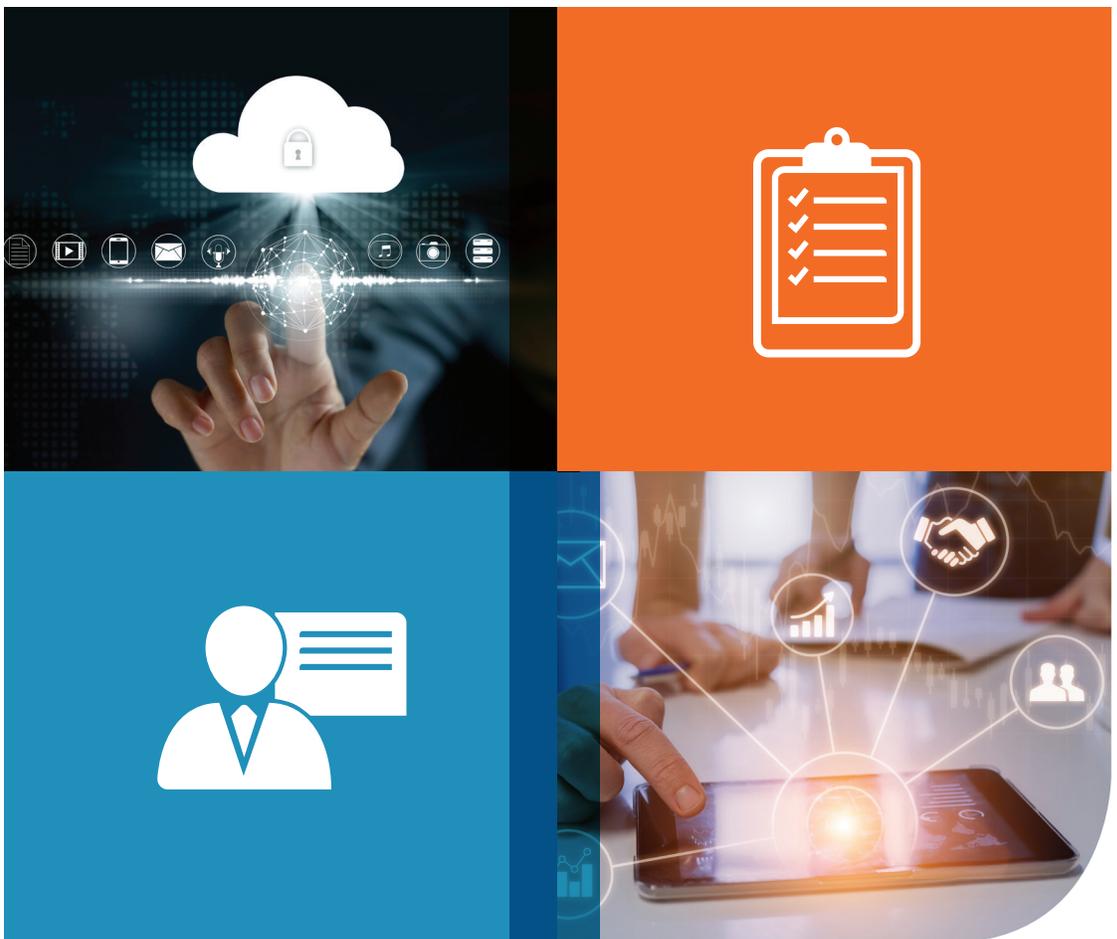


Quick Start to Building a Channel Strategy



Business technology consumers and the channels that serve them are changing. Three macro forces are driving this change: data explosion, everything cloud and transformative applications. Charting your channel strategy and building the right channel program will be crucial in staying ahead of the rapidly changing world of IT and will make a large impact on your business. This Quick Start Guide will lead you through nine different stages and steps to ensure you have the right strategy, channel and program to get you on the road to sustainable revenue with partners.

1 Reasons to Build a Channel

Companies tend to think about an indirect strategy when adding more direct sales resources is not a practical approach to building revenue. However, there are other instances that your company could benefit from a channel.

Consider an indirect model if:

1. You need to get to the mid-market to sell your product or service.

The mid-market (SMB, 1-999 employees) offers vast opportunities with a very large segment of businesses falling into that definition. According to IDC, SMB spending on IT products and services amounts to \$152 B annually, almost half of the global IT spending. Such a large target means one of the most cost-effective ways to be successful is by leveraging channel partnerships.

2. Your product or service is not a stand-alone offering.

Your offering requires other products, services or companies to deliver a more complete solution. These integration services are provided by end customer connected integrators, the channel.

3. Your growth strategy includes opening new geographies.

According to CompTIA research, outside of North America, the channel and indirect business models represent 80% of the IT industry. Hiring and managing direct sales organizations in remote geographies is a complex and expensive proposition. If your strategy is to build international business, then partnerships should be part of your plan.

4. Your growth strategy includes new vertical markets.

The right channel partnerships can help you navigate new verticals and micro verticals – the sub vertical within an industry i.e. physician's offices, medical clinics within healthcare. These specialized channel partners know the market and know the relevant applications. Leveraging partners for these micro verticals allows them to reach the client base fast and build a stronger and more differentiated value offering for the client base.

5. Your product/service is bought by a Line of Business executive, outside of IT.

According to a study by IDC, 61% of the current IT projects are funded by Line of Business (LoB) buyers. CompTIA Advisory Boards indicate that Line of Business decision makers are purchasing many of the SaaS applications within developed markets. Decision makers for LoB applications include marketing, finance, or security teams. Because of the channel's knowledge of the end client organizations and their decision-making process, channel partners may get to decision and implementation faster and more economically.

Each of these scenarios define using the technology channel to reach segmented and targeted end users. The channel strategy defines the targets, the preferred channel partner profiles and the programs needed to create the behavior leading to sustainable revenues.

2 Validating the Market

The next step in your strategy is to validate the market to ensure the indirect model will be a well-received strategy. There are four key areas to investigate when validating your market opportunity.

- 1. Market Research** - Investigate the entire market opportunity and determine if there is enough market demand to support a direct and indirect strategy. Document relevant and reputable third-party, established research and studies as they are a beneficial tool for market and channel credibility when crafting your partner business propositions. CompTIA offers Research at no cost with timely information tailored for the channel.
- 2. Solution and Product Offers** - Define the solution you offer, and your unique end customer value proposition. Customer proposition elements include the benefits, the reasons customers buy from you over other competitors, and market credibility. Compelling and quality value propositions allow partners to easily understand how to win a customer with your solution. Unclear or unconvincing customer value proposition messaging will delay success in the channel.
- 3. Client Profiles** - Clear customer profiles are important for a channel model. Clearly articulate the customer profile to assist partners with their marketing and selling efforts. Elements of a customer profile include geography, customer size, vertical, department buyer, and numbers of employees.
- 4. Competitor Strategies** - Understand the markets, product messages, go to market business model, and target clients of your top three competitors. Then ask if there are new ways to offer your solution and be on the lookout for new emerging competitors. This will assist you with the validity of a channel strategy; and ultimately help you select the right partner type.

3 Validating the Partner Opportunity

It is imperative to validate the partner opportunity to make sure there are compelling business propositions for partners. Partner business propositions are different from the end user value propositions. The motivation and metrics of success are different. Partner business propositions address the key reasons the relationship is beneficial to the vendor and partner. A successful partnership is fostered when your goals and strategies align with your partners.

For a partner to see opportunity in a relationship with you, they must understand key elements of the business proposition:

- the market opportunity and how this relationship will affect their business or their clients business
- what the financial benefits are and what services they can wrap around the offering
- how the proposition helps differentiate them from vendor and their own competition
- what tools, demand generation, and other elements that will strengthen their position

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Ensuring Your Company's Readiness

Several internal aspects need to be addressed to ensure your company is ready to engage with the channel. True readiness comes from all levels of your organization and directly affects your channel competitiveness. Before launching the channel strategy, here are some considerations to help ensure channel success:

- **Executive Alignment & Support** – If a single leader in your organization is not in alignment with this strategy it will upset the entire initiative. A channel-ready organization is one where the top leaders are 100% behind the initiative, and prioritizes it as an effective go to market model.
- **Channel Team Roles and Support** – One of the key ingredients in company readiness is having various methods of support for your channel partners. For most companies that means a sales support role such as a Channel Account Manager (CAM). Clarifying the roles, expectations and accountabilities of each is a critical success factor.
- **Channel Tools and Resources** – Training and enablement are critical to the success of a partner. Be ready to support your partners with technical, sales and industry knowledge and skills. Additionally, access to product documentation, sales collateral, demonstration capabilities and key leaders in your organization are also essential. Channel resource skillsets require a leadership by influence and collaborative selling DNA.
- **Organizational Changes** – A new route to market will require new roles and responsibilities within your organization. Key decisions to make in the channel team include:
 - How will you staff the channel support and enablement team?
 - What are the specific roles required for success?
 - Will you use designated or dedicated resources for the sell with partner motion? If the answer is designated, then it's essential that a proper compensation and incentive plan is aligned to the sales motion and behavior required for success.
- **Channel Escalation Paths** – Before launch, a clear escalation path needs to be defined to capture missteps and include a fast path to resolution. The channel team needs to be empowered to make decisions on behalf of the partner to correct errors in the offering, the pricing, the partner communications or the program.
- **Channel Competencies and Skills** – What are the hiring profile and the critical skills and competencies of these individuals? Individuals working with partners must have a core set of skills to be successful. The chart below will help clarify this.
- **Channel Readiness** – Adopt a “Channel- in Mentality.” “Channel-in” means that you are building everything in your company to enable, support, train, market and transact business with a third party. This concept of “channel readiness” never ends; it is a constant heartbeat in the rhythm of your business. If you apply these principles upfront, you will save time, money, and profit with building your channel model.

Partnering Competency Skills Matrix

Recurring Revenue	Area C: Channel Expert Skill Area	Area E: Partnering Collaboration Acumen
	C1: Sales Athlete	E1: Public Speaker
	C2: Technology Trends	E2: Responsive
	C3: Channel Types Expert	E3: Trustworthy
Classic CapEx Solution Purchase	Area B: Business Acumen Skill Area	Area I: Industry Expertise Skill Area
	B1: Financial Models	I1: Vertical Industry Expertise
	B2: Economic Expertise	I2: End Customer Focused
	B3: Services Knowledge	I3: Product & Solution Savvy
	B4: Back Office Functions	I4: Social/Digital Savvy

There are 4 critical competencies with skills references in each quadrant. Skills were a result of qualitative and quantitative research conducted by TCC & CompTIA.

5 Product or Service Readiness

Product and service readiness measures the conditions required to produce channel value and channel readiness. How vendors prepare for these factors will be a major part of ensuring a successful product launch. Some of these factors include:

- Clear product messaging
- Awareness of existing and emerging markets
- Internationalization / Localization
- Proper alignment of employee skillsets
- Easy accessibility of product information (technical, logistical, financial)
- Competitive pricing
- Service and support
- Product availability
- Effective communication plans for new product and service launches

Training is crucial to most partners' ability to be successful with the product. If a partner can't intelligently talk about your product as part of a solution set, they can't effectively sell it. The result is a longer ramp time to volume and revenue goals.

6 Building and Executing the Plan

Once you have established the need and your organization's readiness for channel, and the product and various support systems needed for a successful channel strategy, it's time to focus on building the actual plan and bringing partners onboard.

Engagement and Training: Engagement includes building a program or structure that attracts and rewards partners for working with you. Offer timely training in a variety of formats like webinars, lunch and learns, and collateral that can be easily consumed.

Communication Vehicles: Involve the partner through Advisory Councils or like communication vehicles in: offering planning, pre-launch communications materials, support services and scorecards. Consider formalizing a co-selling structure to get your partner comfortable a selling campaign for your offerings.

Establish a cadence and flow of communication and become predictable with when, how and where partners go to find information and resources they need. Many vendors use a partner portal to provide pro-active information as part of a communication plan. Components include: Learning Management System (LMS), Marketing Automation Platforms, and Incentives.

7 Choosing and Onboarding the Right Partners

A critical success factor to your channel model is picking the right partner types. Defining your channel category and type is about developing an understanding of how channel types differ and how their sales models contribute to the vendor partner portfolio. Understand their sales models, what matters most to them and how they are funded. Understanding your partner's business model will help you understand what type of partner will work best for you and how to structure a business proposition offering that will attract them to your company.

A comprehensive onboarding program should cover the period of time from when a partner signs on the dotted line, to when they are fully proficient and providing sustainable revenues for the business. This could last for 90 days, or up to 2 years depending on your product or service and the ability to which you bring partners through

your methodology. Regardless, it is imperative that you properly engage and onboard your partner in first 90 days. Keep track of success metrics like key training completed, new joint account sales calls happening and current lead generation campaigns.

8 Assessment & Validation

Once you have partners on board and you have experience with the plan, processes and strategies of your overall program, it's time to assess if the right decisions have been made for the business and validate your strategy. This is also the perfect time to implement any course corrections you need within your program to get your desired outcomes.

Key questions to ask and answer to evaluate your success path include:

- Is your product or service selling into and through the channel as you thought? The selling motion with your direct team is often very different than that of your indirect partners. Examine if your customer engagement strategy could be useful for partners, or if changes could be made to make the process easier for partners.
- Do you have enough support for the channel in the way of internal roles and resources?
- When you examine the success and losses within your channel, is there a repeating theme that could be addressed with increased or changed support functions?
- Have you targeted the right end user profile, and are your value propositions resonating with these targets?
- How are you seeking feedback from your partners about how well your profiles and value propositions are working in the field?
- Are you running into any contractual or compliance issues with the channel?
- How are your competitors doing?

Validation is critical for any successful channel program as it helps you identify changes and patterns and provides business intelligence. Ways to help validate findings include:

- Establishing key performance metrics for your business and identifying any areas that fell short or exceeded expectations
- Providing feedback and listening mechanisms for your internal and partner teams.
- Usage and consumption reports for channel resources.

9 Growth Levers

A final stage in your channel success model is evaluating your growth levers in the business to scale operations and creating sustainable revenue streams with partners. These growth elements are needed when your channel initiative reaches a more mature state – meaning there are multiple partners performing with the company and driving sustainable revenue. Push and pull growth levers for the business include:

- Changes to your organization, roles and responsibilities
- Changes to your support structure and introduction of new roles and responsibilities
- Introduction of new tools and resources
- Business intelligence, scorecards and business reviews
- Demand generation tactics, leads and marketing platforms

Understand that all growth levers are not pulled at once, it's important to evaluate and then modify the changes to determine what the result is.

Conclusion

The channel landscape is changing dramatically because of SaaS, cloud, sensor-based data collection and new types of partners emerging. Having a deliberate and well-orchestrated channel model that stays aligned to the business transformation market dynamics is critical for long term indirect channel success. The build, pilot, evaluate, perfect model is more important than ever. Channel leaders must also be consistent in learning and evolving to meet the needs of their companies and of their market.



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