

Funnel Vision

Data-driven platforms open new channel management chapter

By **Tara** Seals



As workplace trends evolve to ubiquitous mobility and cloud-based environments, the enterprise channel sales process has gained complexity and sophistication. It's no longer a question of a vendor pushing a box to an end user via a reseller; nor is it a straightforward "do more for less" sales process in the communications realm. Products and services have converged; delivery and compensation models have blended; and tailored solution design is paramount. The modern sales process itself is much more about understanding individual customers' strategic business needs than shaving dollars off of a monthly invoice.

"How effective communications happen between all of the players in the channel ecosystem has been a standard issue for a 100 years, and it's one that will be there in 100 more, regardless of the evolution of

technology," explained Kenneth Fox, CEO at Channel Mechanics. "But the feedback that we hear is a lot of concern over what the role of distribution will be in three to five years' time as things move to the cloud."

Distributors are evolving with the cloud – they're now the ones providing the services because they've become managed service providers, Fox continued. "The smart partners are the ones delivering those services as opposed to the hardware. So the types of channel programs are changing, discounts are different, and there are new big players in channel space that weren't there before."

As such, data and analytics-based channel enablement and management have become important pieces of the puzzle for vendors, service providers and master agents/distributors when it comes to ensuring sales partners' success. They need to deal with the complexity of

today's workplace needs and channel ecosystem, and a need to gain speed in decision-making is necessary in order to stay competitive. So, new sources of information than what's been used in the past to drive channel strategy are critical to those efforts.

Data-Based Approaches

In the past, organizations managing a channel strategy relied completely on purchase order and point-of-sale statements from partners

and distributors for channel insights. In today's environment, this data is largely insufficient for providing the intelligence companies require to make critical business decisions.

Many companies with channel programs also continue to rely solely on the older arena of partner relationship management (PRM). But PRM is essentially a partner portal used by vendors to communicate to partners, provide content and training resources and engage with them on channel pro-

grams. It provides very little in the way of actionable data flowing back up to the provider, vendor or master agent.

"As markets get more competitive, the main challenges in coordinating relationships in the enterprise sales channel revolve around a) the speed and ease with which companies and partners capitalize/collaborate on market opportunities, b) a complete understanding of the end-customer, and c) making data-driven decisions across the channel organization," explained Mukund Ramaratnam, vice president of strategic sales at Zyme Solutions. "A critical missing capability in addressing these challenges is the lack of visibility and data-sharing between producers, such as device manufacturers, and the distributors and resellers that move their products through the channel to customers."

He added, "Channel sales, incentive payments, supply chain planning and revenue accounting segments of a business all suffer without a foundation of decision-grade channel data. Now more than ever, it is critical for organizations to ensure channel visibility in order to gain insight into every part of their business to ultimately improve their bottom line."

Data-based approaches become even more important given the rise of Internet of Things (IoT) and connected devices, which create intricate, complex supply chains, and the need for an omni-channel strategy, including e-commerce channels.

"Consider that companies are placing more than a trillion dollars' worth of goods and services into providers, resellers and master agents, and depend on a successful channel strategy to drive sales," said Ramaratnam. "Without way to gather key insights from channel data, organizations will continue to fly blindly through the channel and will lose out on vital information that could drive revenue."

For example, if a distributor or retailer wants to place an expedited order for additional units (usually at the air-freight expense of the manufacturer), would the decision to replenish the distributor's or retailer's stock be different if there was reliable data suggesting

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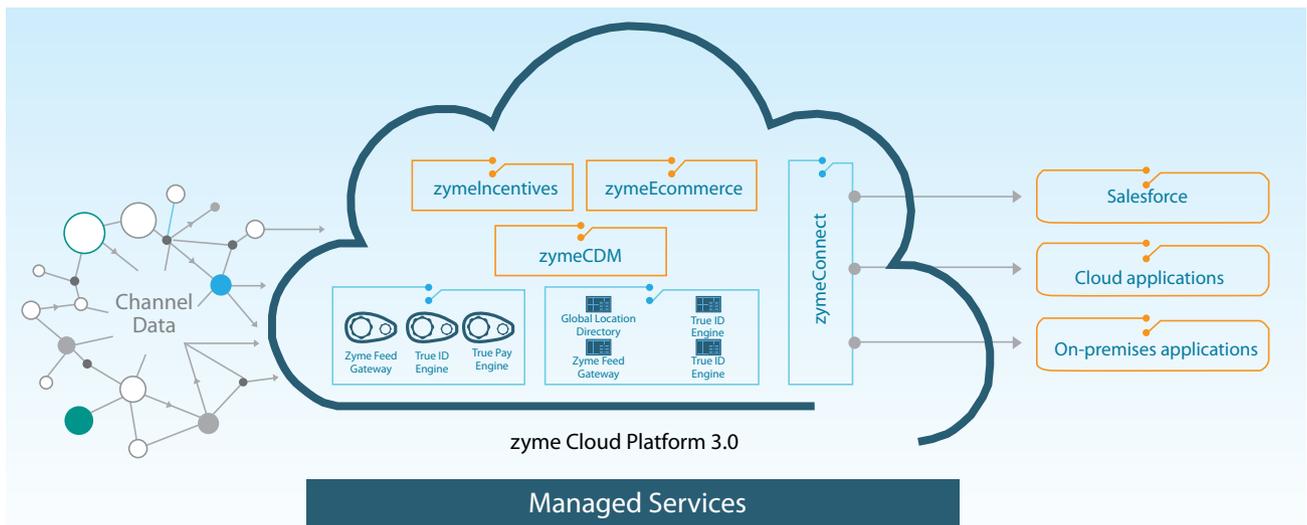
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The Rise of CDM

Against this backdrop, channel data management (CDM) systems have emerged to offer a fundamental data management capability, delivered in the cloud, not only to drive channel management but also to improve business processes that are connected to channel performance (including sales and inventory data). Data-driven benefits include predicting channel sales, calculating accurate rebates and commissions, allotting market development funds (MDF) and regulating financial budgeting and planning processes.

Zyme, for instance, offers a software-as-a-service (SaaS) solution, dubbed Zyme Cloud Platform 3.0, which is anchored by a series of powerful engines and rich content directories. These algorithms and global databases enable Zyme’s CDM platform to convert millions of transactions into channel intelligence.

“A 360-degree view of an organization’s end-user customers, a top priority for most companies, is impossible without access to channel data,” said Ramarantnam. “With CDM, organizations are empowered with insights into end-user customers, specifically on how products are performing in comparison to competitor products, and which market segments are successful or unsuccessful. In turn, this critical insight results in a boost in revenue, higher ROI from marketing spend and ultimately improves overall profit.”

CDM also can integrate with PRM in intelligent ways, such as to enable data-exchange interactions with partners or to provide information on incentives and rebates calculated. Similarly, integration with CRM systems such as Salesforce.com lets field sales and channel account managers gain visibility into their partners’ performance on a daily or weekly basis.

“In the future, smarter channel management will integrate CDM to ‘light up’ PRM and CRM systems with data-enabled insights and analytics,” said Ramarantnam.

The Time to Market Play

Data-driven approaches also help solve legacy concerns. For instance, in coordinating their channel relationships, vendors, providers and master agents typically struggle with time to market for promotions and programs.

“Most providers want to run a demo program to seed the market, or they might offer discounts for bundles, or even multivendor bundles,” said Channel Mechanics’ Fox. “Add in deal registration, fund management and sales incentives, and you’re looking at a very complex set of things to enable.”

As such, the time it typically takes to get an offer out to channel partners can be anywhere from eight to 12 weeks, he said.

“When you’re in a competitive situation, or looking to tap a new market, that’s a recipe for losing share,” Fox said.

Also, once an offer has launched, the provider, vendor or master agent is then faced with the need to ef-

fectively monitor or manage the program, ensuring that partners are getting their fair share, that the right partners are seeing the right discount, and that things are being fulfilled through the right distributor. Also, there’s an interest in avoiding “gray market” activities brought on by partners over-stocking in demo programs or taking advantage of deep discounts to undercut the market.

Channel Mechanics’ platform drives automation into most of these processes. Channel managers gain real-time data access through dashboards and reports. So, for instance, a product manager can see how an offer is performing in real time. The platform also delivers insights on which partners are looking at the program, which ones are actually using it, and which ones aren’t participating.

“The benefit that we hope to bring is accelerated time to market, and the ability for the vendor to be proactive instead of reactive,” said Fox. “We prevent program abuse, and ensure that bundles are able to be created and managed.”

Channel Mechanics also has spent a lot of time solving the problem that vendors have in segmenting and differentiating their offers by geography, product type, vertical and so on, said Fox, so they can create segmented and targeted offerings for specific types of partners, like those that have a certain certification level.

In other words, Fox continued, “Providers can get granular and solve the issue of ‘spray and pray.’” □