



Building a Partner Channel

A Guide for ISVs

Developed by The Kreklow Group and Mercer-MacKay Solutions
Published April, 2014

For the latest information, please see
<https://mspartner.microsoft.com/en/us/Pages/Sales%20and%20Marketing/Independent-software-vendor-resources.aspx>

Introduction.....	3
Channel Development Strategy and Planning.....	3
Partner Types and Selling Models.....	5
Sell Direct with Channel Partner.....	5
Resell via Channel Partner.....	5
Sell with Systems Integrator.....	5
Channel Partner Selection: Profile and Recruit.....	6
Creating your Channel Partner Target List.....	6
Creating Channel Partner Profiles.....	6
Recruiting Channel Partners.....	9
What is your Compelling Story?.....	9
Telling your Story.....	9
Getting to Yes.....	10
Go to Market Planning.....	10
Channel Partner Enablement: On-Boarding and Training.....	11
Enablement Requirements.....	11
Roles and Responsibilities.....	11
Sales and Marketing.....	11
Technology.....	11
Pre-Sales and Support.....	12
Timeline to Revenue.....	12
Resources for Channel Development.....	12
Summary.....	13
Contributors.....	14
Corrine Sharp, Sharp Perspective.....	Error! Bookmark not defined.
Diana Kreklow, The Kreklow Group.....	14
Gail Mercer-McKay, Mercer-McKay Solutions.....	14
Theresa O'Neil, Artha Communications.....	Error! Bookmark not defined.
Special Offer for ISV Partners.....	Error! Bookmark not defined.

Introduction

Microsoft understands the unique requirements of ISV partners and their special role in the Microsoft partner ecosystem. We have gathered best of class information from successful ISV partners to help you grow your business through channel development. This guide provides practical “how-to” guidance on how to develop a channel partner strategy, build a plan, and execute successfully in order to grow revenue.

As you will see, a successful channel partner plan requires executive buy-in of the process, timeframes, and resources. This plan will incorporate sales, marketing, legal, finance, product engineering and development, support, and operations, so make sure you have buy-in across your organization of the actions and requirements in this plan.

This template is designed to be a living document that you can develop and extend.

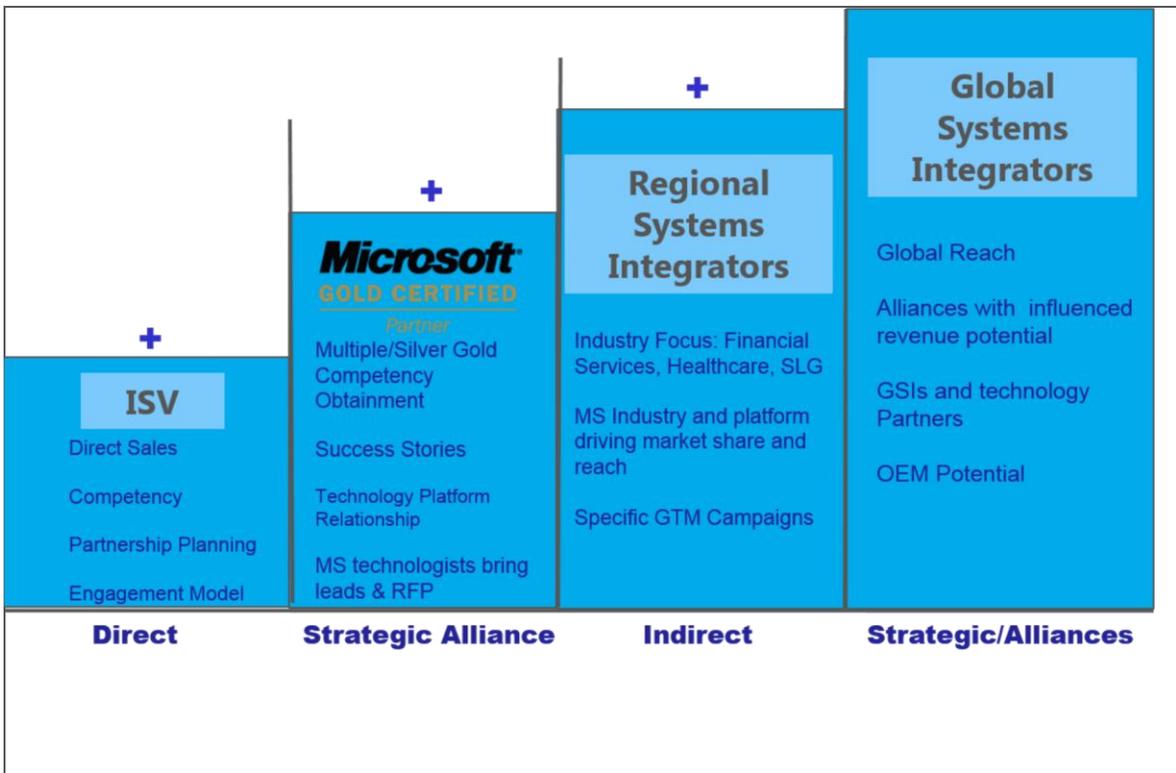
Channel Development Strategy and Planning

Many ISVs have a mixture of sales models that may include selling directly to customers, partnering the systems integrator, and selling through VARs and resellers. Becoming a Microsoft Partner provides ISVs with the opportunity to grow revenue by developing and expanding one or more of these channels and by leveraging Microsoft’s reach into the marketplace.

You may wish to expand your sales through one or more of the following channel strategies:

- Gain awareness by becoming Microsoft ISV partner
- Be included in solutions Microsoft proposes to its customers
- Go to market as part of a regional Systems Integrator's industry-focused solution
- Go to market as part of a Global Systems Integrator's solution

One or more of these strategies may be right for your software. This guide will help you do the analysis to determine which of these makes sense for your business based on the value you have to offer to Microsoft, its partners, and its customers. It will also help you define your strategy and build a plan to execute the strategy.



Developing your channel will help you grow revenues beyond your direct sales channel.

Partner Types and Selling Models

There are three common ISV and channel selling models for you to consider as you build your strategy and plan.

Sell Direct with Channel Partner

In this model, the ISV sells directly to the customer: the ISV licenses its software directly to the customer and is the prime on any proposals that may include other channel and ISV partners. Relationship with channel partners (such as regional SIs) maybe leveraged to deliver a complete solution to the end customer, but it is the ISV partner that takes the lead. This is most often the case when the ISV software is providing the majority of the solution capability. Some solutions that are often ISV led include Project Management, Business Process and Change Management, Test Factory, Software Monitoring and Maintenance, and Managed Services.

Resell via Channel Partner

In this model, the channel partner is a reseller or VAR who delivers a solution to the customer that includes the ISV software. The channel partner is responsible for delivering the end solution to the customer and is the prime on any proposal or project. The license agreement is often between the channel partner and the end customer. This model is often leveraged when the channel partner is delivering a repeatable solution to the customer and/or has an existing client network to sell to.

Sell with Systems Integrator

Perhaps the most widely used model is that in which a Systems Integrator and ISV sell a joint solution together to an end customer. Both parties have a relationship with the customer and are active in the selling process. This is often the model when there is predefined go-to-market strategy for a joint solution.

Sometimes the SI, as the prime, will submit a single proposal that includes the ISV software; sometimes each party will submit their own proposal. Having a clear understanding of the proposal process and the roles of each party—including who is the prime—is key to success. Regardless of the selling process, the ISV and channel partner have separate agreements with the customer: the ISV agreements would include licensing, maintenance and support, and optionally implementation and/or managed services.

Channel Partner Selection: Profile and Recruit

Creating your Channel Partner Target List

Once you've determined your high level channel strategy and desired selling model, you can begin to define more precisely the characteristics of the most desirable channel partners. Characteristics to consider include:

- Geography
- Size
- Technology alignment
- Industry focus
- Current partners and partner strategy

***The most important question to ask when considering channel partners is:
Can your software help them be more successful?***

With an understanding of what the ideal channel partners look like, you can then create a target list of prospective channel partners. Knowing that recruiting and nurturing channel partners takes time and resources, ***prioritize your list according to desirability, probability of engagement, and available resources***. Be realistic. Consider hiring a service to help you expedite recruitment. Readjust your priorities as you learn more about each channel partner. Place more of your resources on those channel partners that have the most promise of delivering results.

In order for a channel partner to spend time and resource with you, you need to be able to clearly articulate and demonstrate the value you will bring to channel partner. Unless you can deliver value to a channel partner, don't put them on your list.

Creating Channel Partner Profiles

With your prioritized list in hand, you now need to do a deeper dive into each of the channel partners to ensure that you have the information you and your team needs to engage with them. The Partner Profile template provided is an excellent way to educate the broader team—sales, marketing, engineering, legal, and executive—who may need to invest time and resources to the partnership on the value of the proposed channel partner. It also helps team members prepare for partner meetings.

A comprehensive partner profile template is provided below. You can adjust the template to fit your business needs.

CHANNEL PARTNER OVERVIEW AND RECRUIT CONTACTS

URL

Company Name

Address (HQ)

Other location(s)

Number of Employees

Total

Sales

Marketing

Technical

Developers

Primary Relationship Contact

Primary Technical Contact

Primary Marketing/Sales Contact

Executive Contact

PARTNER TECHNOLOGY

Company Overview:

[executive overview of Partner]

Flagship Application & Description:

[name and describe the Partner's flagship application and/or the targeted application]

Key Benefits

Describe the key benefits to the marketplace

Joint Value Proposition:

Competencies

[list any Microsoft Competencies]

RECRUIT PARTNER - KEY COMPETITORS & PARTNERS**Key Competitors**

Major SI Partners:

Technology Partners:

Distribution /Reseller Partners:

Other Strategic Partners: (OEM, etc.)

RECRUIT PARTNER – SALES PROFILE

Current Sales Model: *[check all that apply]*

Direct:

Channel:

ASP:

Total Annual Revenue:

[break down by product/business area if appropriate]

Primary and Secondary Vertical(s):

[list the partner's focused verticals]

Reported Pipeline

*[# of joint opptys
Size of deals
Location]*

Install base: # of deals per year thru direct/indirect sales model

#Customers:

#Deals/Year:

Software Avg \$/Deal:

Install Base by Segment

Enterprise
(501+ PCs):

Mid Market (50-500 PCs):

Small Biz (1-49 PCs):

New Customer Forecast by Segment

KEY CONTACTS FOR RECRUIT PARTNER

Contacts

*[name the Partner] [name and contact information of your key Partner contacts]
organization of the contact]*

Recruiting Channel Partners

In order to recruit your target list, you need a compelling story. Remember the key question: Can your software help them be more successful? You need to be able to clearly articulate and demonstrate the value you will bring to channel partner.

What is your Compelling Story?

As you consider how your software could help a channel partner be more successful, consider these possibilities:

- Can you bring them new customers? Introduce them into a market in which you are already successful?
- Do you offer them technology that would provide competitive differentiation? Help them get new solutions to market more quickly?
- Can your software help them reduce costs?
- Can you invest marketing or technology dollars to jumpstart the partnership?
- Do you have proof points to demonstrate the value you bring?
- Have you had prospects ask for the type of capability this partner can provide?
- Do you have a current joint sales opportunity you can bring the partner?

Consider prospective channel partners just as you would prospective clients. Understand their pains (including pains of which they are unaware) and develop solution statements to address them.

Telling your Story

Just as you understand a prospective channel partner's pains and develop a compelling, use the Partner Profile Template to identify whom in the organization to target. You may target their business development executive, sales executive, or technology leader depending on whether you are bringing them competitive differentiation, a live sales prospect, or technology that offers improved time to market.

Understand who the key business decision-maker is and make sure you know how to reach him or her and how to close the deal. Understand the power structure—not only who needs to approve but who can say no.

Getting to Yes

If your initial outreach to the appropriate targets with your customized compelling story is successful, you will then schedule an introductory call between the business decision makers and key stakeholders from both organizations.

The goal of this call is to gain agreement that there is an opportunity to work together and establish a path to a decision. This should include understanding roles and requirements to make a decision and in what timeframe a decision can be made. Typical follow-up items from the introductory call are product demonstrations, go to market planning, and developing a memorandum of understanding (MOU).

With the MOU in place, you can develop a joint Go to Market plan with specific deliverables. You're on your way!

Go to Market Planning

Included in your joint Go to Market plan should be:

- A joint value proposition
- Definition of a joint solution, including plans for integration and development as appropriate
- Rules of engagement for joint selling
- Enablement resources and training needs
- Marketing plan, including marketing lead generation and marketing communications
- Plan for revenue sharing and recognition
 - Which partner (ISV or channel) will be the "partner of record?"
 - Which partner gets the revenue credit, direct or indirect?
- Agreement for a Rhythm of business, including pipeline reporting and quarterly business reports

Channel Partner Enablement: On-Boarding and Training

Enablement Requirements

Channel partner enablement spans sales, marketing, technology, support, and operations and typically includes the following deliverables:

- Core bill of Materials
 - Sales presentations for the business decision maker and technical decision maker
 - Joint product demonstration
 - Quick Reference Card
- Training Program
 - Learning management systems
 - Training certification programs
- Communication vehicles
 - Win wires
 - Newsletters
 - Social media (Twitter, LinkedIn, Facebook, blogs, etc.)

Roles and Responsibilities

Within the ISV and the channel partner, there will be parallel activities among disciplines to execute the plan. Typically responsibilities are divided as follows:

Sales and Marketing

- Partner planning and joint investment
- Sales alignment and enablement
- Sales/Presales training, collateral
- Partner marketing

Technology

- Joint solution planning/product management
- Upgrade and product roadmap planning

- Joint go to market strategy

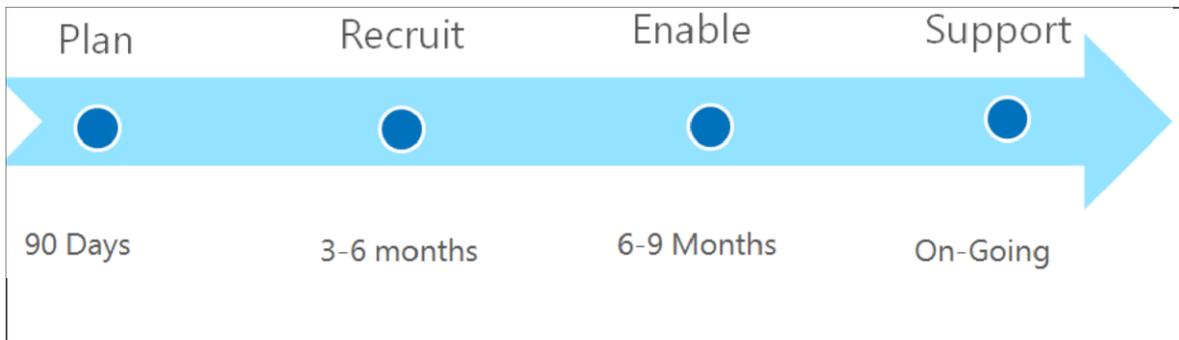
Pre-Sales and Support

- Channel Partner training (and optionally, certification)
- Channel Partner support models and offers
- Services and support agreements
- Demo/lab systems

Timeline to Revenue

Every ISV CEO (not most—every!) will ask when he or she will see a return on the investment being made into developing the channel. It’s important to be realistic about when the channel can start delivering and to get agreement across your organization about that timeframe.

A typical cycle for developing the channel is a six to nine months. At that time you may have the infrastructure in place to begin actively working joint sales opportunities. If your infrastructure is in place nine months after you begin and your sales cycle is three months, then you could begin to see revenues about 12 months after beginning your channel partner plan. You may consider engaging Channel Partner specialists to help jumpstart your program to reduce your time to market.



A typical cycle for developing the channel is a six to nine months.

Resources for Channel Development

There are resources available to assist you in developing and executing your Channel Partner Program. These include:

- [IAMCP](#)
- [LinkedIn](#)
- [Microsoft Pinpoint](#)
- [Microsoft Worldwide Partner Conference \(WPC\)](#), particularly breakout sessions

- [Sharp Perspective](#), [The Kreklow Group](#), [Mercer McKay Solutions](#), [Artha Communications](#)

Summary

In order to grow revenue through channel partners, ISV partners must develop a channel partner strategy, build a plan, and execute successfully.

This requires executive buy-in of the process, timeframes, and resources and involves resources across the ISV organization including sales, marketing, legal, finance, product engineering and development, support, and operations.

By developing and executing a strategy and plan that leverages the strength of the entire ISV organization, the Partner Program Manager positions the ISV partner to grow revenue through the partner channel.

Contributors

Building Partner Channel, A Guide for ISVs is part of a five-part educational series for Microsoft ISV Partners that includes webinars and how-to guides such as this one. The series was based on industry best practices experiences of its contributors, who have an average of more than 25 years helping ISVs grow.

Diana Kreklow, The Kreklow Group

Enthusiastic and insightful, Diana Kreklow cut her business teeth in sales and sales management at some of the world's best organizations including Microsoft, IBM, Attachmate and Computer Associates. Her responsibilities included the development and management of partnership strategies, business and solutions development, marketing innovation and performance reporting. She enjoys working collaboratively with virtual teams, managing complex multi-partner engagements and developing partner and channel programs that deliver results.

Able to skillfully navigate the challenges facing both smaller partners right through to some of the largest ISV's, she has successfully built programs that include alignment with market leaders such as IBM Global Services, Accenture, McKinsey Consulting, Cap Gemini, Hitachi, HP and Dell. Her industry experience includes Financial Services, Distribution, Healthcare, Public Sector and Manufacturing. www.thekreklowgroup.com

Gail Mercer-McKay, Mercer-McKay Solutions

With over twenty-five years' experience, Gail Mercer-MacKay works as a leader in the Microsoft ecosystem helping partners create compelling marketing communications stories. Prior to founding Mercer-MacKay over seven years ago, Gail was VP Sales and Marketing for an ISV, taking the organization from start-up to a multi-million dollar software company with clients across North America, Europe and Asia-Pacific.

Gail serves as a Board Member at both the Canadian and International level of IAMCP – International Association of Microsoft Channel Partner and is a Business Advisor at the Research Innovation Center in Mississauga where she guides entrepreneurs looking to start and grow their business. She is the recipient of two awards for community leadership for her role as founder and director of "A Woman's Write", a program for patients suffering from mental health disorders at St. Joseph's Hospital.

www.mercermackay.com

To learn more, contact info@thekreklowgroup.com or info@mercermackay.com.