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BEST PRACTICE WORKBOOK FOR

PRM IMPLEMENTATION

EXECUTIVE SUMMARY

Energized by the beginning of a new year, you've resolved to get a better handle on your partner programs and to improve the overall performance of your channels. Your underlying motivation might be as simple as trying to solve a persistent point of pain, or it might be as grand as trying to drive a measurable competitive advantage through increased channel sales. In either case, Partner Relationship Management (PRM) software can be the answer for you.

This workbook is designed to provide you with a road map for selecting and implementing the right PRM system for your company. The methodology is logically organized in an outline that's easy to follow. You'll find practical information throughout the paper, including an addendum that lists of some of the requirements you should put in a request for proposal (RFP). Ultimately, this document will help you make the right decision for your company's needs.

Technology Channels Group, Inc.

Practical Guide for Investigating PRM Solutions

by Jim McKenna

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Tip: Later in the workbook, you'll see it's critical to get stakeholder buy-in. Start now.

STEP 1: EVALUATE HOW YOU MANAGE PARTNERS

Business Needs Analysis

The fundamental business objective of every channel program is to cost-effectively acquire and retain profitable customers. So before you address technology issues, analyze your business plan, assumptions, and existing channel processes to ensure they can deliver the desired results.

As you identify areas for improvement in your current channel management model, don't assume that automation will straighten things out. Your analysis should incorporate a best practice "filter" to ensure that your technology choices create effective processes rather than simply automate ineffective ones. Use the methodology outlined below to assess your current partner management processes.

❑ Formulate a solid channel vision.
- ✓ Write down your business objectives.
- ✓ Consider your partners' perspectives.
- ✓ Understand your company's position in the market.
- ✓ Evaluate how this meshes with your competitive strategy.

❑ Conduct an internal stakeholder channel survey.
- ✓ What functions are performed by each stakeholder?
- ✓ What types of data do stakeholders use?
- ✓ How do they interact with partners?
- ✓ What data do they need to better understand partners?
- ✓ How can they improve interactions with their partners and management?
- ✓ How can they reduce administrative and scheduling requirements that detract from building partner relationships?
- ✓ How are they involved in outreach activities such as telemarketing and direct mail?
- ✓ What are their reporting needs and requirements?
- ✓ How are they involved in lead tracking, lead follow-up, data transfer, and other daily details, and how can their involvement be improved?
- ✓ What problems are created for stakeholders and their partners as a result of current inter- and intra-company communications and interactions?

Notes:

❑ Understand today's enabling technologies.

- ✓ 100% Web-based technology makes information accessible anywhere.
- ✓ Rapid application development toolset facilitates changes to screen data flows and other configurations.
- ✓ Multiplatform database support (from field laptops to legacy systems) allows for flexibility.
- ✓ Enterprise application integration ensures that your PRM system will work with your other enterprise systems.
- ✓ Cross-platform data synchronization automatically pulls data from other corporate systems.
- ✓ External hosting puts the onerous task of service and maintenance on the vendor instead of you.
- ✓ Multilevel security is needed to keep confidential information secure.
- ✓ Scalability is crucial for a global system.
- ✓ Outsourcing non-core competencies to a company allows that company to focus on their strengths.
- ✓ Openness of technology is critical for an enterprise to be adaptable in the future.
- ✓ Product stability is essential for end user adoption.

Notes:

Understand PRM Deployment

PRM solutions typically break core channel management processes into automated software modules. If you choose to use a PRM solution, understand what functionality you need now and what you would like in the future. Most PRM systems are modular and can be deployed in phases to make the transition to the new system smoother. See Figure 1. Remember, this is something that you want your partners to *like*, because it makes their daily operations more efficient.

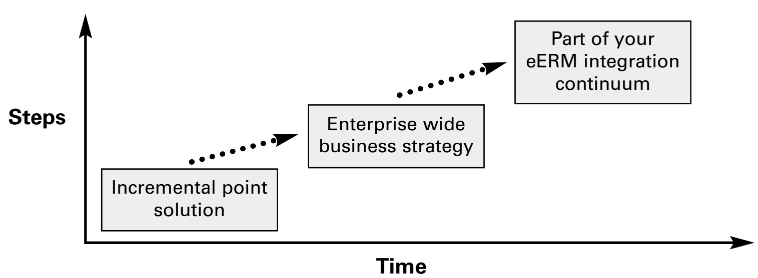

Figure 1. One Scenario of PRM Evolution in a Company

STEP 2: GETTING STARTED

Create a PRM Project Team

Tip: A team of three or four people should own the PRM project for the simple reason that it's easier to reach a consensus with a smaller group.

An executive sponsor should pull together a project team with extensive channel experience. These people will have the incentive to fix existing problems and will have to live with their decisions in the long run. If the executive sponsor doesn't feel that he knows who should participate in the project team, then he should create a selection committee to pick the project team. At least one person from the selection committee should move into the project team to ensure ownership and continuity.

Below is a list of functional areas to consider when building a project team. People from these areas will contribute different views and become stakeholders in the process.

- ❑ Channel manager
  - ✓ Performance of partners
  - ✓ Profiling partners
  - ✓ Measure marketing program effectiveness
- ❑ Top management
  - ✓ Leadership
  - ✓ Sponsorship
  - ✓ Budget
- ❑ Sales (direct and channel)
  - ✓ Ease of use
  - ✓ Access to the system anywhere
  - ✓ Ability to generate robust reports
- ❑ Marketing
  - ✓ Simplify partner contact and fulfillment
  - ✓ Enhance communications
  - ✓ Measure program effectiveness
  - ✓ Manage soft dollar allocation
- ❑ IT/technical
  - ✓ Specifying
  - ✓ Selecting
  - ✓ High confidence
- ❑ Finance
  - ✓ Assessment of increased sales productivity
  - ✓ Evaluation of lower operating costs
  - ✓ Total cost of ownership
  - ✓ Lower headcount
- ❑ Partner groups
  - ✓ Ease of use
  - ✓ Value management
  - ✓ Necessary content
  - ✓ Appropriate training

Notes:

Gain Enterprise-Wide Commitment

- ❑ Top-down management commitment
- ❑ Bottom-up buy-in from system users
- ❑ Dedicated full-time project team
- ❑ Budget allocation for the total solution
- ❑ Time frame

Evaluate Current Systems

This is where you will start considering the build versus buy decision. First, clearly understand the systems and processes you use to manage your partner relationships. Also, spend time thinking about how to change your current systems to meet your long-term business goals. Below is a list of things to consider when investigating your existing internal systems.

- ❑ How easy are your systems to use, both within the company and by your partners?
- ❑ Does the system support multiple types of roles?
- ❑ What functions are manual as opposed to automated?
- ❑ What types of data are used? Is data centralized and accurate? Who maintains data?
- ❑ How do you interact with your partners (phone, e-mail, fax, etc.)?
- ❑ Can you send personalized information to partners?
- ❑ How cumbersome are administrative tasks?
- ❑ How coordinated is your go-to-market strategy? Are your direct sales far better than your indirect sales?
- ❑ How do you generate reports on your partner activities and effectiveness?
- ❑ Are your partners able to generate new demand for your product or services?
- ❑ How are leads managed?

Notes:

Learn About PRM Vendors

Start learning about the leading PRM vendors' products from these sources:

- ❑ Consultants, whether boutique or management, can evaluate and recommend solutions for you.
- ❑ Analyst reports evaluate the leading technology on the market.
- ❑ Subscribe to services like industry newsletters.
- ❑ Search the Web for articles published about the space and vendors.
- ❑ Visit vendor Web sites.
- ❑ Attend/read/watch leading industry pundits.

Tip: These elements are NOT independent; they must work together as a cohesive unit and complement each other.

Notes:

How do I decide which PRM solutions are options for my specifications?

- ❑ Software (based on the current technology infrastructure and a comprehensive set of functional requirements)
- ❑ Technology/Architecture (customizable, open, and capable of integration with the existing computing infrastructure)
- ❑ Vendor (experienced, proven track record, confidence, with a compatible culture)

Other considerations:

- ❑ What is the extent and degree of channel expertise of the PRM vendor?
- ❑ Will the system need to be customized or will it work out-of-the-box?
- ❑ How much customization is required, and at what cost?
- ❑ How much will consulting for the project cost?
- ❑ Can the system be easily configured and maintained internally or is continuous outside assistance required? (Be sure to ask about simple tasks like adding new users and changing security access.)
- ❑ How are the workflow and business rules designed to meet the specific needs of the partners?
- ❑ How much custom code will need to be developed? How is this priced? What's the time frame? How will this affect future upgrades?
- ❑ What are the cost and types of training available?
- ❑ What new software and hardware must be purchased to accommodate the new system?
- ❑ What is the typical time frame for implementation and what will become of current system processes during that time?
- ❑ What levels of support are available during and after implementation?
- ❑ What is the deployment methodology? Is it interactive with the customer? How will changes affect the timing?

Having identified several possible PRM solutions, how will I narrow my choices?

- ❑ Requests for proposals
- ❑ Selective Web searches
- ❑ References from vendors' customers
- ❑ Scenario or "concept" demonstration
- ❑ Interactions with vendor

STEP 3: EVALUATE PRM SOLUTIONS

The PRM space is laden with competitors of all shapes and sizes. There are numerous start-ups that provide focused solutions and considerable channel expertise. These companies have very deep solutions, built specifically to improve channel performance. At the other end of the spectrum, there are several CRM/ERP vendors who have extended their offerings into the PRM space. These companies typically offer shallower solutions built on very broad platforms. For some PRM buyers, this second scenario will be more suitable, considering their overall IT strategy.

The first step in evaluating PRM vendors is to compile a list of functionalities currently required and a list of what's desired in the future. This allows for a phased implementation approach that delivers results early and increases the overall probability of success.

In particular, look for a PRM solution that provides "best practices" in the following areas:

- ❑ Partner profiling
- ❑ Partner acquisition
- ❑ Targeted communications
- ❑ Lead management
- ❑ MDF/COOP funds
- ❑ System tools and technologies
- ❑ E-commerce
- ❑ Core PRM services
- ❑ Sales management
- ❑ Training, authorization, and certification
- ❑ Marketing

See *Addendum 1: PRM Software Selection Checklist* for a list of "best practice" functionality and key features you should look for in a PRM solution (p. 14).

Notes:

Create a Request for Proposal

Your request for proposal, or RFP, should focus on specific, high-value functionality rather than particular products or methods. The RFP process should be undertaken with no preconceived biases and should start with the following.

Specification considerations
- ❑ What will the system do?
- ❑ What do we already know?
- ❑ How do you want the system to look?
- ❑ How/to whom will it be deployed?

Properly defined specifications should be integrated into requests for proposals and sent to multiple vendors. This helps you flesh out your requirements for achieving specific objectives. Your final specification should describe the system well enough for a vendor to provide a complete proposal for a PRM solution. Below are final generalized checkpoints that PRM specifications should address in order to receive a predictable solution in a realistic time frame:

Tip: Vendor proposals can open up new methods and possibilities for PRM solutions.

PRM Specification	Vendor Proposal
1. Functionality	1. Implementation
2. Desired time frame	2. Project schedule
3. Content structure	3. Electronic publishing
4. Content sources	4. Communications
5. Design requirements	5. Design production plan
6. User requirements	6. Accessibility of app.
7. Compliance standards	7. Adherence plan
8. Testing requirements	8. Testing strategy
9. Q/A & approval needs	9. Deployment plan
10. Security standards	10. Security plan
11. Metrics requirements	11. Reports definition
12. Budgetary constraints	12. Implementation costs
13. Maintenance role	13. Maintenance costs
14. Evaluation criteria	14. Customer service plan
15. Future requirements	15. Vendor market focus

Companies specializing in Partner Relationship Management should be able to demonstrate strong experience producing Web-based applications and have an implementation plan that addresses each of your requirements and specified features in detail.

Understand Vendor Services

Evaluate vendors on the depth and breadth of their offering. Be sure to find out what pre-and post-implementation services are available along with the product. These services will often be more valuable than the actual software solution. Find out if they do the following:

- ❑ Objectively assess your channel processes and clearly identify whether a PRM system will be of value to your company
- ❑ Run ROI calculations to show the monetary value you should expect from a PRM system
- ❑ Provide or recommend a channel expert that will help you improve the performance of your channel quickly
- ❑ Provide a suite of “best practice” recommendations/tools that can be intelligently incorporated in your channel
- ❑ Configure, deploy, document, and train your company and partners
- ❑ Support the product throughout its duration to the level you need
- ❑ Provide a means to easily reconfigure the system to adapt to your growing/changing market environment

STEP 4: IMPLEMENTING THE PRM SYSTEM

Remember, building a stronger relationship with your partners will improve channel performance, but it has to be done quickly, cheaply, and effectively. Make sure you can do this with your PRM selection.

Build an Implementation Plan

- ❑ Analysis and specifications
  - ✓ Develop a comprehensive needs analysis
  - ✓ Define the scope of the project
  - ✓ Identify system specifications
- ❑ Project planning and administration
  - ✓ Develop project implementation plan
  - ✓ Identify project administrator
  - ✓ Identify system administrator
  - ✓ Assemble project team
- ❑ System configuration and tailoring
  - ✓ Customize configuration
  - ✓ Initiate technical training
  - ✓ Install necessary hardware and software

Notes:

Develop a "Pilot System"

- ❑ Initiate data capture and conversion
  - ✓ Develop system prototype
  - ✓ Initiate data conversion
  - ✓ Establish installation process
- ❑ "Train the trainers"
  - ✓ New systems
  - ✓ New procedures
  - ✓ New policies
- ❑ Quality assurance testing
  - ✓ Document testing procedures
  - ✓ Report test results
- ❑ Re-work

Introduce a Perfected Prototype System

- ❑ Complete testing
  - ✓ Selected user groups
- ❑ Expand training
  - ✓ Staff
  - ✓ Management
  - ✓ End users
- ❑ Develop a "total" system
  - ✓ Initiate a working system and environment

Deploy in Phases

- ❑ Implementation guide
  - ✓ Outline each task that must be completed prior to and as a part of the final implementation
- ❑ Users guide
  - ✓ Set expectations
  - ✓ Formal training of all users
  - ✓ Outline tangible benefits

Initiate Ongoing Management and Support

- ❑ Maintenance and improvement
  - ✓ Modify to achieve required performance
- ❑ System administration
  - ✓ Access by appropriate individuals
- ❑ Metrics
  - ✓ Performance measurements
- ❑ Reports
  - ✓ Provide detailed costs/benefits analysis
- ❑ Refinement
  - ✓ Feedback and improvement
  - ✓ Leverage the investment

Notes:

To be successful, organize your solution around real-time information and don’t lose sight of the partner’s requirements. Depending on the desired capabilities, the deployment approach, and the number and diversity of partners, an initial PRM implementation can take from two months to over a year. In most cases an incremental implementation, focusing on immediate needs, is suggested.

STEP 5: AVOIDING PITFALLS

While there are a number of well-documented PRM successes, experience indicates that the majority of companies that begin a PRM initiative do not achieve the desired results immediately. Redesigning partner management is a form of reengineering, and is not necessarily a sure thing. The difference between success and failure of a PRM program depends on how much effort a company is willing to invest in it. If you know what real problems you are trying to solve, what possible mistakes you can make and how to avoid them, and what technology can and cannot help you, you are much more likely to succeed.

Some of the pitfalls in implementing a PRM solution are outlined below:

- ❑ Unclear goals
- ❑ Lack of commitment
- ❑ Lack of partner focus
- ❑ Lack of executive attention
- ❑ Tactical project orientation
- ❑ Unclear workflow
- ❑ Higher expectations than your budget will allow
- ❑ Picking the wrong technology partners
- ❑ Getting boxed into a technology corner because the chosen system is not open enough to grow with your company
- ❑ Buying technology, instead of investing in channel process improvement
- ❑ Picking a short-term player
- ❑ Confused priorities
- ❑ Expecting a simple change to fix everything, instead of expecting an iterative process
- ❑ Forgetting the human side of the equation
- ❑ Fearing change
- ❑ Being too diplomatic
- ❑ Accepting less than 100% partner buy-in
- ❑ Backing off at the first sign of problems
- ❑ Unending implementations
- ❑ Lack of audience-specific interfaces
- ❑ Limited support for all types of partners
- ❑ Lack of robust reporting
- ❑ Misunderstood partner needs
- ❑ No partner productivity tools
- ❑ No continuum of formal training
- ❑ Inadequate system support
- ❑ Vendors without planned enhancements/upgrades

Notes:

ADDENDUM 1: PRM SOFTWARE SELECTION CHECKLIST

Partner Profiling

- ❑ Track partner profiles (partner name, address, key contact, etc.) as well as extended information (geographies, product expertise, complementary services, vertical-market expertise, certifications, etc.) for all types of business partners.
- ❑ Aggregate data, such as lead close rates, sales information, certification information, etc., with the core profile.
- ❑ View activity history, including YTD/quarterly/monthly summary revenue information on partner.
- ❑ Customized views of the data allow the partner to maintain certain information on a field-by-field basis.
- ❑ Restrict the visibility of any partner data on a field-by-field basis.
- ❑ Aggregate all information in a central partner database.
- ❑ Import from and export to existing databases (e.g. partner profiles, POS).
- ❑ Track partner usage of tool.
- ❑ Integrate MS Outlook.
- ❑ Utilize native calendar.
- ❑ Utilize multiplatform data synchronization.
- ❑ Track status of contracts and generate appropriate alerts.
- ❑ Utilize ability to execute business rules against profile information.
- ❑ Generate organization charts.
- ❑ Generate proposal and sales contracts.

Partner Acquisition

- ❑ Web-based inquiry forms that automatically feed the PRM system.
- ❑ Track status through approval, with history by user and notes.
- ❑ Show a pipeline of all partner candidates and their status, preferably graphically.
- ❑ Ability to recommend a partner application and automatically route e-mail or online notice to that applicant.
- ❑ Provide overdue notices for any status.
- ❑ Ability to customize forms, overdue notices, etc., for different types of partners.
- ❑ Close a partner lead and add the newly approved partner to the system, create partner profile, and forward to appropriate internal vendor personnel.
- ❑ Create a self-help environment within the application for additional information gathering during the approval process.

E-commerce

- ❑ Shopping cart
- ❑ Place orders online
- ❑ E-mail order confirmation
- ❑ Order status and tracking

System Tools & Technologies

- ❑ Rapid configurability to business requirements
- ❑ Multiplatform database support
- ❑ Cross-platform synchronization
- ❑ Multilevel security
- ❑ Online help
- ❑ Scalability
- ❑ Real-time application integration
- ❑ Rules-driven workflow

MDF/COOP Funds

- ❑ Create MDF/COOP fund programs.
- ❑ View allocated, misused, underutilized, and other activity level reports.
- ❑ Ability for partners to electronically submit fund requests and payment requests.
- ❑ Ability to approve or deny partner requests for funds, and/or request additional information and clarification.
- ❑ Track current and historical data on total fund requests by partner, by program, or by product.
- ❑ Track ROI results from fund programs.
- ❑ Provide current balance information.

Core PRM Services

- ❑ Reporting—predefined and ad hoc
- ❑ List management
- ❑ Executive dashboard
- ❑ Alerts and alarms scheduling
- ❑ Real-time productivity monitoring
- ❑ Central login authentication
- ❑ Simple role/task-oriented views
- ❑ Ability to subscribe partners and their individual employees to multiple groups.

Sales Management

- ❑ Opportunity management
- ❑ Forecasting
- ❑ Sales cycle analysis
- ❑ Sales metrics
- ❑ Activity reporting
- ❑ Mapping tools and territory alignment
- ❑ Pipeline tracking
- ❑ Team selling across multiple organizations

Training, Authorization, and Certification

- ❑ Course information
- ❑ Online certification requirements
- ❑ Registration
- ❑ Training profiles
- ❑ Certification status
- ❑ Skills inventory

Marketing

- ❑ Create and publish marketing programs to groups.
- ❑ Tie leads to programs to provide feedback and ROI analysis.
- ❑ Development and approval routing of partner-specific marketing programs.
- ❑ Provide direct tracking of the effectiveness of marketing campaigns and actual disposition and quality of resultant leads.
- ❑ Ability to import leads from events, manage qualification and ROI.

Targeted Communications

- ❑ Provide relevant communications to any selected groups within the system.
- ❑ Set start and end dates on targeted communications in order to prevent outdated information from being available to the field.
- ❑ Notify partners in their personal view of high-priority items and provide a list of recent communications by date.
- ❑ Link files (HTML, doc, xls, pdf, etc.).
- ❑ Provide links to other Web systems.
- ❑ Post germane news to partners.
- ❑ Restrict confidential information from all others.
- ❑ Publish or remove/archive communications based on date.
- ❑ Centralize information storage.
- ❑ Organize repository by category of pertinent communications.
- ❑ Allow to subscribe/unsubscribe to certain categories.

Lead Management

- ❑ Web-based lead generation forms that feed into the PRM system
- ❑ Lead enhancement capabilities
- ❑ Targeted lead routing based on partner profiles, including geography, vertical market expertise, complementary services, product certifications, authorizations, test scores, close rates, etc.
- ❑ Closed-loop system for vendors to stay informed about actions taken by partners
- ❑ Input leads from multiple sources
- ❑ Lead forecasting, reporting, scoring, and tracking
- ❑ Alert notifications for overdue responses with management escalation processes
- ❑ Manual override capabilities in an automatic lead routing system
- ❑ Method for field-based reassignment of leads
- ❑ Report lead summary information that can be configured for different audiences and exported to desktops

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