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Partner Relationships. Managed.™

Article for IT Reseller Magazine - Introduction to PRM

Partner Relationship Management (PRM) is a system of methodologies, strategies, software, and web-based capabilities that help a vendor to organize and manage partner relationships. The general purpose of PRM is to enable vendors to better manage their partners through the introduction of reliable systems, processes and procedures for interacting with them.

The notion of employing a dedicated horizontal software platform across your business for the specific purpose of managing and integrating processes and systems used to operate your partner relationship's came in the mid to late 1990's but was, to some extent ahead of its time. Industries with dedicated franchised distribution networks such as automotive recognized the need for such systems many years earlier. The information and communication technology industry, with its rapidly evolving indirect channel model and ready acceptance of software as a business process automation enabler has followed in the last decade but ironically, many companies within more established industry sectors; possessive of more mature partner networks have chosen to ignore PRM preferring to leverage existing legacy / enterprise applications regardless of their suitability for purpose. Yet in response to demand from an increasing number of sectors, large ISV's like Siebel and SAP have recognized the emerging opportunity and adapted their existing CRM packages to support some of the needs of customers managing indirect channels. But the business processes and indeed the very purpose of PRM is fundamentally different to those associated with CRM. Few companies exist today who have both a detailed knowledge of and track record in the market, who possess a technology designed

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specifically for the job and who understand how to deploy the technology to bring the greatest value to both vendor and partner.

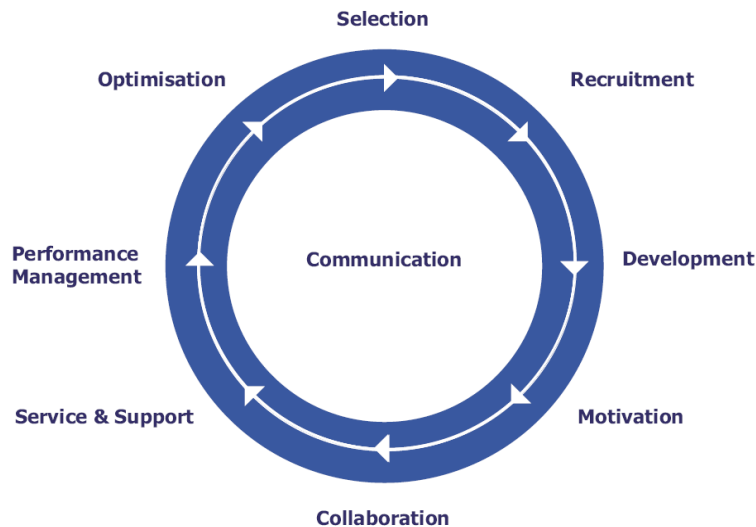
The term itself is meant to describe the whole business strategy oriented on partner needs and through them, the needs of their customers. The main misconception of PRM is that it is only software. It is not. Indeed PRM is a whole business strategy and of course, in today's increasingly challenging and competitive business environment, a successful PRM strategy cannot be implemented by simply installing and integrating a software package. A holistic approach to PRM is vital for an effective and efficient PRM strategy to succeed. This approach includes a modification of business processes based on the needs of partners and their customers. It includes the training of employees to enable them to understand and embrace the principles of PRM and inevitably, it includes the adoption of relevant IT systems to enable the organization or company to execute its PRM strategy. To be effective, the PRM strategy and associated processes and systems need to be integrated end-to-end across marketing, sales and service.

The benefits of PRM for the vendor are very clear. A PRM strategy implemented with robust systems, processes and procedures enables a vendor to manage partner relationships throughout the partner lifecycle:



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The Partner Lifecycle

But what are the benefits to a partner in working with a vendor who has a well implemented partner relationship strategy?

The first concerns comprehensive and accurate data. Putting information at the heart of any partner relationship management strategy is critical. Without accurate partner data housed within a single master data repository it will be impossible for the vendor to begin to formulate a cohesive partner program that will fully leverage the capabilities of their channel and help them to deliver on their business goals. Comprehensive partner “intelligence” or partner “intimacy” can facilitate dramatic improvements in the quality, suitability, relevance and timeliness of partner communications and ensures that vendor messages are properly targeted at the most relevant partner personnel.

Vendor execution in partner selection and segmentation has long been driven by raw sales performance and little else. This perpetuates an environment in which partners generating large



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revenues receive the greatest investment of time, effort, resources and funding whilst some smaller partners offering greater strategic value can often be overlooked and starved of the support they need to grow. PRM enables vendors to analyze a partner's true value based upon qualitative as well as quantitative measures. Applying automated analytical and score-carding processes, a vendor can assess which partners merit strategic partner status and the degree of investment and support appropriate to realize their potential. These same principles can be applied as effectively to ongoing partner performance management and optimization.

Armed with this analysis, vendors can firstly ensure that they devote energy to incubating or nurturing high-potential partners amongst their existing base before engaging in much more effective targeted recruitment activities aimed at complementing their base with new high quality partners.

Partner development, training and knowledge transfer has been revolutionized by PRM. Systems with integrated e-learning tools manage training curriculums and tailor them to the personal profile of individual sales, marketing and technical staff in the channel. They deliver training in an interesting, often entertaining way using multimedia technology online, often provided via the partner portal and facilitate online testing to automate the certification process. Such eLearning tools can ensure accurate matching of test results to the qualification for training certificates and go on to map these personal qualifications against company accreditation for umbrella partner programs. Automation through PRM ensures that the most suitable training programs are promoted, managed and delivered to the most appropriate individuals within the channel community replacing costly and time consuming classroom training and managing the complex business processes and interdependencies between testing, certification and accreditation.



Most vendor loyalty programs comprise the same predictable collection of umbrella-branded program deliverables, poorly administered and little valued by partners. Not so with an effective partner relationship management strategy. This will ensure that vendors align their partner-facing programs with the needs of their partner community implementing only those deliverables that bring tangible value to the partners and their customers. Loyalty programs should aim firstly to provide partners with the infrastructure, tools and resources to support their selling, marketing and customer-supporting activities and then, once the foundations for loyalty have been built, to reward that loyalty.

Similarly, many vendor sales incentives tend to be hastily crafted, poorly coordinated, tactical programs aimed at driving short term sales in exchange for rewards. Timescales often fail to take into consideration the duration of sales cycles, rewards are commonly poorly targeted and vendors typically end up paying out for sales they would have made anyway. PRM automation ensures that incentives can be better planned and managed. Messaging, communication and reward delivery can be better tailored to the participant to improve 'buy in' and motivation remains high. Meanwhile retrospective sales trend analysis makes sure that they are awarded against incremental sales only. PRM then ensures that tactical incentives and promotions can be aligned and managed as a series of connected campaigns as part of a larger strategic loyalty program in conjunction with other added-valued initiatives.

PRM supports improved vendor and partner collaboration too. One of the most important, yet least well orchestrated collaborative approaches to partner management is through the provision and fresh leads. Lead management programs can help to ensure that properly qualified leads are delivered directly to those sales people in the



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channel who are best able and best placed to close them. They ensure that such leads are supplied rapidly, as soon as they are qualified and that vendor and partner can work collaboratively to progress them through the sales cycle. Automation through PRM ensures that the right leads get to the right people in a timely fashion and facilitate proactive two way communication between vendor and partner to ensure that leads are followed up and closed. What is more, PRM goes on to facilitate deal registration programs allowing partners to register their own opportunities with vendors – minimizing channel conflict, ensuring sales, marketing and financial support and bringing a variety of benefits and rewards for the registering partner.

Collaborative marketing programs and associated processes can be greatly enhanced through PRM automation. From the sharing of campaign strategies, schedules, media plans, collateral and assets to online content creation tools for brochures, so called “out of the box programs”, proposals and web assets. PRM provides vendors and partners with the means to develop and execute joint integrated marketing campaigns right to the point of sale.

PRM should provide partners with the very highest quality and consistency of support tailored to their personal needs. It should be available 24x7 and provide vendors with two a dual approach to the reality of partner relationship management; a best practice strategy supported by a sophisticated automated solution for optimizing the performance of their complex partner eco-systems.

As the industry faces its second significant downturn in 8 years and vendors struggle with the dichotomy of maintaining or growing their business whilst lowering their costs, indirect sales channels represent a significant opportunity. Vendors will try, albeit with limited budgets to secure partner loyalty and increased mindshare with new programs and as before, channel partners will view these moves cynically. The



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vendors who will emerge from these difficult times with a stronger channel will, in our view, be those who reengineer their processes, systems and procedures and indeed their culture based upon a carefully thought out and well-executed holistic partner relationship management strategy.

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