Certified Channel Manager

Defining or Refining the *Elements* of Your Channel Program

Part 1 → Part 2

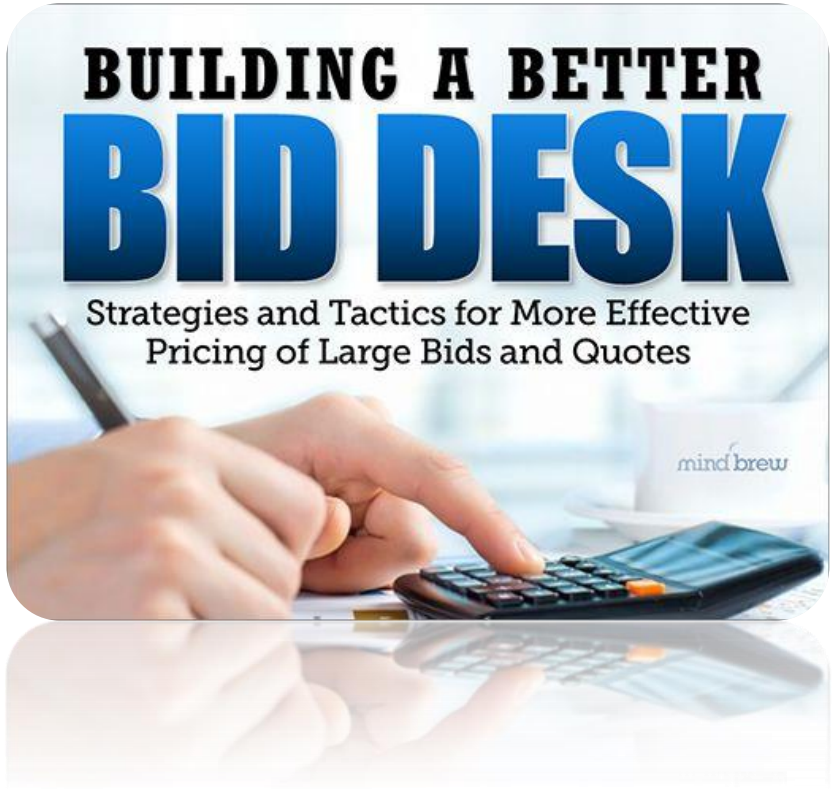
CHANNEL UNIVERSITY

Overview

- Three phases of a channel program
- What resellers look for
- Elements of a world-class program
  - Structure
  - Tech Support & Training
  - Lead Generation
  - Sales Tools
  - Requirements & Experience

Program Decisions & Policies

- Bid desk
  - Important if you have enterprise applications that integrate with other systems
  - Not important for non-complex applications



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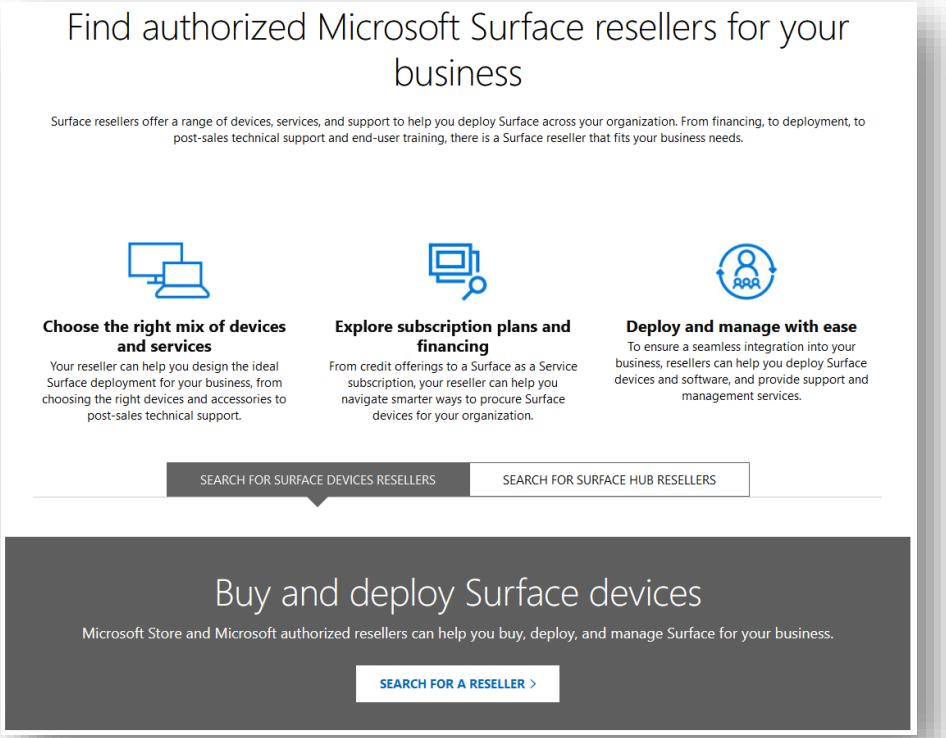
Program Decisions & Policies

- Reseller Locator
  - Should I use one? YES!
    - Prospects will often look for local resellers for local support
    - Resellers can answer questions and take orders when your office is closed
      - New York reseller time is 9 am, your Los Angeles time is 6 am
    - Shows support for your resellers – if they were a *regional office*, would you think different?



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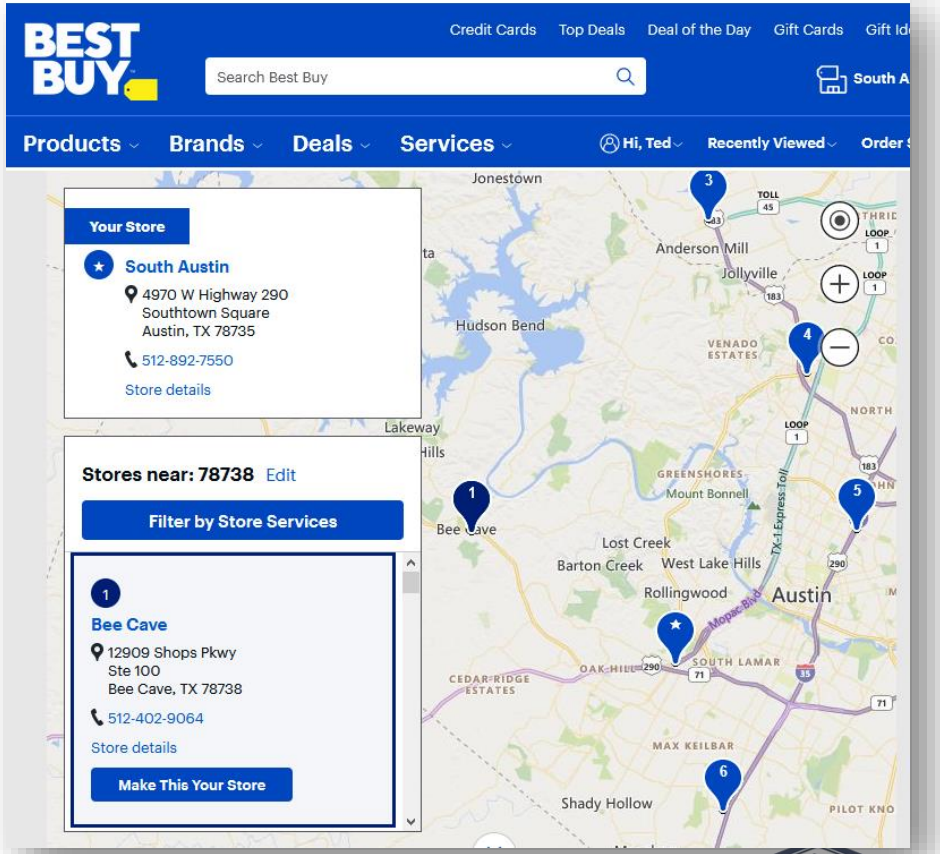
Program Decisions & Policies

- Reseller Locator
  - Should I use one? YES!
    - Some resellers won't come on board if they don't see it (you're not ready for partners)
    - Use it as an incentive (bait) for resellers to get your product on their website
      - You won't list them or send any leads if your product is not on their website
      - One vendor with 4,000+ partners only had their product on 13% of their partner websites (BAD). If your product is not on their site—NO leads (that solves it)



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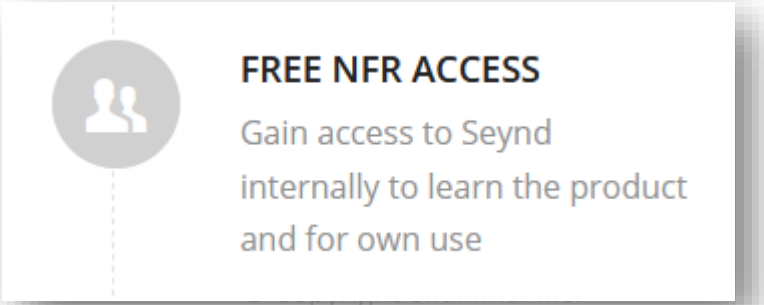
Program Decisions & Policies

- NFR / Evals (hardware) / Access with SaaS
  - Discounted “Not for Resale” (NFR) copies or units, access with SaaS
  - Resellers are NOT your end users
  - They know what they use, sell what they know, so get them to use your software
  - Should be treated just like your existing salespeople



NFR = High Reseller Recommendation Rate

- Reseller sell what they know. They know what they use. So get them to use YOUR software whenever you can
- Your NFR gets them to use YOU
- The "Almighty" Reseller Recommendation Rate
  - The percentage of your (shared) resellers that recommend YOUR product when a prospect asks, "Which do you recommend."
  - The easiest way to increase it? NFR

- I built an entire company (grew from 13 to 4,000 people in 4 years) based on increasing this single ratio

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ALMIGHTY
RECOMMENDATION
RATE
CHANIMAL
UNIVERSITY

Program Decisions & Policies

- Joint Reseller Promotions
  - MDF (Market Development Funds)
    - Must have a policy
    - 100% discretionary - you can pick and choose which you will participate in
    - Cash or manpower – think marketing budget for *regional offices*
    - Often SAVES you money
      - They want you to participate in a trade show you are already signed up for. Split the cost—costs you ½ the amount!
  - Co-Op (Co-operative funds)
    - Usually accrued as a percentage of sales
    - Not preferred, since you often have less control of usage

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Program Decisions & Policies

- Requirements
  - Register (using your “Apply” form)
  - Qualify as a VAR
  - Purchase from an authorized Distributor
    - *Trick question*
      - Designed to stop end-users and competitors from trying to find out more. Has phone # to bypass

A farmer had 15 sheep,
and all but 8 died.
How many are left?

A woman has 7 children. Half (1/2) of them are boys. How is this possible?

An electric train is moving north at 100mph and a wind is blowing to the west at 10mph. Which way does the smoke blow?

Program Decisions & Policies

- Requirements
  - Required Business Plan
    - Actually, it is a plan-of-action. One promotion per month for 1st three months to ensure proactive activity (discussed in enablement section)
  - Reseller Agreement
    - Covers independent status, right to use logo, termination clause
  - Sales Quotas
    - For gold or platinum levels
    - Determine within 3-6 months

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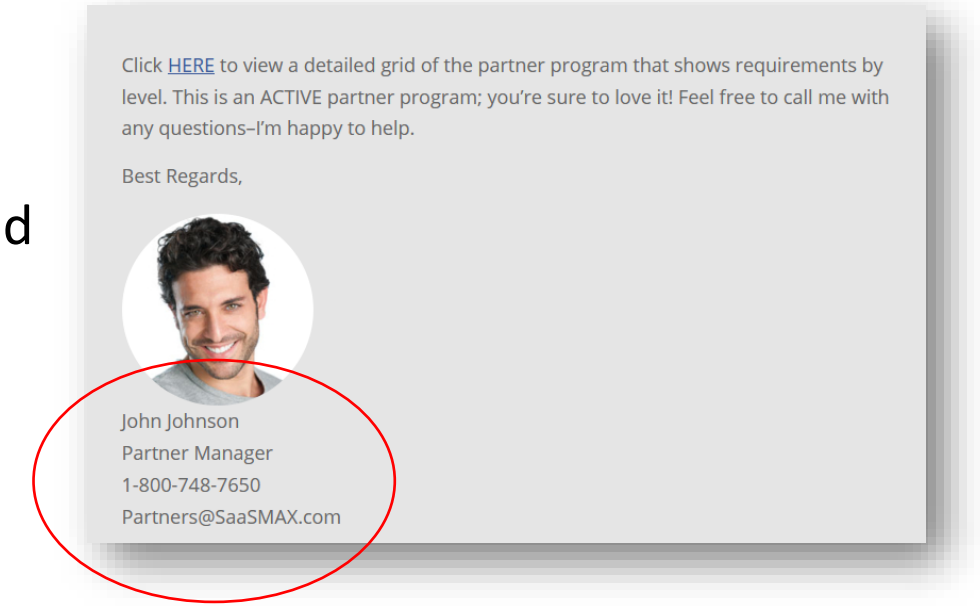
Program Decisions & Policies

- Reseller Experience
  - How easy are you to do business with?
  - Include a pre-signup phone number
    - Salesforce.com – a PAIN to get questions answered
      - Took 3 weeks and multiple emails and calls to get someone on the phone (NOT good)
    - Linksys – required 7 calls to talk to a channel manager
  - Grid of program details
  - Ease of registration
  - Timely response for approval
  - Automated e-mail response
  - Perceived lead-gen capability
    - All things similar, resellers (salespeople) will chose the vendor with leads


Click HERE to view a detailed grid of the partner program that shows requirements by level. This is an ACTIVE partner program; you're sure to love it! Feel free to call me with any questions–I'm happy to help.

Best Regards,

John Johnson
Partner Manager
1-800-748-7650
Partners@SaaSMAX.com

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Typical Margins

- Will vary by channel and product type
  - Starts with the Manufactures Suggested Price (MSP) or MSRP ("Retail")
  - Points vs Percentage
    - Used to always use "points" (not the same as margin), not used as often anymore
    - But now just concentrate on percentage discount off MSRP
  - VARs – typically 20-50% margin (discount off MSP) by level
    - But they discount heavily on competitive bids
    - Make 20% - 30% on most bids
    - Can discount or throw in their services as ways to discount
    - Most VARs make their real money from their value-added services
      - Installs, configuration, integration, training, local support
- SaaS – margins vary by level
  - Authorized 20%
  - Gold 30%
  - Platinum 40%
  - Don't always have a big a service revenue component (although could)
- Retail
  - Don't typically have levels
  - 40-55% off is common
  - Discount takes into account 3-7% wholesale distribution costs – retailer gets the difference unless they purchase direct
- Affiliates
  - 10 – 15% link vs referral fees
- Numbers are average but can vary. The "process" determines best percentage…

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Content Within The Portal

- Sales & Marketing Tools
  - Market information
    - Which market segment uses your product
  - Competitive Analysis
    - Why should someone buy YOUR application
    - Requested 1/3rd the time
  - Product Spec Sheets
  - Ad Templates (if you have any)
  - E-mail Templates
    - Proven e-mail samples to help them promote your product
  - White Papers
  - Case Studies and/or Testimonials
  - Sales Presentations (PowerPoint)
  - Brand and Logo Guidelines
  - Graphics Library
  - Reseller Forum
    - Helps resellers collaborate on deals
- Reseller agreement
- Reseller application
- These are most of the "deliverables" to put together. Red are REQUIRED
  - Will cover these areas in next section
  - Detailed tactics to create each type is in the Channel Marketing Mgr course

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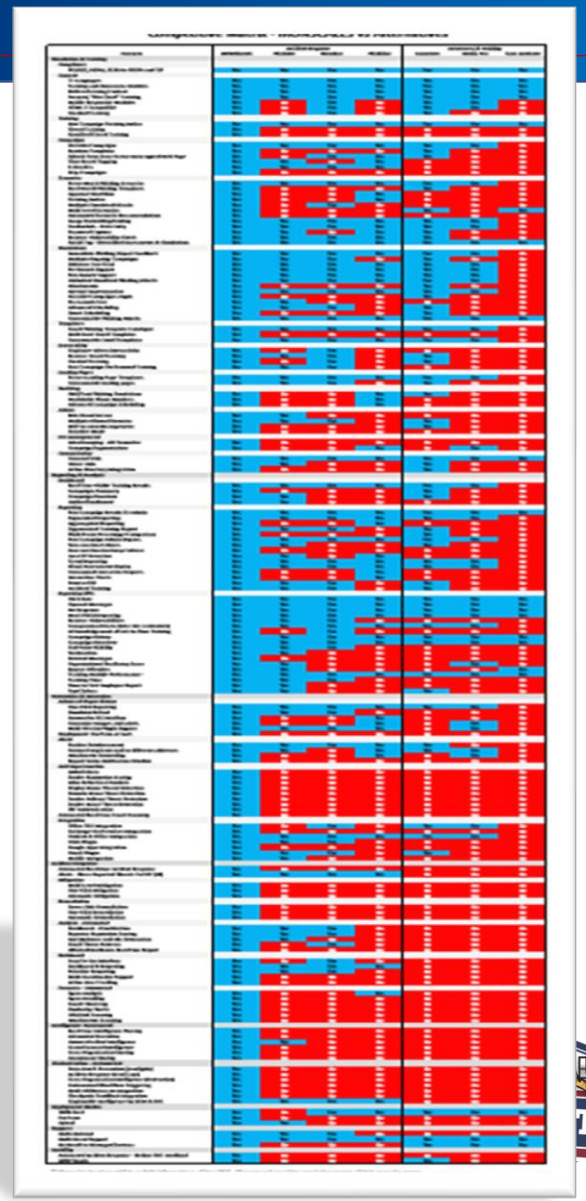
Sales & Marketing Tools

- Market Information – needed for new partner salesperson
- Competitive Analysis
  - 3rd most requested item
- A “Reseller” (not *internal*) PowerPoint
- Templates
  - Email – announcing they carry the product
  - Product slicks – can add their logo
  - Demo scripts



Sales & Marketing Tools

- White papers
- Case studies and testimonials
- Brand and logo usage guidelines
- Graphics library
  - Logos, illustrations, partner logo, screen shots
- SEO Landing Page
  - We create a sample page and content samples
  - SEO optimized
  - One of the FIRST things they do – get the product on their website

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Case Study of a Re-Boot

- GE Security (Access control)
  - Problem
    - Sales were flat
    - Channel had shrunk
    - Competitor’s were growing
    - GE wanted to grow faster
    - Needed new channels for new product types

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Case Study of a Re-Boot

- GE Security - Assessment
  - Hired New Channel Manager
  - Reviewed elements of existing program – saw holes
  - Flew to 8 cities (within two weeks), met with 22 partners & Regional Sales Mgrs
    - Met with representative sample of Retail, low-price point, Regional and National players, VARs & Integrators, successful partners and non-successful partners
  - Identified fixes and asked partners to prioritize
  - Created a plan of action
  - Discovered…

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Case Study of a Re-Boot

- GE Security - Discoveries
  - Product was good, but install was 10 hours. Competition was 2 hours Hurting our recommendation rate. Reducing reseller profitability
  - The price would change without enough channel notice—effective outstanding bids negatively
  - Division did not have an automated lead system, and seldom sent leads
  - No deal registration to reduce conflict
  - The collateral was the wrong size (they put bids and collateral in binders—our collateral was too tall so they cut it down smaller (terrible—but easy to fix)
  - Needed to implement levels to reward most loyal, best trained partners with better margins

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Case Study of a Re-Boot

- GE Security - Results
  - Well received by all
  - Copied our findings to other GE Security divisions
  - MASSIVE improvement in channel attitude
  - Resellers sold more - highest sales ever!
    - Division GM was promoted

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Resources

- Download the files & view resources
  - How to Determine Your Margins
  - Defining Your Partner Program (xls)
  - Partner Program Checklist

- Resources
  - portal.chanimal.com
  - clone.chanimal.com
  - chanimal.com/resources/prm-reseller-partner-portal/

- Found in the course resource section

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