



March 2009 Edition

Navigate to Accelerate with Channel Schemes

Owing to global recession, these are the challenging times for everyone. It is, therefore, important for companies to encourage and reward their channel partners at all times, as they are the backbone of their business. For the same reason, of late various companies have announced different channel schemes aimed at boosting channel confidence and helping them earn better margins and profits during the recession period.

VARIndia presents a review of these Channel Schemes and finds out ways for channel partners to survive in the economic slowdown.

Channel Partners are the backbone of any business. Therefore, the role of channels is of utmost importance to any company. The entire country has been hit by the global economic turmoil and during times like these it is very important for vendor companies to provide maximum possible benefits to their channel partners. These are the testing times and channel needs support. To encourage and reward the partner contributions, recently various companies have announced different channel schemes aimed at boosting channel confidence and helping them earn better margins and profits during the recession period.

Amit Nath Country Head,
Trend Micro India

Logitech introduced an exciting channel scheme for its tier-II channel partners. The scheme, aptly named – THANK GOD IT's LOGITECH helps channel partners earn some exciting bonus multipliers attached to the "Linear Billing Cycles" and the nature of the product purchased. The ongoing scheme that started on February 1, 2009 stretches up to March 30, 2009. THANK GOD IT's LOGITECH scheme provides the channel partners a chance to win exciting bonuses depending upon the nature of product purchased. The nationwide scheme is applicable to the entire range of Logitech products. The product range has been classified into two categories "The Top Liners" (run-rate products with low ASP will help partners to achieve Top Line of their Business) and "The Value-Bottoms" (products that will help them to achieve their bottom line margins).

One of the latest schemes launched by Trend Micro has been geared towards providing incentives for small partners under its Small Segment – this scheme gives exciting rewards to anyone who brings out a new customer to Trend in the 10-100 user range, there is also a exciting reward to encourage new partners to sell for the first time and they can earn more if they refer more partners to Trend.

Belkin has announced “Gold Rush Scheme” that offers resellers gold points for each Belkin product sold. The accumulated points can help resellers win up to 60 gms gold with Belkin. Valid for purchases made during February 15th and March 31st, 2009, the also gives resellers the opportunity to earn bonus gold points, by purchasing specific bundle of products in a single invoice.

Xerox India has announced a reward scheme for its tier-III channel partners. The reward scheme is valid on Xerox WorkCentre 3119 and Xerox WorkCentre PE 220 and the 3200 MFP.

Cisco has introduced “Navigate to Accelerate”, a holistic, global framework that provides the channel teams with the tools, resources, and information they need to become trusted business advisors to their partners. This pioneering initiative also introduces its partners to the strategies that they need to adopt to navigate in today's challenging and dynamic economic environment.

Ruckus Wireless has recently launched the partner incentive scheme called Fly On Us, which enables the partners to earn incentives. Partners have found this scheme to be motivating enabling their teams to perform well to get good business.

Emerson has recently launched two schemes, viz., “More the merrier” and “Online Bonanza scheme” for its channel partners across India. More the merrier scheme is applicable on the sale of Emerson’s ITON 600VA, 1000 VA and GXT MT 1, 2 & 3 kVA UPS systems, whereas Online Bonanza scheme is applicable on the sale of Emerson’s GXT MT online UPS 800VA.

Delta Power Systems has announced a new scheme “Holi ke Rang, Delta ke Sang offer” for the month of March-April 2009. This latest scheme is tailored to reward on the basis of product point system as well as the overall revenue-based model so that every channel partner irrespective of how big or small should gain from it. The aim is to bring in this colourful spring season, a reason to celebrate and enjoy their sales in these challenging times. The channel partner can redeem the schemes in the form of gifts or cash.

In order to bring out its Channel Partners from recession gloom, D-Link has announced a new reward programme “Zip Zap Zoom”, under its “Empower Partner Programme” activities. The programme is designed for D-Link Value Added Resellers and System Integrators and will run till March 31, 2009. On achieving set targets, the partners can win a 2 Night / 3 day stay at Malaysia and Genting Highlands for a couple or an individual or a 2 Night / 3 Day stay in Nepal, basis the target achieved. This scheme is valid for D-Link Active range of products and Digi-Link Passive range of products.

As part of its strategy to create more conducive environment for its partners, Genius, a brand from KYE Systems Corp, has floated new two tier schemes for its Resellers and Volume Partners across the country. The purpose of these schemes is to motivate the channel partners of Genius. This is an extension of the company's constant endeavour to delight, satisfy and encourage the partner community to overachieve the targets. The new scheme, which was kicked off from February 1, 2009, is valid till 31st March, 2009. Through this scheme, on the generation of certain amount of invoice, the Volume Partners can earn up to 14 per cent of back-end rewards. The rewards are basically different high-value Genius products. The scheme is targeted towards the Resellers Community as well.

Lenovo has launched a unique Gold CARnival scheme, whereby Lenovo's business partners have an opportunity to win an assortment of cars, including a Maruti Suzuki Swift (Diesel) or a Chevrolet Spark or a Maruti Suzuki 800 AC or up to 80 grams gold. The scheme is based on a minimum qualifying sale of Lenovo's best-selling consumer notebooks – Lenovo Y330 and Lenovo Y430.

Why schemes

Schemes usually help maintain business momentum in the market through overall excitement. More than the direct impact to sales, it is an overall motivation factor, which helps in keeping the brand awareness "top of mind". Even though consumers are becoming more conscious towards spending, such schemes surely have a positive impact on sales.

S. Rajendran, Chief Marketing Officer, Acer India, said, "Today consumers have the opportunity to choose from multiple brands. Our partners have played a pivotal role in positioning Acer as a leader in the consumer and are the key medium to reach out to the target audience. In such a scenario, it is very important to recognize the efforts of our partners continuously to keep motivation levels high. The 'Big Buck' offer and the 'Click and Carry' scheme are few of the many initiatives that we have launched of late for our partners. Acer has always set new standards in everything it has pursued. Recognition as innovators and a reputation as leaders in our field is something that we have always strived towards."

Says Amit Nath, Country Head, Trend Micro, "The salesperson is a vital tool and is the first person in front of the customer. Partners have a large basket of products and if the salesperson is not enabled well and does not know how to articulate the benefits the message to customers will not be effective. Trend recognizes the role of the salesperson and aims at providing the tool by which he can continue to get enabled as well as find the motivation to sell our products. The Affinity Partner Portal has all the required knowledge and the Channel Loyalty Programme can show the partner the various points he has earned and what he can redeem."

"Channels have been an integral part of our business model and have contributed immensely to our growth along with our technology prowess. Our chief intention behind launching these schemes is to create more conducive environment and to boost our channel partners' margins and profitability. It is of utmost importance to provide as much motivation and confidence as we can to our channel partners during these challenging times. In the past, Delta has experienced exponential sales that can be attributed to channel schemes. These schemes offer promising growth in terms of revenue jump so business partners focus much more to this front," informs Deepak Sharma, Country Business Manager, UPS Systems, Delta Energy Systems.

Adds Sudarshan Boosupalli, General Manager, Ruckus Wireless India, "We have always recognized the value our partners bring to us. Our partners sales and the pre-sales team front-end our organization in the marketplace. This scheme is to motivate, inspire as well as reward the team."

Kandarp Jhala, AVP – National Channel, D-Link India Ltd., said, "The launch of 'Zip Zap Zoom' scheme is a step towards motivating and involving our SIs and VARs in the time of slowdown. We are confident that the scheme will receive an outstanding response and will act as a catalyst to D-Link's business in Q4 09. Such schemes have been a regular feature of D-Link's sales strategy to recognize and reward top-performing partners and their teams. We plan to come out with more such exciting schemes for our partners in near future."

Says Subrotah Biswas, Country Manager, India & SAARC, Logitech, "We aim to boost our channel partners' margins and profitability with schemes like THANK GOD IT's LOGITECH. It is of utmost importance to provide as much support as we can to our channel partners during these challenging times. Hence, the scheme."

"Besides introducing a unique 'respite-from-recession' offer for consumers, we've launched this Gold CARnival scheme for the benefit of our business partners. We believe that these offers will be able to add momentum to the market and help our partners improve their sales. 'Getting Closer' has always been our mantra in the Indian market – through the former scheme we hope to get closer to our customers, while with the latter, we hope to get closer to our partner ecosystem," said Ramprasad Lakshminarayanan, Vice-President, Transactional Consumer Sales, Lenovo India.

Will these schemes help during the recession period?

There is no right or wrong scheme in these global times. An effective partner programme is one which is run irrespective of the business climate. Mandeep Gupta, Country manager – Channel Business, Emerson Network Power (India) Pvt. Ltd., justifies, "This will certainly pass on extra benefit to our partners and motivate them to sell more. Also, if our partners focus on growing segments and work on demand generation, this scheme will definitely help them to increase their profitability."

R. Dhamodaran, Sr. Vice-President, Channel Operations and Commercial Strategy, Cisco, India & SAARC, says, "Our APAC Navigate to Accelerate initiative provides our channel partners with a strategic framework for weathering the economic storm, while enabling our channels team to become strategic advisors to our partners. By keeping our eye on the destination and preparing for the upturn, Cisco has consistently emerged from economic downturns stronger than our competition. Evolving market conditions. New skills and capabilities. Introduction of new technologies. They all mean one important thing – changing market opportunities. To stay on top of the game, we have identified the top 5 Game Changers for FY09, which can impact our Partners' business growth, as well as Cisco's future success."

Shailendra Sarup, Associate Director, Channels, Office Business Group, Xerox India, says, "Extraordinary times call for extraordinary measures. The scheme that Xerox has launched is also aimed at motivating our tier-III partners and encouraging and supporting them to sell better. The scheme will ultimately help Xerox improve sales of its A4 multi-functional devices."

Importance of a channel partner

Subrotah Biswas, Country Manager, India & SAARC, Logitech, answers, "Our growth and involvement into a complete digital solutions provider would not have been possible without the support of our partners. Their unconditional support and cooperation have helped us become one of the most known brands in India. The wide range of peripherals we offer have helped them reach out to a diverse and huge customer base. By introducing more innovative products in our portfolio we hope to give our partners a chance to expand their customer base." Adds Mohit Anand, Country Manager, India, Belkin Asia Pacific Ltd., "Given that most reseller partners play an advisory role to consumers, especially in selection of innovative digital lifestyle accessories, we believe the well-trained, highly motivated and loyal Belkin channel partner actually extends the Belkin brand promise to the eventual consumer of our products. And that is the invaluable role our valued channel partners offer to the Belkin brand."

Ms Sudha Jagadish, Chief Operating Officer, Dax Networks, informs, “An Authorized Dax Solution Provider or an ADSP is a certified Dax Channel Partner with regional presence and a strong focus in the field of Networking. We have planned to tap the SMBs through our extensive network of ADSPs by offering Dax package of network Infrastructure solutions which include Core NI Solutions, Structured Cabling NI Solutions, Voice NI Solutions, Convergence NI Solutions and Data Acquisition and Device Management Solutions. And these scalable solutions will be marketed by our ADSPs across the addressable market. So, therefore channel partners are very important to us.”

How to survive in the slowdown

The global financial crisis and the ensued slowdown has forced both companies and business partners to put forward each step carefully. The market condition is gradually improving and there is no need to panic. But there is definitely a critical need to be “market alert” which will by all means prepare the partners for the future.

Flexibility and adaptability to changing times will keep the vendors afloat. Every sector has been affected by the global slowdown. At times, like these it is very important that one should study the consumer spending habits and offer them the best products at the best possible prices. Sudha Jagdish suggests if RoI can be justified, industry is willing to spend. The key is to suggest suitable solution, which will address the current requirement as well as result in significant cost savings.

Amit Nath suggests that this is the time to work closely with all companies and make sure customers needs are better heard and executed. The partners should look at their entire organization and look at each aspect to make themselves efficient – right from their current way of doing business to what they can do to improve, increasing productivity is the key. Now is a good time for the partners to broad-base the verticals they are selling to. They need to look beyond traditional verticals such as BFSI, IT & ITeS. There is enough business and verticals like education, healthcare, hospitality are growing and investing. Mandeep Gupta adds, "Channel partners should focus on making the most of training initiatives provided by the companies as the impact of slowdown will trickle down to all the businesses. And organizations with adequate skill sets will survive the difficult time. Volume selling will help channel partners increase their profitability. Adopt service- oriented approach to build strong relationship with clients.”

While no one can predict when the economy will turn around, Cisco believes strongly in focussing on what we can control. This includes providing valuable guidance to partners and becoming an industry thought leader in a time of uncertainty. “To round out our approach, channel teams will also leverage ‘Five to Thrive’, Cisco’s roadmap introduced in December 2008 for having network-centric conversations with customers, to encourage partners to become advisors to their customers,” adds Dhamodaran.

In the current economic slowdown, the need of the hour for partners is to remain competitive by managing cost efficiencies and having tighter control on working capital management. It is important that the partners realize the gravity of the situation and take actions accordingly.