

Channel Programs

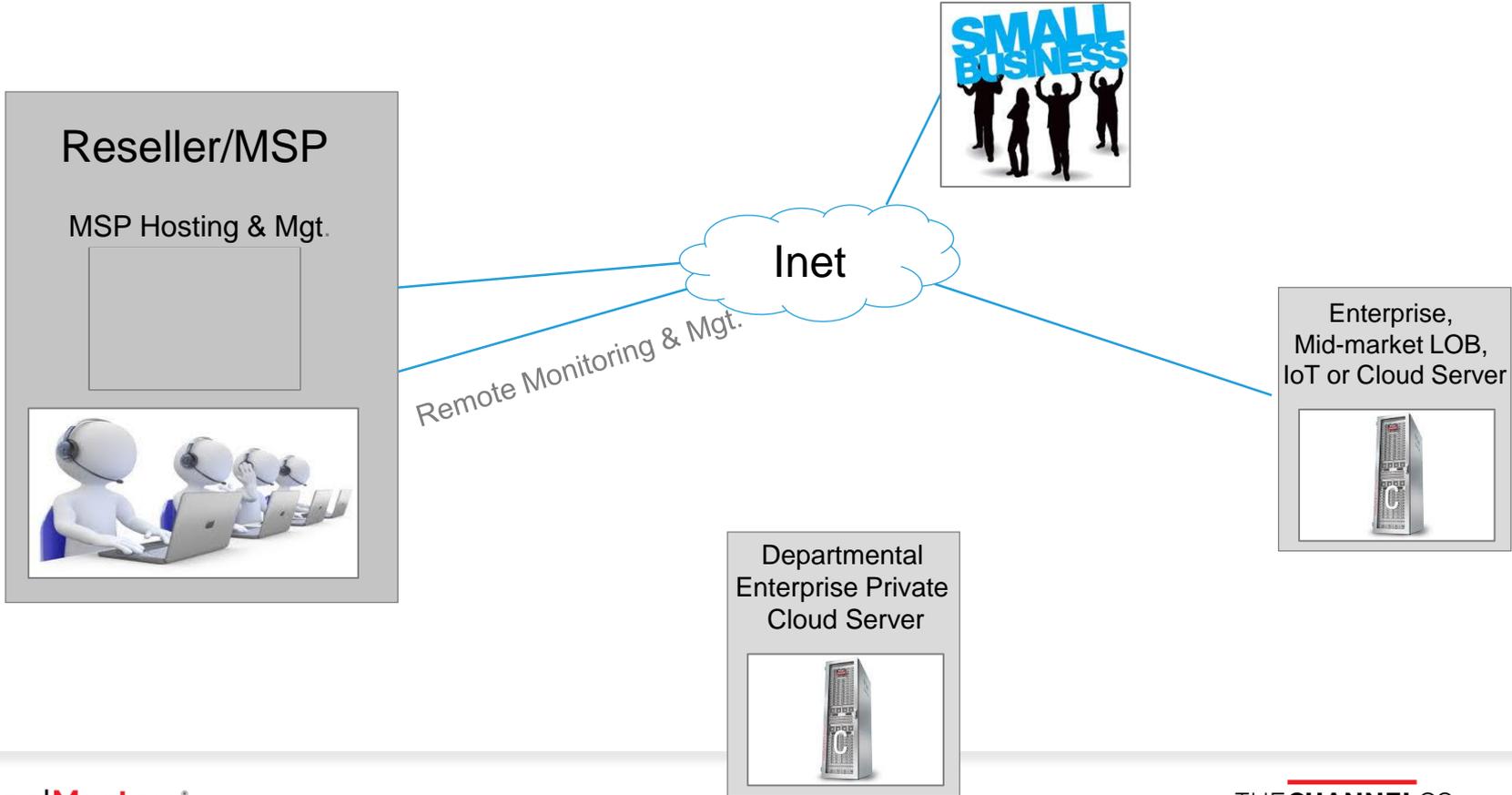


Phase 1 Simulation Business Problem to Solve



- ❑ You are spending money to build your channel budget
 - ❑ Your annual budget is \$2M
 - ❑ Your annual revenue goal to achieve is \$10M
 - The 3-5 year ramp of this program is expected to deliver a \$150M to \$250M channel in terms of indirect revenues
 - ❑ Headcount spend has already been allocated and hired; you are building the program spend portion of the budget
- ❑ 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: one major appliance competitive vendor competes 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 \$3M+ and growing

Partner Uses of the MacroSoft CloudOne Appliance



2015 IPED Vendor Benchmark

What is the Mix of Program to Headcount Dollars?

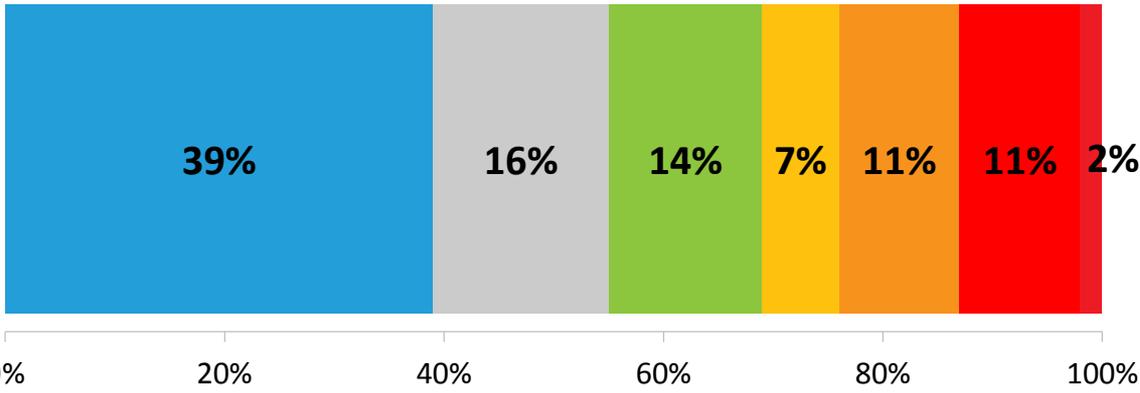
For every Headcount Dollar;
1.5 Program Dollars are spent



PROGRAM TO HEADCOUNT DOLLAR RATIO:
ALL VENDORS (MEAN)

1.5 to 1

How is the total channel budget allocated?



- All channel-related headcount HC has been hired
 - Incentives
 - Demand generation funds
 - Program or other partner marketing excluding MDF
 - Infrastructure and operations
 - Education budget
 - Other
- N=98

Why Might the Benchmark #s Offer Insight, but Not the Entire Answer?

It's not a question of which tool is best, or even which programs are most effective ...
it's about what you're trying to accomplish

*Consider This Question:
Which Tool Is Most Valuable?*

Wrench? or Screw Driver?



**What causes success
in the channel?**

Or ...

**Why do some channels thrive
while others languish or fail?**

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



The teams who have traditionally won were able to use best practices that applied from their current jobs

BUT

recognized that program investments, incentives, etc. required are specific to the simulation, MacroSoft solution and Solution/Managed Services capable partners!

The Million Dollar Channel Answer...Channel Strategy is Critical

Avoid One Size Fits All...What are the Stated Objectives?

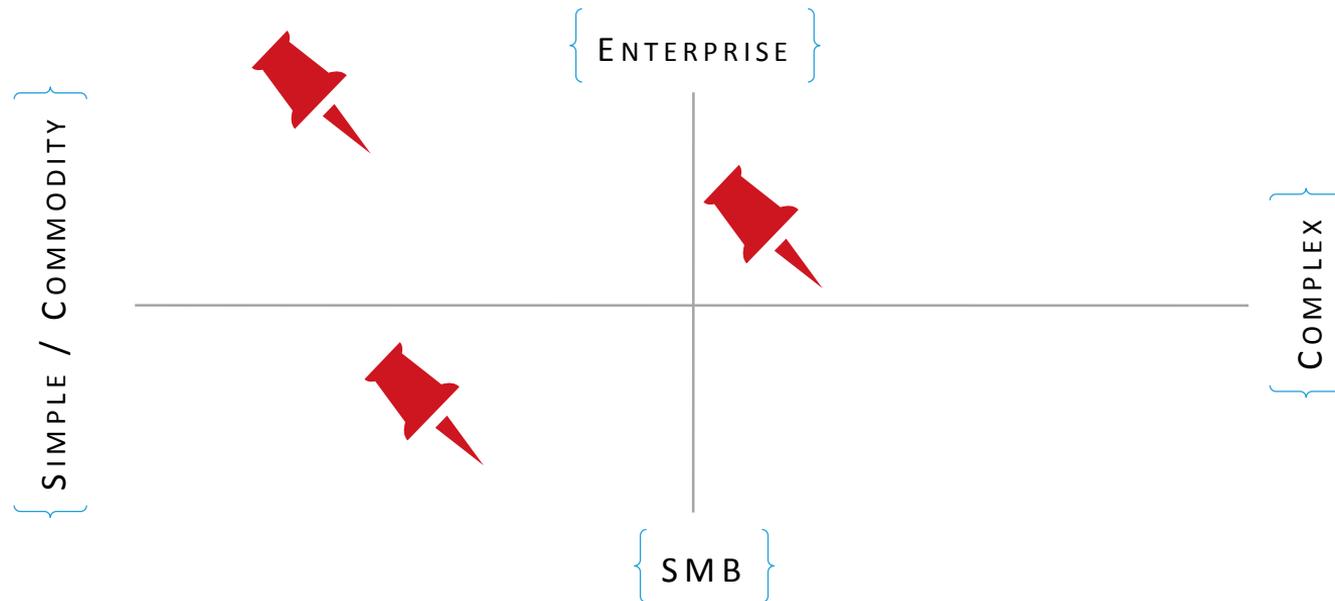
Is It Possible
To Do All Of
These At The
Same Time?



- New or Mature Product?
- New or Existing Channel?
- A Program for the Masses or Targeted Few?
- Volume/Commodity versus Complex Solution?
- Customer Target Market Enterprise or SMB?
- Which Routes to Market? Customers they Reach?
- Fulfillment versus Value-Add Channel
- Product and Brand Awareness & Share

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

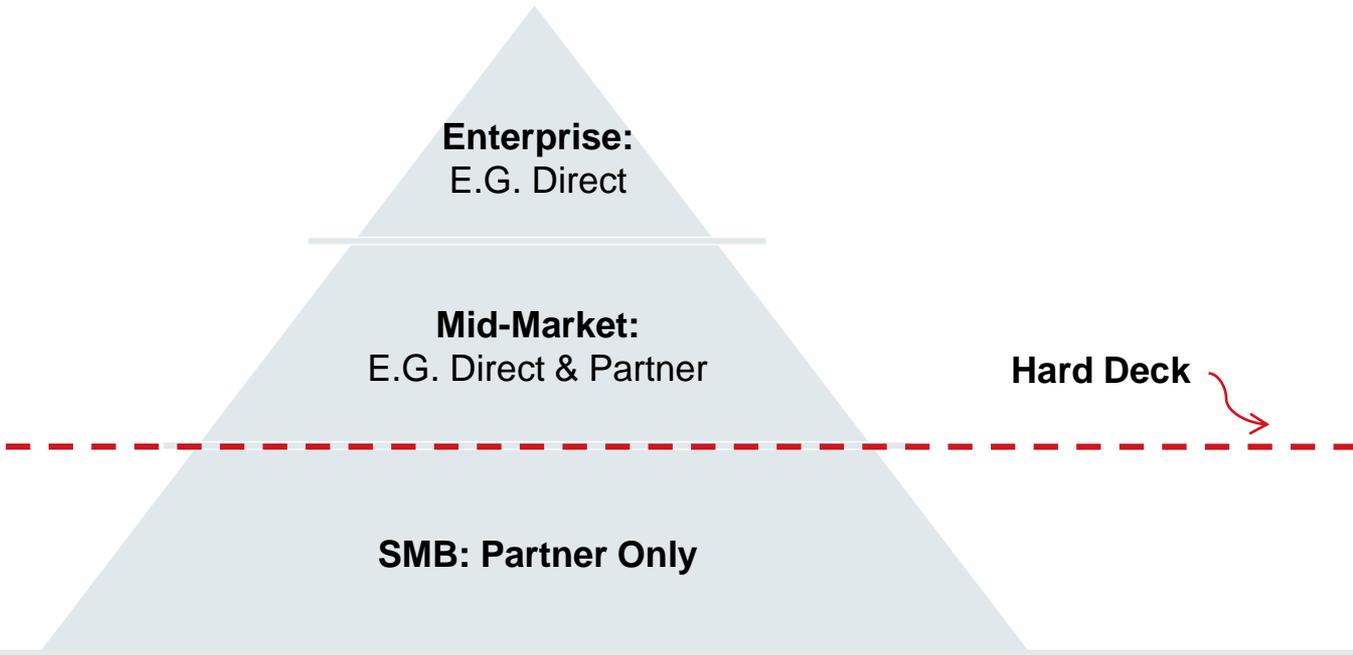
Your Strategy Depends on Your Products and Target Markets



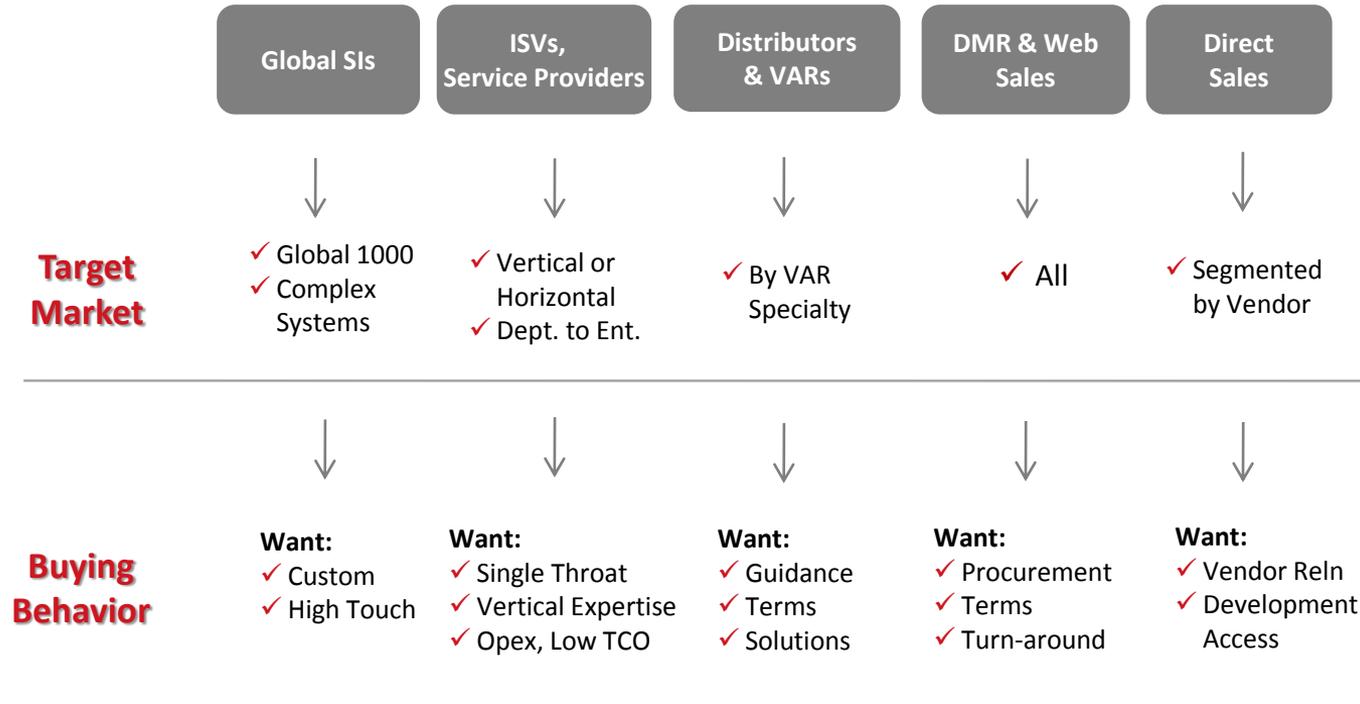
✓ *Different again for components or embedded software versus whole products*

Routes to Market: Best Practices

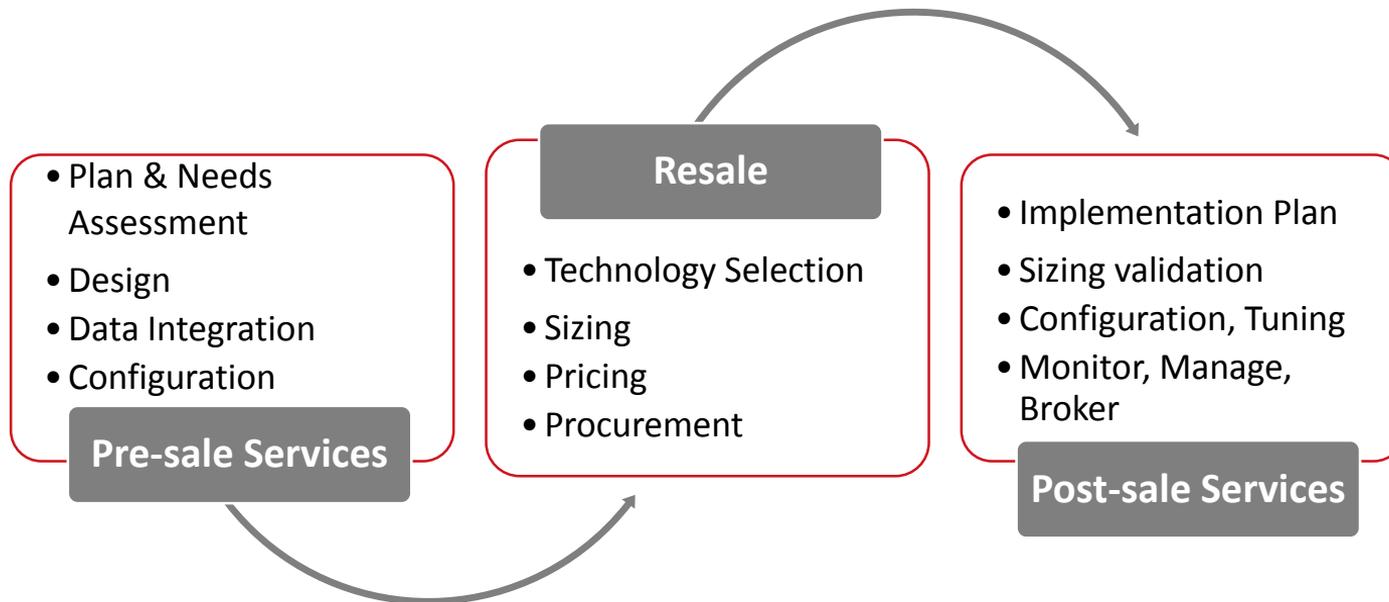
 *Your Customer and/or Product segmentation e.g. “hard decks” avoids deploying all in the same space*



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



Post-Sale versus Full Service VAR-MSP Profile



Additional Partner Profile Characteristics... VAR/MSP Partner - Sample

Potential

- **Product Adoption Record:** The entire Product Line to enable cross-sell
- **Enablement:** Sales & Technical Training, Support Capabilities, Managed Services
 - ✓ Dedicated Sales Staff Trained
 - ✓ Technical staff trained for both pre-sales design/configure & post-sales implementation & managed services
 - ✓ Maintenance: takes first line support calls
- **Marketing Capabilities:** Dedicated Marketing coordinator, matches MDF, tracks leads and reports back on MDF usage
- **HW, SW, Services Mix:** 50%-15%-35%
- **Top Line Revenue Growth:** 10%

Revenue

- **Sales Capabilities:** (Customer Target Markets, Industry Verticals, Horizontal Solutions, Customer Satisfaction, References, Average Deal Economics, Transaction Volume)
 - ✓ Upper mid-market customers with specialization in Hybrid Cloud, Network Infrastructure Design and Operation (can provide MSP option)
 - ✓ Receives high customer satisfaction feedback, e is a ready reference
 - ✓ ASP is \$10,000 OTC and \$3k/month managed desktop
 - ✓ Last FY annual product revenue \$100,000 in vendor product



One Size Does Not Fit All – RED are Highly Valued Program Capabilities

Product Focused Resellers

- ✓ Predictable product flow
- ✓ Competitive SRP pricing
- ✓ **Strong brand presence**
- ✓ **Clear, stable front-end margins**
- ✓ On-line sales & technical training
- ✓ Deal protection/reg.
- ✓ Affordable training
- ✓ Access to Channel rep
- ✓ Minimal channel conflict

Simplicity & affordability

Solutions Focused VARs

- ✓ Standards-based product
- ✓ Technical training
- ✓ Tech. architectures and tools
- ✓ **Certification & specialization status**
- ✓ Deeper technical support
- ✓ Performance incentives/rebate
- ✓ Deal protection/reg.
- ✓ **Co-marketing support & MDF**

Tech. depth & differentiation

Services Led VARs & SI's

- ✓ **Reference architectures**
- ✓ Sales influence – recognize/reward
- ✓ Clear rules of engagement (w/vendor and other partners)
- ✓ Use-cases and references
- ✓ Field sales teaming model
- ✓ **Prof. Services mentoring & tools**

Services-attach & influence

MSPs & Service Providers

- ✓ Deep technical relationship
- ✓ Classroom and lab based training
- ✓ **Utility-based licensing models**
- ✓ **Expedited support**
- ✓ **Creative financing**
- ✓ P2P collaboration program visibility
- ✓ Compensation neutrality for vendor field teams

Solid technology Financing/licensing

What About Other Routes to Market:

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

Finalize Strategy Based on Product Management Plans



PRODUCT STRATEGY

REQUIRED INPUT

- ✓ Product ASP
- ✓ Target Markets
- ✓ Buying Behaviors
- ✓ Competition

CHANNEL STRATEGY

RTM

- ✓ Routes to Market Selection
- ✓ Partner Profile Development
- ✓ Value Proposition Development

Capacity

- ✓ Partner Productivity Assumptions
- ✓ Capacity Planning

PROGRAM DEVELOPMENT

Enable

- ✓ Sales & Technical Training
- ✓ Tools & IP Sharing
- ✓ Field Mentoring or teaming

Market

- ✓ Market to, through, with strategy
- ✓ Demand generation tools
- ✓ Co-marketing funds & rules

Sell

- ✓ Pre- and post-sale support
- ✓ Incentive structures
- ✓ Pricing and discount models
- ✓ Deal Registration

FIELD EXECUTION

Recruit

- ✓ Staffing model
- ✓ Onboarding activities
- ✓ Role of distribution

Manage

- ✓ Program metrics management
- ✓ Joint business planning
- ✓ Rules of engagement



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

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

INFO REQUIRED:

- Product ASP \$ _____
- # of Deals an Average Partner can Sell _____/year
- My annual Quota/Budget \$ _____
- Recruitment Failure Rate: _____%
*(Historically what % of partners recruited do not achieve **AT LEAST 80%** of the # of deals the Average Partner sells per year?)*

CALCULATIONS:

- Average Partner Productivity \$ _____
*(Equals Product ASP * # of Deals Average Partner Can Sell/year)*
- # of Partners Required _____
(Equals My Annual Quota \$ \ Average Partner Productivity \$; round up)
- # of Partners likely to Fail _____
*(Equals # of Partners Required * Recruitment Failure Rate %; round up)*
- Final # of Partners to Recruit _____
(Equals # of Partners Required + # of Partners Likely to Fail; round up)

The Structure of Your Channel Context

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

Use Cases

Customer on Premise

- Cloud Server
- IoT Application Server
- Any Line of Business Application Server
- Backup-Disaster Recovery
- Priced one-time-charge
- Includes embedded Splunk to offer enhanced security, insight to operational efficiencies and customer behaviors

Hoster or MSP

- Internally consumed in order to offer a service
- Priced as a service

Business Value:

- Decreases costs
- Speeds execution
- Offers view to potential security risk, operational efficiencies & customer behaviors

How product goals dictate the:

- ✓ Partner strategy
- ✓ Routes to market
- ✓ Partner value proposition
- ✓ Partner program
- ✓ Field execution
- ✓ The impact of IoT, Cloud, Mobility & Hardware Function Shift to Software (e.g. SDN, SDDC)



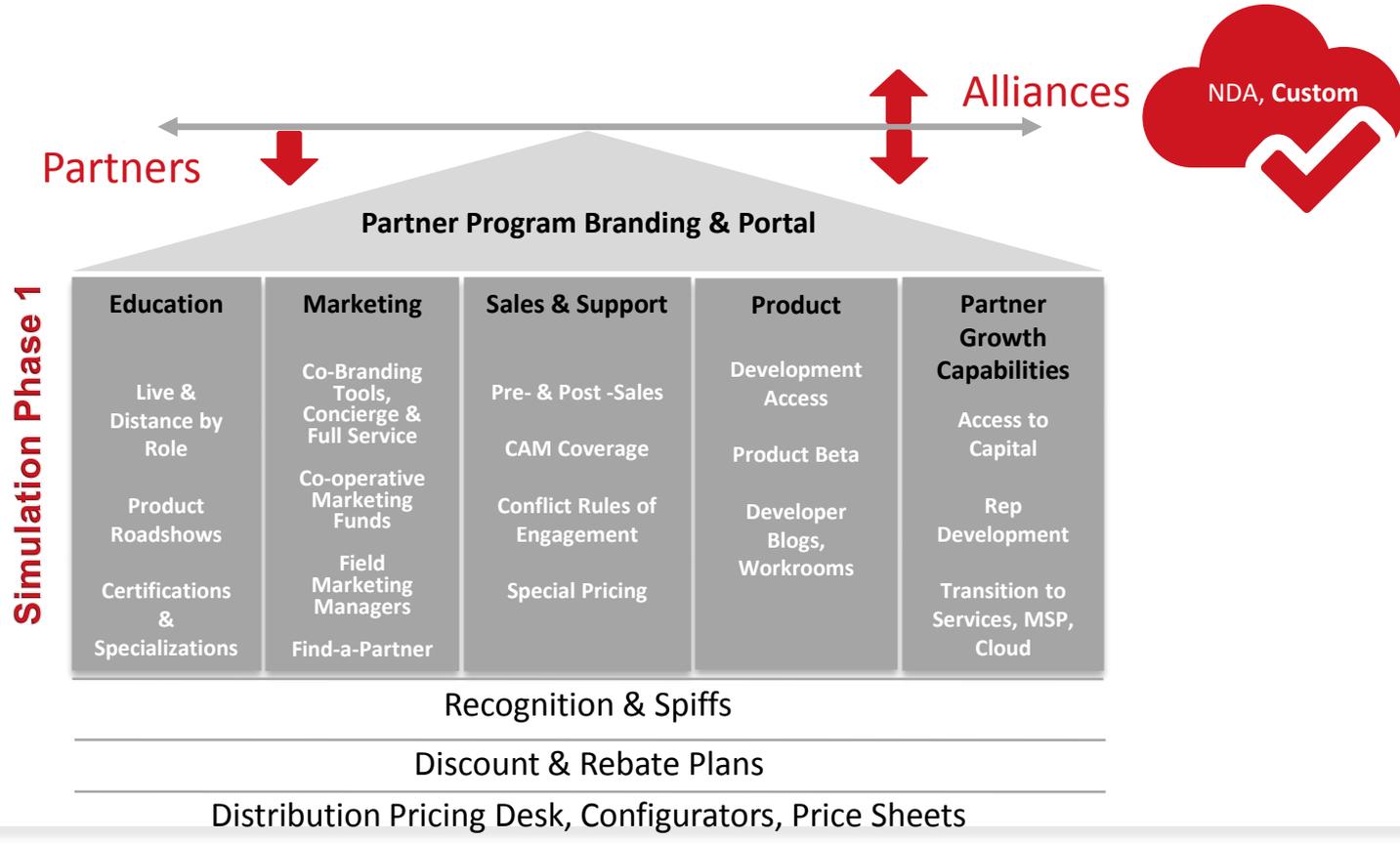
All are building blocks
(one linked to the other)
to achieve a desired end

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



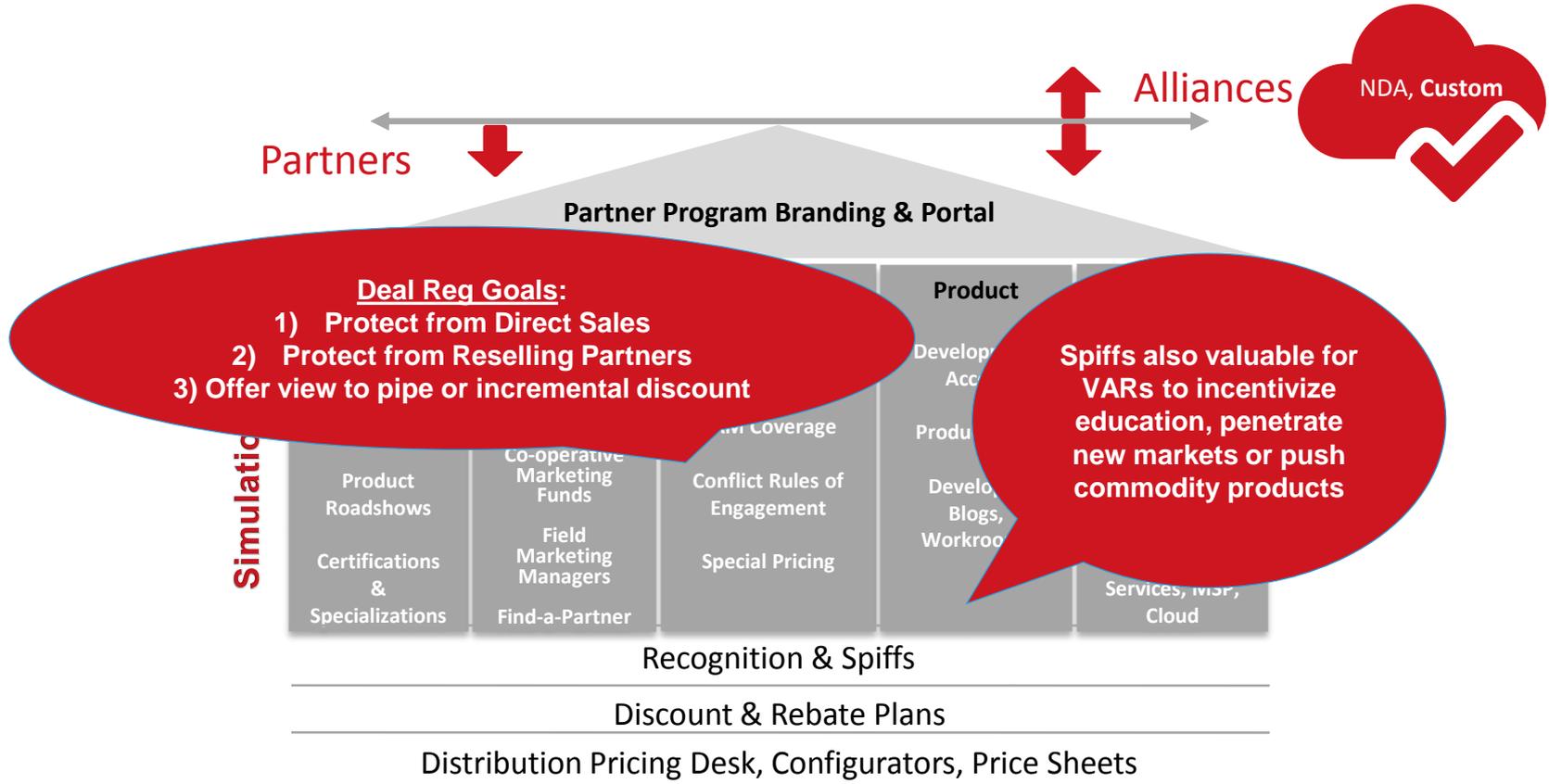
SUPPORTING INFRASTRUCTURE (PRM, 800#, SUPPORT LINE, PORTAL)

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



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

(Typically developed and differ by business model/track)



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

Program Requirements

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

Program Benefits

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



**BUSINESS MODEL OR ROLE
BASED TRACKS**



Team Workshop Phase 1

Investing in the Right Channel Programs

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 1: Build A Channel Program

- Infrastructure assumptions: Page 19
- Invest in the Right Program Elements: Pages 21 - 23
- Spend \$2,000,000 to build your program that will achieve a \$10,000,000 revenue contribution

TEAM WORKSHOP PHASE 1

INVEST IN THE RIGHT PROGRAM ELEMENTS

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

- Review and discuss the case study provided
- Discuss your basic direction on how you want to allocate your channel budget
- Complete the budget allocation using the spreadsheet provided
- Discuss your position as to why you allocated the budget as you did
- Try to give “final” drive at the end of your workshop session

Time allocations:

- Working session: 60 minutes
- Team Presentation: 10 minutes

Information for your assignment:

- Total available funds to allocate: \$2,000,000
- First year revenue expectations: \$5,000,000
- 3-5 year revenue expectations: \$50 - \$200M annual revenue management has set exact future year targets, but we know they believe we can grow at a faster pace than the market. The management team expects revenue to be approximately the following (in \$M):
- Budget allocation categories and associated costs:
 - The budget allocations are based on a cost per unit multiplied by the number of units in direct order amount investments
 - This has been done to make the simulation easier to manage and eventually assign a grade. Don't get too confused and over-think the methodology of the simulation.
 - Working your job as a team to decide which categories are most important and how to stage how much of that category you will want to be accurate.

Final Deliverable: Complete spreadsheet with budget allocations finalized on both drive

Channel Navigator

Team Workshop Phase 1

Channel Funds (ASP)	Program / or other marketing activities	Subscriptions and operations (includes direct sales, POCs, per-lead costs, support)	Services (Data & Analytics)	Other
\$10,000	\$5,000	\$50,000	\$10,000	\$5,000
<p>include all or parts that will be used through your program and do not use any advertising, trade show, etc.</p> <p>This category includes all of the program elements that made to marketing your program and all aspects of "marketing" for your partners.</p>	<p>channel based print / web advertising</p> <p>industry events</p> <p>marketing activities designed to generate qualified leads</p> <p>trade show participation</p> <p>joint seminars</p> <p>etc.</p>	<p>partner portal content (webinars)</p> <p>on-site technical support for partners</p> <p>training webinars / in-person sessions</p> <p>sell-education programs, webinars</p> <p>partner road shows</p> <p>etc.</p>	<p>technical training programs</p> <p>product or solution demonstrations</p> <p>training webinars / in-person sessions</p> <p>product training for sales rep.</p> <p>sales webinars</p> <p>customer education</p> <p>competitor positioning</p> <p>etc.</p>	<p>focused investments in a targeted competitive partner</p> <p>ability to make unbudgeted investments (i.e. consulting, seminars, etc.)</p> <p>in the real world, that is not part of standard partner operations.</p>
Notes:	This includes CPEX funds only so do not combine this with any other revenue items or discounts. We will address contra-revenue later in the Channel Masters curriculum.			Allocating too much of your budget in categories above might not score well on the "industry norm" comparisons that we are using for the simulation. BUT, might be perceived as creative and new in later workshop phases. So choose this category wisely.

The Structure of Your Channel Context

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

Use Cases

Customer on Premise

- Cloud Server
- IoT Application Server
- Any Line of Business Application Server
- Backup-Disaster Recovery
- Priced one-time-charge
- Includes embedded Splunk to offer enhanced security, insight to operational efficiencies and customer behaviors

Hoster or MSP

- Internally consumed in order to offer a service
- Priced as a service

Business Value:

- Decreases costs
- Speeds execution
- Offers view to potential security risk, operational efficiencies & customer behaviors

Phase 1 Simulation Logistics

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



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

Additional Considerations

industry insights

22-27% Avg.
Total Gross Margin
for Partners (VARs/SIs)
Source: IVDI State of The Market Study

13-18% Avg.
Gross Margin on
Products (H/W/SW)
25% of partners claim to
generate gross margins >20%
Source: IVDI State of The Market Study

25-50% Avg.
Gross Margin on
Partner Led
Services
Varies based on service offered,
location and partner type
Source: Service LeaderShip Study

15.2 days
of Technical Training
per person/per year (Technical)
Source: IVDI State of Partner Customer & Working Study

10.6 days
of Sales Training
per person/per year (Sales/Field)
Source: IVDI State of Partner Customer & Working Study

6-24 months
expected Time to Payback
on Investments
>60% of partners hope to achieve profitability after 12 mos. of transition and investment in their businesses.
Source: IVDI Partner Profitability Study

5-10% Marketing
Investment % of Total Revenue
Source: IVDI Financial Accession Questionnaire

70-80%
of Revenue from
Existing Customers
Source: IVDI State of The Market Study

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

ChannelMasters®

industry insights

13-18% Avg.
Gross Margin on
Products (H/W/SW)
if partners claim to
generate gross margins >20%
Source: IVDI State of The Market Study

25-50% Avg.
Gross Margin on
Partner Led
Services
Varies based on service offered,
location and partner type
Source: Service LeaderShip Study

10.6 days
of Sales Training
per person/per year (Sales/Field)
Source: IVDI State of Partner Customer & Working Study

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

Note:

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

Newer solutions may require different priorities

Remember: What's in Each Bucket?

Incentives

(OPEX only and includes business development funds)

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

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

Demand Generation Funds

(includes all MDF)

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

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

Program or Other Partner Marketing Activities

(excluding MDF)

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

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

Remember: What's in Each Bucket?

Infrastructure and Operations

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

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

Elements may include: partner portal (content updates), pre-sales technical support for partners, evaluation units and proof of concept sessions, post-sales technical support for partners (above normal tech support), concierge services, professional services support, technical best practices, cost of maintaining deal registration systems

Education (Sales and Technical)

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

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

Other

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

Examples might include: focused investments in a targeted competitive partner, ability to make un-budgeted investments (i.e. consulting assistance) in the real world that is not part of standard partner operations

Team Workshop: Spreadsheet Demo



ChannelMasters®

TEAM: 1

CHANNEL NAVIGATOR™

Note: \$750K Maximum per Program Element

Number	Program Element	Program Element Cost/ Unit					Number of Units	Total Cost
		\$5K	\$10K	\$15K	\$20k	\$25k		
1	Incentives (OPEX only)	✓	✓	✓	✓	✓	5	\$125
2	Demand generation funds (Includes all MDF)	✓	✓	✓	✓		5	\$100
3	Program or other partner marketing excluding MDF	✓	✓	✓	✓		5	\$100
4	Infrastructure and operations (includes portal)	✓	✓	✓			5	\$75
5	Education budget	✓	✓				5	\$50
6	Other	✓					5	\$25
							USED	\$475
							MAXIMUM	\$2,000
							AVAILABLE	\$1,525 76%



**As we calculate your scores...
please elect a speaker or speaker team**

- ✓ *What was your team process?*
- ✓ *Were your thoughts that impacted your allocation of funds?*
- ✓ *What was your view on what was important? and Why?*



Team Workshop Phase 1

Investing in the Right Channel Programs

Debrief

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

Finalize Strategy Based on Product Management Plans



PRODUCT STRATEGY

REQUIRED INPUT

- ✓ Product ASP
- ✓ Target Markets
- ✓ Buying Behaviors
- ✓ Competition

CHANNEL STRATEGY

RTM

- ✓ Routes to Market Selection
- ✓ Partner Profile Development
- ✓ Value Proposition Development

Capacity

- ✓ Partner Productivity Assumptions
- ✓ Capacity Planning

PROGRAM DEVELOPMENT

Enable

- ✓ Sales & Technical Training
- ✓ Tools & IP Sharing
- ✓ Field Mentoring or teaming

Market

- ✓ Market to, through, with strategy
- ✓ Demand generation tools
- ✓ Co-marketing funds & rules

Sell

- ✓ Pre- and post-sale support
- ✓ Incentive structures
- ✓ Pricing and discount models
- ✓ Deal Registration

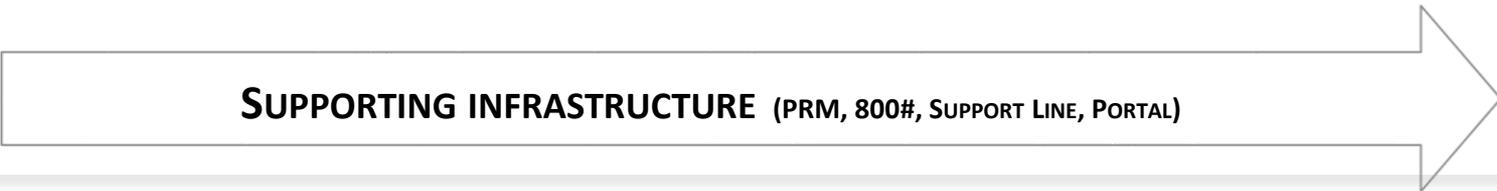
FIELD EXECUTION

Recruit

- ✓ Staffing model
- ✓ Onboarding activities
- ✓ Role of distribution

Manage

- ✓ Program metrics management
- ✓ Joint business planning
- ✓ Rules of engagement



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

Partner Priorities. Sample: Annual Report Card

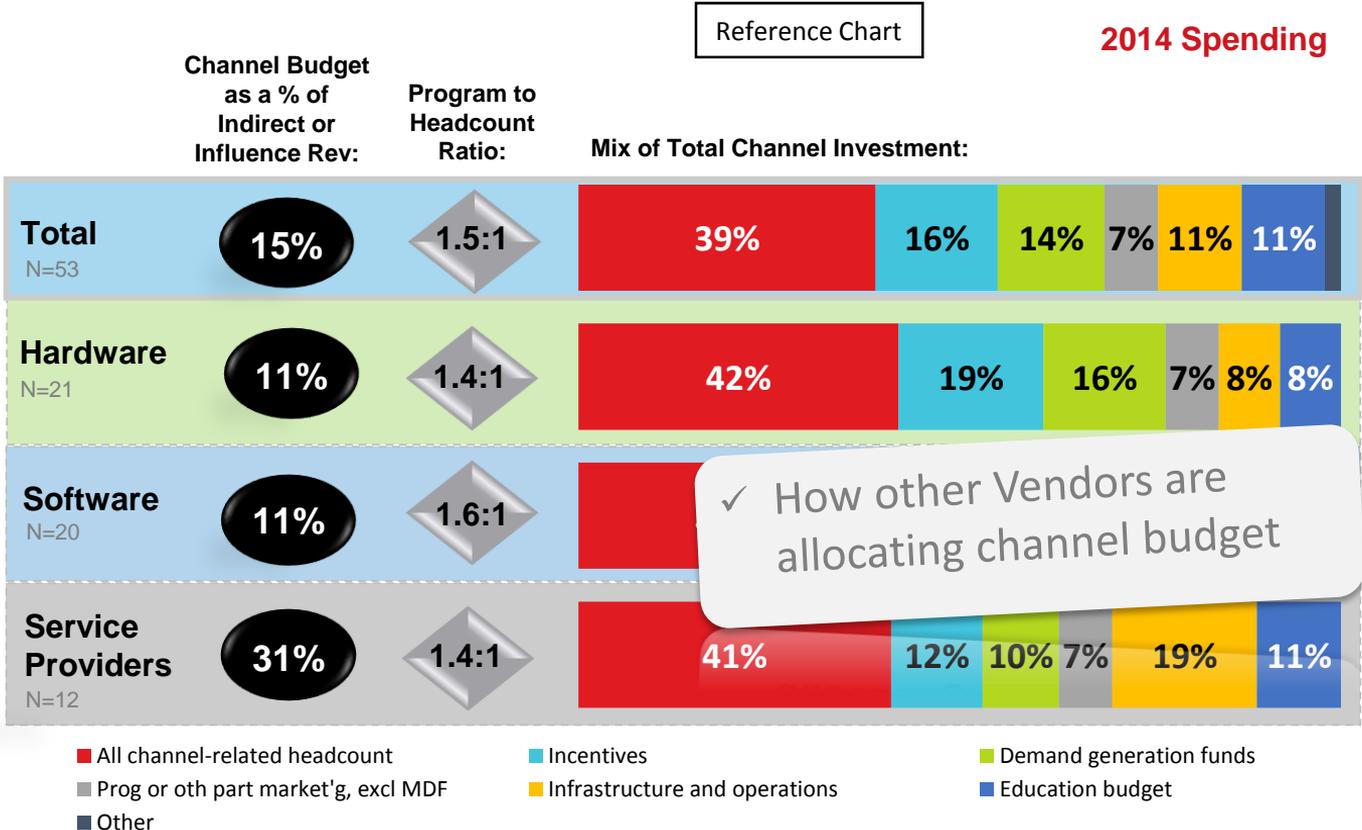
What's Most Important
When Evaluating Vendors



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

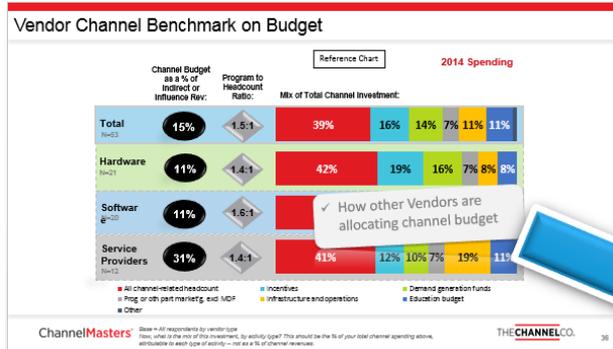
ARC Importance Ratings	RANK
(Product) Quality and Reliability	1
(Product) Compatibility & Ease of Integration	2t
Revenue and Profit Potential	2t
Ease of Doing Business	4t
Richness of Product Features / Functionality	4t
(Product) Technical Innovation	6
Post-Sales Support	7
Communication	8
Services Opportunity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

Vendor Channel Benchmark on Budget

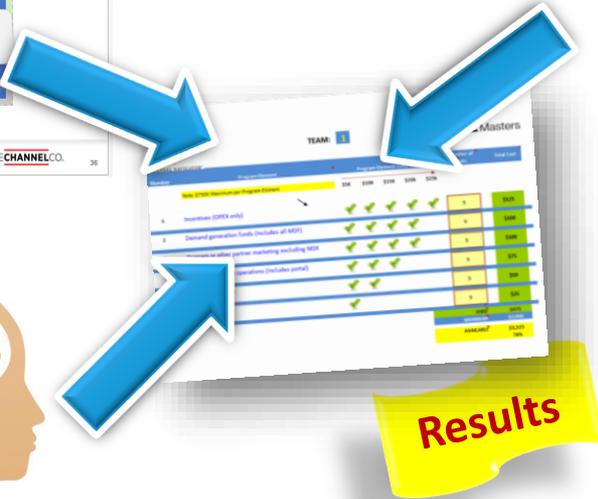


Simulation Calculation Methodology

Vendor Investment Priority



Focus on combination of HW and SW vendors



Used real world experience to rationalize model to simulation assumptions



Channel Experience



Partner Preference

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

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

Optimal Allocations

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

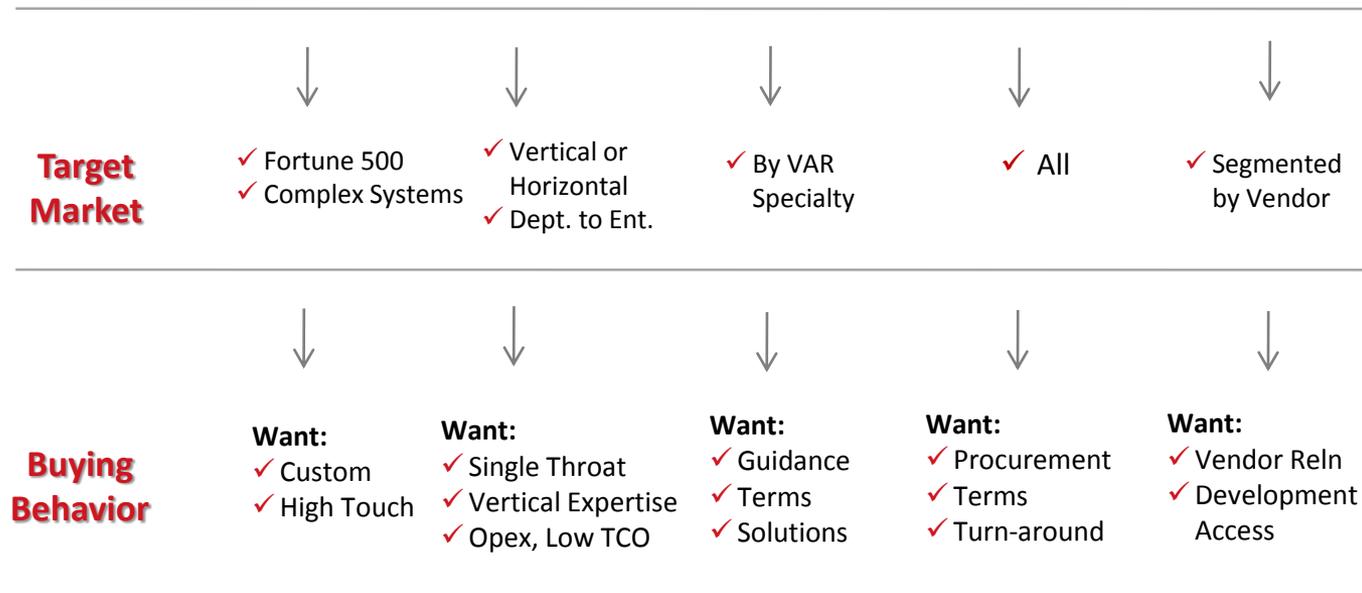
But Wait, There's More!

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

- Affinity Alliances
 - Two Tier Distribution
 - The role of Service Providers in Two Tier Distribution
 - Trends in Routes to Market usage
 - Real Life Examples of Role based Programs, Converged Infrastructure, Cloud Programs, Services IP for Partners to Fuel Services Capabilities, Born in the Cloud Program
 - Tiers and Levels: Three versus Four
 - Graduation to higher tier levels
 - Consolidation resulting in Broad Product Lines offering Cross Sell opportunities
- Ease of Use in Single sign-on, single brand with multiple tracks by business model or role
 - Tiered vs Role based discounts
 - Incentives
 - Global considerations
 - Feedback loops: CAM, Advisory Councils, Road Shows, Roundtables
 - Program transformation history: Revenue, Points, Specialization/Certification, Role
 - PRM
 - Forecasting and access to POS through Distribution

Distribution: A Product of Target Markets

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



The REAL Answer For Channel Success

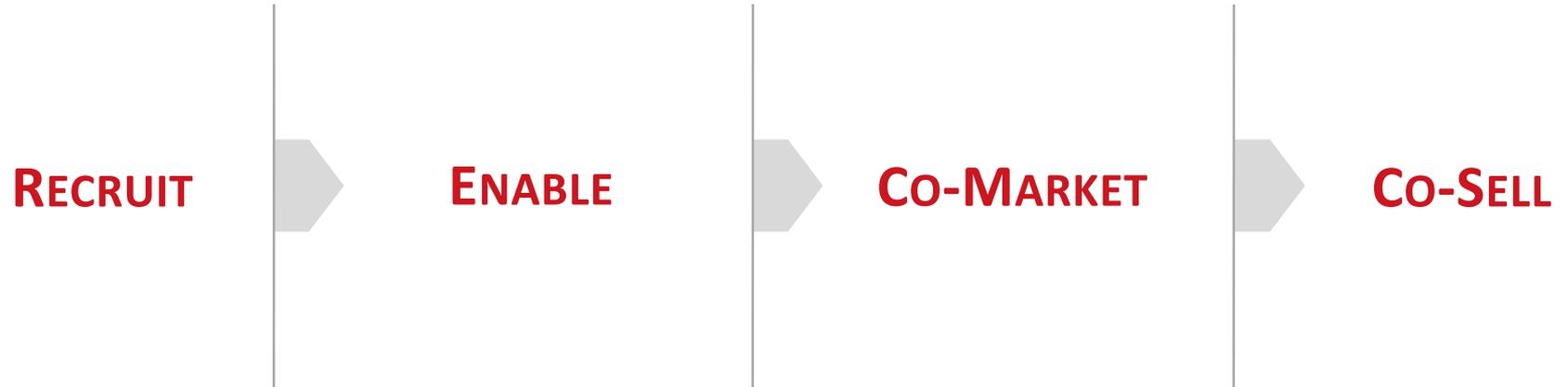
Strategy is Critical

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

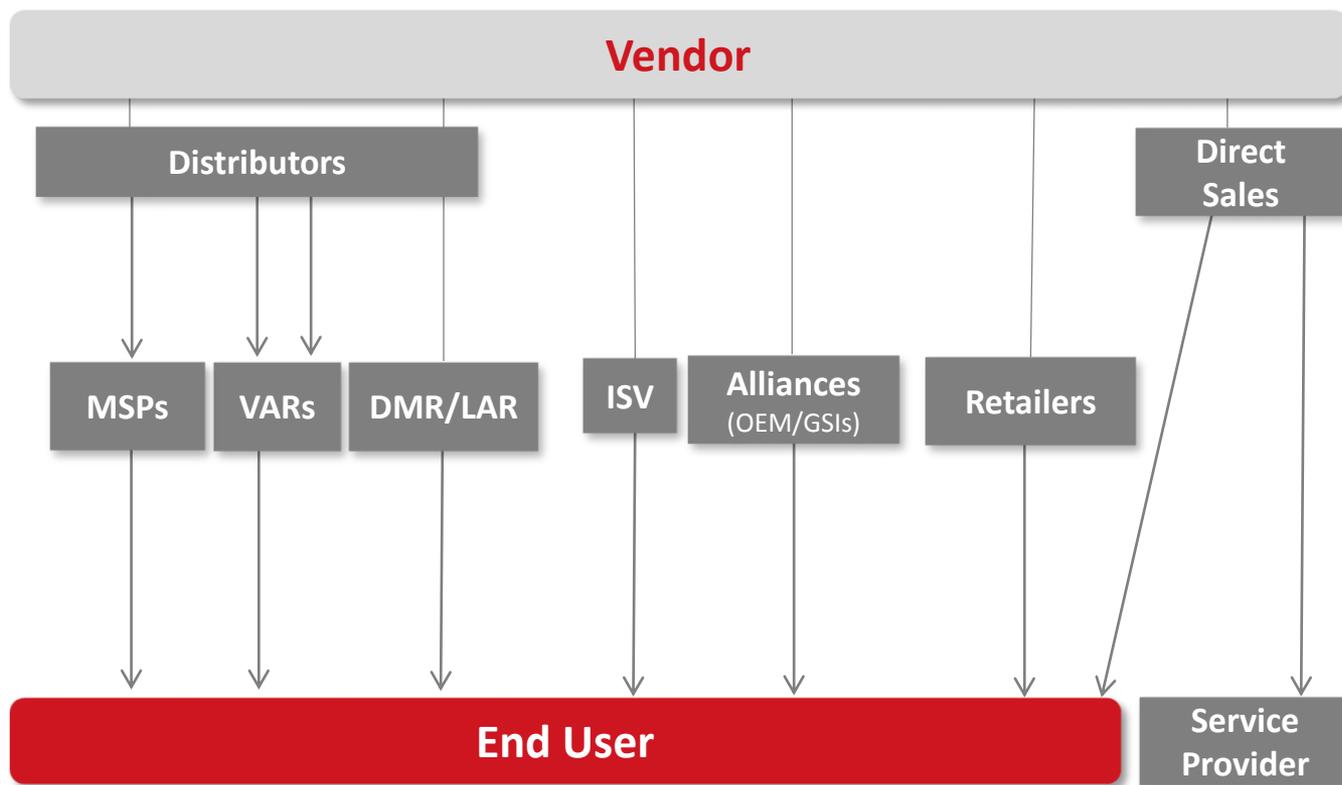
Execution is Key

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

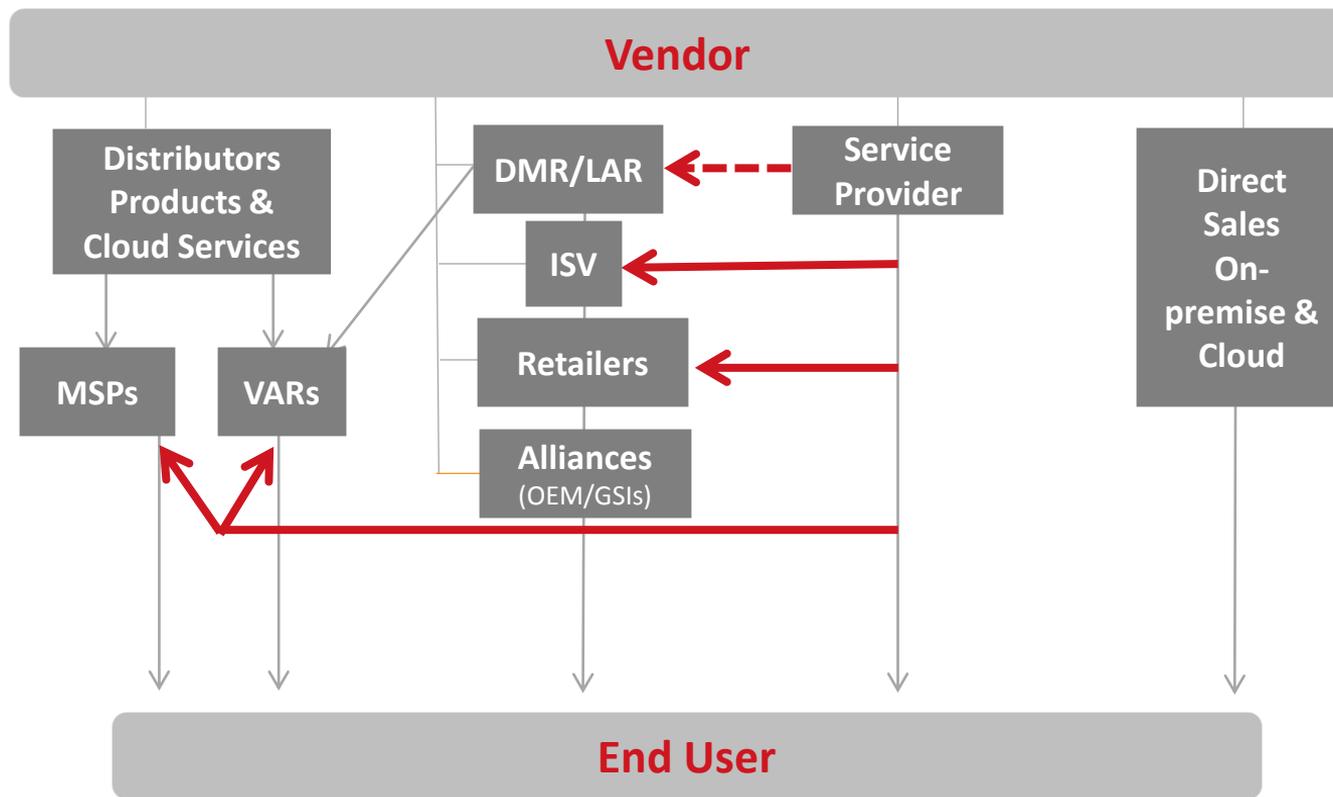
Now to Fill in Program Components...



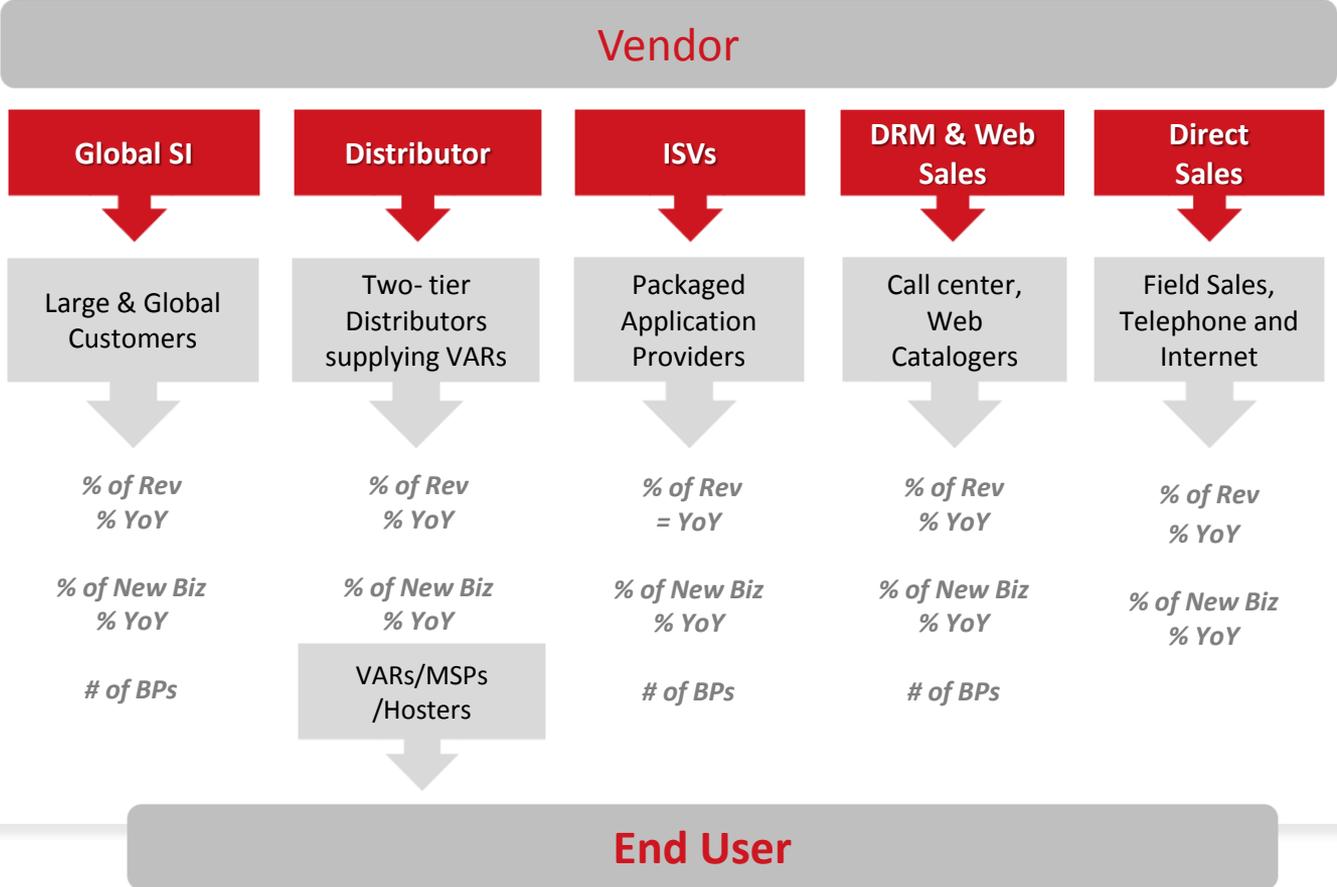
Routes to Market: 8-10 years Ago



Routes to Market: Today's IT Ecosystem



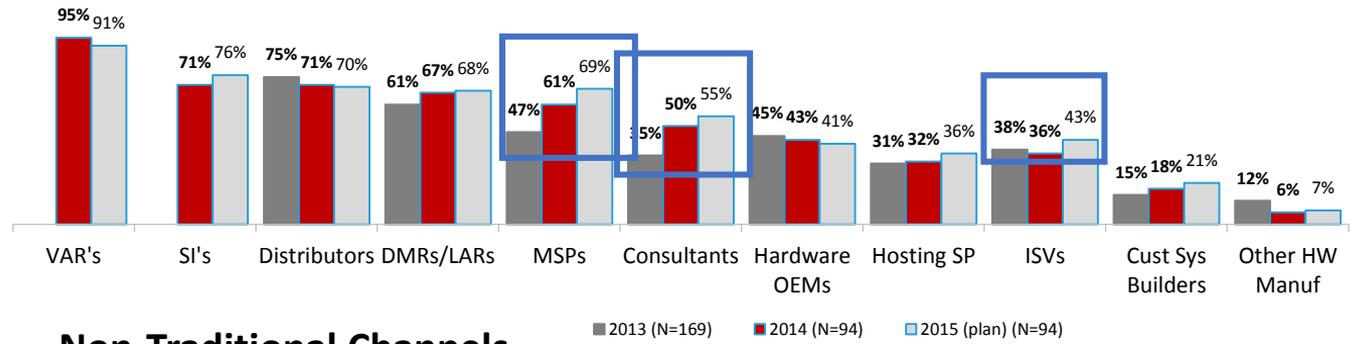
Routes to Market: At the Planning and Execution Level



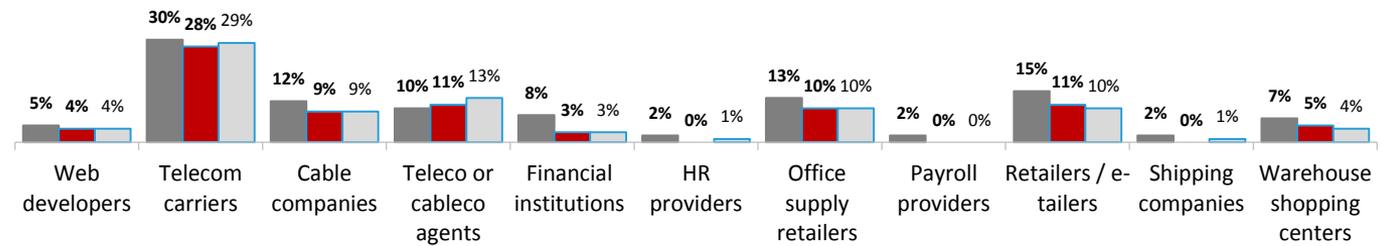
Routes to Market 2013 to 2015 All Vendors

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

Traditional Channels



Non-Traditional Channels



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

Base = All vendors

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

Real Life Examples



Role Based versus Specific Track Program Structures



Choose a relationship that meets your goals.

Resell & Consult

Citrix Solution Advisor - Earn the trust of your customers as an expert in solutions to enable mobile workstyles, and earn incentives recognizing your commitment and success. [Learn more >](#)

Citrix System Integrator - Help enterprise customers architect, plan and deliver innovative business solutions leveraging the Citrix portfolio of products. [Learn more >](#)

Independent Software Vendor - Build Citrix technology into your own software solutions to deliver best-in-class features, functionality, performance and ROI. [Learn more >](#)

Host Solutions

Citrix Service Provider - Provide Citrix virtualization solutions, including hosted desktops and applications, on a rental, subscription or services basis. [Learn more >](#)

Refer Leads

SaaS Advisor - Earn monetary rewards when you refer Citrix SaaS products that convert to sales. [Learn more >](#)

Showcase Compatible Solutions

Citrix Ready - Make it easy for customers to find your product, solution or service after testing and verifying its Citrix-compatibility. [Learn more >](#)

Manage & Support Partners

Distributor - Provide sales, order fulfillment and support for Citrix Solution Providers and resellers. [Learn more >](#)

Offer Training

Citrix Authorized Learning Center - Help customers increase ROI and enhance IT productivity with training and certification on Citrix products. [Learn more >](#)



Ways to Partner with SAP

SAP Channel Partners

Join the value-added resellers that build, service, and sell SAP solutions to customers of all sizes including the rapidly expanding SME market.

[Learn more >](#)

SAP Authorized Resellers

Resell and implement our leading analytic, database & technology, and mobile solutions – to expand your market reach and boost your revenue.

[Learn more >](#)

SAP Extended Business Member Program

Align with an SAP channel partner through our extended business program to access tools that help you sell, implement, or develop SAP solutions.

[Learn more >](#)

SAP Crystal Solutions Resellers

Grow your revenue by reselling SAP Crystal solutions. To obtain authorization, contact your local SAP Crystal Solutions distributor.

[Learn more >](#)

SAP OEM Partners

Embed and integrate SAP solutions and platforms into your own offerings to expand your market potential and provide greater customer value.

[Learn more >](#)

SAP PartnerEdge for Application Development

The tools, benefits, and support to help you quickly build, market, and sell SAP platform-based apps through the SAP Store.

[Learn more >](#)

Partner Managed Cloud Subscription Delivery Partner

Give customers the flexibility, rapid time to value, and pay-as-you-go economics of the cloud – together with fully managed, enterprise-class SAP solutions.

[Learn more >](#)

SAP Outsourcing Operations Partners

Offer customers certified operations and maintenance services that provide high-quality, sustainable, and cost-effective operation of their SAP solutions. This program is by-invitation only.

[Learn more >](#)

SAP Services Partners

Work with SAP sales teams to provide consulting services to our customers – helping them design, implement, and integrate our solutions.

[Learn more >](#)

SAP Language Services Partners

Offer customer-specific language consultation support and translation services – to meet the needs of SAP customers in today's global market.

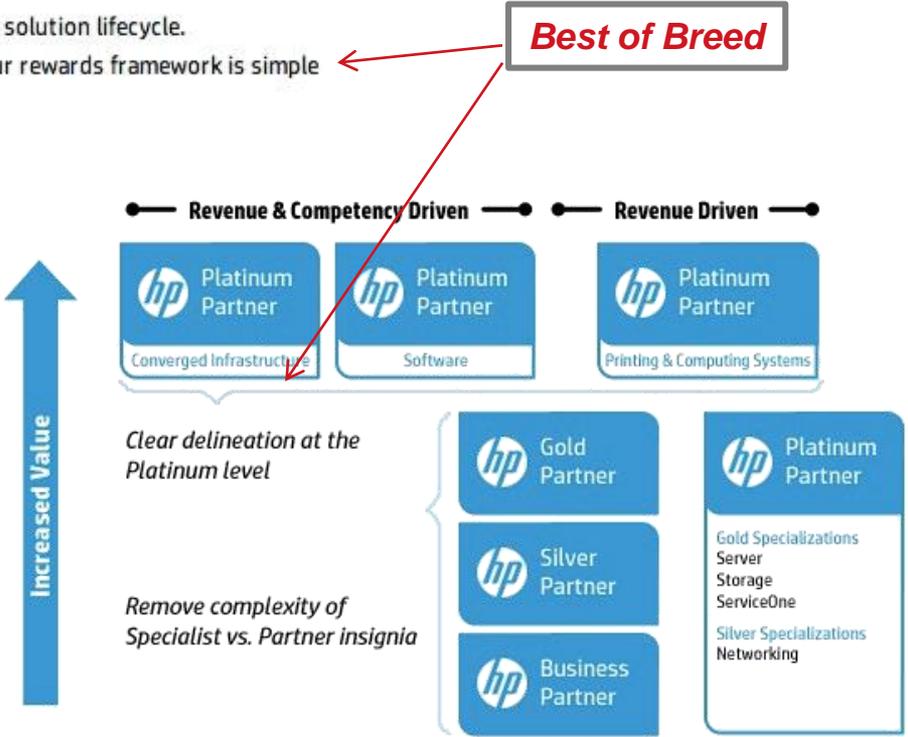
[Learn more >](#)

Program Trends: HP

HP ServiceOne Program Overview

- You get one relationship with consistent rules across solution lifecycle.
- You earn rewards for both new sales and renewals. Our rewards framework is simple and based on transparent metrics.
- You can deliver more - and more advanced - services:
 - HP Care Pack Services
 - HP Contractual Services
 - HP Professional Services*

*Select products and services



Next Gen Cisco Partner Program 2014



Driving Change

Driving Cloud Adoption by Role:

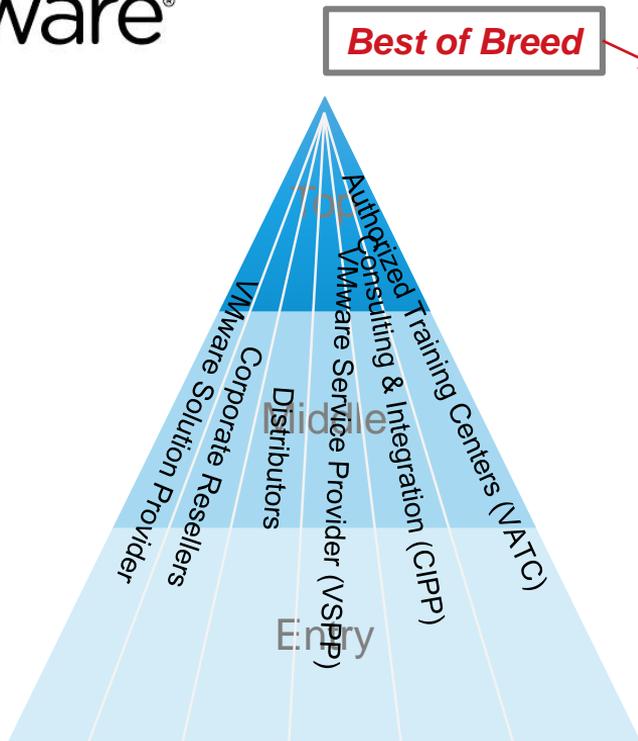
- ✓ Cloud Builder – designed for those building clouds (private and public)
- ✓ Cloud Provider – designed for those who want to take an offering to the public
- ✓ Cloud and Managed Services Reseller – designed to connect the traditional Cisco reseller to a public cloud provider

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

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

Partner Program Trend Examples: VMware

vmware®



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



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

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

✓ Service Kits also available to partners

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

Includes:

- ✓ Checklists
- ✓ Best practices
- ✓ Spreadsheets

Partner Program Trend Examples: Amazon



The screenshot shows the AWS Partner Network (APN) website. At the top, there's the Amazon Web Services logo and navigation links like 'Sign Up', 'My Account / Console', and 'English'. Below that, there's a search bar and navigation tabs for 'AWS Products & Solutions', 'AWS Product Information', 'Developers', and 'Support'. The main content area is titled 'AWS Partner Network' and includes a sidebar with links like 'Program Overview', 'APN Consulting Partner', 'APN Technology Partner', 'APN Portal', 'Find an AWS Partner', 'Premier Consulting Partners', 'Global Technology Partners', 'APN FAQ', 'APN Trademark & Logo Guidelines', 'Partner Webinars', 'Sign up for the APN Newsletter', 'Partner Contact Form', and 'Submit an Opportunity'. The main content area is divided into two columns: 'Become an APN Technology Partner' and 'Become an APN Consulting Partner'. Each column has a description of the program and a 'Join the AWS Partner Network' button.

Emerging vendors are NOT encumbered by the past.

- ✓ Focused on WHY they need partners and offering targeted programs
- ✓ Focused on specific business models that make sense for their product offerings
- ✓ Accommodations for current business models...but no always core to their partnering model

Program Design Base Principles

The Million Dollar Channel Answer... Channel Strategy is Critical

Avoid One Size Fits All... What are the Stated Objectives?

Is It Possible To Do All Of These At The Same Time?



- New or Mature Product?
- New or Existing Channel?
- A Program for the Masses or Targeted Few?
- Volume/Commodity versus Complex Solution?
- Customer Target Market Enterprise or SMB?
- Which Routes to Market? Customers they Reach?
- Fulfillment versus Value-Add Channel
- Product and Brand Awareness & Share

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

ChannelMasters®
Copyright © 2016 The Channel Company. All rights reserved.

THE CHANNEL CO.

The REAL Answer For Channel Success

Strategy is Critical

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

Execution is Key

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

ChannelMasters®
Copyright © 2016 The Channel Company. All rights reserved.

THE CHANNEL CO.

38

Program Decisions for the Framework

Tiers and Levels: Three Levels versus Four

- ✓ *Entry levels*
- ✓ *Free levels, Fee based levels*

Graduation to Higher Program Levels

- ✓ *Do Criteria & Benefits Motivate Graduation*

Consolidation Driving Broad Product Lines

- ✓ *Support for Specialty Products/Lines*
- ✓ *Single Program with Multiple Program Capabilities*
- ✓ *Versus Multiple Program*

Single Brand, Multiple Tracks

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



Program Decisions...May Differ by Route

Solving for one Route in the eco-system; with no impact or control over the others

- ✓ *e.g. Pricing, Commitments, Coverage*

Discounts as part of the Business Proposition

- ✓ *Business model (VAR, ISV, MSP, Service Provider) based?*
 - ✓ *Equal footing for customer choice based on value or*
- ✓ *Volume (sell in) based?*

Is Direct considered a channel route? Should be.

- ✓ *Indirect growing faster, equal to or slower than Direct? the Company?*

Incentives: Spiffs, Bonuses, Incremental Discounts to drive desired behavior

- ✓ *Tied to emerging product sales? New accounts? Cross sell?*

Program Management Decisions...



What percent at each tier you can afford?

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

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

Establishing Solid Feedback Loops



The Partner Program Holy Grail

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

**Global Technology Vendor
Channel Chief**

Partner Program Levels & Tracks in Phase 1

Program Requirements

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

Program Benefits

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



ChannelMasters[®]
Copyright © 2016 The Channel Company. All rights reserved.

THECHANNELCO.

20

Program Decisions...The Disrupted Ecosystem

Revenue → Points → Specializations/Certifications → Roles: Suggest Combo Revenue and Role Based Competency

Program Tracks by Business Model are more difficult to manage:

- Partner Transformation is blurring the lines between Solution Providers, Hosters/Service Providers
 - ✓ White Label IaaS, Host, Resale IaaS
- Partners no longer operate in just one model
 - ✓ Solution Provider, MSP, ISV, Systems Integrator

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

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

Closing Thoughts

OTHER TOPICS

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

CHANNEL ACCOUNT MANAGER TOPICS

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

We “Touch” on Program Development



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



PRODUCT STRATEGY

REQUIRED INPUT

- ✓ Product ASP
- ✓ Target Markets
- ✓ Buying Behaviors
- ✓ Competition

CHANNEL STRATEGY

RTM

- ✓ Routes to Market Selection
- ✓ Partner Profile Development
- ✓ Value Proposition Development

Capacity

- ✓ Partner Productivity Assumptions
- ✓ Capacity Planning

PROGRAM DEVELOPMENT

Enable

- ✓ Sales & Technical Training
- ✓ Tools & IP Sharing
- ✓ Field Mentoring or teaming

Market

- ✓ Market to, through, with strategy
- ✓ Demand generation tools
- ✓ Co-marketing funds & rules

Sell

- ✓ Pre- and post-sale support
- ✓ Incentive structures
- ✓ Pricing and discount models
- ✓ Deal Registration

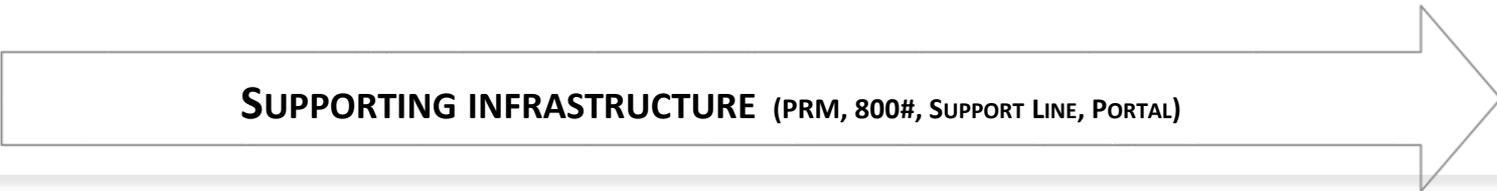
FIELD EXECUTION

Recruit

- ✓ Staffing model
- ✓ Onboarding activities
- ✓ Role of distribution

Manage

- ✓ Program metrics management
- ✓ Joint business planning
- ✓ Rules of engagement



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