

Affiliates vs Resellers

which one to choose ?

Laurentiu GHENCIU - Avangate



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Thank you for choosing this presentation

- Who is the speaker
 - 5 years of International SW Sales
 - **Direct Sales** of web applications
 - **Channel Sales** of antivirus software
 - Currently: Sales Manager at Avangate bv

Summary – 2 main topics

- Major **differences** and **similarities** between Affiliates and Resellers
 - How they look and act
 - How you can find them
 - What you need to start to work with them
 - What you should expect (efforts, investments, sales)
- Which one to chose: affiliates or resellers ?
- Why these topics ?
 - Because some of our Partners have asked us...
- Any affiliates, resellers in the room ?
- Vendors maybe ? 😊

Profile – how do they look like ?

- Affiliates

- 1 Man Show / SMB

- Download portals
- Forums / Blogs
- Documentation sites
- Review Sites
- You (Vendors Affiliates of Vendors)
- Me 😊
- Anybody..

- Resellers

- SMB / Enterprise:

- VARs (value added resellers)
- OEM Resellers
- ISPs
- System Integrators
- *(RETAILERS - different story)*

Profile – what do they do ?

- Affiliates

- Usually sell:
 - Other software (including your competitors' software)
 - Anything (books, CDs, content, etc) or
 - Nothing !?! (blogger)
- Portfolio size:
 - Generally huge (1000x)
- Selling Reasons:
 - only to make money
- Selling Method (REACTIVE)
 - Do nothing
 - Refer customers to your site or to the product page of your e-commerce provider
- Usual Selling Market
 - Unlimited (Internet)

- Resellers

- Usually sell:
 - similar/complementary software
 - Hardware / Electronics
 - Services
- Portfolio size
 - Limited (10x) & Selective
- Selling reasons
 - To make money, but also
 - To add value
 - To offer complete solutions
- Selling Methods (PROACTIVE)
 - From their site/stores
 - Go to customers
- Usual Selling Market
 - Limited (Local/National)

Where you can find them

- **Affiliates**
 - Public Lists on the Web
 - E-commerce Providers' Affiliates Networks
 - Affiliates will find you
 - Or the e-commerce provider can find them for you (service)
 - Or you can find them by yourself: Manually try Affiliates IDs
 - Affiliates Tradeshows
 - Just Google after them !
- **Resellers – FREE ways**
 - Local online catalogs with Resellers/Distributors
 - Local Business Portals
 - Local Chamber of Commerce
 - Other Resellers Networks
 - Your competitors' networks
 - Complementary products/services manufacturers networks
 - Google (for the right words)
- **Resellers – Expensive Ways**
 - Buy Local Yellow Pages
 - Advertise in Local Publications (Expensive)
 - Go to Local Tradeshows

Starting the business

- Affiliates

- Difficulty: EASY
- Timing:
 - 1 week to start
 - 3 months to see results

- Resellers

- Difficulty: COMPLEX
- Timing:
 - 3 months to start
 - 6 months – 1 ½ year to see results

What you need to start

- Affiliates (EASY)
 - PAD files
 - Partnership with an e-commerce provider that offers Affiliates System
 - Affiliation Program (generally provided by the e-commerce provider)
- Resellers
 - Partnership Program (including Marketing Co-op Program)
 - Legal Agreement Draft
 - Sales People (1 or 2) + Sales Guides for Resellers
 - PRM system (PRM = **P**artners **R**elationship **M**anagement)
 - NFR License (NFR = **N**ot **F**or **R**esale) for demos
 - Special Product Kits

What you should expect (1)

• Affiliates

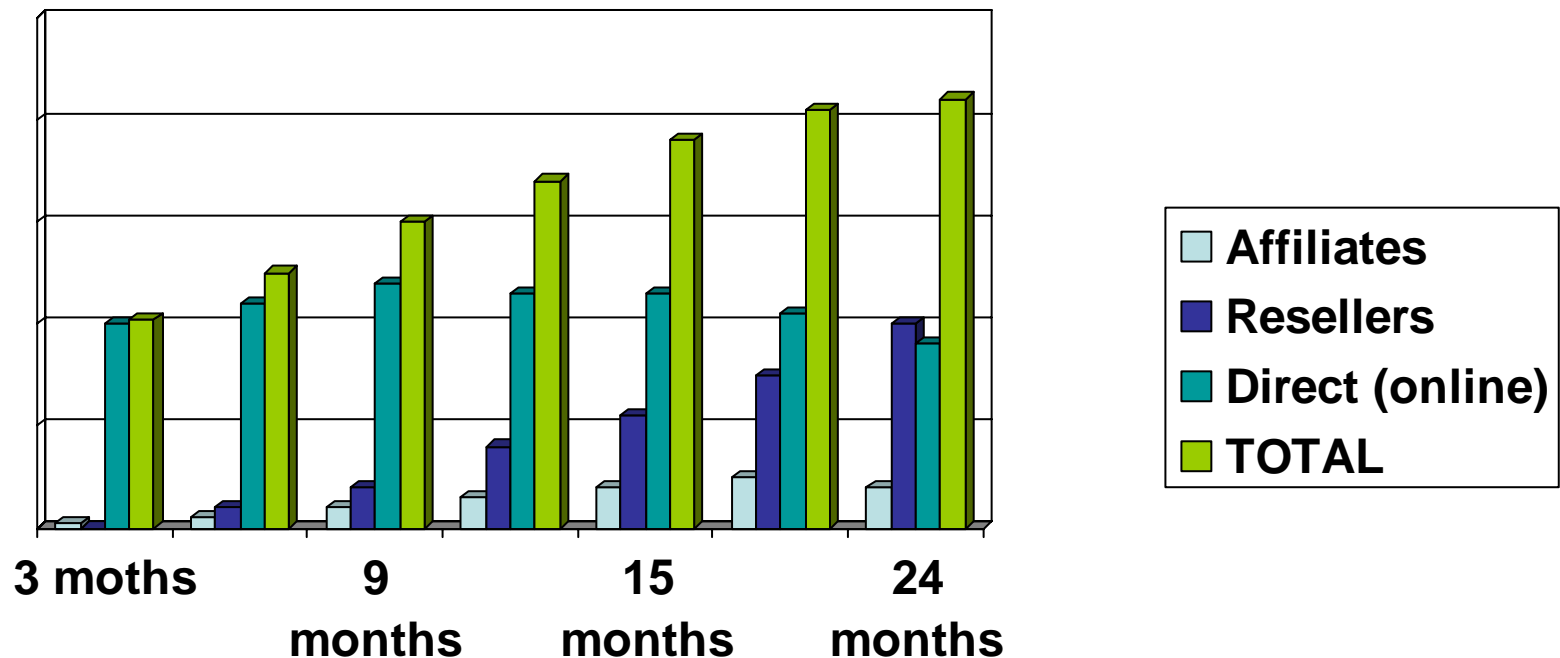
- “Not so much” revenue
 - **0.1% - 15% Sales**
- Some/Little promotion on their sites (banners, featured product, etc.)
- Fraudster applications (get “one deal commission”)
 - BUT
- Increase
 - **Site Link Popularity** in Google
 - Product Exposure over the Internet

• Resellers

- “Interesting” revenue
 - **20% - 85% Sales**
- Local and localized promotion (PR, advertising, conferences, fairs, etc)
- Localized products & support
 - BUT
- Sell to a limited market
- Ask for exclusivity
- Channel conflict (online channel)

What you should expect (2)

Example of a Sales Evolution of Affiliates vs Resellers vs Direct vs TOTAL Sales



Your Costs

- Affiliates

- You should offer them
 - **10% – 15% - because:**
 - They make No efforts to market your software
 - They have No costs with stocks, shipping, shelving, etc..
 - No localization, etc
- But they usually get
 - **From 20%**
 - **Up to 75% (amazing)**
 - Strange, isn't it ?

- Resellers

- Your Time
- Salary for 1 or 2 Sales People
- PRM License Cost (\$1000 » \$XX 000)
- Partner Margins (example)
 - 20% - 25% as Silver
 - 25% - 35% as Gold
 - 35% - 55% as Platinum
 - Maybe even 60% or more, depends on the country or business model
- Marketing Co-op Investments (\$2 000 » \$XX 000 k)
- Others..

So, which one is good for you?

	PRODUCT TARGET MARKET	
Your Company size	B2C	B2B
1 man	Affiliates – YES Resellers – NO	Affiliates – YES Resellers - NO
2-10 people	Affiliates – YES Resellers – TRY (PRM)	Affiliates – YES Resellers – YES (PRM)
10-50 people or more	Affiliates – YES Resellers – YES	Affiliates – YES Resellers – YES

Conclusions

- **Affiliates**
 - Easy to get and manage,
 - Increase your popularity on the Internet
 - BUT,
 - no commitment, low or poor income
 - Risk to get your products listed/sold on “whatever” site

- **Resellers**
 - Complex business model
 - Requires initial investments
 - BUT,
 - long term solution to **increase effectively your sales** and to conquer new markets

IMPORTANT NOTE: not all software products are suitable for selling through resellers !

Thank you for your attention. Questions ?

- My email:
 - laurentiu.ghenciu@avangate.com
- My Skype:
 - laurentiu_ghenciu