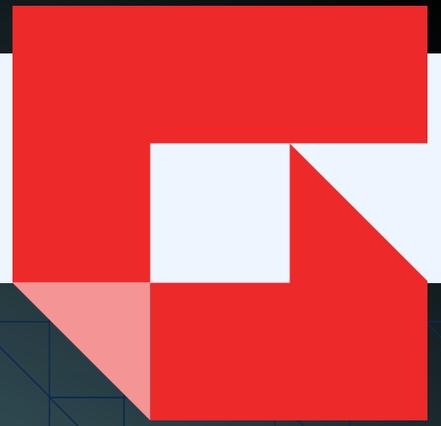


TECH VENDOR GUIDEBOOK



Best Practices for Successful Channel Programs



Global Technology Industry Association



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Advisory Council

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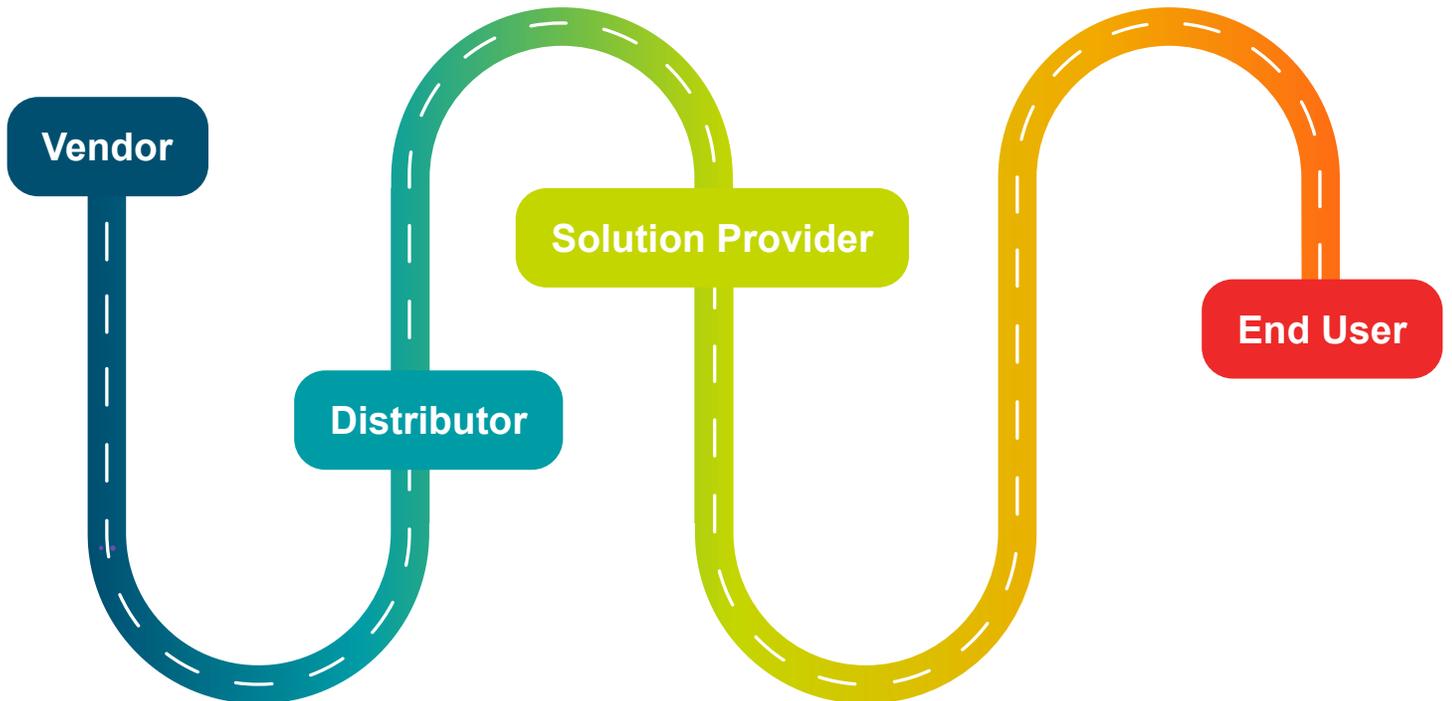
Introduction

Whether you are an industry expert or just getting started, you are likely wondering if you are approaching the information technology (IT) channel correctly. In fact, you may be wondering what exactly the “channel” is. The term is often overused and can have different context depending on how your business goes to market. In this guide, we consider the channel to be the supply chain of IT and telecommunications products and/or services that are purchased or transferred by businesses and

ultimately used or consumed by a business or other organization, often referred to as an “end user.”

The IT channel is often referred to as an indirect model because the tech vendor does not sell directly to the end customer. Traditionally, the IT channel’s supply chain begins with the manufacturer, whose products are often (though not always) moved downstream to a distributor, then to a solution provider (SP) and finally to an end user—but there are many variations and permutations of this. While this is a broad definition, it provides some context for technology vendors, distributors and IT solution or service providers looking to sell a product, service or other intellectual property—as well as the recipients of those products and services.

TRADITIONAL IT CHANNEL SUPPLY CHAIN





So what does the IT channel mean to you, or more importantly, how can you use a channel model to maximize your value in the market? Let us note that there is not just one channel, or one better than all the others. There is not a singular recipe to complete success in any channel. You must consider your goals, your products/services, their fit in the market, your readiness for a channel and ultimately your company's ability to be successful in the channel you choose.

This guide provides you with some questions and insights to consider when thinking about the IT channel. For example, even if you are at the end of a channel model, are you receiving products or services in the most effective way, and can you provide more value to your partners and end users?

We will walk you through two subjects you should consider as you determine if a particular channel motion is right for you:

- ▶ **The first will focus on considerations and questions you should address before deciding to enter the IT channel or revisit your existing channel strategy.** Start with the *strategic questions* you must be able to address before even considering a move into an indirect channel, followed by the *tactical questions* to answer in order to be successful in the channel you choose.
- ▶ **The second subject is how to put the channel in motion for your business.** We look at considerations for different channel models and the potential upsides for these programs.

In the end, we hope you find this guide helpful and valuable on your quest to find the right IT channel.

First Step: Are You Ready for the Channel?

You have a technology product or service that businesses want. It's ready to be sold, but how do you get it out there? One of the most common reasons an organization decides to enter the IT channel is to achieve economies of scale, but that's easier said than done. You might already have an idea of how to enter the market via a channel, but have you

asked the right strategic and tactical questions to ensure it gets into the market in the most effective manner? Use this section as a checklist to better understand your readiness for the channel you pursue. Answer the questions truthfully and from the point of view of where you are today, not necessarily where you want to be in the future. A successful channel strategy is a process that requires continuous improvement. Keeping your answers genuine and real will only help you succeed faster and more effectively.

STRATEGIC QUESTIONS

TACTICAL QUESTIONS

Does your company have an appetite for the IT channel?	Will you offer market development funds to partners?
What's your ultimate goal?	How will you price your offerings?
What's your value proposition to the channel?	What channel resources do you have and what will you need to develop?
Do you have an ideal partner profile?	Have you thought through your pricing strategies?
Do you understand the channel?	Have you consulted with a legal professional?
Are you willing to invest?	What technical platforms will you need to invest in?
Do you have a realistic view on investment needed vs. time to return?	What is your content strategy?
Do you have buy-in from all functional departments?	Is your information security posture adequate?
	Have you examined your budget?

STRATEGIC QUESTIONS

Does your company have an appetite for the IT channel?

Just because you think it's a great idea to create a channel program doesn't mean the rest of your organization agrees. If your company doesn't have a real appetite for investing in the channel, now is not the time to pursue it. Remember, the channel touches every functional department, from sales and marketing to product development and operations, so it's critical to make sure everyone is on the same page regarding the investment of time and resources required to spin up a channel model. Developing the details of a channel strategy is a tactical discussion, but first you'll need to have a strategic discussion to determine whether or not this is even an avenue you want to explore. Considerations include:

- ▶ **People:** Will you have a dedicated headcount for the channel in terms of account management, marketing and operations?
- ▶ **Resources:** Will you have existing training and certification materials, marketing materials,

capacity for event participation and so forth that you can repurpose for the channel?

- ▶ **Budget:** Establishing a channel is not inexpensive. The size and scope of your channel play will be determined by your budget and varies among vendors, so work closely with leadership, finance and possibly a third-party consultant to determine acceptable spend.
- ▶ **Consensus among existing teams:** Remember the channel will touch every aspect of your organization, including marketing, sales, finance, support, training enablement and others. Plan for all considerations and how workflows may be impacted.
- ▶ **Defined roles and responsibilities:** You can't start staffing a channel until you know exactly who does what, for both existing employees and any additional headcount you might require. Who will define those responsibilities?
- ▶ **Senior executive sponsor:** This should be someone who plays a part in the organizational strategy for a channel go-to-market motion and will consistently push through channel development initiatives.



What's your ultimate goal?

Your channel program will not be successful unless you define your goal and metrics for what success looks like. Are you looking at market growth, revenue generation, or expansion into new verticals or geographies? Be specific, nail down your primary objective and put a number on it. Look at competitors with the results you're after that you may want to emulate. This will help you quantify your sales and recruitment goals.

Are you looking at market growth, revenue generation, or expansion into new verticals or geographies?

What is your value proposition to the channel?

These questions should answer why distributors and solution providers would want to sell your products and services. In many cases, this will differ from your value proposition to your potential end-user customers. Ask yourself:

- ▼ What services are you offering?
- ▼ What are your unique selling points?
- ▼ Is your technology ready for the channel? For example, does it offer multi-tenancy to managed service providers (MSPs) if that partner type will be your route to market?
- ▼ Do your systems mirror what your SP partners use and need?

- ▼ Do you have defined strategies and messaging for both to-channel and through-channel marketing?
- ▼ What makes you the ideal vendor partner for your channel partners?

What is your ideal partner profile?

Now that you've nailed down your desired channel motion, defined goals and developed your value proposition, it's time to start thinking about partner recruitment. But you don't want just any partner. Develop a profile of your ideal partners to identify, target and reach the right companies to resell your products and services. Look at things like:

- ▼ Annual revenue
- ▼ Percentage of recurring revenue and products vs. services revenue
- ▼ Core competencies (i.e., IT infrastructure, security, consulting, cloud transformation) and areas of expertise easily found on a partner's website
- ▼ The partner's target customer size (i.e., SMB or enterprise)
- ▼ Other vendors they work with whose offerings are both adjacent and competitive to your own
- ▼ How many unique opportunities you expect them to drive per year
- ▼ Target verticals or geographies

Once you better define your target partner, recruitment becomes much easier and more focused.

TACTICAL QUESTIONS

Now that you've answered strategic questions, it's time to understand some of the things related to implementing your strategy. This is where the real work starts. These questions should direct your company to invest in the strategic direction you have chosen. As previously mentioned, any channel strategy is a continuous improvement process. Address the tactical questions below as best as you can, and if a question cannot be answered, go back to the strategic questions and ask yourself if you are focused in the right way. It is absolutely acceptable to refine your strategy—in fact, it is encouraged.

Will you offer market development funds (MDF) to partners?

MDF refers to funds allocated to your channel partners, such as distributors, resellers or agents, to support joint marketing and sales activities. An MDF program, inherent to almost any channel motion or partner program, can be a fantastic incentive and partner activation tactic, but it takes resources to support. Consider the following:

- ▶ What is your budget allocation for an MDF program?
- ▶ Which partners qualify for MDF access (top-tier, emerging, etc.)?
- ▶ What objectives do you aim to achieve with an MDF program?
- ▶ How will you structure an MDF program (reimbursement, co-funded campaigns, etc.)?
- ▶ Have you allocated resources for program administration and support costs?
- ▶ What are the reimbursement terms and required proof-of-performance metrics?
- ▶ How will you track and ensure partner compliance with program guidelines?
- ▶ Are you prepared for the program's evolution as your partner ecosystem expands?
- ▶ Have you addressed legal compliance and established clear contractual agreements?
- ▶ How will you measure ROI, gather partner feedback and stay competitive in the market?



How will you price your offerings?

Pricing for your channel partners should not be the same as for your direct customers. After all, your channel partners offer benefits such as additional scale, reach and market insights. Much of your pricing strategy should be determined by your ideal partner type compared to other partners. For example, for referral or influencer partners your price may not fluctuate much because they are not assuming responsibility for the sale or support of a closed lead. Whereas an MSP or value-added reseller (VAR) that will bill on your behalf, finance your solution through distribution or on their own, manage implementation and provide ongoing support should be offered a lower price since they carry a heavier weight. Some considerations:

- ▼ **Competitive pricing:** Are your pricing terms competitive compared to other providers with similar products and services, especially in terms of partner margins and/or commissions? Ensure partner compensation aligns with industry standards to attract and retain partners effectively.
- ▼ **Tiered pricing:** How will your pricing differ between partner tiers? Higher-performing partners often expect more favorable discounts or commissions. Calculate pricing with tier-specific revenue commitments in mind to motivate partners at all levels.
- ▼ **Ease of understanding:** Is your pricing structure straightforward and easy for

partners to comprehend? Avoid complexity, as simplicity encourages partner enrollment by streamlining their decision-making process. Remember, most partners are managing upwards of a dozen different vendors in their stack; they don't want to have to spend lots of time trying to understand your offering or your strategy.

- ▼ **Value proposition:** What unique value does your pricing strategy offer to partners? Consider incentives, support or additional benefits that make your program an attractive choice for partners compared to other competitive options.
- ▼ **Alignment with partner objectives:** Does your pricing strategy align with your partners' business objectives and profitability goals? Ensure that your pricing model supports their growth and encourages loyalty.
- ▼ **Flexibility and adaptability:** Can your pricing strategy adapt to changing market conditions or partner needs? Allow for flexibility in your pricing approach to accommodate evolving circumstances and partner demands.
- ▼ **Conflict with direct sales:** Is your partner pricing higher than

What unique value does your pricing strategy offer to partners? Consider incentives, support or additional benefits.

your direct sales team? This will put the two organizations in conflict and make it difficult for channel partners to be successful. Consider aligning goals and compensation plans with strict rules of engagement to avoid conflict and encourage collaboration.

What channel resources do you have, and what will you need to develop?

Many tech vendors assume that developing a channel will be an easy lift, and they are usually unpleasantly surprised to find they are wrong.

Defining what resources you already have in place and what you'll need to invest in is a big lift that requires an in-depth discovery process of your organization. Don't forget that your internal teams will need extensive training on the channel. You'll need to consider things such as:

PERSONNEL

- **Sales:** It is not best practice to repurpose a direct sales team to support an indirect or channel motion. Selling to partners requires a different skill set and mindset. Remember that you'll need to develop channel training and a playbook for your sales team. In addition, create a detailed rules of engagement policy to avoid channel conflict, which is one of the top complaints partners have about vendors' channel programs.
- **Marketing:** Similarly, marketing programs for the channel are different than for direct customers. It's advisable to hire a dedicated channel marketer if resources allow.
- **Partner and technical support:** You'll need both channel account managers (CAMs) and partner tech support resources to make sure that issues are resolved promptly and that partners feel comfortable doing business with you.

Defining what resources you already have in place and what you'll need to invest in is a big lift.

- **Operational support:** Make sure that your channel program operations are covered and supported by a channel operations staff. Here are some typical key roles in channel operations:

- **Channel operations manager:** Responsible for overall strategy and program management
- **Partner onboarding specialist:** Focuses on the seamless onboarding of new partners, ensuring that they understand

the program and have the necessary resources to be successful

- **Partner trainer:** Educates partners on products, services and tools, ensuring they have the knowledge needed for successful selling
- **Channel operations administrator:** Manages administrative tasks, including contracts, documentation and program logistics
- **Recruitment:** A partner recruitment specialist plays a pivotal role in a channel program by identifying and engaging potential channel partners. Responsibilities include researching and evaluating potential partners, initiating contact, presenting program benefits and negotiating agreements. Their aim is to expand the partner ecosystem strategically, driving growth and market reach.

LEGAL

Setting up a channel program involves several legal considerations, and you will likely need to create some new legal resources specific to the channel model. Some things to keep in mind:

- **Contracts:**
 - **Program agreement:** You will need to create an agreement that outlines the terms and conditions of your channel program. This program agreement should specify the roles and responsibilities of both parties, compensation structures and other key terms, including term length and tier requirements. Establish a dispute resolution mechanism and tier promotion, demotion and termination clauses. This agreement should also cover commission structures and payment terms outlining how and when channel partners will be compensated. Establish record-keeping and reporting requirements for channel partners to ensure compliance with the program agreement.
 - **Licensing agreement:** If your technology requires licensing, you should establish licensing agreements that detail who owns the license, usage restrictions and any royalties or fees. Make sure you address IP ownership and protection.
- **Confidentiality and non-disclosure:** Create non-disclosure agreements (NDAs) to protect sensitive information shared with channel partners and establish confidentiality obligations.
- **Dispute resolution:** Establish a dispute resolution mechanism within your program agreement to address any legal disputes that may arise between your company and channel partners.
- **Audit rights:** Determine whether you need to conduct audits to ensure that channel partners are complying with the program agreement and licensing terms.
- **Governing law and jurisdiction:** Decide on the governing law and jurisdiction in case of legal disputes. Include this information in your contracts.
- **Code of conduct and ethics:** Create a code of conduct and ethical guidelines for channel partners to follow, which can be included in the program agreement.
- **Insurance:** Explore whether additional insurance coverage is necessary to protect against legal liabilities arising from the channel program.
- **Tax implications:** Consider the tax implications of your channel program, including international tax laws if you have global partners.

Remember that the specific legal requirements for your channel program may vary depending on the nature of your technology, the geographic locations of your partners and other factors. It's advisable to consult with legal experts who specialize in technology and channel programs to ensure full compliance and protection.

TECHNICAL PLATFORMS

A number of technical platforms are needed to effectively support your channel partners, internal team and program. Here are some to consider:

- ▼ **Partner Relationship Management (PRM):** A PRM platform is essential for managing and nurturing your partner relationships. It provides tools for partner onboarding, training, lead distribution, deal registration and performance tracking. It helps streamline communication and collaboration between your company and your partners.
- ▼ **Customer Relationship Management (CRM):** A CRM system is crucial for managing customer and prospect data. It enables your channel team to track interactions, manage leads, forecast sales and understand customer preferences. Integrating your CRM with the PRM platform can provide valuable insights into partner-driven opportunities.
- ▼ **Automated billing system:** Simplify partner financial transactions with an automated billing system. It ensures accurate and timely payments for products and services delivered by your partners. This system can help prevent disputes and maintain healthy partner relationships.
- ▼ **Marketing automation software:** Create, manage and track marketing campaigns with marketing automation tools. You can provide co-marketing resources to your partners and track the success of joint marketing efforts. This helps in lead generation and nurturing for both you and your partners.
- ▼ **Learning Management System (LMS):** An LMS is essential for partner training and development. It allows you to create and deliver training content, track progress and certify partners on your products

and processes. A well-educated partner network can drive better sales and customer satisfaction.

- ▼ **Analytics and reporting tools:** Implement data analytics and reporting tools to track the performance of your channel program, monitor key performance indicators (KPIs) and make data-driven decisions for program optimization.
- ▼ **Integration middleware:** Invest in integration middleware to connect your various platforms seamlessly. This ensures data flows smoothly between your PRM, CRM, billing system and other tools, reducing manual data entry and errors.
- ▼ **Security and compliance solutions:** Implement robust security and compliance solutions to safeguard sensitive partner and customer data, ensuring that your channel program adheres to relevant regulations.



CONTENT STRATEGY

Building a robust content offering for a channel program involves careful planning and consideration of various factors. Keep in mind that the content you provide to your partners will, in most cases, differ from the content you create to market to your direct users. Here's a list of questions and considerations to guide your channel content strategy:

- ▼ **Value proposition:** Have you tailored your existing value proposition to resonate with both end users and partners? Does it clearly communicate the benefits of partnering with your program?
- ▼ **Content consistency:** What is the frequency of new content creation (e.g., monthly, quarterly, annually)? How will you maintain consistency in content delivery to keep partners engaged?
- ▼ **Content repository:** Where will you host and organize your content (e.g., partner portal, content management system)? How will you ensure easy access and navigation for your channel members?
- ▼ **Content types:** Will you provide sales enablement content, such as training materials, sales slicks, product guides and FAQs? What other types of content will you offer, like case studies, whitepapers, videos or webinars, to support partner sales efforts?
- ▼ **Roadmap and product enhancements:** How will you share your product roadmap and

Keep in mind that the content you provide to your partners will, in most cases, differ from the content you create to market to your direct users.

updates with partners? Will you hold regular meetings and/or webinars or provide documentation to keep them informed about upcoming enhancements?

- ▼ **Content customization:** Can partners customize or co-brand the provided content to align with their brand and messaging? How will you ensure consistency while allowing for customization?
- ▼ **Content localization:** Will you offer content localization to cater to partners in different regions or markets? How will you address language and cultural differences in your content?
- ▼ **Content metrics and tracking:** How will you measure the impact and engagement of your content? What KPIs will you use to assess the effectiveness of your content marketing efforts?
- ▼ **Content ownership and updates:** Who will be responsible for creating, updating and maintaining content within your organization? How will you ensure that content remains relevant and up to date?
- ▼ **Compliance and brand guidelines:** Do you have guidelines in place to ensure that partner-generated content aligns with your brand and complies with industry regulations?
- ▼ **Content promotion:** How will you promote the availability of new content to your channel partners? Will you incentivize partners to use and share the content with their networks?



INFORMATION SECURITY

Creating a solid information security (InfoSec) foundation for a new channel program is crucial to prevent security incidents. Here are some questions and considerations to guide your InfoSec posture planning:

- ▼ **Security posture assessment:** Have you conducted a thorough assessment of your security posture to identify vulnerabilities and risks within your channel program?
- ▼ **Compliance standards:** Which security and compliance standards, such as CMMC, NIST, HIPAA, SOC2, PCI or FIPS, are relevant to your industry and operations? Are you adhering to them effectively?
- ▼ **Transparency and trust:** Do you have a trust center or dedicated site that provides transparency to partners and customers about your security practices, policies and incident response procedures?
- ▼ **Data classification and location:** Have you classified your data based on its sensitivity and importance (e.g., personally identifiable

information (PII), intellectual property)? Where is your data stored, and does its location align with your information protection policy? For example, how does GDPR compliance affect your data handling?

- ▼ **Access control and permissions:** How do you manage access control and permissions within your channel program to ensure that only authorized individuals have access to sensitive data and systems?
- ▼ **Incident response plan:** Do you have a well-defined incident response plan in place that outlines the steps to take in the event of a security incident or data breach? Have you communicated this plan to your channel partners?
- ▼ **Security training and awareness:** Do you provide security training and awareness programs to educate both your internal team and channel partners about security best practices and potential threats?
- ▼ **Third-party vendor security:** How do you evaluate and ensure the security posture of third-party vendors and technology providers who interact with your channel program? What security requirements do you impose on them?
- ▼ **Data encryption and protection:** What encryption methods and data protection measures do you employ to safeguard data in transit and at rest within your channel program?
- ▼ **Monitoring and auditing:** Do you have robust monitoring and auditing mechanisms in place to detect and respond to security incidents in real time? How often do you perform security audits and assessments to validate your Infosec posture?



How do you get the budget you need?

Asking for money is always hard, but spinning up a channel program takes lots of dollars. Before asking finance to cut a big check, make sure you've addressed as many of the points below as possible:

- ▼ **Budget cycles:** Do you have annual and quarterly budget plans to adapt to changing circumstances?
- ▼ **Cost of channels:** Evaluate the cost-effectiveness of different channel types and motions by assessing what expenses are incurred compared to the value these channels can potentially generate. A simple affiliate program may offer less compensation to the partner, but reaps fewer closed sales. A higher-cost channel that includes MSPs, VARs or distributors may require more upfront investment but can potentially deliver more in the end.

- ▼ **Compliance costs:** Have you accounted for expenses related to audits, assessments and certifications?
- ▼ **Security and compliance:** Keep in mind there's a cost to keeping your partners' information protected and compliant with regulations.
- ▼ **Events:** What types of events are planned, and how will costs be distributed?
- ▼ **Headcount and recruitment:** Have you determined roles, scalability and recruitment costs for partner growth?

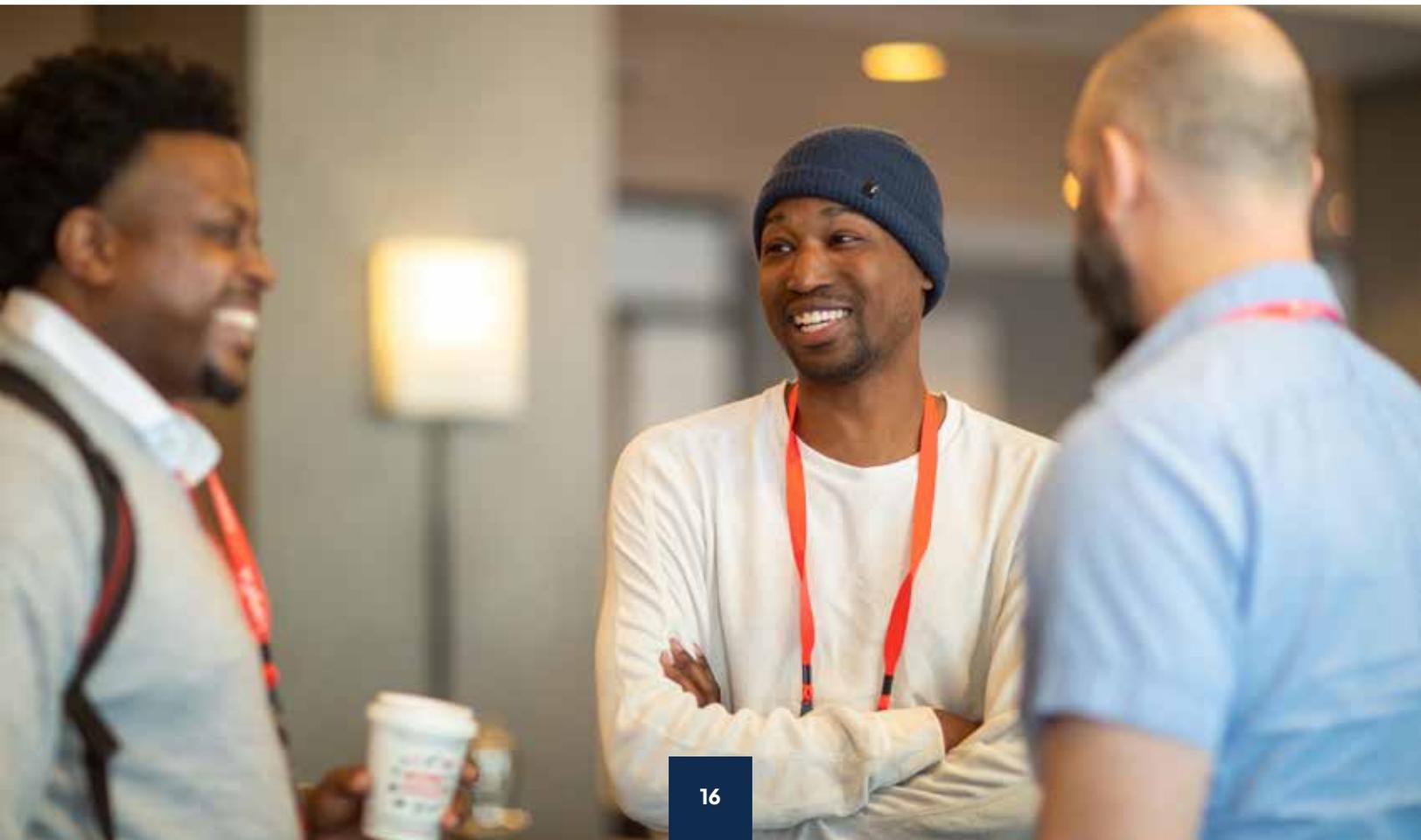
Once you have established the above—and hopefully secured the money needed—you're ready to move on to the next step: Identifying which channel program is the best for your business.

Second Step: Channel Program Motions

So you want to set up a channel program, but aren't sure where to start? At its core, the success of a channel program hinges on two pivotal factors: The type of partner you choose and the route to market you pursue. While there are certain elements of partner programs that are common among most channel motions, as you will see, each channel partner type entails a unique set of principles, thoughts and considerations that can significantly impact the trajectory of your program.

In the following sections, we will dive into the intricacies of six distinct channel motion models, discussing not just the fundamental mechanics but also the underlying principles that drive them. As you explore these models, you'll gain insights into the dynamics of each and wind up well-prepared to make informed decisions about the type of partners and routes to market that best align with your business objectives.

- 1. Marketplaces**
- 2. Referral Programs**
- 3. Consumption-Based Models**
- 4. Two-Tier Distribution**
- 5. Resellers**
- 6. Managed Service Providers**



1. MARKETPLACES

Vendors are constantly seeking innovative routes to market that can efficiently connect them with potential buyers. Channel marketplaces have emerged as the fastest-growing route to market, revolutionizing the way cloud computing and other IT services are exchanged between channel members and distributors.

Understanding Channel Marketplaces

Channel marketplaces can be described as online platforms where vendors, partners and end users converge. These marketplaces operate like digital hubs, enabling transactions, fostering collaboration and empowering end users with a wide range of options. Marketplaces represent a vast variety of categories, covering hardware, software and services, making them an ideal one-stop-shop for many customers seeking technology solutions.

Features and Functionality

The success of channel marketplaces can be attributed to their robust features and functionalities that cater to the needs of all stakeholders involved:

- ▶ **Transaction facilitation:** Channel marketplaces offer a seamless experience for buyers and sellers to conduct transactions. They facilitate payment processing, ensuring secure and efficient transactions.
- ▶ **Product catalogs and reviews:** Customers can browse through extensive product catalogs and access valuable reviews from other users, aiding in informed decision-making.
- ▶ **Communication and support:** Marketplaces allow users to interact with representatives of vendors and partners seeking product details, support and guidance.

- ▶ **Supply chain integration:** Modern marketplace technologies provide insights to the availability of products and services. They also streamline the billing process through integration with professional service automation (PSA) applications.

Types of Channel Marketplaces

Marketplaces come in various forms, each serving specific purposes. For the channel, two primary models are:

- ▶ **Cloud marketplaces:** Many large technology companies operate cloud marketplaces, offering a wide range of cloud-based applications and solutions. You've probably heard of AWS, Oracle and others, but cloud marketplaces come in all sizes and flavors, each with their own pros and cons. Additionally, distributors may also run cloud marketplaces, providing vendors with access to a massive network of potential buyers.
- ▶ **Services marketplaces:** Some MSPs and resellers have built their own marketplaces to leverage their unique services and products. These marketplaces empower end users to find tailored technology solutions, connecting them directly with the service providers.

Key Differentiators

Channel marketplaces offer several benefits that set them apart from traditional sales channels:

- ▶ **Frictionless experience:** The streamlined interface and easy-to-navigate features ensure a smooth and efficient experience for buyers and sellers alike.
- ▶ **Pay as you grow:** Vendors can benefit from a pay-as-you-grow model, allowing them to scale their presence on a marketplace based on demand and success.

- ▼ **Flexible purchasing:** Customers have the freedom to make purchases whenever they require products or services, providing them with maximum flexibility.
- ▼ **Billing transparency:** Transparency in billing and pricing instills trust in the marketplace, fostering long-term relationships between vendors and customers.
- ▼ **On-demand education and enablement:** Channel marketplaces often offer on-demand educational resources and enablement materials for vendors and partners, helping them optimize their offerings and sales strategies.

As the world embraces digital transformation, channel marketplaces have become a prominent force in the indirect technology sales channel. Whether through cloud marketplaces operated by tech giants or services marketplaces set up by MSPs and resellers, channel marketplaces present an opportunity for vendors to access a global audience of potential buyers. Embracing the unique advantages of channel marketplaces can help vendors stay ahead in the competitive technology sales landscape and foster strong, lasting relationships with their customers.

2. REFERRAL PROGRAMS

As the channel ecosystem continues to expand and new partner types emerge as dominant players, referral programs have become a powerful model to accelerate growth and expand market reach. While agent and subagent referral programs have been around for decades, new referral partners, such as influencer partners, are emerging as a powerful new motion for vendors to explore. By leveraging the network of partners, vendors can tap into new customer segments and promote their products and solutions more effectively.

Understanding Channel Referral Programs

Channel referral programs, also known as agent, influencer or representative programs, involve strategic partnerships where vendors collaborate with external entities to promote and sell their products or services. These external entities act as intermediaries, referring potential customers to the vendor in exchange for incentives, commissions or rewards. Referral partners, such as agents, technology service distributors, consultants, customers and alliance partners, play a crucial role in recommending the vendor's offerings to their network of contacts.

New referral partners, such as influencer partners, are emerging as a powerful new motion for vendors to explore.

Benefits of Referral Programs

Channel referral programs offer several benefits for both vendors and partners, making them an attractive channel model:

- ▼ **Expanding market reach:** Like most channel motions, referral partners bring in new customers from their existing networks, allowing vendors to access untapped market segments and broaden their customer base.
- ▼ **Cost-effective sales strategy:** Compared to traditional sales channels, referral programs



often require lower upfront costs and allow vendors to pay commissions or referral fees only upon successful conversions.

- ▼ **Building trust and credibility:** Partner recommendations carry significant weight in the eyes of potential customers, enhancing the vendor’s credibility and trustworthiness.
- ▼ **Focus on core competencies:** Vendors can focus on product development and innovation, while referral partners handle customer acquisition and relationship management.

Commission/Referral Fees vs. Margins

One key aspect of channel referral programs is determining the compensation structure for partners. Vendors can choose between offering commissions or referral fees to their partners based on successful conversions. Commissions are typically a percentage of the sale value, while referral fees are fixed amounts awarded for each successful referral. This is in contrast to margin-based compensation schemas, where MSPs and VARs buy products and services at a discount from vendors, add their services on top of them, and resell for a profit.

Product/Solution Examples for Referral Programs

Channel referral programs are adaptable across various industries and technology solutions. Some common examples include:

- ▼ **Telecommunication services:** Telecom companies often partner with agents and representatives to refer customers to their services, such as phone plans and internet connectivity.
- ▼ **Advisor program:** Advisor programs allow partners to refer customers to the vendor and earn recurring commissions on the customer’s usage.
- ▼ **Security services:** Suppliers like software-defined wide-area networking (SDWAN) vendors and firewall-as-a-service providers collaborate with referral partners to recommend their security solutions to businesses seeking robust cybersecurity.

Requirements for Referral Partners

To ensure the success of channel referral programs, vendors may set certain requirements for their partners:

- ▼ **Active promotion:** Referral partners should actively promote the vendor’s solutions through various channels, such as social media, email marketing and events.
- ▼ **Volume-based tiers:** Vendors may offer tiered incentives based on the number of successful referrals made by the partner. Higher volumes may lead to increased commissions.
- ▼ **Certifications:** Depending on the complexity of the product or solution, vendors may require partners to earn certifications to ensure they have the necessary expertise to represent the offerings effectively.

Marketing Support and MDF

To enable referral partners in their promotional efforts, vendors can provide marketing support and market development funds (MDF). MDF helps partners cover the costs of marketing campaigns, events and other promotional activities aimed at driving leads and conversions.

Channel referral programs present a valuable opportunity for vendors to leverage external networks and boost sales. By strategically collaborating with referral partners, vendors can extend their market reach, build trust with potential customers and focus on core product development. By designing attractive commission structures, offering marketing support and setting clear requirements, vendors can foster strong partnerships and achieve mutual success with their referral partners in the indirect technology sales channel.

3. CONSUMPTION-BASED MODELS

As technology vendors seek innovative routes to market, consumption-based channel programs have emerged as a game changer in the channel. These programs offer a flexible and dynamic approach to selling products and solutions, empowering partners and vendors to adapt to customer demands effectively.

Understanding Channel Consumption-Based Programs

Channel consumption-based programs revolve around selling products or solutions based on

actual usage or consumption by the end users. These programs operate on a pay-as-you-grow model, allowing customers to scale their usage according to their needs, while partners and vendors gain insights into customer preferences and consumption patterns.

A consumption-based channel partner program can appeal to a variety of partners due to its flexible and scalable nature. Here are the types of partners that are often attracted to such programs:

A consumption-based channel partner program can appeal to a variety of partners due to its flexible and scalable nature.

▼ **Managed service providers (MSPs):** MSPs are well-suited for consumption-based models because they can align their services with the actual usage of resources, offering clients scalability and cost-efficiency.

▼ **Value-added resellers (VARs):** VARs can expand their offerings by including consumption-based services alongside traditional product sales. This allows them to provide comprehensive solutions to clients.

▼ **Cloud service providers (CSPs):** CSPs, particularly those focused on cloud solutions, find consumption-based programs align with their core offerings, enabling them to offer cloud resources on a pay-as-you-go basis.

▼ **System integrators (SIs):** SIs can integrate consumption-based services into complex IT solutions, providing clients with tailored, scalable and cost-effective solutions.

- ▼ **Consulting firms:** Consulting firms can leverage consumption-based services to offer clients insights into optimizing their resource usage and cost management.
- ▼ **Telecom service providers:** Telecom providers can diversify their services by offering consumption-based solutions, such as bandwidth, data storage or hosted services to meet varying customer demands.
- ▼ **Software resellers:** Resellers focusing on software products can complement their offerings with consumption-based licensing models, making software access more flexible and cost effective for clients.
- ▼ **Startups and emerging partners:** Smaller partners and startups may find consumption-based programs attractive as they often require lower upfront investments and can scale as their customer base grows.
- ▼ **Industry specialists:** Partners with expertise in specific industries (i.e., CPAs, legal firms, financial consultants) can use consumption-based solutions to address unique industry needs with tailored pricing.

Product/Solution Examples

Consumption-based channel programs are versatile and applicable across various technology solutions. Some prominent examples include:

- ▼ **Professional Services Automation (PSA) and Remote Monitoring and Management (RMM) software:** Vendors can offer PSA and RMM solutions on a consumption-based model to MSPs, enabling MSPs to manage their clients more efficiently.
- ▼ **Cloud services:** Leading technology companies provide consumption-based

pricing for their cloud services, allowing businesses to pay only for the resources they use.

- ▼ **Unified communications:** Video conferencing platform providers offer flexible pricing based on the number of users or meeting minutes consumed.
- ▼ **Security solutions:** Endpoint protection, data protection, and business continuity/disaster recovery (BC/DR) services can be sold on a consumption-based model, providing customers with the scalability they need.

Key Differentiators of Consumption-Based Models

Consumption-based programs offer several key differentiators that set them apart from traditional sales models:

- ▼ **Pay as you grow:** The pay-as-you-grow approach allows customers to start with minimal commitments and increase their usage as their requirements expand.
- ▼ **On-demand billing:** Customers are billed based on actual usage, providing them with cost transparency and flexibility in managing their expenses.
- ▼ **Tier discounting:** Vendors often offer tiered discount structures, providing incentives for partners and customers to increase their consumption levels.
- ▼ **Client reconciliation:** Consumption data enables accurate client reconciliation, preventing disputes over billing and helping to ensure fair billing practices.
- ▼ **Billing transparency:** Customers appreciate the transparency in billing, as they can clearly see what they are paying for based on their usage.

- ▼ **Provisioning education and enablement:** Vendors provide education and enablement resources to partners to help them effectively provision and manage consumption-based services.
- ▼ **Role assignments:** Consumption-based programs often have role assignments for tech teams, administrative personnel and billing managers, streamlining the entire process.
- ▼ **Frictionless experience:** These programs are more likely to offer a seamless experience for customers and partners, simplifying the procurement and billing process.
- ▼ **Ability to bundle:** Consumption-based programs make it easier for partners to bundle various products and services to create tailored “as-a-service” offerings for their customers.

Consumption-based programs represent a shift in the channel, providing flexibility and scalability for both vendors and customers. Embracing this model can open new avenues for vendors to reach a broader customer base, while partners can better align their offerings with their clients’ needs.

4. TWO-TIER DISTRIBUTION

Among the various channel models available, the two-tier distribution program stands out as a powerful approach to harnessing the strengths of distributors and empowering partners. Among other benefits, two-tier distribution programs leverage the power of aggregate volume to drive cost efficiency. Distributors purchase products in bulk from vendors and then distribute them to their partner network, leading to better pricing for both distributors and channel partners.

Value-Added Services and Easy Partner Scalability

In a two-tier distribution program, vendors like to partner with distributors who go beyond simple product distribution to offer value-added services. These services, which can include technical support, configuration/onboarding assistance and creating custom SKUs and bundles, can enhance the overall customer experience and enable partners to provide more comprehensive solutions to their clients.

Moreover, the program facilitates easy partner scalability, allowing vendors and partners to expand their reach on a global, multinational or domestic level by leveraging the established network of distributors. While value-added distributors carry a more significant upfront investment in terms of margin, headcount and other costs, many vendors find value in their ability to reach partners at scale and offer services that vendors cannot fund.

Financial Bridge and Credit Facilities

One of the most significant advantages of two-tier distribution programs is the financial bridge they provide to channel partners. Distributors offer credit facilities and financing options, acting as intermediaries between vendors and partners. This financial support empowers partners to invest in growth initiatives, manage cash flow efficiently and capitalize on market opportunities without facing significant financial constraints.

- ▼ **Financial bridge:** Distributors facilitate financial support to partners.
- ▼ **Credit approval process:** Distributors streamline the credit approval process, ensuring partners can proceed with sales and projects promptly.

Logistics, Tech Support and Other Benefits

While distribution plays do carry a cost (more on that later), there are distinct benefits to engaging with a two-tier model. Distributors play a crucial role in managing logistics and inventory, ensuring efficient product delivery to partners. Acting as intermediaries between partners and vendors, distributors streamline the supply chain and minimize inventory holding costs for partners. Additionally, they offer support services to partners, including technical assistance and troubleshooting, enabling partners to focus on sales and customer relationships. Some benefits include:

- ▼ **Efficient logistics:** Distributors streamline product delivery and supply chain logistics, better ensuring timely and cost-effective distribution to partners across diverse geographic regions.
- ▼ **Technical support:** They provide valuable technical assistance and support to channel partners, helping them troubleshoot issues, resolve customer concerns and improve their product knowledge.



- ▼ **Optimized inventory management:** Distribution manages inventory effectively, minimizing holding costs for partners by ensuring the availability of products when needed while reducing the risk of overstock or shortages.
- ▼ **Market expansion:** Leveraging the distributor’s extensive partner network, vendors can quickly expand their market reach and tap into new customer segments, both domestically and internationally.
- ▼ **Risk mitigation:** Distributors absorb some of the financial risk associated with inventory management, helping vendors avoid excess inventory costs and providing partners with a consistent supply of products.
- ▼ **Value-added services:** Distributors offer value-added services such as product configuration, customization and bundling, enhancing the overall customer experience and enabling partners to provide comprehensive solutions.
- ▼ **Local expertise:** Distributors possess local market knowledge and expertise, which is invaluable for vendors entering new regions and navigating regulatory, cultural and language differences.
- ▼ **Reduced administrative burden:** Distributors handle administrative tasks, including invoicing, order processing and payment collection, freeing up vendors to focus on core business activities like product development and strategy.

Higher Costs, More Value to Vendors

As stated, when it comes to the cost of different channel motions, value-added distribution ranks as one of the most expensive, with a myriad of variables each playing a part:

- ▼ **Margins:** Margins refer to the difference between the price at which distributors purchase products from vendors and the price at which they sell them to their partner network. These margins are a critical source of revenue for distributors, and they can vary based on the product, volume of sales and the distributor's role in the supply chain. Note that these discounts are in addition to the discounts provided by vendors to partners, not in place of them, leading to a more expensive discount overall.
- ▼ **Co-op funding:** Co-op funding is a form of financial support provided by vendors to distributors to help them with marketing activities. Through co-op funding, vendors and distributors collaborate to execute joint marketing campaigns, events and promotions to drive product visibility and demand. The funding can cover a portion of the marketing expenses incurred by the distributor.
- ▼ **Distribution fees:** Distribution fees are charges imposed on vendors by distributors for the services and support provided to the partner network. These fees may cover various services, such as inventory management, logistics and technical support. The fees are typically agreed upon in the contractual agreement between the vendor and distributor.
- ▼ **Funded heads:** Funded heads refer to dedicated resources or personnel that vendors provide to distributors to support their operations and sales efforts. These resources may include sales representatives, technical experts, or marketing professionals who work in collaboration with the distributor's team to drive sales and promote the vendor's products. Alternatively, vendors may choose

to compensate the distributor for dedicated use of one of the distributor's internal resources, such as business development reps or support technicians.

- ▼ **Market development funds (MDF):** Market development funds are a type of financial support that vendors allocate to distributors to invest in marketing and business development activities. MDF allows distributors to execute targeted marketing campaigns, attend industry events and conduct lead-generation initiatives to expand the market presence of the vendor's products.

By partnering with distributors, vendors can enhance partner scalability, provide value-added services, and streamline logistics and support processes. Moreover, distributors act as intermediaries, ensuring a flow of products and services while leveraging aggregate volume for cost efficiency. This model fosters strong partnerships, drives business growth, and enables vendors and partners to scale in a competitive technology market.

5. RESELLERS

For vendors looking to build a successful indirect technology sales channel, the classic channel reseller program offers a compelling approach to reaching end users through a network of resellers. These programs enable vendors to collaborate with various partner types, such as value-added resellers (VARs), systems integrators (SIs) and retailers, to sell products and solutions directly to end users. Average margins provided to partners in a reseller program typically range from 20% to 40%, often depending on the product type or category, providing partners with attractive financial incentives to drive sales.

Understanding Channel Reseller Programs

▼ **Transactional via annual or termed:** Channel reseller programs adopt a transactional approach, where partners sell products and solutions to end users either on an annual or termed basis. This model is particularly well-suited for technology offerings that are not sold as-a-service but rather as one-time purchases or licensed solutions.

- ▼ **Not a managed services model:** In contrast to managed services models, channel reseller programs do not involve recurring services or extensive project management. The focus is on delivering products and solutions rather than ongoing service provision.
- ▼ **Selling through resellers to end users:** In channel reseller programs, vendors sell their products and solutions to resellers, who then resell them to the end users. The licensing is typically in the end user's name, establishing a direct relationship between the end user and the vendor.
- ▼ **Support and licensing:** While not inherent to the model, vendors may choose to provide support as part of the licensing agreement to enhance the overall customer experience and partner value proposition.

Benefits to Partners

Like most channel programs, reseller programs offer partners benefits they might not otherwise obtain. While a reseller program should be built to benefit all partners and make the vendor's offering attractive to a wide range of resellers, some benefits may be scaled depending on the revenue commitment by the partner and the program tier in which they sit. Discounts, for instance, typically increase the more revenue a partner brings in. Other than compensation, other key benefits to partners include:

- ▼ **Deal registrations:** Deal registrations allow partners to secure their opportunities and protect their investment in the sales process. By registering a deal, partners gain priority access and are eligible for specific benefits in case of successful closure.



- ▼ **Market development funds (MDF):** As with many other channel motions, market development funds are a valuable resource that vendors allocate to partners to support marketing efforts. These funds enable partners to execute marketing campaigns, participate in events and generate demand for the vendor's products.
- ▼ **Marketing support:** Vendors provide marketing support to resellers to enhance brand visibility and market reach. Marketing collateral, co-branded materials and campaign assistance are typical forms of support.
- ▼ **Service implementation and ongoing support:** One of the key differentiators in channel reseller programs is the provision of service implementation and ongoing support that partners can charge for. Resellers can offer their expertise in projects and implementations, as well as proactive remediation or reactive alerts to ensure customer satisfaction and success.
- ▼ **Predictable margin:** The predictable margin structure in channel reseller programs empowers partners to plan their business growth effectively and build long-term relationships with vendors.
- ▼ **Simplification and operationalization:** Streamlined processes and operationalization are critical elements of successful channel reseller programs. Ensuring ease of doing business and removing unnecessary complexities contribute to stronger partner engagement.

Requirements

In order to qualify for program benefits, resellers are expected to meet certain program requirements. These can vary by vendor, but some of the most common include:

- ▼ **Certifications and training:** Partners may be required to attain specific certifications related to the vendor's products or services. These certifications demonstrate their expertise and commitment to delivering high-quality solutions to clients and may come in the form of sales training, technical training or both.
- ▼ **Sales quotas and targets:** Vendors often set sales quotas and targets for partners to achieve within a specified time frame. Meeting or exceeding these goals is crucial for partners to maintain their status in the program and access benefits.
- ▼ **Volume commitments:** Some channel reseller programs have volume-based tier requirements, where partners must meet predetermined sales volume thresholds to move up the partner hierarchy. Higher-tier partners typically receive greater benefits, margins and support.
- ▼ **Market development and lead generation:** Partners may be expected to actively participate in market development and lead generation activities, such as running marketing campaigns, attending industry events or generating their own leads to promote the vendor's products and services.
- ▼ **Customer support and service levels:** Partners may need to provide a certain level of customer support and service quality to maintain customer satisfaction. Adhering

to service level agreements (SLAs) ensures clients receive a consistent and positive experience.

- ▼ **Compliance and reporting:** Partners may be required to comply with specific program rules and reporting obligations. This can include regularly submitting sales reports, deal registrations or updates on their progress towards meeting program requirements.

Channel reseller programs offer an effective and flexible model for vendors aiming to extend their market reach and deliver products and solutions directly to end users. By empowering diverse partner types with value, support and competitive margins, vendors can foster strong partnerships and achieve significant growth in the technology market.

6. MANAGED SERVICE PROVIDERS (MSPs)

The managed service provider (MSP) channel program is a strategic avenue for vendors to provide comprehensive, outsourced IT solutions to their customers. Unlike other models, MSPs take on a more proactive and ongoing role in managing and maintaining their clients' IT infrastructure and services.

At the core of an MSP channel program is the concept of holistic IT management. MSPs become trusted partners for their clients by assuming responsibility for various IT functions, including network monitoring, cybersecurity, data backup and cloud management. This approach offers clients the peace of mind that their IT systems are in capable hands, allowing them to focus on their core business activities.

The MSP channel program offers vendors several advantages, including expanded market reach, increased product adoption and recurring

revenue streams. It allows vendors to tap into new customer segments that require ongoing IT management services.

Benefits of an MSP Model to the End User

In addition to the MSP taking responsibility for a greater number of functions and roles, saving the vendor from having to fund those activities, an MSP model offers several benefits to end users, as well:

- ▼ **Predictable monthly billing:** MSPs typically offer clients a predictable monthly billing structure, often based on a subscription model. This predictability helps clients manage their IT budgets more effectively and avoid unexpected expenses related to system failures or security breaches.
- ▼ **Proactive maintenance and issue resolution:** MSPs proactively monitor their clients' IT environments to identify and resolve issues before they become major disruptions. This approach minimizes downtime and ensures a smooth and reliable IT experience for clients.
- ▼ **Scalability and flexibility:** MSPs design their services to be scalable, allowing clients to adjust their IT resources as their business grows or changes. This scalability ensures that clients have the right level of support and infrastructure at all times.
- ▼ **Comprehensive services beyond technology:** MSPs may offer services that extend beyond traditional IT support, such as compliance consulting, disaster recovery planning and business continuity services. This comprehensive approach addresses clients' broader business needs.

Revenue Model

This model is designed to compensate MSPs for their ongoing efforts in delivering and managing technology solutions while ensuring vendors achieve their business objectives and can include:

- ▼ **Compensation models:** Vendors typically offer several compensation models to MSPs, aligning incentives with service delivery and customer success. Common models include:
 - **Pay-per-device/user:** MSPs receive payment based on the number of devices or users they manage
 - **Tiered pricing:** MSPs may benefit from tiered pricing, where the cost per device or user decreases as the number of managed entities increases
 - **Percentage of revenue:** Some vendors compensate MSPs based on a percentage of the revenue generated from their services
 - **Recurring commissions:** MSPs often receive recurring commissions for as long as they retain the client
- ▼ **Average discounts:** While discount structures can vary widely based on the vendor's pricing strategy, market competitiveness and the level of commitment from the MSP, average discounts for MSPs typically range from 10% to 40% off standard list prices, though some vendors go as high as 60% or so for high-performing partners. These discounts incentivize MSPs to join the program and offer competitive pricing to their clients.
- ▼ **Payment terms:** Typical payment terms may include monthly, quarterly or annual payments, with some vendors offering flexible payment options to accommodate MSPs' cash flow needs. Timely payments ensure the financial

stability of MSPs and foster trust in the partnership.

- ▼ **Renewal compensation:** Vendors recognize the importance of client renewals in the MSP business model. Therefore, many MSP channel programs compensate partners for successful renewals. This serves as a powerful incentive for MSPs to maintain high service quality and nurture long-term client relationships.
- ▼ **Co-op funding:** Beyond direct compensation, vendors may allocate market development funds (MDF) to MSPs. These funds support marketing initiatives, lead generation, and brand-building activities, enhancing the MSP's ability to grow its client base and increase revenue.
- ▼ **Volume-based incentives:** To reward high-performing MSPs, vendors may implement volume-based incentives. These incentives can include additional discounts, exclusive access to new features or dedicated support resources.
- ▼ **Value-added services:** Vendors may provide MSPs with value-added services and tools, such as training, certification programs and technical resources. These services empower MSPs to deliver high-quality solutions, which can lead to increased customer satisfaction and long-term revenue growth.

Examples of Types of Solutions MSPs Offer

While some MSPs are evolving into consultants, cloud service providers (CSPs) or managed security service providers (MSSPs), each of which carry its own specialized offerings, the average MSP offers at a minimum the following:

- ▼ **Managed IT services:** Comprehensive management of IT infrastructure, including servers, networks and endpoints
- ▼ **Cybersecurity services:** Protection against evolving cyber threats and vulnerabilities
- ▼ **Cloud management:** Management of cloud infrastructure, data migration and optimization of cloud resources
- ▼ **Data backup and recovery:** Ensuring data integrity and rapid recovery in case of data loss
- ▼ **Remote monitoring and management (RMM):** Real-time monitoring of IT systems for performance and security
- ▼ **Compliance and regulatory services:** Ensuring that clients meet industry-specific compliance requirements
- ▼ **Help desk:** Handling routine questions and moves, adds and change requests from end users

- ▼ **Co-managed IT services:** Tailored solutions offering supplement support for organizations that have understaffed or underskilled IT departments, which may include a subset or combination of the services listed above.

Key Differentiators

New entrants to the channel often confuse an MSP channel program with a reseller or other channel motion, but there are a few characteristics that set an MSP program apart. They include (but are not limited to):

- ▼ **Service continuity:** Unlike traditional resellers, MSPs offer ongoing support and proactive maintenance, ensuring the continuous functionality of IT systems.
- ▼ **Predictable billing:** MSPs provide clients with predictable, subscription-based billing models, reducing financial surprises associated with traditional one-time purchases.
- ▼ **Comprehensive solutions:** MSPs deliver end-to-end solutions encompassing hardware, software and ongoing IT services. Resellers generally concentrate on product sales and services, with the primary source of their revenue being product sales.
- ▼ **Client-centric approach:** MSPs prioritize clients' business outcomes, focusing on IT solutions that align with their goals rather than merely selling products.
- ▼ **Recurring revenue:** Vendors benefit from recurring revenue streams in MSP programs, as opposed to one-time sales in traditional models.



Common MSP Complaints About Vendor Channel Programs

While MSPs clearly find value in vendor channel programs, they also encounter common complaints and challenges. Understanding these concerns is crucial for vendors to build stronger and more productive partnerships with their MSPs. Some of the typical complaints from MSPs include:

- ▶ **Lack of transparency:** MSPs may feel that vendors are not transparent enough about pricing, margins or changes to products and services. This lack of transparency can make it difficult for partners to plan and manage their own businesses effectively. Vendors should provide clear and transparent pricing structures, margin details and product roadmaps. Regularly communicate changes and updates to MSPs to ensure they are well-informed.
- ▶ **Complex partner portals:** Complex and unintuitive partner portals can be a significant source of frustration for MSPs. When it's challenging to access resources, register deals or obtain necessary information, partners may become less engaged with the vendor.
- ▶ **Inadequate support:** MSPs require robust support from vendors, especially when dealing with complex technical issues or unique customer requirements. Complaints often arise when vendors fail to provide timely and effective support, hindering MSPs' ability to deliver quality service to their clients. Offer robust support channels, including dedicated technical support teams, knowledge bases and online communities. Address partners' inquiries promptly and effectively, demonstrating a commitment to their success.
- ▶ **Channel conflict:** When vendors sell directly to end customers, it can create channel conflict with MSPs who have invested time and resources in developing those accounts. Partners may feel that vendors undermine their relationships and competitive advantage. Establish clear guidelines and rules of engagement (ROE) to prevent channel conflict. Define which accounts are exclusive to MSPs and which are open for direct sales by the vendor.
- ▶ **Inflexible programs:** Rigidity in vendor channel programs can be problematic. MSPs often desire more flexibility to adapt the vendor's offerings to meet the specific needs of their clients. Rigid programs may not allow for customization, limiting the partner's ability to differentiate themselves in the market. Provide customization options and pricing flexibility to accommodate varying client requirements.

▼ **Lack of marketing support:** Effective marketing is essential for MSPs to attract and retain clients. Some partners feel that vendors do not provide enough marketing support or fail to offer co-marketing opportunities to enhance their brand visibility. Invest in marketing support and resources to help MSPs promote themselves and vendor solutions effectively. Offer co-marketing opportunities, provide marketing collateral and collaborate on campaigns to boost brand visibility.

Other Best Practices for Vendors

In addition to the above, best practices for vendors include (but are not limited to) the following:

- ▼ **Regular feedback loops:** Establish open channels of communication with MSPs to gather feedback on the channel program's effectiveness. Act on feedback to continually improve the program and address partner concerns.
- ▼ **Education and training:** Provide ongoing training and certification programs to ensure that MSPs have the skills and knowledge needed to deliver vendor solutions effectively.

▼ **Incentives and rewards:** Consider implementing incentive programs that reward top-performing MSPs. Recognize and acknowledge their contributions to foster loyalty and motivation.

The MSP program model aligns the interests of vendors and MSPs, ensuring that both parties benefit from successful service delivery and customer satisfaction. By offering competitive compensation structures, ongoing support and opportunities for growth, vendors can attract and retain top-tier MSP partners, ultimately driving revenue growth and market expansion. This collaborative approach in MSP channel programs underscores the importance of building strong and mutually beneficial partnerships in the technology landscape.

About the GTIA Channel Development Advisory Council

The GTIA Channel Development Advisory Council is a group of IT industry leaders appointed by GTIA to develop educational programs, business tools and other resources to promote the business value the technology channel brings to the tech industry. The council is comprised of individuals representing hardware manufacturers, software publishers, services organizations, distributors, telecommunications companies and technology solution providers.



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