



# A Whitepaper from the World's Leading PRM Specialists, RelayWare

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White Paper

## PRM isn't CRM but it can complement it

Vendors have long recognised the strategic value of maintaining customer relationships but have failed to adopt the same attitudes towards their channel partners. Indeed, it seems common practice for organisations to adopt an indirect channel strategy and then choose to implement customer relationship management CRM before implementing partner relationship management (PRM). Despite the first PRM systems being available on the UK market for over 10 years, most business and IT leaders remain largely ignorant of the capabilities of PRM, its business benefits and the significant differences between PRM and CRM.

For most business leaders, CRM is simply a contact management system, a repository for customer data to support sales and marketing. Few leaders take a holistic view of CRM as an integrated business solution and even fewer still describe CRM as a business strategy oriented towards the needs of the customer with the software as an enabler. With this in mind, perhaps it is not surprising that only a handful of companies get the most out of their CRM system and see a return on their investment

Only when the business concludes that it needs to implement a PRM strategy does the IT department look to implement a CRM system as the enabler. This is done in the mistaken belief that the process involved in maximising partner value is the same as those involved in maximising customer value; however, we can't forget that PRM is not the same as CRM. Yes, they are both "front-office" systems designed to enable lifecycle management, but they are fundamentally different. Whilst CRM manages to one-to-one interaction between vendor and customer, PRM manages interaction across complex ecosystems and requires the alignment of business process across the entire value chain from vendor through multiple partner tiers to the customer.

All PRM and CRM systems should be able to handle sales automation, account and contact management, lead, pipeline and forecast management, and reporting for sales people. They should also offer: marketing automation and communication; campaign management: list management and data management: as well as solid analytical reporting and dashboard tools. These are all essential functions and are equally as necessary for partner management as they are for customer management. But this is where the similarities end. It is in the programmatic rather than the systemic aspects of PRM that a CRM system simply fails to deliver.

For example:

### Selection and segmentation

In most circumstances any bill-paying customer is worthwhile, but unfortunately the same cannot be said for channel partners. A vendor must align its channel with its own go-to-market strategy if it is to achieve the best out of its partners. This can only be done by developing a high degree of channel intelligence and engaging in detailed analysis before embarking on channel acquisition or recruitment. In order to achieve this, vendors will need a comprehensive partner database as a repository for all of the profile data associated with its actual and potential channel partners. It must have tools available to score-card and segment those partners based upon their suitability and the resultant analysis will form the basis for later steps in the partner lifecycle.

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PRM systems are designed to facilitate collaboration across the ecosystem between vendor and partner, and from partner to partner. Basic collaboration programs, tools and resources like lead distribution, deal registration, marketing fund management, co-op marketing and the associated provision of marketing toolkits, have been complemented by the adoption of web-based inter-channel social networking.

### Recruitment and on-boarding

When it comes to recruitment, any CRM system can manage a simple outbound recruitment campaign if it has contact names and a medium for delivery. More complex systems however, require a PRM system that incorporates an integrated channel management system (CMS) to manage the partner portal or extranet. This portal should be seen as the partner user interface (UI) to your PRM system. Through it, partners can register to join programmes and supply additional information to enhance databases. The system provides automatic internal routing for registration approvals and workflows for the production and delivery of on-boarding information to the partner. It can also establish partner status, access rights and content visibility, and set the partner on the path to development.

### Enablement and development

No company would deploy a new member of staff into a sales, marketing or support role without proper training, yet this is exactly what most vendors do with their partners. After recruiting a new partner, there usually follows an awkward silence whilst both parties wait for the other to deliver. Providing adequate knowledge and tools for partners is the vendor's responsibility and is well within the capabilities of a CRM system, but, when it comes to delivering training curriculum management, content creation, delivery, testing and certification, most organisations will look to a commercially available learning management system (LMS). However, these applications are typically geared to staff training and, on the whole, perform poorly when managing the complex processes associated with an indirect channel learning programme. A PRM system addresses this need, as enablement is an essential step in partner lifecycle management.

### Motivation and incentivisation

A number of retailers and airlines have introduced loyalty programmes. These can work well when aimed at the consumer or the business traveller with some influence over the choice of carrier. Running loyalty schemes is not a common business-to-business tactic so CRM does not cater for them and more often than not, such programmes are typically outsourced to specialist agencies.

Achieving partner loyalty is a key stage of the partner lifecycle, but unless a vendor wants to spend vast sums of money outsourcing a loyalty programme or a series of tactical sales incentives, they need a purpose-built PRM system to undertake the complex analysis of sales data, points accrual, redemption and communication, and provide the necessary interfaces to third party logistical or fulfilment systems.

### Collaboration

In most circumstances, organisations market and sell to customers but don't have cause to collaborate with them to drive sales. PRM systems are designed to facilitate collaboration across the ecosystem between vendor and partner, and from partner to partner. Basic collaboration programs, tools and resources like lead distribution, deal registration, marketing fund management, co-op marketing and the associated provision of marketing toolkits, have been complemented by the adoption of web-based inter-channel social networking. This programmatic approach enables partners to share ideas and form consortia to deliver more comprehensive solutions to their customers across different geographies.

### Performance management and optimisation

Just as organisations need to monitor the performance of their staff, it is essential for vendors to pay close attention to the performance of individual partners and of the ecosystem as a whole. Whilst sales analysis and reporting is a common feature of any

Despite relationship management green field sites being few and far between these days, CRM and PRM co-existence and integration has become commonplace and, in many respects an optimal solution to significant business challenges.

CRM system, there are many other metrics used to measure partner performance beyond revenue delivered, e.g. certification and accreditation. Whilst a CRM system requires integration with various external systems to import critical data for a balanced assessment of partner performance, it will already be present within your PRM database as all of the associated applications reside on the same platform.

### Consequences of mistaken identity

So what can happen if a company does use CRM as a substitute for PRM? The simple answer is that the vendor fails to effectively engage with and harness the potential of its channel. Currently, only a small portion of vendors have adopted a PRM strategy or employed a software system to execute it. Most are still driving their business as they always have done by using spreadsheets and manpower. A minority have chosen to use an incumbent CRM system to support basic contact, lead and opportunity management, but that is as far as it goes. Hence, the results are almost always disappointing and the business doesn't reap the benefits from the tools.

### CRM and PRM co-existence

Any company that has made an investment in a CRM system is unlikely to want to discard it and the investment it represents in order to deploy a PRM system, so the question "can we link our CRM system with a PRM system?" is always asked and the answer is "yes!" Integrating CRM and PRM allows organisations to bring together all parties in the value chain into one virtual database and preserves the integrity and uniqueness of customer and partner systems and tools. Several of our customers use a CRM system as: a sales automation system for direct sales reports: an enterprise marketing automation tool for business environment analysis: and the execution tool for campaign and lead management. Meanwhile, the PRM system manages all channel sales automation, channel marketing and programme automation, and provides an intelligent, interactive platform for the partner portal. PRM also provides valuable channel analysis, reporting and decision making support, it is therefore widely used by product marketing and those involved in supply chain management.

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