



60 Minute Crash Course on Channel Management

Designing and Managing an Effective Software Reseller Network

presented by:



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Today's topics

Part I

Are your products channel ready?

Questions to ask before taking your product to the reseller channel.



Key steps towards preparing for a new channel release:

What works and what doesn't when developing the reseller channel.

Part II

How to manage the channel:

Reducing operational requirements and focusing on growth.



Your one page report:

What should you be monitoring and why.

Let's first talk to Ken:



Are your products channel ready?

Questions to ask before taking your product to the reseller channel.

Key steps towards preparing for a new channel release:

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Are your products channel ready?

Questions to ask before taking your product to the reseller channel



Is your product Channel worthy – a viable offering for Solutions Providers and VARs?*

**Excerpts from The VAR-City "Channels Readiness Quiz"...a holistic Channel evaluation*

- **Aware of Partner designations, business models and revenue drivers**
 - Affiliates, Agents, Consultants, Developers, Retailers, VARs, Systems Integrators
 - Align your product offering with their sales and delivery model
 - Segment and Tier Program to leverage contributions of each partner type
- **Competitive Channel Research**
 - Competitors, their partners (for recruiting) and program
 - Strengths, weaknesses of program and organization

Are your products channel ready?

Questions to ask before taking your product to the reseller channel



Is your product Channel worthy – a viable offering for Solutions Providers and VARs?*

- **Channel Appeal, Pricing and Packaging**
 - Easy to price, configure, quote and deliver
 - VARs love bundles – good marketing campaign motivation

- **Average Transaction Size, Per Sale/Services**
 - Big Ticket Item = Big Partner Interest
 - Extended Services Opportunities Will Always Trump Product Sales

Are your products channel ready?

Questions to ask before taking your product to the reseller channel



Is your product Channel worthy – a viable offering for Solutions Providers and VARs?*

- **Product Branding, Industry Awards, Analysts Reviews**
 - Your responsibility to invest in good PR
 - VAR's responsibility to leverage PR to create Success Stories – for partner relevant PR
- **Channel Conflict Avoidance Principles**
 - Conflict (partner/partner – vendor/partner) can be avoided with proper planning
 - Opportunity Registration is becoming preferred methodology for this
- **Organizational Buy-in**
 - All Executives Must Support Program – All Sails...No Anchors!

Are your products channel ready?

Questions to ask before taking your product to the reseller channel



Is your product Channel worthy – a viable offering for Solutions Providers and VARs?*

- **Channel Team Infrastructure** (min. ideal personnel configuration)
 - Channel Manager with 2 years partner field management (prod knowledge is not necessary)
 - SE with partner experience and industry/product/competitor knowledge
- **Channel Manager Compensation**
 - Management by Objects (MBOs) – a MUST for New Programs!
- **Reseller Margin** (discount from MSRP)
 - Industry standard 20% - 30% - May reach 40% with bonuses
 - Need to leave room for future Distributor relationships w/steep discount expectations

Are your products channel ready?

Questions to ask before taking your product to the reseller channel



Is your product Channel worthy – a viable offering for Solutions Providers and VARs?*

- **Channel Budget**
 - Administration & Operations (H/R)
 - Sales & Marketing – Lists purchases, Trade Shows, co-op partner funding, etc.
- **Channel Profitability Expectations**
 - Your expectations must be reasonable -6 months is average
 - Partner expectations are longer term – *annual* ROI (does partnership pay for itself....plus?)
- **Partner Profile and Prospecting Criteria**
 - A resonating message that compliments partner expertise and business model

Are your products channel ready?

Questions to ask before taking your product to the reseller channel



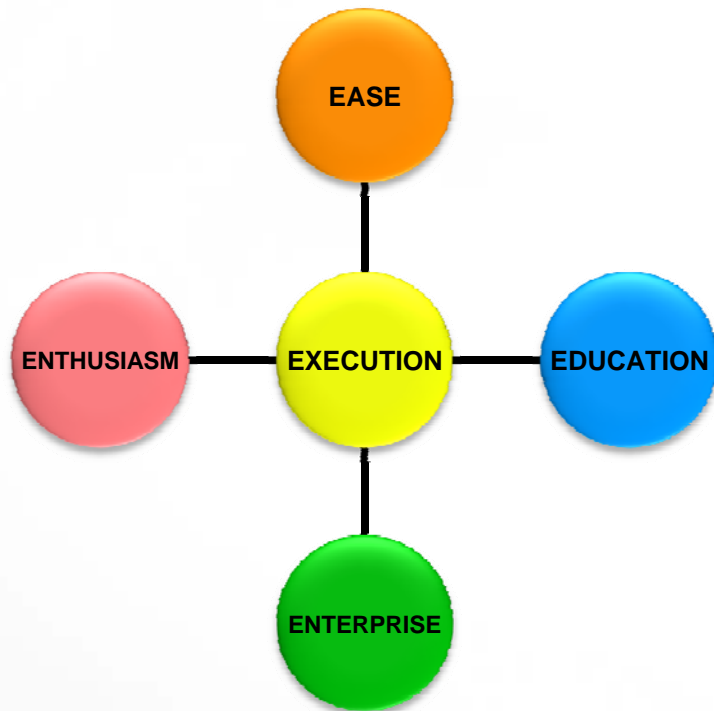
Is your product Channel worthy – a viable offering for Solutions Providers and VARs?*

- **Training & Certification**
 - Sales Training – to spot an opportunity and know product differentiators
 - Tech Training/Certification – Pre/Post Sales Engineers
- **Partner Access to Sales/Marketing Tools**
 - Portal/PRM - 7x24 authorized/certified partner access to resources
- **Reporting, Data Capture and Sales/Marketing Analysis**
 - Critical Executive tool for Planning, Budgeting and Measurement against Plan
 - Partner Pipelines and Forecasts using Opportunity Registration and Quotes

Key steps towards preparing for a new channel release: What works and what doesn't work when developing the reseller channel



The e-Ticket to Channel Success



The E-ticket to Channel Success is a collective of actions, understandings and behaviors that lead to partner driven success.

In every productive channel I've seen over past 25 years all 5 of these elements existed.

In every case of failure one or more of these elements were missing!

- *Ease*
- *Education*
- *Enterprise/Up-Selling*
- *Enthusiasm*
- ...and the critical binder- *Execution*

Key steps towards preparing for a new channel release: What works and what doesn't work when developing the reseller channel



Best Channel Business Practices Check List

Best Channel Business Practices

Examples of Benefits and Partner Expectation

Program Level Descriptions Tiering and Segmentation	Easy Product Order/Quoting, Opportunity Registration
Key Contacts – Channel manager, Inside sales, Channel Marketing, Channel Field Sales support	Sales Tools – RFP support, competitive information, partner expertise database
Sales Training	Sales Lead Policy
Technical Education and Training	Technical Support
Pre-Sales Support	Post-Sales Support
Channel Marketing & Program Support	Password-Protected Partner Web Site
Demos and Proof of Concept - Evaluations and Temporary License Keys	Co-marketing Guidelines, Web Content and Newsletter Content support, Publicity Initiatives, Customizable Collateral (Co-branded), Press Releases
Program Benefits at a Glance – Benefits Chart	Experienced and responsive Channel Manager

- Be prepared to move new partner quickly through training, business plan creation, and marketing activities.
 - *They want and need something to do once the agreement is signed.*
- Your first two months with each new partner are the most critical.
- Prime the pump if necessary to secure early Partner Success Story.
- Focus on their existing customer base first!

Let's continue with Casey:



How to manage the channel:

Reducing operational requirements and focusing on growth.

Your one page report:

What should you be monitoring and why.

How to manage the channel:

Reducing operational requirements and focusing on growth.



When managing a reseller network you need to:

- Handle partner relationships – set margins, credit limits, assign products, price lists, etc.
- Manage products, approve orders
- Send license keys
- Generate invoices, handle payments
- Chase invoices
- Generate and centralize reports
- Etc. Etc. Etc.

How to manage the channel:

Reducing operational requirements and focusing on growth.



Some challenges for channel management - ISVs

- Resellers with very little sales
- Lack of/ little visibility over final customers
- Difficult to manage international reseller partners
- Resellers reluctant to put money into joint marketing programs
- Increased competition amongst resellers

How to manage the channel:

Reducing operational requirements and focusing on growth.



Some challenges for channel management – Resellers

- Clients increasingly demanding solutions to business problems
- Vendors pushing products, not solutions - difficult to match client needs
- Vendors taking on too many resellers - no exclusivity for certain markets
- End-of-month/ quarterly sales reports difficult to collect and aggregate
- Competition with vendor's online shop/ affiliate sales

How to manage the channel:

Reducing operational requirements and focusing on growth.



Solutions?

- **Increase and improve communication with resellers** - find out problems and show stoppers
- **Measure**
- **Concentrate on best selling partners**
- **More marketing materials & sales tools** for reseller partners
- Implement more **cross-sell and up-sell programs** on existing customers
- **Expand** - look for new partners

How to manage the channel:

Reducing operational requirements and focusing on growth.



Stoppers?

- **Time** – caught up in repetitive, daily operational tasks
- **Lack of information**
 - reports not centralized / on disparate spreadsheets
 - not sure which are best selling products/ partners
- **Lack of visibility over end-customers**
- **Cannot cope with a Global Presence** – No multi-language, multi-currency, multiple payment method capabilities



Eliminate Stoppers and focus on Solutions

How?

Use tools.

A Partner Relationship Management system can help.

What a PRM can offer/ do:



Easy partner management – be the vendor that partners love to work with:

- ✓ Define partner tiers (types) and manage and define many accounts without having to “touch” each one.
- ✓ Use the platform to provide appropriate training material, sales tools and support.



Improved overall channel efficiency:

- ✓ Eliminate redundancies in channel management. Salespeople have more time to sell instead of managing the channel
- ✓ Have transparency over account receivables (no chasing open invoices or wondering when you’re going to get paid)/ Improved revenue recognition

- Automatic order approval and key allocation to orders
- Multiple pricing schemes
- Multiple payment methods

What a PRM can offer/ do:



Comprehensive reporting :

- ✓ Provides channel visibility and market intelligence
- ✓ You know who is performing and how - you know where to put your resources.
- ✓ *Access to end-customer information -> cross-sell and up-sell programs*



- Detailed, centralized reports
- Multi-language Communications module

Faster expansion into new markets:

- ✓ *Accelerate the on-boarding process* to have resellers contributing to your revenue stream in a shorter time period
- ✓ Sell software and support customers 24x7, around the globe



Your one page report:

Key indicators a channel manager should watch and why.



Statistics

Details about your balance and deliveries

[Delivered licenses so far](#)

[Received payments this month](#)

[Unpaid Invoices Last Month To Date](#)

[Orders not invoiced yet](#)



Requiring Your Attention

Things to consider as soon as possible

[Refunds](#)

[Overdues](#)

[Unconfirmed](#)



Partner Sales Trends

[Top Changes](#)



[Increase](#)



[Decrease](#)

Partner report

▲ Commercial Name	▲ Discount	▲ Partnership	Enabled	Credit Limit	Warning Level	Available Credit
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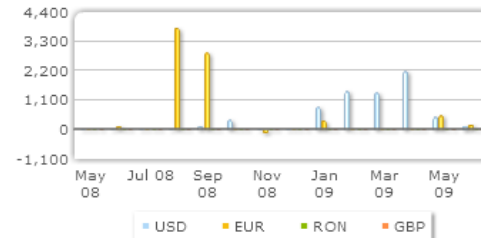


Reports

Main channel performance indicators

Sales — Last 7 days

Sales — Monthly



Total Sales Report

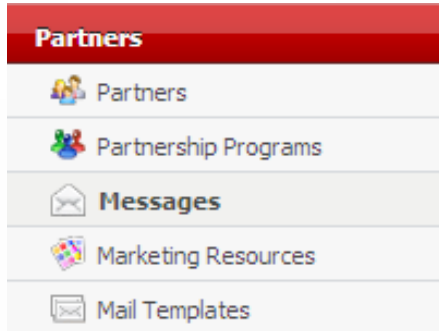


Top Products Report



Compare Sales Components

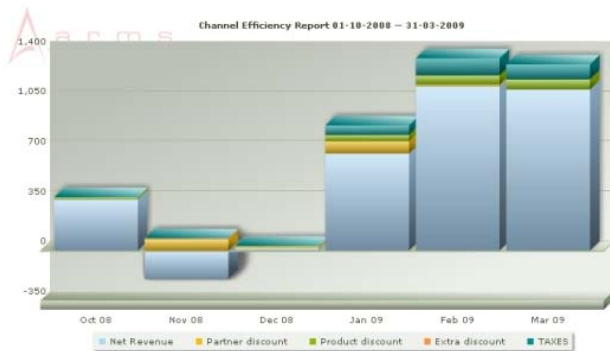
Examples of reports and tools:



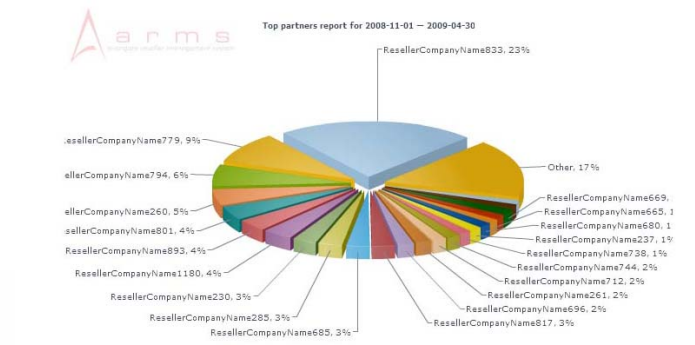
Partner Management Dashboard



Partner Program – sign-up page integrated with your PRM



Top Partner Report



Channel Efficiency Report

- **Member of the GECAD Group of companies, delivering top IT solutions world wide since 1992**
- **3 Offices + 1 Subsidiary in Key Regions**
 - Western Europe - **HQ: Amsterdam, The Netherlands**
 - North America - **Sales: Mountain View, CA**
 - Eastern Europe – **Development, Marketing & Support: Bucharest, RO**
 - APAC - **Sales Support (under development): Shanghai, China**
- **17 years of experience** developing and selling software to the international market.



About The VAR-City



Over 25 years experience in Strategic Partnership Management and Development with:

- Oracle
- Sun Microsystems
- BaaN
- Intergraph
- Access Graphics/GE Access International Distribution
- ✓ **SoftwareCEO** Executive Advisory Council
- ✓ **CompTIA** Channel Thought Leadership Council
- ✓ **SoftwareCEO** Senior Sales and Distribution Moderator

The VAR-City has created and managed partner channels for past 10 years specializing in start-up and emerging technology software companies with clients in Russia, India, New Zealand, Australia, So. Korea (ROK), U.K., Canada, Netherlands and throughout the U.S.



Questions and Answers

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