

Future-Proofing PRM Systems and Processes to Accelerate Sales

Abstract

Modern technology businesses, such as network equipment providers, semiconductor companies and device manufacturers, contend with unprecedented industry changes today. They face revenue and margin pressures due to short product lifecycles, rapid changes in technology, and increased competition from vendors in developing economies. Business models have evolved, and the focus has shifted towards providing bundled products and end-to-end solutions. The customer base has also changed. Companies do not just target enterprises (B2B) and consumers (B2C), but also cater to the needs of end customers (B2B2X).

Given these dynamics, it is important for companies to quickly expand their global footprint by venturing into new territories. Simultaneously, the focus should be on acquiring new customer segments and ramping up capabilities. To achieve these goals, companies need to invest in building strategic alliances with partners that add value to the business. Partner Relationship Management (PRM) systems are critical for facilitating effective collaboration between an organization and its channel partners.

The Emerging Role of Partners in the Sales Cycle

The indirect sales route has proved to be one of the quickest paths to achieve growth over the past few years. For technology vendors, a significant portion of sales is driven by channel partners and, with changing industry dynamics, partners will play a bigger role in the sales cycle.

However, in order to leverage partnerships successfully, companies need to keep pace with the rapidly growing partner ecosystem, and its diverse demands. This can be achieved through effective PRM that addresses gaps in business processes and IT systems. Bringing partners on board, and enhancing partner loyalty and engagement is important. PRM systems facilitate effective communication between partners and enterprises, allowing companies to share updates on latest products, promotions, and tools. Partners can share feedback that helps companies better manage partner relationships.

Understanding the Unique Needs of PRM

While the objective of building PRM systems was clear, the approach was based on the flawed assumption that channel partners and direct sales teams follow same sales processes, and view the organization in the same light. In reality, the partner ecosystem is more complicated than the direct sales channel, as it includes distributors, agents, stockists, and value-added resellers (VARs). A channel partner's requirements are also different from that of the direct sales associate. Partners need to be notified about the company's latest products, trained, certified, and motivated with incentives.

New technologies and increasing channel ubiquity necessitate organizations to revamp their current PRM systems, and build a roadmap to improve partner experience, effectiveness, and productivity.

Analyzing and Benchmarking PRM Processes

As a first step toward transforming PRM, companies must assess their partner processes, and benchmark them against industry standards to identify areas of improvement. This information can be used to develop a roadmap for their PRM journey. An ideal maturity model should cover four levels:

■ **Level 1: Emerging**

This PRM implementation is at a nascent stage with basic and limited features.

■ **Level 2: Exploring**

The company starts exploring ways in which it can improve its PRM implementation in order to get the right partners on board, and manage them effectively.

■ **Level 3: Established**

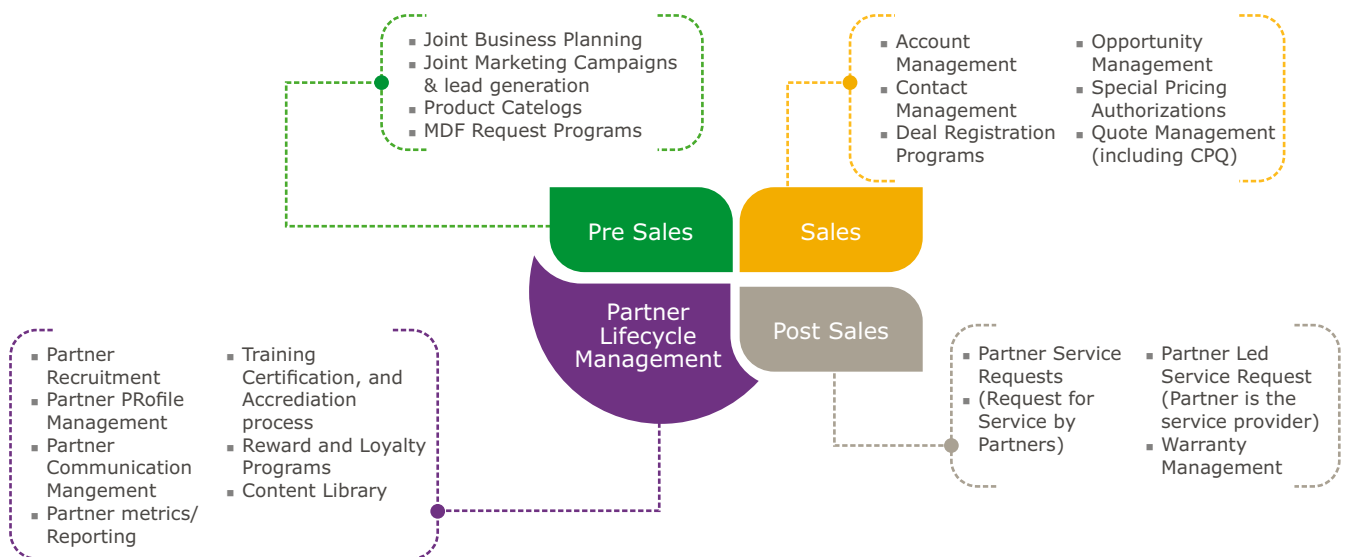
At this point, organizations look to include advanced features in the PRM system to build a more inclusive partner environment. An established PRM system also supports training and certification programs for channel partners to equip them to serve end-customers better.

■ **Level 4: Excelling**

Global companies that want to stay ahead should collaborate with partners, and make them an integral part of business strategies. To optimize usage of indirect channels, companies need to build robust, future-proof systems that help them respond rapidly to global market changes.

Leveraging a Framework for Process Transformation

Once organizations determine their PRM maturity level, and measure its efficacy in meeting the needs of the partner ecosystem, they should focus on transforming the business process landscape. To realize the full potential of a PRM system, companies must take into account processes across presales, sales, post sales, and partner lifecycle management.



The PRM framework for Process Transformation



Studies indicate that about 30–70% of the partnerships fail, and do not result in a meaningful collaboration¹

Organizations can accelerate sales, and enter newer markets, more effectively if they have long-term, strategic alliances with the right partners. Hence, identifying and onboarding a skilled partner that complements organizational capabilities is crucial for channel success.

Companies must evaluate partners based on three broad parameters:

- Partner potential to help penetrate new markets
- Partner interest to build a long term relationship with the organization
- Partner attractiveness to determine the partnership value for the organization

Based on the above parameters, partnerships can be of four types:

- An ineffective partnership is one when the partner is neither interested nor attractive for a partnership with the organization.
- A futuristic partnership is one when the channel partner is not interested to work with the organization, but the partnership is attractive for the organization's long term goals.
- A transactional partnership is one when, though the partner is interested, collaboration is advisable only if the sales potential is very high.
- A strategic partnership is one that can contribute immensely to organization's sales, boost customer relationships, and drive future growth.

Companies must strive to build strategic partnerships to achieve their objectives. A futuristic or transactional partnership can also be considered for select partners.

Empowering Channel Partners to Drive Growth

Once organizations have selected the right channel partners, it is important to empower them to boost sales and revenue growth. Partners must be made aware about the marketing framework of the organization and be aligned to the corporate brand and sales engagement model. Their roles and responsibilities, distribution, and coverage model must be clearly defined. Organizations must ensure that partners are

well positioned to identify customer needs, address their queries, and propose the right products to them. Periodic reviews must be carried out and a strong feedback mechanism should also be defined.

Empowering channel partners with the right information, tools, collateral, and incentives will enhance partner performance, ensure better collaboration, and drive future growth.

Conclusion

The concept of PRM has been around for a long time. However, PRM applications have recently started evolving and digital technologies such as cloud, analytics, social, and mobile provide new opportunities to update and improve their efficacy. For instance, automated partner intelligence can provide personalized partner collaterals, real-time sales insights can be used to predict sales outcomes, channel analytics can enhance visibility into partner activities, and mobile solutions can improve partner agility. Predictive analytics and AI can take this a step further.

While the possibilities are endless, and companies may find it overwhelming to keep pace with changes, a robust PRM system can go a long way in optimizing indirect sales channels—a major source of revenue and market expansion. Most importantly, organizations must realize that the success of PRM does not depend on a robust system alone, but also on building the respect and trust of channel partners.

References

- [1] Frost & Sullivan, Accelerating Growth through Principled Partner Selection and Proactive Relationship Management, 20 Mar 2013, http://ww2.frost.com/files/7414/1391/2726/Strategic_Partnerships.pdf, accessed September 2016

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