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

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Revenue Goal</td>
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<td>Budget Increase</td>
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## 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

<table>
<thead>
<tr>
<th>Top 100</th>
<th>Routers</th>
<th>Wireless LAN</th>
<th>Voice Recog</th>
<th>Opti Switch</th>
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<tr>
<td>3 telco 5 SI 20 OEM</td>
<td>3 telco 5 SI 20 OEM</td>
<td>Direct Sales Teams 20 OEM</td>
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<td>5 NSP 20 OEM 400 VAR</td>
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<th>Opti Switch</th>
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<tbody>
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<td>30 SP 20 OEM 5 online 400 VAR</td>
<td>30 service providers (SP) 5 online 400 VAR</td>
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<tr>
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<th>Opti Switch</th>
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<td>30 SP 20 OEM 100 retailers 25 online</td>
<td>30 SP 100 retailers</td>
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Global Solution Integrators

www.varbusiness.com

<table>
<thead>
<tr>
<th>Solution Integrator</th>
<th>2002 Revenue Billions</th>
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<tbody>
<tr>
<td>IBM Global Services</td>
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<tr>
<td>EDS</td>
<td>21.5</td>
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<td>Lockheed Martin IT</td>
<td>13.0</td>
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<tr>
<td>HP Services</td>
<td>12.4</td>
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<tr>
<td>Accenture</td>
<td>11.6</td>
</tr>
<tr>
<td>Computer Sciences</td>
<td>11.4</td>
</tr>
</tbody>
</table>

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
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)

![Diagram](image)

Courtesy Chordiant

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**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

<table>
<thead>
<tr>
<th>Partner Loyalty</th>
<th>Channel Tactic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Aware</td>
<td>1. Plan &amp; launch</td>
</tr>
<tr>
<td>2. Take orders</td>
<td>2. Lead generation</td>
</tr>
<tr>
<td>3. Actively sell</td>
<td>3. Training &amp; portal</td>
</tr>
<tr>
<td>4. Preferred vendor</td>
<td>4. Make them money</td>
</tr>
<tr>
<td>5. Evangelist</td>
<td>5. Service platform</td>
</tr>
</tbody>
</table>
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

Channel Marketing

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

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