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Driving Channel Excellence

**EFFECTIVE CHANNEL PROGRAMS  
FOR CONVERGED/UC VENDORS  
Or  
HOW TO KEEP THOSE  
SUCCESSFUL PARTNERS ONCE  
YOU FIND THEM**

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In many ways, Unified Communications seems like a natural growth path from “CT”; yet for the reseller channel, it poses some very major challenges along with considerable opportunities. And anything that impacts the channel will ultimately impact vendors as well.

Three years ago, in another white paper, we discussed the chasm that existed between the convergence channel and vendors. Today, most resellers claim that the chasm still exists and they suggest that it will only get wider with UC. Our experience indicates that the chasm stems from several issues:

- Resellers (VARs/integrators/telecom dealers) who have already entered the UC space understand that UC is all about business solutions – not technology products. Many vendors give lip service to “solution selling” while maintaining channel programs that drive product sales.
- Resellers are quickly learning that their existing business strategies and resources are insufficient to make them a competitor in the UC arena.
- Many UC manufacturers are still depending on strategies and programs that were relatively effective in data or telecom in the past, but are no longer effective in the unique reseller environment driven by UC.
- With the growing number of UC manufacturers and developers, and the relatively small number of successful converged/UC resellers, channel recruiting has become literally a “buyer’s market”.

Why is the chasm significant? Simply put, as long as the chasm is so wide, the channel will be unable to perform to the level expected by vendors. So how do we go about closing this chasm? We start by better understanding the reseller of today and tomorrow. What makes them different from the reseller of yesteryear – and how do the differences relate to channel programs and relationships?

### **Focus/Verticalization**

For a reseller, selecting the focus can come in a variety of ways.

- Evaluating their core technical competencies
- Assessing the knowledge and skills of their sales team
- Exploring their existing customer base for clusters in particular industries or solutions
- Developing a strong relationship with a particular vendor who will support the reseller’s development of a focus.

In this changing environment, what can vendors do to help their partners create a “focused” strategy? Vendors can provide clear statements about the markets where their product(s) are most effective. They can provide sales tools that indicate the business “problems/needs” where their product is a key element of the solution. There are a few vendors already who have excellent tools to aid their partners in selling into vertical markets.

And vendors can invest additional resources (including financial) in those resellers who are willing to make that vendor’s product(s) a key part of the reseller’s solution strategy. This often takes the form of a closer vendor/partner relationship with a larger reseller/integrator. But there are only a limited number of these successful larger integrators. Vendors could be well served by developing the same relationship with resellers/integrators who are new to the game but who have the right set of characteristics to become successful.

### **Expanded Technical Expertise**

In the UC environment, which by its very nature involves integrating a variety of technologies, resellers are being called upon to have a much broader range of expertise. More and more, we’re seeing resellers address the issue of expanded technical expertise by partnering with other resellers to fill gaps in expertise. Technical training is also important – as always – but not just in silos. Resellers’ technical staff will have to understand what products “play nicely” together, have the facilities for testing integrations, etc. And resellers typically have limited financial resources to cover training, integration labs, etc.

What can vendors do to help their partners develop greater expertise overall – which, by the way, will help the reseller sell more product by developing and selling more solutions? Many vendors require an upfront purchase of product, to one degree or another, from their resellers. The strategy behind this is to ensure that the dealer has some “skin in the game” and therefore will be more likely to sell that manufacturer’s product. Often, however, this strategy hurts rather than helps the manufacturer. Consider that from the view of the CT reseller, they actually have considerable “skin in the game” from a number of perspectives:

1. Our research indicates that resellers’ ramp up time before they begin to see any return on their converged or UC investment is nine months or longer. For resellers, who are focused on the more immediate rather than the long term, tying up capital for “demo” units means less capital for sales and technical training.
2. With UC still relatively “new” from the customer’s perspective, a reseller is taking a major risk and making a large investment in an area that has yet to deliver substantial profits to almost any reseller. Consider VoIP (one element of UC) for example.
  - a. A converged/UC reseller is investing in technical training (even “free” training means travel expenses, lost revenue opportunity, etc.) for every product they sell today.
  - b. A converged/UC reseller often must re-train or replace their sales staff to move from a “box selling” environment to the “solution selling” environment necessary for success in the CT space.
  - c. The converged/UC sales cycle is generally longer and more complex than the typical traditional voice or data sale. The revenue flow can drop dramatically for a converged/UC reseller for a number of months while they go through the “ramp up” time.
  - d. Different from the traditional telecom environment, converged/UC resellers carry many more products than the traditional Interconnect Dealer. This is necessary to create “total solutions” for customers. And for the savvy reseller, it is essential that they be able to select “best of breed” products in this more open environment to create the solutions that they are offering to their customers. It is virtually impossible for a converged/UC reseller to purchase a “demo” of everything that they sell, as helpful as it would be to have those demos.
3. With so much volatility in the UC industry right now, the converged/UC reseller is taking a strong risk today with almost any manufacturer with whom they partner. From the reseller’s perspective, in today’s environment they have put “skin in the game” just by aligning themselves with any vendor. When a reseller proposes and installs a manufacturer’s product, that reseller is putting their own reputation on the line. If the manufacturer chooses to change product direction, is acquired, withdraws from this industry or closes its doors, the reseller’s reputation with their own customers takes a hit.

For some or all of the above reasons, vendors would be well served to find creative ways for their resellers to “finance” a demo system from them if they are not able or willing to provide a demo system at “no cost”.

Still into the topic of the reseller’s need for expanded technical expertise, we should explore training as a profit center for many vendors.

1. Even “free” training is expensive for the converged/UC reseller/dealer. A manufacturer could consider making their training as short, yet as intense, as possible.
  - a. Resellers must pay travel and expenses for even “free” training.
  - b. There is a “lost opportunity” figure attached to any technical person away from the field, which can often go beyond billable hours.
  - c. A manufacturer who chooses to charge for technical training would be well served to keep in mind the above factors when setting a price.

*Example: Average billing for moderately experienced data technician is \$125/hour X 8 hour day x 5 days away at training = \$5,000 lost billing for the reseller. Add to that travel*

*expenses at a conservative average of \$150/day x 5 days for hotel and meals plus airfare at a conservative average of \$350 = \$1,100. Total cost of one week of “free training” for the reseller is \$6,100. Now multiply that by 4-5 new products to be an effective converged/UC reseller = \$24,400 for free technical training*

2. Almost every manufacturer begins their technical training with 1-2 days of “foundation building”, seemingly necessary when a training session includes both data and voice technicians, who must be brought up to a common level before actual product training can proceed
  - a. Every time a technician goes to converged/UC product training, they spend the first 1-2 days learning the same “foundation” material that they learned from the last manufacturer.
  - b. After the first “foundation” session, every other one is considered by the reseller to be lost revenue/opportunity days.

*Example: 2 days of repetitive training at an average of \$150/day in hotel and meals plus \$1,000 per day in lost billing = \$2,300 x an average of 4 additional converged/UC product trainings = \$9,200 in avoidable expenses for the reseller.*

3. Many manufacturers of converged/UC products come from a data heritage, where 24x7 support is uncommon. However, most CT solution implementations, similar to traditional telecom implementations, occur over weekends or off hours. Dealers must be able to reach support at any time of the day or night in these early days of the technology when almost everyone is on the near side of the learning curve.

Fortunately, many vendors are now making good use of the technology that we live by. Many have now developed training that can be delivered via the Internet – in its entirety or in part. Some sort of pre-test has been a problem until recently when CompTIA, in conjunction with a number of significant convergence manufacturers, announced Convergence + certification testing. Unfortunately, however, the development of this program took so long that it is now behind the industry and needs to be revised to address more than just voice and data integration.

Vendors can also contribute to the expanded technical expertise dilemma by re-evaluating their support programs to offer increased support for the first 90 days after a Dealer comes on board. They can also make an extra effort to share the results of their own integration testing with their partners.

### **Marketing Materials and Support**

Another area where vendors can help close the chasm is in their partners’ sales and marketing. It is often difficult for vendors with their own marketing staff to comprehend that the majority of resellers have little or no marketing expertise and budget available to them. Add to this situation the fact that most manufacturers only assist with direct product marketing via complicated Co-op or MDF programs, and the formula is one leading to failure in the converged/UC space.

1. Manufacturers spend a considerable amount of energy and budget creating marketing materials that resellers seldom, if ever, use. A successful converged/UC reseller who is selling solutions (NOT products) has very little use for product slicks and technical spec. sheets. The primary place for these materials is only in the index of a solution-focused proposal. What they do need, however, is a boilerplate press release and suggestions on when a press release is effective – along with a list of where to send the press release. They can also use a template for creating success stories/case studies to post on their websites. The list goes on.....
2. Co-op or MDF programs that focus solely on promoting the manufacturer’s product may be doing both the reseller and the manufacturer a disservice. If converged/UC is best sold as a business solution, the product must take a back seat to the real solutions that it provides. Last year we had the experience of hearing a reseller explaining to a vendor why their 78-page MDF guide made the entire program impossible to take seriously. On the other side of the picture, we have seen a number of vendors allowing their partners to use MDF for outside sales training, customer events focused on business solutions, etc.

Vendors can help close the chasm by spending time to learn how successful resellers actually sell and then modify marketing materials and programs to support/enhance that effort.

### **Summary**

We have examined only a few of the areas where a vendor can take a hard look at their existing converged/UC reseller channel strategy and programs. The converged/UC reseller/dealer channel is definitely going through some significant changes that reflect in how resellers now want to work with their vendor partners (see “UC Driving a Channel Revolution”).

Manufacturers who are able to “think outside the box” when it comes to their reseller channel stand a better chance of acquiring and keeping those successful converged/UC resellers. Understanding the how and why of the convergence/UC integrator will go a long way in developing a strong and successful converged/UC channel strategy.

## **Pam Avila, Founder and CEO Sierra Summit Group**

Pam Avila, the founder of Sierra Summit Group, has a strong background in sales and marketing management with significant companies in both telecom (AT&T, ROLM, US West) and data (HP, Sun Microsystems, and Novell). Her business experience includes building and managing successful sales organizations – both direct and those selling through channels. Pam is best known for turning around under-achieving sales organizations and taking them to a position of success. Her channel expertise comes from both managing channel sales organizations and mentoring a nationwide group of “convergence” VARs and telecom dealers, for which she received industry-wide recognition. As the founder of SSG, Pam is credited, among other successes, with developing the channel strategy that has taken one IP telephony manufacturer from virtually unknown to being in the top 10 in market share. Pam has a unique background and a strong record of success.

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