | \$8,712 | \$9,277 | \$9,842 | \$6,357 | \$5,398 | \$5,398 | |
| Monthly Investment Costs \$ | \$5,800 | \$10,800 | \$1,000 | \$6,000 | \$1,000 | \$1,000 | \$6,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | |
| Use existing sales reps; partner offers incentive to sell | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | |
| Education opportunity cost | \$4,800 | \$4,800 | | | | | | | | | | | | | | |
| MDF Match | | \$5,000 | \$5,000 | | | | \$5,000 | | | | | | | | | |
| Cum Gross Margin \$ | \$0 | \$0 | \$0 | \$1,440 | \$3,361 | \$9,813 | \$16,830 | \$24,412 | \$32,559 | \$41,271 | \$50,548 | \$60,390 | \$66,747 | \$72,145 | \$77,543 | |
| Cum Investment Cost \$ | \$5,800 | \$16,600 | \$17,600 | \$23,600 | \$24,600 | \$25,600 | \$31,600 | \$32,600 | \$33,600 | \$34,600 | \$35,600 | \$36,600 | \$37,600 | \$38,600 | \$39,600 | |

Your Solution Provider Panel... in Real Life



Ray Ribble
Managing Partner



NETWORK SOLUTIONS PROVIDER
More Productivity, More Profitable, More Protected



Phillip Walker
Customer Advocate CEO



Jennell Mott
VP of Cloud &
Vendor Operations



Dave Cunningham
Business Technology Officer



What do they want?



What is the value for the customer?

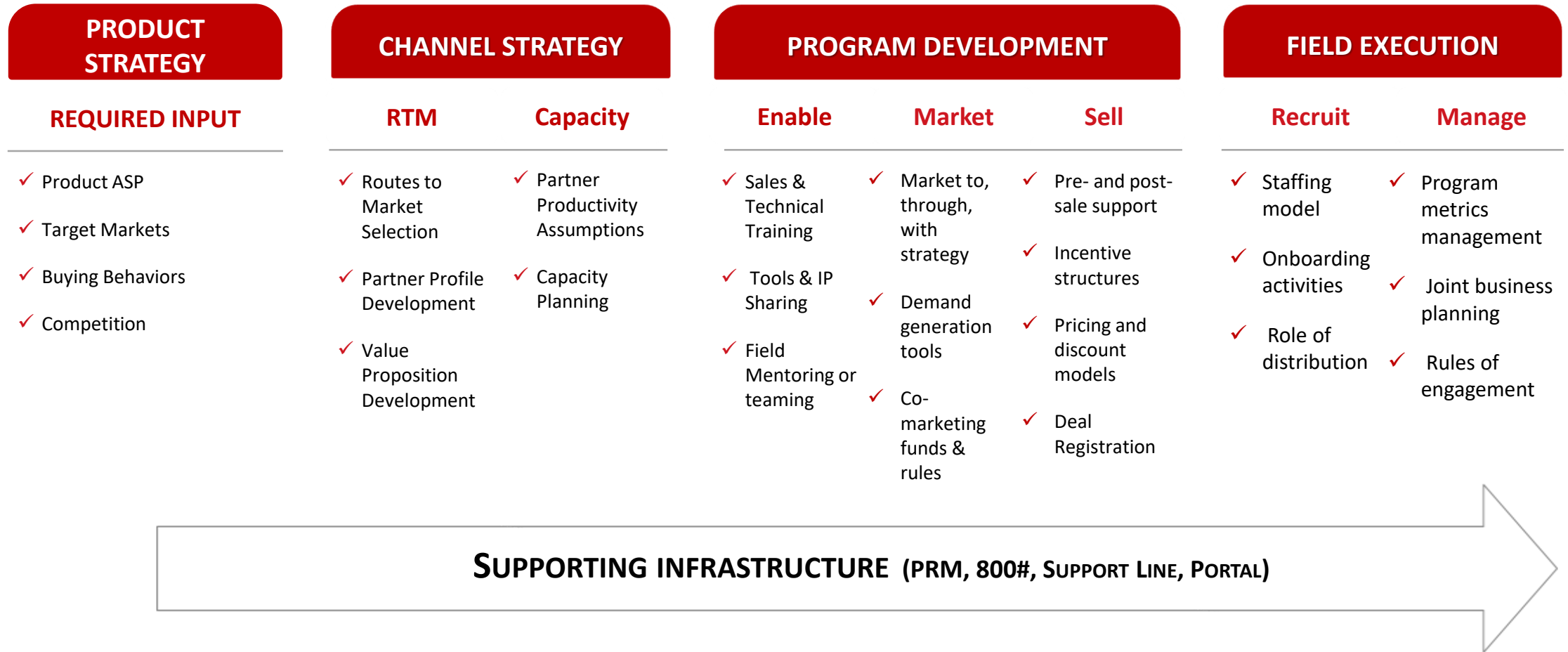


How do they assess vendors?

**But Wait!!
There's More!!**



You Have Completed the Channel Lifecycle!



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

- Affinity Alliances
- Two Tier Distribution
- Trends in Routes to Market usage
- 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-based
- PRM
- Forecasting and access to POS through Distribution
- PSA and RMM product integration for Managed Services

For Folks Back Home...



What We Don't Do at Channel Masters

| PRODUCT STRATEGY | CHANNEL STRATEGY | | PROGRAM DEVELOPMENT | | | FIELD EXECUTION  | |
|--|--|---|--|--|--|---|--|
| REQUIRED INPUT | RTM | Capacity | Enable | Market | Sell | Recruit | Manage |
| <ul style="list-style-type: none"> ✓ Product ASP ✓ Target Markets ✓ Buying Behaviors ✓ Competition | <ul style="list-style-type: none"> ✓ Routes to Market Selection ✓ Partner Profile Development ✓ Value Proposition Development | <ul style="list-style-type: none"> ✓ Partner Productivity Assumptions ✓ Capacity Planning | <ul style="list-style-type: none"> ✓ Sales & Technical Training ✓ Tools & IP Sharing ✓ Field Mentoring or teaming | <ul style="list-style-type: none"> ✓ Market to, through, with strategy ✓ Demand generation tools ✓ Co-marketing funds & rules | <ul style="list-style-type: none"> ✓ Pre- and post-sale support ✓ Incentive structures ✓ Pricing and discount models ✓ Deal Registration | <ul style="list-style-type: none"> ✓ Staffing model ✓ Onboarding activities ✓ Role of distribution | <ul style="list-style-type: none"> ✓ Program metrics management ✓ Joint business planning ✓ Rules of engagement |



Field Execution is where the Rubber Meets the Road, Beyond the On-boarding and Ramping, Business Planning comes into Play

The Partner Business Plan

A jointly developed plan resulting in an understanding of your partner's revenue mix, investment with competitors, enablement plans, marketing plans and organization.

Share of wallet and clear revenue commitments are two critical.

Revenue & Opportunity Planning

Optional: A jointly developed opportunity worksheet identifying the top opportunities for immediate engagement to close.

The Quarterly Business Review (QBR)

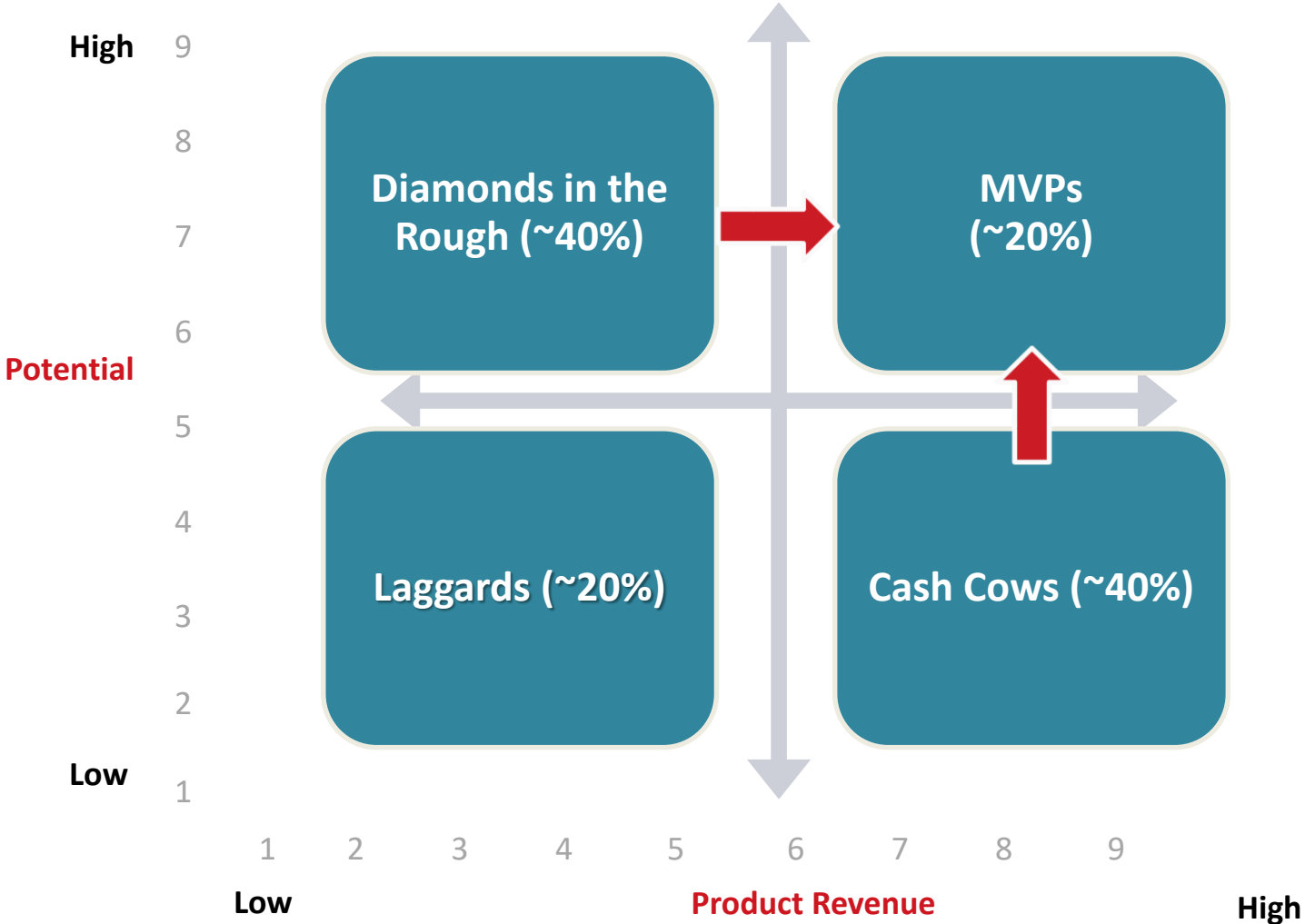
A structured, quarterly meeting to review progress against quarterly goals set out during the annual Business Plan.

The Call Plan

A structured Partner call preparation template (may be reduced to a checklist) to maximize the effectiveness of your partner call. Clearly prepare your stated goals, anticipate objections, prepare objection handling tactics.



Segmenting Partners Indicates Which to Prioritize for Business Plans



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

| INFO REQUIRED | |
|---|--|
| Product Average Selling Price (ASP) @ Net Revenue | |
| Number of Deals Average Partner Can Sell / Year | |
| My Annual Quota | |
| Recruitment Failure Rate: <i>(Historically what % of partners recruited do not achieve AT LEAST 80% of the # of deals the Average Partner sells per year?)</i> | |

| CALCULATIONS | |
|--|--|
| Average Partner Productivity = % of partners recruited historically that didn't make revenue expectations | <hr/> |
| Number of Partners Required = quota / average partner productivity / year (round up) | <hr/> |
| Number of Partners Likely to Fail = failure rate * number of partners required (round up) | <hr/> |
| Final Number of Partners to Recruit = number of partners required + number of partners likely to fail (round up) | <hr/> <div style="border: 1px solid black; width: 100%; height: 20px; background-color: #f0f0f0;"></div> <hr/> |