Partner Relationship Management (PRM) for Enhanced Extended Enterprise Team Selling

a white paper

Executive Summary

For vendors in several markets, sales through the indirect channel potentially produce greater market reach, with less time to market, a lower cost per sale and value-added services. To successfully partner for sales and services, vendors and resellers need to share lead and sales information, customer needs, and related items. Although vendor/reseller communication is vital to the success of both parties, communication problems often make the vendor/reseller relationship inefficient and ineffective. Resellers feel flooded with information and can't easily separate the critical data from the inessential. Vendors have no way of knowing which of their promotions produce the best leads or how well resellers are following up on the leads vendors give them. Resellers who work with multiple vendors often lack sufficient access to up-to-date product information and in turn, fail to pass information about their success in converting leads to sales back to the vendors.

Partner Relationship Management (PRM) solves these communication difficulties. By using extranets—password protected web sites—to distribute and manage personalized information, PRM streamlines vendor/reseller communication in ways that enhance effective teamwork.

PRM makes current information available to resellers when needed, along with sales productivity tools such as competitive differentiation, sales scripts and quote generators. The same application enables vendors to build large-scale lead management systems, capable of handling referrals of up to hundreds of thousands of leads to partners. The system tracks each lead from assignment through sale, ending the mysteries that plague inefficient channel relationships. The improved data flow with PRM results in increased revenues for both vendor and reseller.

By the year 2000, U.S. businesses will spend more than $218 billion annually on information technology and related services for products priced under $100,000, marking a growth rate of 23.2 percent over this year's projected outlays of $177 billion.

Investments in the under $100,000 segment—which is the key driver of IT spending—include products ranging from basic systems and software all the way up to industrial-strength workstations and mission-critical applications. The forecast, compiled by market-researcher Dataquest of San Jose, Calif., predicts that indirect channels will capture more than 76 percent of that total market.

CMP.Net Electronic Newsletter, *CIS Channel Insights*

Industry Trends in the Indirect Channel

sales are increasing in the indirect channel

In the high tech marketplace, over 50% of sales go through the indirect channel. According to International Data Corporation (IDC) estimates, indirect sales channels accounted for sales of $114.6 billion in 1997, almost 60% of the $195.6 billion national information technology market. Current research suggests that these numbers will increase in the coming years.

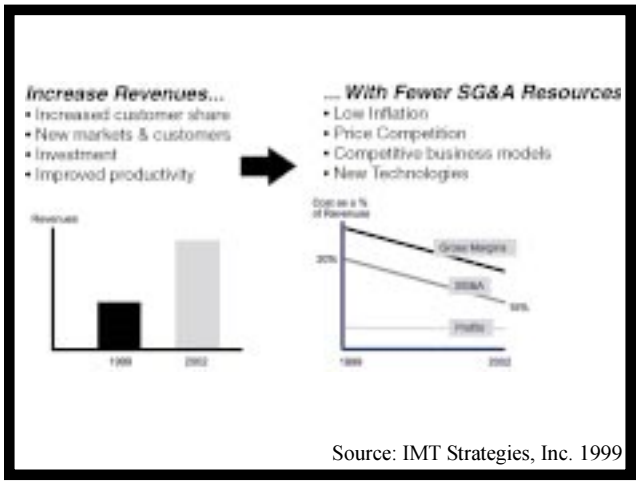


Figure 1. *To maintain profit growth, sales & marketing executives face the challenge of growing sales with fewer investment resources.*

why vendors turn to indirect channels

Why are indirect channels being used? Shortened product lifecycles leave vendors less time to get products to market. The sooner a product enters the market relative to its introduction, the more potential revenue the vendor will see over the lifecycle of the product. To reduce their time to market, vendors rely on their channels to provide instant access and distribution to customers. In addition, the cost of supporting a direct sales force is an order of magnitude larger than working with an indirect sales force. When vendors can depend on their reseller partners, the cost per sale is minimized.

challenges to selling with partners

Increasing reseller specialization makes it difficult for vendors to target the most appropriate resellers and achieve sufficient coverage across diverse markets. One solution that vendors have applied to this problem is to maintain and use clean profile databases. Cleansing and licensing partner profile information for individuals at reseller organizations often costs vendors upwards of $150,000 a year. Vendors use the profiles to communicate with partners via fax, telephone, email, and mail. Each of these communication methods is costly, time consuming and inefficient with the results often perceived as simply adding to the noise regarding new products and programs that resellers are already trying to filter through.

While the vendors struggle with channel program costs and competitive pressures, resellers focus on their own business issues and concerns. They work to keep up with training while product lifecycles shorten and technical skill requirements increase. Heightened vendor competition and bargain-priced online sales have pushed down revenue margins for the channel partners. Channel conflict is increasing, making it difficult for any individual reseller to succeed. Resellers who partner with several vendors receive so many faxes, emails, mailings, and phone calls that they find it impossible to sort out the important information from the trivial and the hot leads from the dead ones. Resellers need help from their vendor partners to increase their chances of success. To succeed in partnering with resellers, vendors need to make it easy to do business with them.

When vendors work collaboratively with their resellers, they benefit from the resulting loyalty. Channels are loyal to their top vendors: studies suggest 60-80% of channel revenues come from sales of the favored product in any category. Vendors require fast, effective partner communication to prevent the reduced revenues that accompany “second best” status. A tight partnership with targeted reseller partners will lead to additional revenue while setting up a considerable barrier to entry for competing vendors. Despite the benefits of effective teamwork, many vendors do not focus their channel programs on resellers’ needs. Vendors need to realize

that they are competing on ease of business and communication as well as the virtues of their product. *VARBusiness* magazine which conducts annual surveys of various reseller organizations reports vendors who ranked high in communication with partners also ranked high in product quality. Not surprisingly, resellers prefer to sell the products of companies that make it easy for resellers to work with them. To maintain and increase market share, vendors need strategies for increasing reseller loyalty.

Unfortunately, vendors have few resources available for improving communications with resellers. Keeping profiles up-to-date is costly and time-consuming. Neither vendors nor resellers can afford the time, cost, and lost revenues involved in depending on conferences or training sessions. Although internal resources, such as Customer Relationship Management (CRM) or Sales Force Automation (SFA) tools, offer many sales and marketing tools for the direct sales force, the indirect sales force lacks easy access to such systems. Vendors make do with spotty profile databases, blanketing resellers with fax blasts and mailings and hoping that resellers will find the right information.

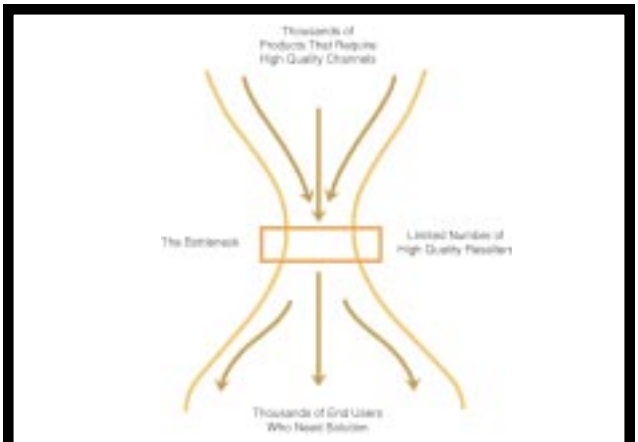
Vendors face mounting costs for printing and mailing product and pricing information out to resellers. These items take weeks or months to generate and ship, and quickly become out-of-date. Updated pricing information arrives weekly, assaulting resellers with piles of inconsistent price lists and no way to organize them. This overload of program updates and company marketing, leaves resellers unprepared for sales calls and uninformed about the latest product innovations or marketing opportunities.

A process in need of fixing

The prevailing disorganization and inefficiency begins when a new reseller signs up to work with a vendor. With few software products available to automate reseller recruitment, vendors resort to paper forms and ad-hoc methods. Paperwork is duplicated in sales and marketing, while resellers wait much too long for needed sales tools to arrive. Once the signup process is completed, resellers still need considerable training to get up-to-speed on the vendor products. Vendors usually offer face-to-face training meetings or large reseller conferences, forcing resellers to incur both travel and attendance costs and lost revenues from time spent not selling.

To assist resellers, roughly 78% of vendors currently provide leads to their channel partners, according to *VARBusiness* Magazine. Vendors spend considerable marketing dollars generating qualified leads and passing them to resellers, only to never hear of those leads again. With the ad-hoc distribution methods to which most channel managers must resort, including fax, voice mail, and email, it is doubtful whether many leads are even noticed, much less followed up. When they are followed up, the vendor still has little way of knowing which programs generated the best leads.

In-depth accurate reseller profiles enable the vendor to target products and leads to the most applicable partner and to reach them quickly. High-performing resellers should get additional support



Source: ChannelCorp Management Consultants Inc.

Figure 2. *The limited number of high quality resellers can present a bottleneck in the process of getting new products to market. To gain access to end users, vendors must increase reseller mindshare by making it easier for resellers to work with them.*

and high value leads while low- performing resellers should be removed from the program. Ironically, many channel managers follow a reverse 80-20 rule and spend the bulk of their time working with their least productive partners. Maintaining records on thousands of resellers is not an easy task, requiring tedious, time-consuming administrative work. But according to the *VARBusiness* report, vendors with the oldest profile databases scored the lowest in reseller communication. Without a clean partner profile database, vendor/reseller relations break down.

Clearly, the indirect channel represents a major source of revenues for vendors. Vendors need to secure reseller loyalty to best utilize the indirect channel and realize maximum revenues. Current methods of communication are costly, time-consuming, and largely ineffective. A better solution would streamline and automate business processes for the channel, supporting the goals of both vendor and reseller employees. A system using the latest Internet technology could centralize information management, decreasing time spent on administrative tasks while empowering resellers to work more efficiently. Partner Relationship Management (PRM) is that new solution.

Benefits To Selling Through Channels:

- **Increased revenues through enhanced reach**
- **Lower cost of sale**
- **Lower customer support costs**
- **Reduced time to market**
- **Ability to meet customer purchasing preferences**
- **Ability to provide customers with industry specific expertise**
- **Increased capacity to integrate multiple products**

Challenges to Working with Partners:

- **Cost to recruit partners**
- **Gaining partner mindshare**
- **Delivering sales tools to partners**
- **Risk of partners selling competitive products**
- **Reduced control over the sales process**
- **Co-ordinating partner and vendor sales teams efforts**
- **Complex forecasting process**

PRM Solutions Make Sales Channels More Effective

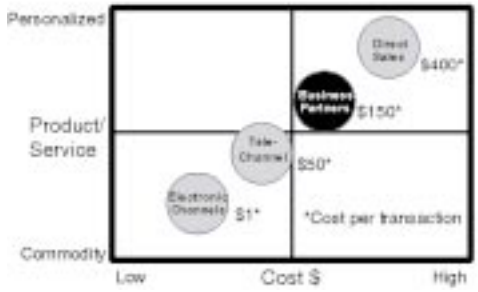


Figure 3. *Each channel has a different transaction cost for handling an opportunity. The business partner channel covers the widest range of cost per transaction from $50 to $400. PRM systems focus on four key productivity levers (see below) to reduce the total cost of sales.*

Productivity Levers

Channel Productivity

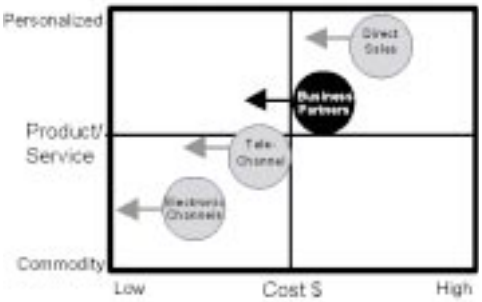


Figure 3a. *By increasing the efficiency of the business partner's work, productivity rises. PRM tools support this by helping vendors and partners reduce their total sales transaction costs through automation.*

Channel Value

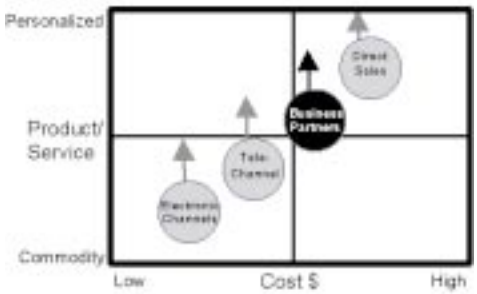


Figure 3b. *By increasing the value that business partners can provide to end users, they become capable of handling customers that would normally be covered by direct sales teams.*

Channel Migration

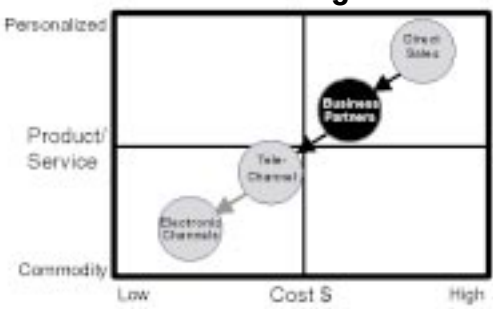


Figure 3c*. As products become less complex over time, the migration of sales from direct sales to partners reduces the total cost of sales. PRM systems reduce the time to migrate products to lower cost channels.*

Channel Integration

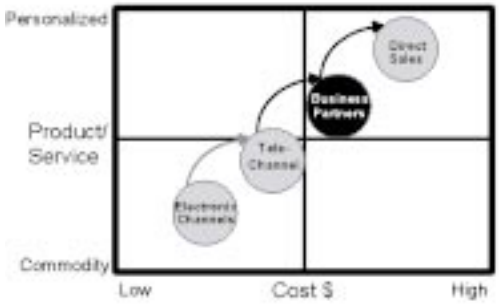


Figure 3d*. Integrating channels to work co-operatively leverages the marketing and sales dollars across channels. PRM systems integrate with call center and direct sales applications to optimize efficiency.*

Source: IMT Strategies, Inc. 1999

A New Solution—Partner Relationship Management

Partner Relationship Management (PRM) uses the Internet, both the World Wide Web and email, to provide integrated solutions to the challenges of vendor/partner communication. An effective PRM system organizes leads, profiles, and documents in a central repository that can be updated and viewed in real time over the Internet.

PRM systems, like extranet systems, require a username and password for system access. Once logged in, the user is able to view information according to their specific characteristics—each user sees only information appropriate for their permission level and interests. Information is targeted for the users, but secure from outside penetration. PRM systems provide resellers with instant, on-demand access to information and tools. Since resellers have self-service processes for answering their questions and doing their everyday work, the need for costly face-to-face meetings and direct mailings falls dramatically. A good PRM system allows companies to track usage and activity, giving vendors tighter control over communication. PRM systems engineer and standardize best practices for vendors and resellers alike.

PRM software complements existing Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) software. ERP and CRM systems offer far greater functionality than resellers need, and are used to control sensitive data. These systems operate behind the firewall, as shown in Figure 4, and cannot be extended as-is to the resellers, who operate outside the firewall. Likewise, Sales Force Automation (SFA) systems, even with web extensions, fail to meet the needs of the channel business model as they mistakenly assume that sales representatives are loyal to the products that the SFA system supports. CRM and ERP tools require significant customization to address profile management and reporting questions because they define a channel partner as a type of customer, not an active sales representative. For all of these reasons, PRM systems represent an elegant, cost-effective solution while complementing vendors' existing CRM and ERP systems. They include extensions of both systems while keeping sensitive data secure behind the firewall and providing a unified interface and centralized reporting to the resellers.

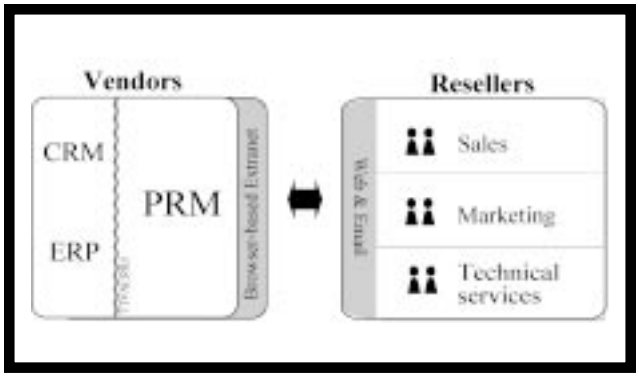


Figure 4. *PRM systems use the web to extend information normally stored in CRM and ERP applications to business partners. By integrating multiple tools into a single system outside of the firewall, the partners are able to use a single interface to perform all of their business transactions.*

Reviewing the way PRM systems support relationships between resellers and vendors highlights the differences between PRM solutions and CRM and ERP systems. PRM's advantages fall into three broad categories—Channel Program Management, Lead Management, and Sales Productivity Tools. Channel Program Management covers creation of the program, recruiting of partners into the program, and tracking the progress of partners in the program. Lead Management includes the process of assigning opportunities to partners and closing the loop on the results of each opportunity. Sales Productivity Tools help partners to increase their closure rates on opportunities on which they are working. The following sections discuss each area of functionality and present relevant features and benefits, for both vendor and reseller.

engineering the partner lifecycle

A productive vendor/reseller partnership begins with efficient reseller recruitment and quick response to new reseller inquiries. PRM offers tools that standardize and simply this procedure in a cost-effective manner. As shown in Figure 5, PRM includes a recruitment pipeline that enables vendors to narrow down the universe of possible resellers to those most appropriate and then move only those best prospects through the partnering cycle. That cycle involves training, tracking, and periodic review for reseller renewal, upgrade, or termination. Efficient channel program management ensures maximization of return on investment in resellers.

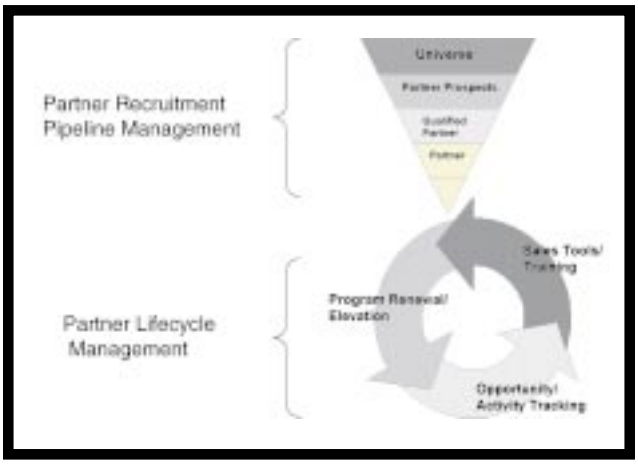


Figure 5. *New partners are recruited into channel programs through multiple qualification stages. Once a new partner is recruited, they enter into the partner lifecycle. Each cycle begins with a partnership program and plan followed by activities where revenue is generated from opportunities.*

An automatic sign-up procedure simplifies the resellers' introduction to channel programs. The PRM system allows limited "unauthorized" access for resellers who fill out an online qualifying form. These resellers can view details of available programs and experiment with some of the PRM tools on a trial basis. Interested resellers then apply online for program inclusion. Channel managers instantly receive these applications for review. The PRM system tracks the partner applications as they move through the pipeline, collecting additional qualification detail and assessing reseller ability. Upon approval, resellers receive email notification of their username and password and can log in to the extranet to begin training. The system sets up a plan for each reseller, keeping the team on schedule and specifying next steps. This streamlined process reduces the administrative overhead usually involved in getting new resellers up-to-speed quickly.

Automating and standardizing program management throughout the indirect channel organization saves time while clarifying processes for resellers and managers. PRM systems provide a web interface for setting up channel initiatives and planning channel programs based on popular channel planning methodologies such as CHAMP® (Channel and Alliance Management Process) by OnTarget or other custom methodologies. Managers use workflow tools to simplify record keeping, schedule joint tasks for the channel team, and specify individual objectives. The PRM system tracks progress towards end goals and maps out next steps. The centralized store of information allows the vendor to easily analyze the effectiveness of current programs, pinpointing bottlenecks and gaps in the process.

Channel Program Management also addresses the challenges of channel marketing. Resellers can log in to check the status and requirements for co-op and MDF (Marketing Development Fund) dollars within their program, and apply for funding online. The system pushes relevant news to partners in the program, including new program announcements, company press releases, or upcoming events. Instead of blanketing the general user base with every piece of news, channel marketing managers use the PRM partner profiles to target only the appropriate users. For example, channel marketing can now distribute program updates only to resellers of a certain level, or notify resellers who specialize in product 'A' the benefits of adding product 'B' to their line. Information is personalized for each reseller, reducing information overload and ensuring that truly relevant news receives proper attention.

profile management

At the heart of a PRM system is the profile database (see Figure 6). Accurate reseller profiles control lead assignment, since profiles contain specialization, training, and location details. This information is also used to filter distribution of news and product updates. Access levels, such as Gold or Platinum, also allow for customized presentation of important information. Profile management enables secure user log-in and password protection of the entire extranet. Resellers update their own profile online and are motivated to do so, since the profile affects lead assignment. This dramatically improves the accuracy of reseller profiles while easing administrative burdens and costs for the vendor. Members of the vendor sales team can also update profiles, and add private notes about the resellers. The database facilitates tracking of reseller organizations, as well as individuals, and maps out the hierarchy of reporting and responsibilities. Profile management governs new reseller recruitment, automatically adding new applicants to the system.

***Figure 6**. The partner profile database is the heart of a PRM system. A clean database with a structure that simplifies tasks is the only way to automate business processes involving channel partners.*

Many functions within PRM depend on the sales hierarchy in place at both the vendor and the reseller. The system models the hierarchy and uses it to roll-up forecasts and lead progress reports. Escalation alert systems use the organizational hierarchy to deliver lead inactivity notifications appropriately. Thus, in addition to the detailed reseller profiles, other users are also included under the umbrella of profile management. The members of the sales department have different permissions and customized content based on position. Non-hierarchical relationships, such as users with dotted-line authority, are represented as well. The system ensures that sensitive information is protected and content is customized automatically. This creates a simple work environment for each user, providing all of them only the necessary functionality.

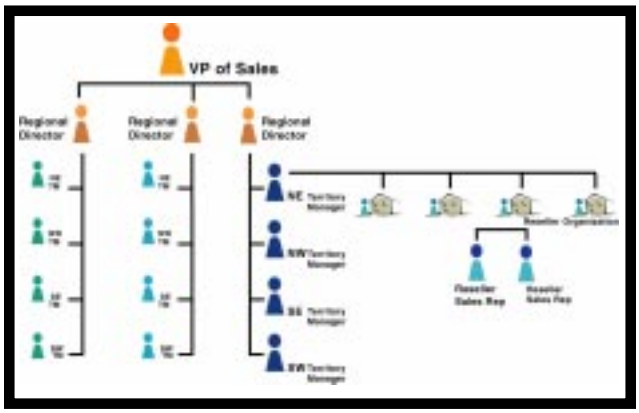


***Figure 7.** To effectively report upon a national partner with multiple offices, PRM allows the reseller sales organization to be modeled in the partner profile database as a company, not just as individual users.*

Lead Management

Lead management covers the process that each new lead goes through, from customer to vendor to reseller to final result. A robust PRM system computes the best way to handle each lead according to business logic and routes it through the system to the proper user at each stage in the process. By following a managed process, each lead gains higher probability of becoming a sale, thereby increasing the business yield for both reseller and vendor. Figure 8 shows the path that leads follow in an organization selling products through multiple channels. The following discussion explains the possible steps that a lead management system may take, as shown in the diagram.

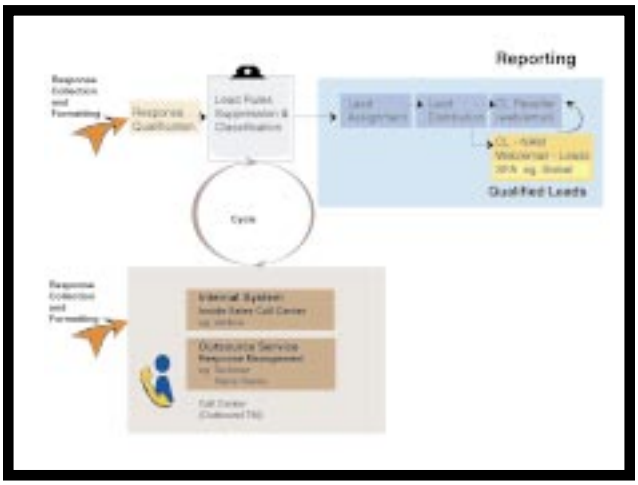


Figure 8. *Leads are consolidated and qualified through call centers and web forms. A single database coordinates the rules, classification and suppression of leads. Leads that are not qualified for referral to field sales or partners are returned. Once leads are qualified, they are distributed to partners and the loop can be closed on the opportunity.*

lead consolidation

Lead consolidation involves standardizing, transforming, and cleansing leads from various sources, including trade shows, customer service inquiries, and the web site. Before a PRM system can accurately process leads from all these sources, it must standardize lead formats. This process involves automated data transformation, which converts data from each source into the format used within the PRM system. At this point, the system may also cleanse the leads, and add additional business information, such as Dun & Bradstreet data.

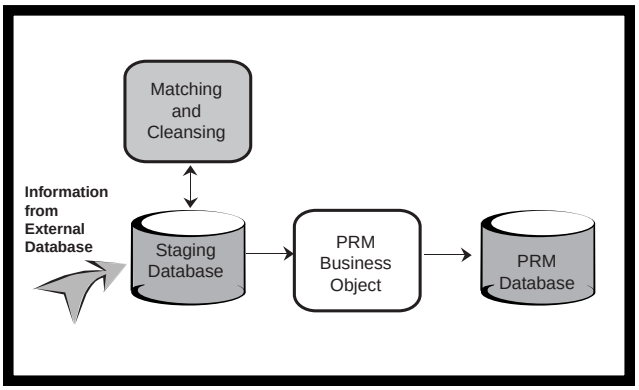


Figure 9. *The PRM system often integrates with tools that cleanse inquiries to provide standardized information used in additional stages in the distribution process. For example, standardized addresses help to assign opportunities to representatives and resellers that are geographically near the prospect. This process is done in a staging database so that the live PRM system always receives clean and standardized information*

lead scoring

The system scores each lead according to business rules. These rules are configured to reflect a company's business process. The score determines whether a lead is ready to be sent out to a sales representative or reseller partner, or if it requires additional qualification by the call center, response management company, or in-house team. Leads requiring immediate attention, such as those where the prospective customer requested a specific reseller or a call back, are flagged by the system and instantly distributed to partners, rather than languishing in the database. Effective lead classification and scoring at this stage often proves critical for later stages in the sales process.

call center integration

Sending unqualified leads to partners makes it more difficult for them to work with vendors. Lead management systems integrate with call centers to improve the quality of leads sent to partners. The call center follows up on the leads, asking for additional information to classify the lead as an opportunity or to suppress it from further qualification. When enough information is available, high-quality leads are returned to the system for routing. Others remain at the call center for additional follow-up or are made available for literature mailings. By considering call centers as modules that plug into PRM applications,

vendors have multiple options for handling lead qualifications, including outsource models and inside sales groups.

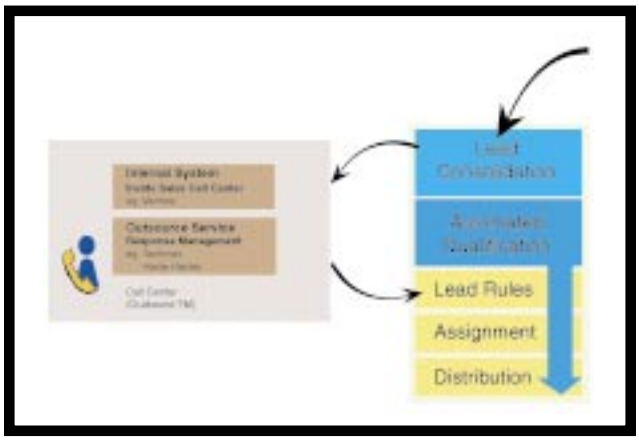


Figure 10. *Each channel model has different requirements for call center functionality. Many vendors have both internal call centers that use CRM tools and outsourced response management centers. PRM lead management systems must remain flexible to minimize call center costs.*

lead assignment

Lead assignment selects the best sales representative or reseller to handle each lead. This is a challenging process, as resellers may overlap in both specialty and territory. PRM systems meet the challenge by offering multiple options for lead assignment.

In the simplest case, assignment involves no more than a reseller locator. In more complex situations, businesses can choose to have large opportunities directed to sales representatives for manual reseller assignment, and small opportunities assigned directly to resellers. With manual assignment, the sales representative logs into the PRM system, reviews new unassigned leads, and selects an appropriate reseller for each lead. As channel management is not always simple, sales representatives may choose to keep the leads and manage the sale themselves and find a partner to deliver the system after the sale is 95% complete. Or, the system can be programmed with customized business logic to consider customer need, product interest, location, and order history and choose the best-fit reseller automatically.

Previous reseller performance should also be used in the decision process, rewarding high performing resellers with additional leads. A $40 million marketing program may generate 100,000 leads. Every hour spent by channel managers processing these leads costs money and every lead that is not investigated and assigned effectively wastes marketing dollars. A good lead assignment system strikes a balance between cost and coverage to maximize total revenue from campaigns.

lead distribution

Once a lead is assigned, the next step is distribution. The assigned reseller (or sales representative) needs to become aware of the new lead and have access to the detailed lead information. PRM systems use a combination of web and email notification to accomplish this. A reseller assigned a lead receives instant email notification that includes brief lead information and instructions for retrieving the full lead. This way, resellers do not need to worry about missing a lead when not logged into the PRM system. Upon notification, the reseller logs into the extranet to view detailed information about the lead. An electronic distribution process greatly reduces the time and cost of lead distribution. The speed of the Internet has made it more and more critical for companies that rely upon indirect channels to provide

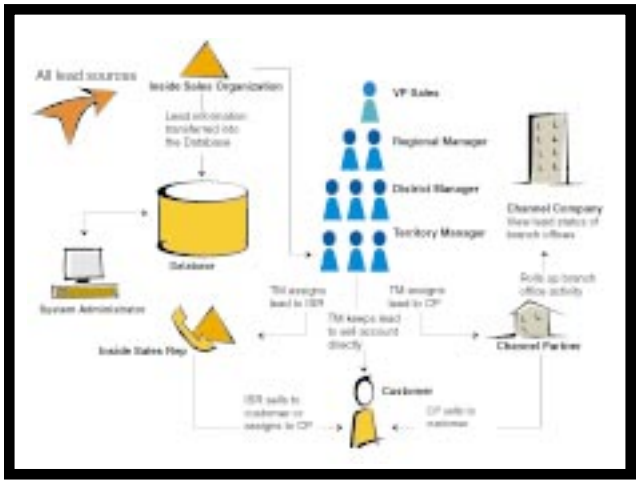


Figure 11*. Customers may work with multiple people, including inside sales representatives, territory managers, and partner sales representatives, before purchasing products. PRM systems provide the tools to help them all to work as a team and to share communications with the customer. Reporting tools roll-up pipeline information to managers in both partner and vendor organizations.*

"instant" responses to their prospects. An end-to-end partner lead management system is the quickest way to collect, assign, and distribute a lead from the web to a partner for action.

accountability and closure

Once a lead is assigned, the reseller or sales representative now "owns" that lead and is held accountable by the system for its progress. The system stores lead follow-up and progress, implementing closed-loop tracking. Resellers are expected to update their progress and the lead status as they work on the lead. If a reseller does not act on a new lead, the reseller and appropriate managers are all notified via email alerts through an escalation system. A reseller may be given the option of declining a lead, at which point it is routed back to the

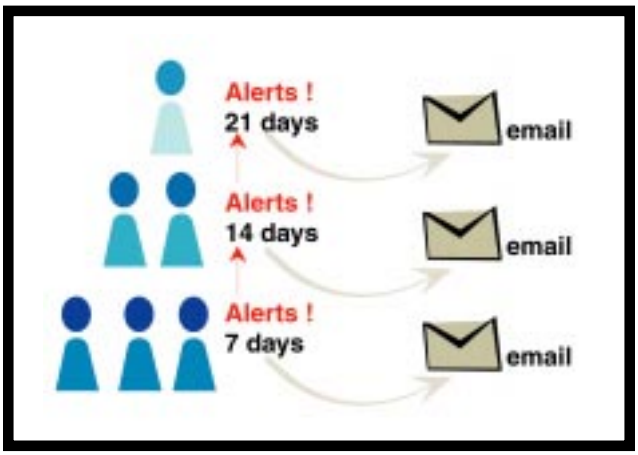


***Figure 12**. Email alerts enforce business processes automated by PRM systems. The management structure in the profile database specifies how to escalate alerts from partners to managers so that overdue tasks and leads can be re-assigned and relationships between the vendor and partner can be monitored and engineered.*

representative or system for reassignment. Managers and representatives can view summaries of lead progress, demonstrating what stage each lead is at and allowing them to compare reseller performance. If a lead turns into a sale, complete information about the sale gets added to the customer history.

benefits of lead management

Closing the sales lead loop eliminates the "black hole" problem as PRM makes lead status updates automatic and essential. By holding resellers accountable for individual leads, companies see dramatic increases in lead follow-up rates. When leads are followed up quickly, and arrive at the reseller with complete background information, more leads get turned into sales. Reseller loyalty increases as resellers receive better leads in an organized manner and have tools available for working on those leads.

Traditionally, a marketing department has been able to measure which lead campaigns generated the most leads. However, one campaign can generate many leads that do not turn into sales while another generates only a few leads that all turn into large sales. The latter campaign may be a better use of marketing dollars; but without reseller feedback about leads, the marketing department can never learn or prove this fact. Feedback from the direct sales force (if used) provides only a partial picture. By analyzing reported lead progress, PRM supplies marketing with accurate figures on cost per lead and return on investment. Future campaigns can then be targeted to the most receptive audiences, leading to increased sales. Analysis of performance enables measurements that were impossible to make before. For example the relative effectiveness of different channels—VARs (Value-Added Resellers), Solutions Integrators, and ISVs (Independent Software Vendors)—can be viewed analytically to determine how to spend money to best support each channel.

Resellers can also reap rewards from improved lead management. They receive qualified leads quickly, kick-starting the sales process and giving resellers the early advantage when competing for a complex account. Leads arrive with contextual information, preparing the reseller for each sales call. The standard lead format makes it easy to quickly distill needed information and ensures that leads do not arrive in an unusable or unqualified state. Successful resellers see immediate increases in the number and quality of leads they receive, motivating them to concentrate more on the particular vendor's leads. With an interactive notes system, the reseller can leave questions for the vendor sales representative attached to an individual lead, enabling the reseller and vendor seller representative to function as a team. The greatest benefit comes in the form of increased revenues as effective resellers have more opportunities to sell to qualified prospects.

Sales Productivity Tools

The category of sales productivity tools covers a range of functions, from product and program information, to quote and proposal generation. These tools help resellers close more sales by educating them before a call is made or stepping them through a sales process. Resellers are able to approach sales calls properly informed so that they have answers ready for customer questions. PRM also includes tools that increase the vendor's productivity through improved information from resellers

forecasting

When a large percentage of revenues generated in the indirect channel, forecast reliability greatly depends on collecting and processing accurate information from reseller and distributor partners. In rapidly evolving markets, forecasting can be critical to fiscal success. When companies have insufficient inventory to meet market demand for new products, competitors can rapidly net reseller mindshare by meeting their shortage-induced needs. Without appropriate forecast information, vendors can also suffer overstocking problems. When resellers order stock through distributors, the indirect channel can become "stuffed" with inventory, causing distributor orders from the vendor to drop suddenly and remain reduced for months. Since more accurate information for forecasting has significant financial implications and influence on Wall Street's evaluation of the vendor, a PRM system offers far-reaching value for vendors.

PRM's forecasting tools replace traditional spreadsheet methods, which suffered from cumbersome manual roll-up. Sales representatives can quickly add new items, including reseller opportunities, to the forecast. Depending on the business model, forecasts can be based on leads, quotes, or sales methodologies. The system compiles forecasted opportunities for the sales representative, covering all included opportunities. Forecasts from sales representatives are automatically grouped into a territory forecast, and territory forecasts are compiled into a comprehensive forecast for the VP of Sales. Any member of the vendor sales hierarchy can instantly view an up-to-date forecast for all opportunities under their supervision. The reports pinpoint where additional resources are needed, allowing the vendor to quickly re-engineer their business when necessary. While sales uses forecasts to measure sales potential, manufacturing can view product forecasts to aid in building or stocking inventory.

selling procedures and methodologies

PRM standardizes sales processes throughout the extended enterprise. Vendors can implement a system that supports their pipeline and forecasting based on methodologies such as Target Account Selling® or Miller Heiman™. Resellers and vendor employees alike use these strategic tools to identify strengths and weaknesses in their accounts. "Web enabled" versions of these methodologies eliminate the paperwork that was required in the past, reducing confusion and also helping the entire organization become more effective in selling. Companies using individually designed sales methodologies can also distribute these methodologies over the web to resellers. The vendor can optimize the selling methodology for each individual product with customized scripts.

publishing and personalization

The Internet organizes and distributes information at high efficiency and almost no cost. A basic extranet displays information, and has a clear navigation system to enable fast self-service access. Vendors publish documents as soon as they are finished, without the weeks-long wait required by printing and mailing. Resellers can find needed data immediately on the web rather than searching through files of paper. Many Internet publishing solutions are adequate for building partner web sites, but because each partner has different needs, partner sites need the additional functions supplied by PRM.

Web sites using PRM systems provide personalization and content management tools for vendors to organize the distribution of information to partners. For example, a partner that is certified for selling a complex product can gain access to specific sales scripts and qualification questions to help sell the product. The channel marketing or product manager

can enter instructional information, such as competitive differentiation and sales scripts, through the PRM system without needing the assistance of a web master. The channel marketing manager also creates the "access permissions" for the information. In this case, the access permissions would be partners certified on the product. When the partner visits the web site, the link is personalized on their home page so that they can quickly find the information they are seeking. This system of publishing is similar to the needs of public web sites. An effective PRM system leverages the content management and personalization capabilities of off-the-shelf products such as Microsoft's Site Server and provides the templates and interface to reduce the work for the channel management team.

Literature fulfillment

Often, resellers do not have the time or tools to fulfill end-user requests for literature or demonstration units. If vendors want prospects to be informed about their products, they need to provide resellers with simple tools for automating these requests. Interactive forms within PRM systems allow resellers to request additional literature for a customer or an evaluation unit for themselves. The request is forwarded immediately to the appropriate party (literature fulfillment coordinator or manufacturing) without involving the sales representative as a middleman. By further automating this through integration with response management companies, the cost and time consumed by this activity can be minimized. Automatic routing of literature requests increases sales by making sure these needs are met promptly.

pricing and quoting

Most companies distribute hard copies of their price books. Price updates are difficult to manage with hard copy lists, since either the whole list must be reprinted, or updates must be pasted into the book. After a few updates, accurate prices become indistinguishable from outdated ones. With PRM, price book management occurs instantly online. The vendor updates prices on the server, eliminating confusion. The electronic system also uses partner profiles to customize price lists for specific reseller qualifications or levels. Vendors using PRM pricing management systems are not limited by their ERP systems in determining how to price their products for different channels.

Online quoting tools use these custom price lists to dynamically generate accurate quotes, printable specification sheets, and proposals. Resellers can add and remove parts as customers detail their needs, and the quote generator tallies the price. Additional rules-based checks can be implemented for products where part incompatibility is a frequent issue. The quoting tool generates quotes that can be printed and sent to customers or saved for later reference. Vendor-supplied proposal boilerplates lend a consistent look and feel to the proposals as well as providing quality content that saves the reseller time.

For companies where resellers order products directly from vendors, integration with e-commerce software enables quotes to be turned into orders quickly. Once an order is placed, integration of PRM with the ERP system enables resellers to check order status through the PRM system. In two-tiered distribution schemas, the vendor's site can be seamlessly linked to a distributor so that purchases occur without time lags.

Conclusion

Benefits of partner sales productivity tools

By using PRM to distribute sales tools and standardize business operations, vendors can reduce costs and focus channel management and partner sales time to selling rather than administrative activities. Internet distribution is cost effective when compared to old methods of long distance phone-tag, bulky mailings, and fax blasts. Resellers can use the same sales tools as the direct sales force, reinforcing business processes and allowing resellers and vendors to function as a team. With up-to-date, targeted information, resellers are better informed going into and during sales calls. Vendors can confidently migrate complex sales to lower-cost channel partners. Better-informed partners can satisfy the high price-point, high-touch customers that previously required the attention of the direct sales force.

Conclusion

Partner Relationship Management offers the most effective solution for maximizing indirect sales processes. PRM solutions implement team selling for vendors and resellers, and enable a collaborative selling environment. By managing information and offering a secure distribution method for that information, PRM simplifies and expands vendor/reseller communication. The problems hindering successful partner relations are evident in today's competitive marketplace. While no application can solve all problems, PRM addresses the most business critical issues facing vendors and resellers. Forward-thinking companies have the opportunity to implement PRM and increase sales while the competition is still wondering where their leads went.

One company addressing the needs of vendor organizations is ChannelWave Software, Inc., a leader in Partner Relationship Management solutions. For more information about the ChannelWave PRM solution, contact the company directly at 1-800-862-5596 or visit their web site at www.channelwave.com.

Does Your PRM System Have All This?

- **Profile Management**
  - ✓Different levels of reseller (Platinum, Gold, etc.)
  - ✓Centralized profiling and password management
  - ✓Company and user organizational roll-up
  - ✓Web and email based administration
  - ✓Different access levels and groups
- **Partner Lifecycle Management**
  - ✓Automated reseller recruitment process
  - ✓Contract management
  - ✓Channel planning tools, e.g. CHAMP®
  - ✓Joint task tracking
  - ✓Co-op and MDF funding tracking
- **Lead Management**
  - ✓Lead consolidation
  - ✓Lead cleansing
  - ✓Call center integration
  - ✓Automated lead assignment
  - ✓Email lead distribution
  - ✓Closed loop selling
  - ✓Alerts with escalation
  - ✓Marketing campaign reporting
- **Forecasting**
  - ✓Automated roll-up
  - ✓Integration with lead management
  - ✓Sales methodologies e.g. Miller Heiman™, TAS®
  - ✓Integration with quoting utilities
  - ✓Manufacturing forecasts
  - ✓Channel inventory tracking
- **Publishing/Announcement Automation**
  - ✓Content personalization
  - ✓Pricing changes
  - ✓Product updates
  - ✓Technical bulletins
  - ✓Co-op opportunities
- **Sales Tools**
  - ✓Sales training
  - ✓Price book
  - ✓Quote builder
  - ✓Configurator
  - ✓Proposal generation
  - ✓Literature fulfillment
  - ✓Evaluation unit sign-up

channel
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