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Top Four IT Channel Partner Problems

How to Derive Maximum Benefit

From Your Channel

What's Inside

Setting Your Channel — and Customers — up for Success

One popular, recurring theme you'll hear from channel partners is that their position in the value chain affords them unprecedented opportunity for transformation. After all, most solution providers are multi-vendor, giving them choice. Whose vision best aligns with theirs? Which vendors provide the greatest flexibility to include their own value-added services that can substantially enhance a solution provider's profitability?

The biggest challenge is that most solution providers really can't afford to make a wrong transformation investment.

Original equipment manufacturers (OEMs), independent software vendors (ISVs) and other technology providers may not fully understand what they're up against every day when investing in their future.
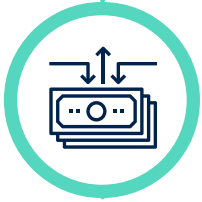
Margins and Cash Flow

Available margins on IT products started spiraling downward decades ago and continue to decline.

Many channel partners have removed themselves from direct involvement in providing products mainly because they could not afford to provide credit terms to their customers. Instead, they have enlisted other companies to provide the products their customers need.

OEMs recognized this years ago and stopped pointing at the margins provided by selling at their suggested list price as reason to select them. They knew there were channel partners ready to discount down to basis points, evaporating margin opportunities. Channel partners stopped asking about margins. Instead, they wanted an answer to only one question:

What services can I wrap around your product?

This is the great truth of the reality between OEMs and channel partners in today's channel. The more services an OEM can help their channel partners innovate, the more allegiance they will earn from them.

OEM Funding Declines as Cloud Advances

Many years prior to the rise of cloud computing, most channel partners depended on large OEMs to contribute significant market development funds (MDF) and other assistance to their marketing efforts. Since those contributions were usually computed as a percentage of their product purchases, funding has reduced as product purchases have been replaced by cloud subscriptions.

Even when MDF-sponsored campaigns were at their highest, millions were left unused because channel partners didn't see any opportunity to market their own services. Most OEM programs provided content that promoted their products. Customization was limited to crash-imprinting the channel partner's logo and location on collateral, but not much more.

OEM Selection as Differentiator

Today's insightful channel partners see the products and services that OEMs provide as opportunities to differentiate themselves. Their ability to select and combine hardware products, software products and cloud services into business-relevant solutions sets them apart by creating unique value propositions.

Many OEMs understand this well and appeal directly to the channel by showing how their products and services provide capabilities and capacities that their competitors do not.

Innovation Drives Transformation

Living in an industry that is constantly innovating, it should come as no surprise channel partners constantly need to revisit and transform their businesses to accommodate that innovation.

Yet so many have become reliant on an economic model that is highly dependen creating the demand for their products and the MDF that supplement lead gene top of that, hardware sales are declining by billions of dollars each quarter with adoption of cloud and everything-as-a-service (XaaS) consumption options, and MDF is also in decline.

Top Four Channel Partner Challenges

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1

Transformation

2

Specialization

3

Training and Support

4

Revenue and Share Growth

Transformation

1

The compounded impact to the solution provider in the era of cloud or XaaS computing is twofold:

▶ Along with the lost sales of servers, storage and related products comes the loss of the attached services. No more configurations, testing, installations, integrations, monitoring, management and support. That's a large revenue loss offset only by cloud subscriptions that slowly pay out over years.

▶ When your financial model is predicated on projects that are funded through capital expense, as is the case with many solutions providers, the shift to an operating expense model creates a cash flow gap that can seem insurmountable.

Succeeding Beyond Monthly Recurring Revenue

Many industry experts extol the virtue and the value of monthly recurring revenue (MRR) and, indeed, over time with enough customers subscribing to a service, a company can achieve significant quota retirement from these agreements — but most will agree it's just not enough to live on. Channel partners are rapidly realizing that they need to wrap a full complement of services around each cloud or XaaS subscription, including:

Consulting, designing and planning services on the way to the subscription

Provisioning, deployment, implementation and integration once the subscription is to begin

Monitoring, management, capacity planning, user support and more ongoing technology services to ensure optimal performance

Earning Love from Large Cloud Providers

Large cloud providers seek partners who can furnish new workloads to consume their services. Those partners who pursue the production of their own intellectual property (IP) to sell to customers will find themselves favored by the largest cloud providers.

IP may be in the form of applications developed for specific verticals or custom needs, or it may be knowledge of customer environments, data structures or many other valuable entities.

Redefining "Managed Service Provider"

As with so many things in the IT industry, the term "managed service provider" (MSP) has become so overused that it has begun to lose its meaning. Channel partners doing everything from monitoring and managing to staff augmenting call themselves MSPs. When customers are uncertain about who you are, it becomes increasingly difficult to create a relationship with them.

Many of today's MSPs will start changing out that "M" for something more specialized. Already, we've seen the rise of the cloud solutions provider (CSP). With the growing popularity of big data, it won't be long before we see the rise of the data science provider (DSP). As we all transition from IPv4 to IPv6, we'll encounter the emergence of the Internet of Things service provider (IoTSP). With the increasing activity around cognitive technologies, artificial intelligence and machine learning, the AI service provider (AISP) and machine learning service provider (MLSP) won't be far behind either.

Although it's human nature to resist change, those who embrace the need for transformation will be the real winners in the next few years.

The one thing to avoid is trying to be the XSP — all things to all people — which is clearly the most direct path to disaster, as many current MSPs can attest.

2 Specialization

Channel partners have an entire industry of products and services to choose from. That knowledge is a very big part of their value proposition to customers, who often lack the time to track all of the products emerging.

When they are true to their word, channel partners benefit customers by listening carefully to what their needs are and responding with the most suitable products to fit them. To be able to do that, they must know each of the products well and how they compare. Herein lies the challenge for industry OEMs — to make sure their channel partners know everything about their products, what the competitive advantages are and how they compare to others.

Simply put, the more thoroughly you train your channel, the more authentically they can represent and recommend your products.

As you evaluate this, take a hard look at the experts you have providing training. In all too many cases, they are experts at *designing* your products, but not necessarily experts at *teaching* others about them. In fact, because of their technical expertise, they may talk above the comprehension level of the individuals your channel partners have out in the field selling. To get channel partners recommending your solutions more efficiently and effectively, choose professional trainers.

3 Training and Support

The one thing channel partners avoid most is headaches — especially support headaches.

Customers appreciate being able to connect with your channel partners because they can provide Level 1 support and usually Level 2 support as well. In fact, the best of them often tackle Level 3 issues themselves because they really are that good, too.

But when the problem goes beyond Level 3 and requires escalation, that's where channel partners differentiate between the OEMs and providers they stay with and those they replace. If they cannot obtain the knowledge they need to get their problems solved, their reputation is at risk. Channel partners live and die on their reputation.

Some channel partners are more than happy to sell OEM technical support, while others want to provide their own but require backup for more sophisticated problems. The availability of these support resources is a core component of the evaluation process most channel partners conduct when selecting products and services to represent.

Food for thought when designing a support program for channel partners and their customers: These professionals want to deal with support experts, not necessarily engineers, but when the problem turns out to be a design flaw or other bug, they're going to want to speak to engineers.

Revenue and Share Growth

4

For any sales organization, the universe consists of 1) existing customers and 2) those who are not yet customers. Focused, specific plans must be enacted to increase the size and production of both.

It's said that it's five times easier to sell more to an existing customer, and that's what OEMs depend on when recruiting new partners. Each new partner represents a number of existing accounts who may be interested in purchasing the OEM's products and services.

Once a channel partner has introduced a new OEM to its existing customers, the hope is not only that they'll close sales to those accounts, but also that they'll learn how to leverage the value of those products and services to win new accounts for themselves and their OEM partners.

OEMs should carefully assess the sales capabilities of their channel partners so they know with whom to share new leads and opportunities. The days of distributing leads evenly among a community of partners are long past. OEM channel representatives make it their business to know with whom it would be best to share opportunities, and there is no better way to win partner allegiance than to introduce them to great opportunities.

The challenge in attracting new customers is considerably different for channel partners than it is for OEMs, who depend on the perception of the value of their products and services as the foundation of their new account penetration strategy.

Channel partners instead depend on their reputation for knowing what they're doing, their expertise and their proven ability to deliver business solutions that solve challenges and bring value. They are leading with their smarts, which is why the most popular marketing strategies in today's channel are thought leadership and content marketing.

Channel partners are leveraging articles, publications, public events, email campaigns and much more, all in an effort to display their intelligence to as many candidates as possible.

Proactive Partner Marketing

Identifying a sustainable competitive advantage is a challenge for any company. What is true of your company that cannot be said of any competitor? What is your "secret sauce?"

Once armed with this valuable information, a channel partner can market more effectively.

OEMs seeking to reach new customers through the channel should keep in mind that their partners want to promote their own differentiators — as well as those of OEMs — by promoting to customers what they can do with those products that will be of real value. Programs, campaigns and events designed to promote both the OEM and their partner will be met with powerful enthusiasm by partners.

Scaling With the Channel

The easier you make it for your channel partners to accomplish these things, the easier you make it to do business with you, the more channel partners you will attract and the more market share they will bring with them.

One perspective most channel partners lack is how many other channel partners you may have around the world. All of them need the same training, the same incentives and the same relationship, but the only channel partner they see is themself.

OEMs want to enable every partner to most effectively represent, incorporate, sell and support their products and services — but that may be beyond the capacity of many.

Channel Management Services

Does expanding and supporting your growing channel feel overwhelming? Transform your channel into a highly engaged and effective source for new customers and revenue with channel management services from Shyft Global Services. Shyft serves as an extension of your team to help you recruit and enable partners, develop revenue strategies, identify growth opportunities and create campaigns to drive customer and partner awareness and retention.

Partner Acquisition

Transform your channel into a highly engaged and effective source for new customers and revenue. Our high-energy, expert team works as an extension of your brand to execute your mission by recruiting or reengaging your best-fit partners and onboarding them to your partner program. Capabilities include:

▶ Channel creation
▶ Partner identification
▶ Partner recruitment
▶ Partner activation
▶ Partner onboarding

Partner Enablement

Find more customers, enable more partners and sell your products effectively and deliver value across your entire ecosystem with sales planning and support, enablement tools and resources and our award-winning ExitCertified training and certification. Capabilities include:

▶ Training programs
▶ Sales planning
▶ Sales support
▶ Tools and resources
▶ L1–L2 customer support

Pipeline Generation

Proactively manage the success of your business with a sound growth strategy built on deep analytics that identify your best opportunities. We stay engaged to identify areas for revenue expansion, and we keep your partners and customers interested in your brand with enticing and relevant incentives and sales campaigns. Capabilities include:

▶ Analytics
▶ Opportunity identification
▶ Growth strategy
▶ Incentives
▶ Sales campaigns

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One Shyft is All it Takes

Shyft Global Services is a leading technology lifecycle service provider that partners with companies around the world to shift the way they do business. Powered by a robust global logistics network, team of outsourcing experts and decades of experience, Shyft's end-to-end product and customer lifecycle services enable technology companies to reinvest in growth, transformation and innovation.

Ready to shift your business forward?

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