

Channel Marketing Objectives

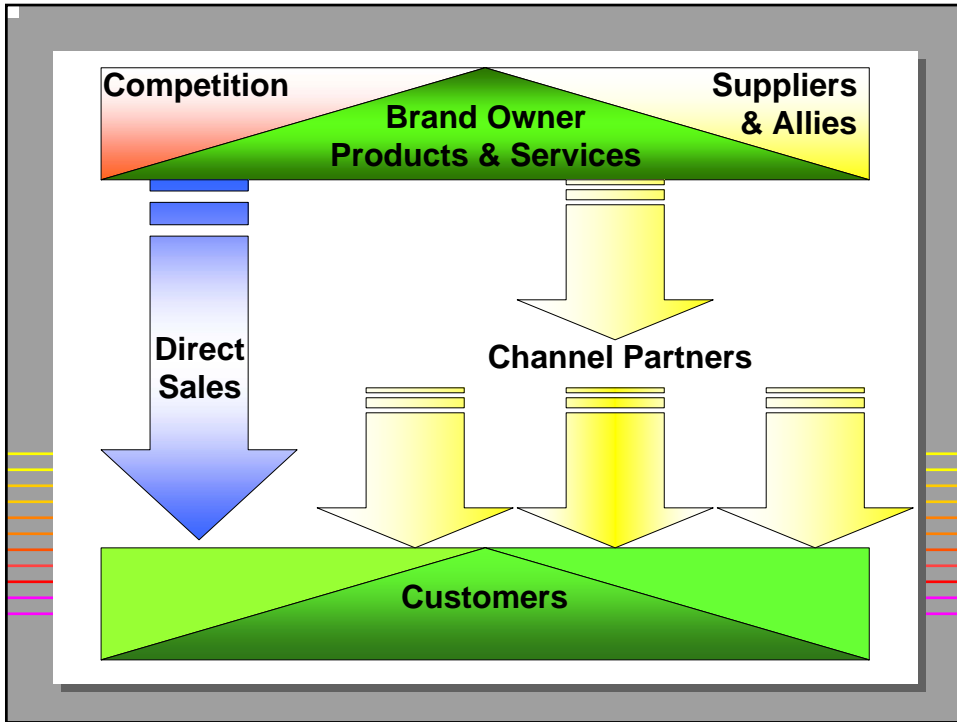
- Make every product launch a success
- Partners create whole product solutions
- Partners are the key to revenue success
- Implement promotions for channel partners with 100X your marketing budget
- Tactics to get partners to spend their \$ promoting your products
- Optimal mix of value and volume channel partners for a given business

The Challenge

Revenue Goal Increase	3	4
Revenue Goal Decrease	1	2
	Marketing & Sales Budget Cut	Marketing & Sales Budget Increase

Use Both

- Direct Sales
 - Close relationship with customer
 - Best long-term planning with largest customers
 - eCommerce is efficient
- Indirect Sales
 - Your product made part of complete solution
 - Relationships of channel partners
 - Lowers sales cost Vs. direct payroll & inventory



Direct Sales

Sales Team

- Global Account Sales
- Territory Manager
- Call Centers - Inside Sales
- System Engineers

eCommerce

- Web site
- Phone & wireless
- eMarket
- EDI, fax, email
- Extranet

Value Channels

- Solution Integrators (SI)
- Value Added Resellers (VAR)
- Service Providers
- OEMs
- Vertical Specialists
- Specialty Stores (consumer products)

Service revenue = 30 to 100%

Sales costs = 20 to 30%

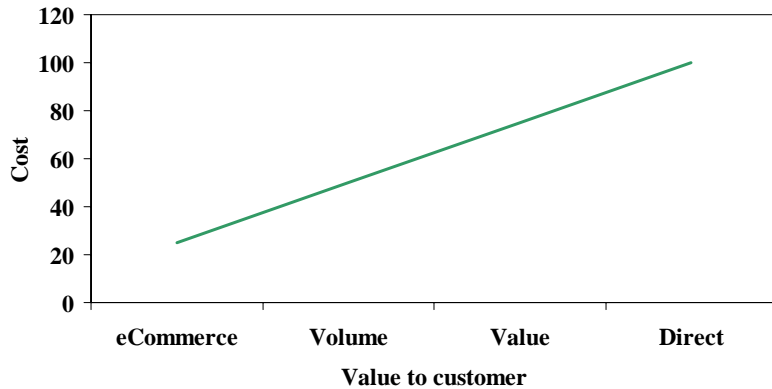
Volume Channels

- Corporate resellers
- Retail
- Mail order and telemarketing firms
- Agents
- Manufacturers Reps
- eMarkets
- Two-tier Distributors

Service revenue < 10%

Sales costs < 10%

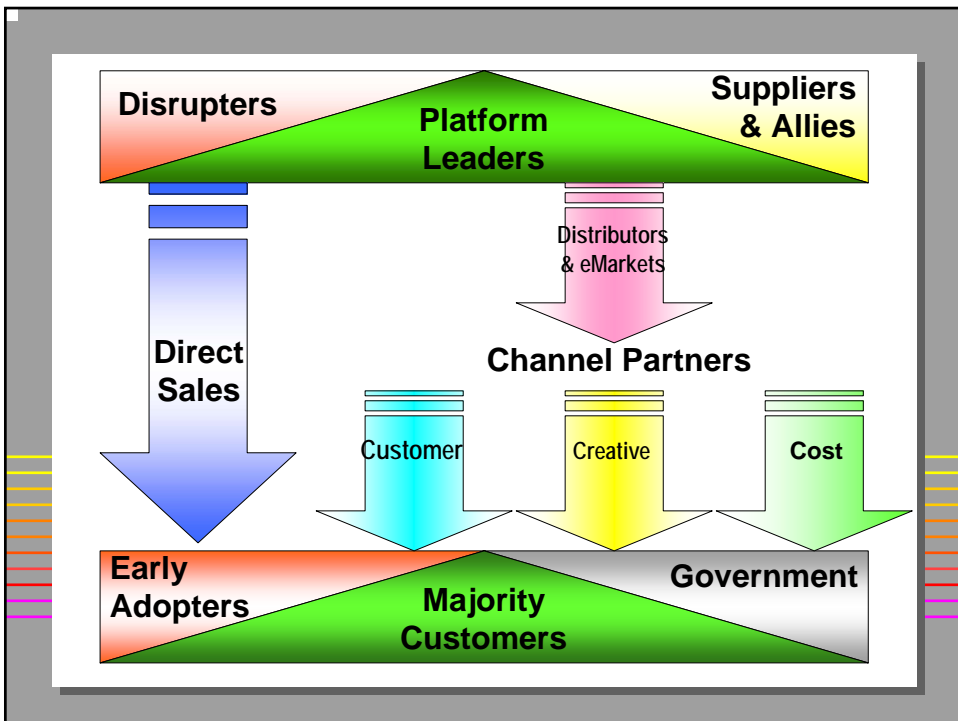
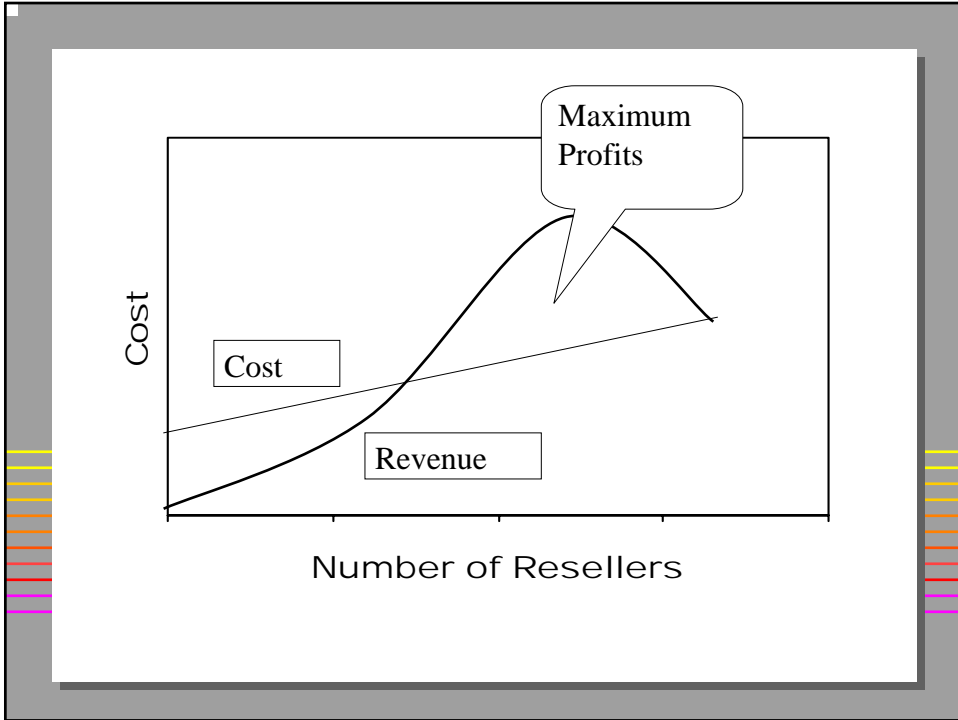
More value, more sales cost



Product-Market Segment Strategy

Switch Manufacturer Example

	Routers	Wireless LAN	Voice Recog	Opti Switch
Top 100	3 telco 5 SI 20 OEM	3 telco 5 SI 20 OEM	Direct Sales Teams 20 OEM	Direct Sales Teams
Mid-size	5 NSP 20 OEM 400 VAR	5 NSP 20 OEM 400 VAR 5 online	20 OEM	
Small Biz	30 SP 20 OEM 5 online 400 VAR	30 service providers (SP) 5 online 400 VAR		
Home	30 SP 20 OEM 100 retailers 25 online	30 SP 100 retailers		



Global Solution Integrators

www.varbusiness.com

Solution Integrator	2002 Revenue Billions
IBM Global Services	36.4
EDS	21.5
Lockheed Martin IT	13.0
HP Services	12.4
Accenture	11.6
Computer Sciences	11.4

Regional VARs

- Pomeroy
- Strategic Technologies
- Sarcom
- Acclaim
- StorNet

Volume

Corporate

- GE Capital ITS
- CDW
- Siemens Business Services

Retail

- Best Buy
- Office Depot
- EBay
- Amazon

Global IT Distributors

Ingram

Tech Data

Arrow

- Account Mangers
- Inside Sales
- eCommerce
- Credit Lines
- 100,000+ SKUs
- Marketing Programs

International Distribution

- Local contacts
- Localization of products and services
- Compliance with laws of country
- Rapid expansion
- Shifts payroll and inventory cost
- Often two-tier distribution

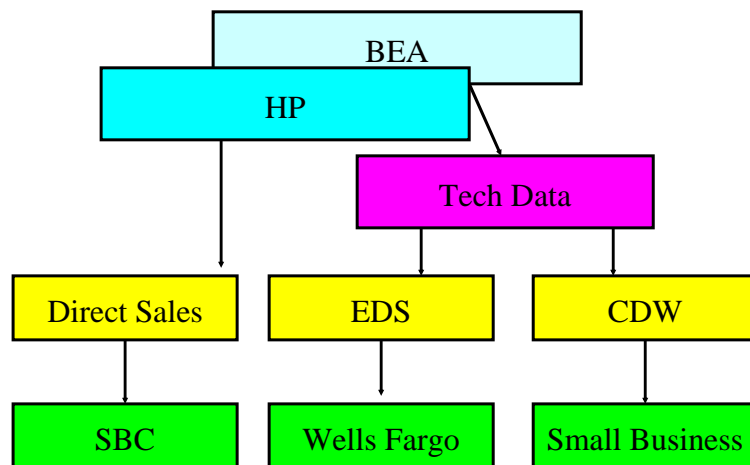
eChannels Service Providers

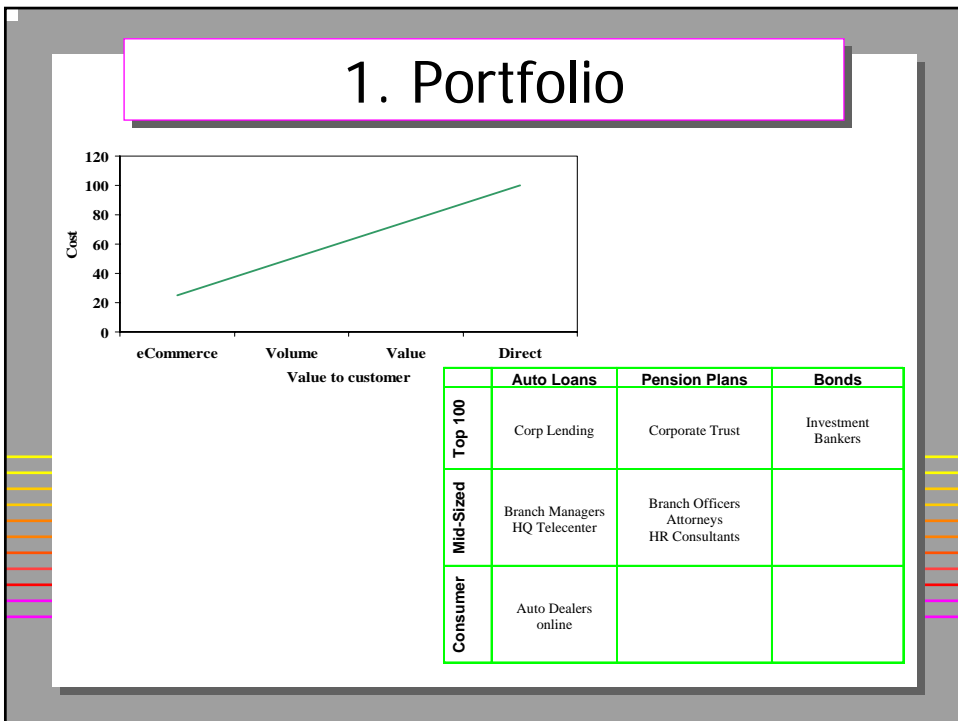
- Software Developer (ASP)
- Host Software (ASP)
- Full Service (FSP)
- Network (NSP)
- Managed (MSP)
- Content
- eMarket
- Salesforce.com
- Corio
- Digital River
- Verizon
- Cable & Wireless
- Akamai
- Covisint

Strategic Alliance

- Complementary products/services
- Not a reseller relationship
- Helps customers with complete solutions
- Co-marketing opportunity
- Overlapping channels

Strategic Alliance





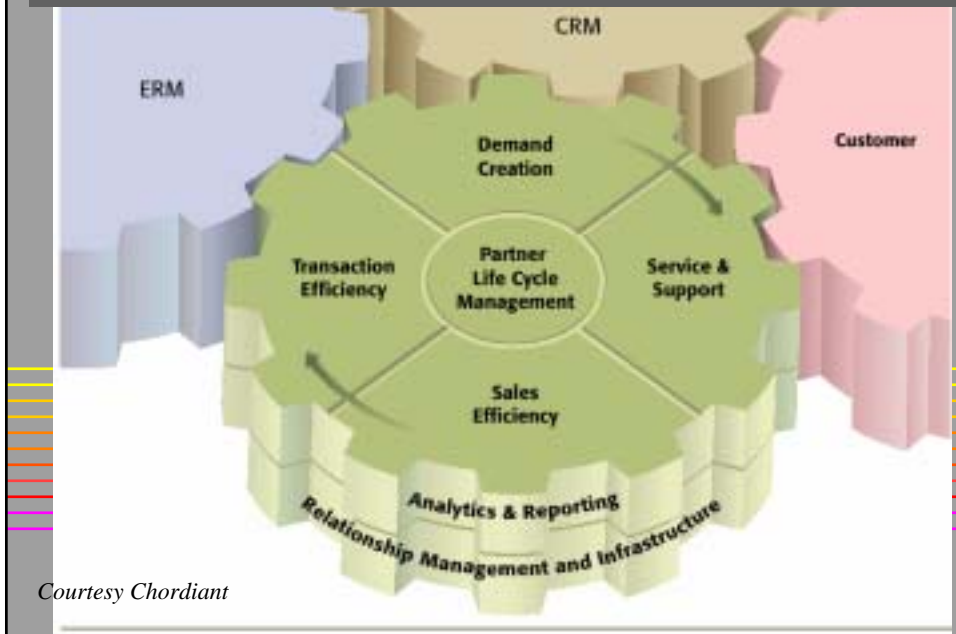
2. Global Sales Plan

- Product/Market segmentation
- Direct and channel sales by segment
- Global coverage model
- Forecast
- Headcount/budget
- Channel program goals and tactics
- Reseller and agent model

Planning with Partner

- Target market segment to dominate
- Co-investment
- Forecast 4 quarters
- Co-marketing plans
- Customer event within 90 days
- Training commitment
- Mutual action items

3. Partner Relationship Management (PRM)



eCommerce Website Choices

- Information & no prices
- Password-only customer pricing
- Sell at list to avoid channel conflict
- Compete with channels

eBusiness with Channels

- Partner Website (password-only)
- Automatic content & price updates to channel sites
- Host sites for partners
- Partner Relationship Management (PRM)
- Extranet with key distributors and channels

4. Mindshare

Partner Loyalty

1. Aware
2. Take orders
3. Actively sell
4. Preferred vendor
5. Evangelist

Channel Tactic

1. Plan & launch
2. Lead generation
3. Training & portal
4. Make them money
5. Service platform

Mindshare: Training

- Business plan includes training plan
- Technical certification training
- Sales and positioning training
- 24X7 support
- Partner portal
- Field management knowledge transfer

Tight budget tips

- Web-based learning
- Webinars
- MDF funded training
- Leverage major alliance partners
- Online to cut 90% printing cost
- Field “beer busts” vs. big-events



5. Marketing

- Extend your brand and marketing
- Marketing Development Funds (MDF)
- Promotions, kits and digital files
 - Direct marketing
 - Advertising
 - Marcom
 - Internet marketing
 - Sales promotion
 - Events

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Channel Marketing Example

- Target mid-sized manufacturers
- Co-market with SAP, Oracle, Siebel
- Web-based learning for VARs
- Customer “seminar-in-a-box”
- Digital media kits online
- Trained telemarketing firms packaged promos
- MDF preapproval

Tight budget tips

- Campaigns partners implement with own \$
- Co-market with major alliance partners
- All marketing online
- Multi-purpose digital libraries
- Automate lead distribution
- Webinars vs. \$10,000 events
- Limit marketing to certified partners



6. Money

When Your Partners Make Money



You Make Money

Future Workshops with John Addison

- **Revenue Rocket**
 - January 22 (6:30 p.m. to 8 p.m.)
 - Cupertino UCSC-Extension
- **Channel Marketing and Distribution Strategy**
 - February 2 and 3 (8:30 to 5)
 - Sunnyvale UCSC-Extension
- **Profiting from CRM and PRM**
 - May 4, 11, 18, 25 (4 evenings)
 - Sunnyvale UCSC-Extension
- **Product Design to Market Leadership**
 - May 6 and 7 (8:30 to 5)
 - Sunnyvale UCSC-Extension

www.optimarkworks.com/workshops

