

By Dede Haas

# Cloud & The Channel: A Matter of Trust



Cloud changes how IT is delivered in plenty of ways, but there's one constant: Relationships matter. Technology can make or break any organization, and complexity is at an all-time high, so you'd better believe decision-makers value partners who they believe have their best interests at heart. This emphasis on relationships based on trust are the essence of why the channel model will not only survive the shift to a services-based future, it will thrive. When customers no longer have that "security blanket" of a closetful of servers and storage hardware, the customer/solutions provider bond is everything.

That's a lesson most long-standing tech vendors have taken to heart, and that cloud upstarts are learning.

A study last year by ZS Associates showed that half of all VARs selling products as cloud services are dissatisfied with how their vendors listen to and act on their feedback. Cloud titans Amazon and Google aren't exactly poster children for channel, to put it mildly. In contrast, take F5 — at least 90 percent of its revenue comes through its channel sales partners, and the

company is on record saying it would prefer it to be 100 percent. Jim Ritchings, F5's senior vice president of worldwide channels and alliances, attributes the company's consistent growth, from a couple hundred million to \$1.4 billion, as something it achieved by having its channel "right there with us, adding to our growth, adding to our market leadership. We could not have done it without them."

What can cloud vendors, including service providers spinning up their own cloud offerings, learn from companies that, like F5 but also Cisco, HP, Microsoft and IBM, not only say they have a solid channel focus but also walk the walk?

A commitment to the channel means listening to partners and building programs around the thought leadership that comes from that listening. It's about keeping channel partners motivated, incented and educated. What vendors get in return is more confident, skilled and certified partner sales and technical teams, which means more investment in products and services and happier end customers. Oh, and The 2112 Strategy Group estimates that the channel generates nearly \$500 billion in annual sales. So there's that.

Make no mistake — partners will walk away from deals,

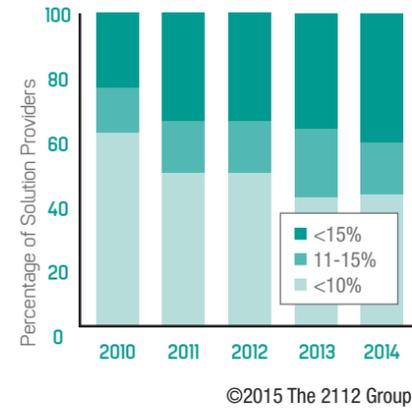
even with cloud vendors noted for great products, if the agreement will be bad for their business. Managed Computer Services, a cybersecurity solutions provider, did just that. "How flexible the vendor is on discussing your concerns with the agreement will show you how flexible they are going to be with you as a partner," says Don Weir, MCS' CMO. "There are always other vendors with the same or similar products."

Before metrics, before MDFs and before incentive programs there is the vendor-partner relationship.

## BUILDING BLOCKS: CULTURE & TOOLS

Babar Batla, CEO and co-founder of SalesIntel — whose business is the science behind relationships — defines what makes a great channel. "It acts like the vendor's extended sales force," says Batla. "They know the product well. They understand the customer's pain and are able to make that match between the

## Average Channel Revenue Growth 2010-2014



customer pain and the product's value points. Additionally, they provide input to the product team to give them the visibility into what the market is saying."

This is the type of partner program cloud vendors need. Getting there demands cultural changes up and down the organization. Listen to and learn about your partners. Take the time to understand their business models, how they make money and how they sell. Plan to complement, not conflict with, the way they do business. Communicate and let them know what to expect from the relationship. Help them make well-informed business decisions that have a positive and profitable impact on both organizations. And most importantly, strive to earn their trust; it is the foundation of a successful partnership — along with increased revenues, expanded markets, and a new customer base.

In addition:

- ▶ Develop a partner profile that fits your company culture, products and services.
- ▶ Recruit partners you are comfortable doing business with and who are interested in making money selling your products and services. Let them know you value a business relationship.
- ▶ Take the time to get to know your partners, their staffs and their business models. Show you support them not only through words but also by actions.
- ▶ Advise your sales, marketing and management teams that you expect them to treat channel partners with respect.
- ▶ Develop resources to actively support your partners.
- ▶ Create a "voice of partner" (VoP) program to listen to your partners and act quickly on their concerns. Measure their satisfaction with the metrics that are most meaningful.

"Nearly every business today — from large multinationals to small home-grown companies — is increasingly dependent on strategic and healthy relationships with their channel partners," says Suraj Kumar, IBM's program director for B2B cloud solutions. "Channel partners are providing more customized value-added services to rapidly help develop market differentiators for their customers. With the move to cloud computing and SaaS solutions, channel partners are playing a vital role in integrating SaaS solutions with companies' existing systems."

Note that channel partners are not off the hook for nurturing a relationship. But in many cases, if partners are not holding up their end of the bargain, then the vendor did not do a good job vetting during the recruitment process or managing expectations once the partner was on board.

## PROCESS + TECH = SUCCESS

Once the culture is in place, there are technologies that can strengthen the channel relationship. Let's discuss three that you may not have considered.

**PARTNER AND SUPPLIER ENGAGEMENT SOFTWARE** allows access to real-time shared business processes, business connections and collaboration. Examples are Axway and IBM's popular Multi-Enterprise Relationship Management. "MRM simplifies and accelerates the often tedious process of establishing business and trading relationships and facilitates continual engagement with the community online and via self-service," says Kumar. "Channel partners can benefit from MRM by streamlining their increasingly complex interactions with companies and gaining deeper visibility to their networks of business relationships."

**CONTENT SHARING AND SYNDICATION** from the vendor through the partner to the customer can provide a unified message. TidWit's Exterprise Platform, SharedVue and Zift Solutions are social learning platforms that help vendors empower their channels with syndicating marketing content and digital assets while maintaining end-to-end visibility and metrics. "A vendor no longer has to make a choice to either disintermediate the channel or run outdated manual B2B methods of content distribution through partners," says Will Yafi, TidWit's founder and CEO. "It makes it easy, quick and affordable for partners to draw from the vast knowledge of their vendors and pass it on downstream to their customers. It provides the best of both worlds — the reach and relationships of a channel and

the online cloud platform that empowers it to perform much more efficiently."

**SALES INTELLIGENCE SOFTWARE** can go beyond just finding leads to help companies actively identify partner allies or team partners up with peers for joint opportunities. An example is SalesIntel, which Batla began after 20 years working in sales at various enterprise software companies. At one job, he had to use a massive spreadsheet to find the partner reps that matched up with him on accounts and then reach out to them individually. That led to SalesIntel's focus on helping companies build joint pipelines quickly and assist sales reps in finding the right person to sell to on an account-by-account basis. Additionally, SalesIntel is a destination for B2B sales pros to collaborate with other reps on accounts they're trying to get into. The answers are sourced from their networks of business partners.

Salesforce.com's Community Cloud and Jive Software also play in this area.

"The vast majority of business conducted in the U.S. and around the world still goes through channels," says Yafi. "In the U.S., commerce derived from direct B2C is less than 20 percent of total."

And, there's a cap on how many companies want to deal direct. In a world of constant disruption, cloud vendors shouldn't get complacent.

"At a time when competition can come suddenly and from anywhere in the world, having a strong and tight vendor-partner relationship can be the difference between a vendor's global success and failure, because it is the partners who continue to gain the trust of the customer, deploy relevant solutions, and maintain the client relationships day-in day-out," says Yafi. "This is unlikely to change." ■



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