

# The Three-Legged Stool

## Sell to and Sell Through Resellers in a Channel

### Building a Channel Program

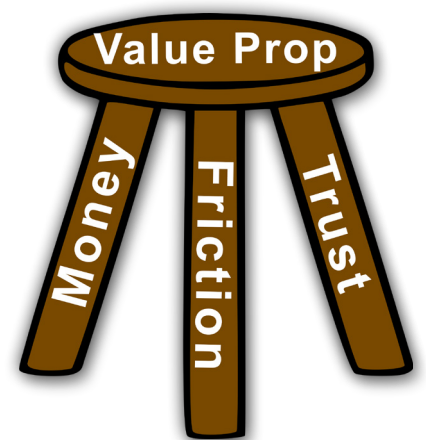
You're looking to market to the largest number of customers at the lowest cost. You figure that each partner acquisition in a distribution channel isn't just single account, but a partnership leading to many new customers, and you're right, that's the beauty of indirect sales.

Why chase accounts on your own or just throw your solution on a marketplace and hope for the best, when there are partners ready to take your solution to market? Multiplication is a stronger modifier than addition, and the proof is in the numbers. TD SYNnex is proud of our \$6B software channel and we want you to be a part of it.

But before you can launch into the channel, you need to take a hard look at your own partner program. As your distributor, we're here to help you sell to and sell through resellers. But let's lay some ground rules before we get started.

- 1) *Do not fixate on the end customer.* In a distribution channel, the reseller is your customer.
- 2) *Always try to make it easy for resellers.* Marketing to a reseller is another level of marketing. Ensure that you don't leave the work of translating your channel program and its marketing materials to the reseller partner.
- 3) *Set up resellers to be self-sufficient.* Instill in your channel program that you have a training path and you can get your partners team up to speed quickly.

Whether you're building your channel program for the first time, or just updating it, think of it from this perspective: What business can I pass on to my reseller partners? What are the ways they can make money? Can I pass them qualified leads? Can I give them the work that I don't want? What will the reseller miss out on if they don't sell my solution? If you can answer those questions and the others found in the guide, then you're on the right track to crafting a strong channel program.





# Money, The First Leg of the Stool

When you're creating or updating your partner program, the first thing you must include in all of your communications to a reseller is how they are making money. Marketing materials to the end user are important too. In fact, you should be making marketing to the end-user as easy as possible for your reseller partners by providing them with easy to re-brand and re-package marketing materials that must address the money question directly as well. However, when selling to a reseller the questions that must be answered change.

Here are four questions your partner program cannot fail to address.

1. *Are both sides making money? What is the margin on offer? What is your revenue?*
2. *Are your sales people competing with or complimenting the reseller?*
3. *On compensation model: Are sales people compensated for deals that go through the distribution channel you're operating in or are they competitive to the channel?*
4. *What are the MDF funds?*

Your battle card, your competitive hot sheet, your solution overview, your partner program landing page and most especially your pitch must answer these questions before they are asked. A good compensation model may look something like at the point of \$100,000 of sales, 3% margin is gained, and so on in a tiered model that is easy to read and pass on.

In 2023, SaaS has a TAM of approximately 70B in North America and a 12% compound annual growth rate. More than that, despite other tech segments growth rate slowing, cloud software remains a strong market. Resellers want a piece of that pie. If you start your pitch with what you can offer from a financial perspective, how the deal can be registered, the incentives for continued sales and what you can offer to help your reseller partners to take your solution to market, you'll have your audience.

In addition to the big four questions, here are some more points to consider making:

- *What are the price points your competitors are charging for a similar solution?*
- *What price is your target end-user willing to pay?*
- *What are some other revenue opportunities that are on offer from your alliance partners?*







## Friction, The Second Leg of the Stool

Lack of friction is an easy concept to understand, but is not one easily to manifest. TD SYNEX markets our ISVs to resellers as a low friction way to fill the white-space in their practice and expand their market reach. It could be said that the lack of friction is the main selling point of SaaS solutions overall. This is why it is critical to communicate the ease of adoption to your target partners. Your solution is easy to pitch, easy to sell, and, for the end-customer, it's easy to use.

Another way of thinking about friction is this: Your solution decreases the reseller's time-to-value.



As with the questions of money, here are four questions your partner program cannot fail to address that you're answering before a reseller has the chance to ask the question.

1. *How long will it take to get a sandbox to try your solution out?*
2. *How long is the certification/training process? Or, how many people will have to come off the bench to adopt your solution before going back into the field?*
3. *What is the deal registration process like before the reseller partner gets paid?*
4. *How can I make my marketing materials easy to re-brand and re-package for the reseller?*

You'll notice that the third question also addresses the first leg of the stool, and this is true, but think of communicating the lack of friction like this: Your partner program is easy at all ends of the funnel. The top of the funnel is easy because a partner can join your partner program and make an appraisal quickly. Getting to dollar number one is easy because getting their sales people credit for the sale is as easy as a quick message rather than a form fill-out that's hard to get to.

Because the lack of friction needs to be intrinsic in every aspect of your partner program, it is impractical to think of the second leg of the stool as a specific talking point to be inserted in a given list of marketing materials and business planning documents. Instead just apply the principal to the following questions as an example to consider how to put it to use:

- *What unique features and opportunities does our solution offer?*
- *What are the sweet spots of our SaaS solution?*
- *What business outcomes do we improve?*



## Trust, The Third Leg of the Stool

Trust, the two way street that all partnerships are built on and survive by. In the cloud software industry trust has to be established and maintained on two grounds. 1) Your solution works as intended and is secure. 2) Your company is committed to supporting your partners.

In the course of becoming a vendor at TD SYNEX, the validity of your solution will be tested, which is an important part of rising through our tiered ISV Experience, but when it comes to your partner program, establishing trust is up to you.



Unlike the first two legs of your stool, establishing trust in your partner program is critical to not only pitching your solution to resellers, but to operating in a distribution channel. TD SYNEX has worked with some of the biggest names in the industry to give you the biggest leg up possible. This investment comes at the expense of our anchor vendors and our own organization. We want to see you succeed in our channel and beyond. However, distributors, like resellers, need to know that you are in support of their business.

Each sales channel you engage in presents different opportunities. Your options range from cloud hyperscaler marketplaces, direct sales through your own platform to going to market our channel. In order to establish trust though, your partner program needs to answer this fundamental question to everyone you do business with.

*Do I believe that you want me to be successful?*

In a distribution channel the reseller is your customer. It is not the customer's responsibility to lay the foundation of trust, it is your's, as the vendor. Trust is primarily gained in your compensation model. Offering more margin to the resellers does two things. 1) *Rewards them for their work.* 2) *Allows them to pass more savings on to the end-customer, enhancing their trust in your resell partner.*

Here are some additional questions to ask yourself:

*Can I use rules of engagement to overcome a complicated deal registration process?*

*What sales and distribution models are the most sustainable?*

*What sales and distribution models offer the best experience?*

# Bonus Round

## A Glimpse into the Mind of a Business Development Rep

**John, the Pre Sales Engineer**



John: I heard about them too. Technically speaking, the solution works quite well.

Jane: Oh yeah, they're selling deals every month. They're co-selling a lot too.

Jane: I talked to a rep who told me about a vendor who is killing it.

Jane: Can our sales people make money though? Are there marketing dollars?

Jane: I need to look into this vendor. Maybe I can get in their channel program...

**Jane, the BD Rep**



There is not a typical customer journey for a business development rep. A lot of what pulls them into your partner program is word-of-mouth. However, this shows the importance of making it easy to access, and when they're there, being sure to present them with your three-legged stool.

Thank you for reading. We hope this guide gave you some valuable advice and set up a good starting point for working on your own channel program.

Remember, if you can make a cloud software solution, you can make a three-legged stool.