CHANNEL PARTNER PROGRAM BEST PRACTICES

HOW DOES INFOR STACK UP?

To maximize customer reach, today’s best enterprise software companies have hundreds of local partners to sell and implement their products and support their customers. But not all partner programs are equal. Are you a company with experience in selling or supporting enterprise software? Are you considering joining Infor’s Partner Network (IPN) as a channel partner? If so, you should be evaluating Infor’s channel partner program against (software) industry specific best practices. What are those best practices? What should you look for and how does Infor stack up?

CREATING A WIN-WIN ENVIRONMENT

An objective of any channel partner program is certainly to put more “feet on the street.” However, the best channel programs in the enterprise software industry look beyond this concept to bring a more strategic advantage to the software publisher while also providing profitable opportunity for the channel partners. Expanding the software vendor’s addressable market either through geographic expansion or through additional industry functionality and/or expertise, or both, creates this strategic advantage and also adds opportunity for the potential partners. Solid commercial terms that encourage growth are also key, as well as well-defined rules of engagement and clear segmentation.

SOLID COMMERCIAL TERMS

In evaluating any channel partnership program the first question you need to ask is: Are there solid commercial terms that allow you to not only generate revenue, but also substantial profits? Essentially there are two different approaches to remuneration:

• The software publisher establishes a set “price” for the software, which is paid by the channel partner. As a partner you then sell the software for a fair and reasonable price, which hopefully maximizes the profit potential. While this approach offers the partner a high degree of pricing flexibility, if forced to discount in order to win the deal, the software publisher doesn’t participate. The channel partner bears the whole burden of the discount while the publisher’s share remains in tact. In addition, this has the potential of leading to pricing competition between channel partners that can eventually erode margins to the point of unprofitability.

• The channel is paid (or allowed to keep, depending on the paper and payment trail) a percentage of the price paid by the end customer. This
treats the payment to the channel partner more like a commission and as a result, the software vendor “participates” in the discounting. It also paves the way more easily for added incentives like an increased percentage or a “kicker” when a certain sales volume is reached. The channel partner has more than a linear incentive to increase sales volume. Of course this does not entirely eliminate the possibility of contention between channel partners but adds visibility that can help keep price erosion in check.

Infor’s program uses the latter model and also provides very competitive percentages for remuneration, ranging from 15% to 50% for the initial license sale, and 4% to 12% of recurring maintenance revenue.

**INCENTIVES FOR GROWTH**

While selling more always translates to higher revenue for the partner, a tiered structure of partners also provides a means to create added incentives. The commission structure above is one way. The percentages increase as partners reach different tiers in the program, providing more incentive. Infor has established three different levels (associate, silver and gold) with different rates associated with each and also adds incentives for offering Infor products exclusively (i.e. to the exclusion of competitive products).

**CREATE (AND ENFORCE) CLEAR RULES OF ENGAGEMENT AND SEGMENTATION**

Creating clear rules of engagement and segmentation of the market are important wherever there are non-exclusive territories or multiple products, particularly where the software vendor also has a direct sales force. If there is any overlap of coverage of channel partners and the direct sales force and/or between different channel partners there is the potential for channel conflict. This can be a healthy competition, but if not clearly defined and managed, can get ugly pretty quickly and deals can be lost to solutions from other vendors simply because the customer is turned off.

Infor, with both a diverse product portfolio and a direct sales force, does create an environment where this is possible. Each channel partner has a defined territory but none are exclusive and both direct and indirect can be competing in some segments. One test of a software vendor’s commitment is its willingness to police its own behavior. Infor routinely conducts audits of its direct sales force to ensure the partner-only sales zones are not violated.

**MAINTAIN A CLEAR PICTURE OF COVERAGE BY INDUSTRY AND GEOGRAPHY**

One way Infor minimizes the potential for channel conflict is by maintaining a matrix by industry and geography in order to detect gaps in channel coverage. This can be an important tool both in providing good coverage and in resolving potential conflicts. It is also even more important to a vendor like Infor that...
has a very broad and diverse product portfolio, in addition to having a direct sales force. While much of this is being addressed through Infor’s industry-based go to market strategy, there are still many legacy Infor products that are sold and covered by existing channel partners (and also a significant installed base). It is important for any channel partner to understand the full portfolio that addresses the market segment it will attack, and have knowledge of and the ability to sell all the components of the full suite.

### Infor: Specialized by Industry

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Rather than being a single product, each Infor offering is an industry suite designed to deliver a complete solution comprised of multiple applications, integrated seamlessly by ION (short for Intelligent Open Network). ION is its lightweight middleware, providing common reporting and analysis, workflow, and business monitoring in one, consistent event-driven architecture (EDA).

The components of a suite might include Enterprise Resource Planning (ERP), Enterprise Asset Management (EAM), Customer Relationship Management (CRM), Human Capital Management (HCM), just to name a few. As one of the largest enterprise software vendors in the world it has the advantage of having a very broad and deep product portfolio. Infor’s most successful partners take full advantage of this extended portfolio.

By offering 13 different suites, Infor’s goal is that zero modifications are required to satisfy the needs of specific vertical and even micro-vertical industries. But in reality there are more than 13. For example, one of the Infor industries is food and beverage, but there is not just one configuration for food and beverage, but individual Infor configurations for dairies, meat processors, brewers, bakers, etc. ERP is typically the focal point of each solution, but the ERP included might be different from one micro-vertical to the next or for specific geographies.

This kind of flexibility is a double-edged sword. Being able to offer an end-to-end solution, configured so precisely, is certainly a plus, and hard for smaller vendors to compete against. But it adds complexity to the channel because multiple products can be buried under the Infor nomenclature and not every channel partner is authorized to sell every Infor product.

### PROVIDING A GOOD SUPPORTIVE ENVIRONMENT

A key element of a good channel **partner** program is the emphasis on that middle word: It is a partnership. Even if you are armed with the best products on the market, if your software publisher simply views you as its agent in selling its software, then you won’t have the full support of a strong solution
provider. Beyond providing you with a product you can be proud to sell, look for a software partner that offers administrative support, good education and training, effective two-way communication and joint marketing. And look for a channel program that has the full backing of executive management at the very top of the organization.

**ADMINISTRATIVE SUPPORT**

In evaluating a channel partner program, this question should be top of mind: How easy is it to do business with the software publisher? Channel partners can’t be successful if they spend more time on the paperwork than they do closing business. Many channel partners are small companies that have not and cannot afford to invest heavily in administrative infrastructure and back end solutions of their own. This is especially true in emerging economies, where the software publisher needs the channel the most for its own expansion and growth.

Infor has taken this challenge very seriously, introducing some new programs at its partner event in July, 2012 that bring change, innovation and speed to the back office. The stated goal of the new programs is to make it easier to do business with Infor, by providing one singular user experience whether dealing directly or through the channel. The new two-pronged announcements:

- **Infor Deal Desk**: This is a new group and new process at Infor that will handle high volume, low value, low complexity orders. The Deal Desk, staffed by senior deal desk analysts, will answer questions such as, “What products does my customer have today?” The Deal Desk will serve as the partner’s administrative team, preparing price quotes, putting quotes (and hopefully orders) in the hands of the partners fast, taking frustration out of the process. Partners will have one person to deal with going forward. While the Deal Desk is available today in the Americas (only), there are certain processes that are out of its scope, including orders for some products and complex contract research. Even with limitations though, this represents a big step forward in defining best practices.

- **Infor Contract Process Automation** – this new program provides the channel with a sales process automation tool including configuration, pricing, real time quote generations and approval workflow. It provides step-by-step quote level, product level and line item discounting with the ability to also perform uplift pricing. In automating the process it gives both Infor and its partners full visibility through the quote to contract process. (Note: This system will be fully operational in December 2012).

- **Two-way Sales Pipeline Management – A Single Source of Truth**

  Infor is currently implementing Salesforce.com throughout the company. Partners will benefit from registering and protecting their
own sales opportunities through a tightly managed process. Tight management is a requirement to avoid any chance of the partners’ opportunities from being pilfered.

**EDUCATION AND TRAINING**

While training is standard fare for most channel partner programs, it is often an after-thought and indistinguishable from generic product training offered to either employees or customers. Lack of attention in this area can impact the channel in several ways, most importantly in the partners’ ability to generate revenue as quickly as possible. Relying solely on traditional classroom product training simply doesn’t get them up to speed fast enough.

A best practices approach to today’s training of channel partners is one that:

- Focuses on content that is specific to business roles
- Uses a combination of virtual and live instructor-led classes, allowing partners to complete training quickly but at their own pace
- Provides an option to shift from a horizontal product training approach to more specialized/vertical industry-specific training
- Goes beyond traditional product training by also including soft skills and generic business skills
- Requires both knowledge-based and practical certification of competence
- Combines training with a mentoring program that provides on-going coaching and reinforcement

Infor’s partner training and certification programs recognize four different roles the partners play:

- **Sales**: a primary function of any reseller
- **Pre-sales**: extending the sales orientation to the demo
- **Consulting**: this training is both functional and technical
- **Support**: some partners provide both level one (first contact) as well as level two (bug fixes) support for localizations; therefore the technical training may be quite deep.

Certification programs should be included as a best practice because otherwise weak partners will damage strong partners, as well as the reputation of the software provider itself. Infor offers three levels of training and certification (base level certification, preferred and expert), assembling a clearly defined learning path for each role. There are currently 15 different training and certification programs with 65 distinct learning paths, which culminate in certification exams. The program uses a combination of online and face-to-face training, which makes it scalable and flexible. It also provides a way for those partners who invest heavily in their training programs to successfully differentiate themselves from those who do not.
The IPN training team has developed in-person sales and pre-sales events known as “boot camps”. Hosted quarterly in each geographical region, these sessions are geared towards onboarding new partners. Sales and pre-sales attendees are divided into two different tracks, and in fact there might be multiple tracks (for different product lines) for pre-sales. Typically, each boot camp is an intense two-day session followed by a series of webinars to complete the overall knowledge transfer.

In January 2012, 990 employees from partners within the IPN community had completed at least one certification exam. Currently that number stands at almost 4,500 and is growing each day. During Infor’s fiscal year 2013 (which began June 1, 2012) partner terms and conditions were revised to require at least two people complete all exams for the products the partner sells and supports. New partners are given nine months to complete this requirement or risk losing their ability to market and sell Infor products.

To date the training has been largely product oriented, however, the next iteration will be geared towards implementation, with an industry focus. Remember that the Infor industry suites are typically comprised of many different components. Therefore, the corresponding training will focus on better understanding of how all the elements fit together and will also include the development of marketing programs.

Finally, the IPN training team is currently rolling out a training syllabus which addresses support for the everyday running of a channel partner’s business. This includes best practices in sales, marketing, implementation and support. In an effort to differentiate its own channel program, the plan is for Infor to take the experience it gathers internally, and from the market, and share it with its channel partners to help them run their businesses more effectively.

**COMMUNICATION: A 2-WAY STREET**

A good partnership requires effective communication. While the education and training process involves outbound communication from the software publisher, true communication requires not only a broadcast mechanism, but also good listening skills. As a result, any good partner program should convene the channel periodically. Infor’s approach is to host a series of regional “Summit” events across the globe geared solely towards its partner community.

Yet these types of events are much like education and training in that the software publisher does most of the talking. A true exchange of ideas requires a more intimate setting, one that is geared primarily towards engaging the partners and listening to what they have to say about their successes, issues and experiences in the field. To this end Infor has formed regional partner advisory councils.
Rather than scheduling these councils on a pre-set basis, Infor has convened them as issues arose and discussion was needed. In fiscal 2012 it brought these councils together, not once but seven times. This is likely due to the “newness” of the program, and therefore it is likely the frequency will decline over time. But taking this approach (calling for discussions as needed) means issues don’t get bottled up waiting for resolution for possibly as much as a year, making a company the size of Infor much more responsive than the typical multi-billion dollar enterprise.

As the channel grows it will be increasingly necessary for this council to be a select group. Having hundreds of partners involved in the discussion will only insure no consensus is ever reached. Therefore it will become more and more necessary (and difficult) to make sure the council is truly representative across the channel. Today Infor selects partners that it feels are forward-thinkers, but also strives to have good representation across its product lines, and therefore favors those that offer multiple Infor products. The panel is reviewed annually with the objective of preventing complacency and infusing new blood in the discussion each year.

As expected, much of this communication exchange pertains to the products and product plans (but more on that in the next section.) Infor Channel Managers hold quarterly business review meetings with partners to review year-to-date performance. Furthermore, partners are closely involved in roundtable style strategic discussions with the executive management team with a view to continuously improving what partners require to succeed in their respective regions.

**JOINT MARKETING EFFORTS**

Software doesn’t just sell itself. While developing market awareness is typically viewed as the software publisher’s marketing department’s job, sales and marketing need to work cooperatively to generate leads. Similarly, the software publisher and the channel also need to work collaboratively in both these efforts.

Indeed, there needs to be a balance between partner and software vendor activity. If marketing is viewed entirely as a vendor activity, the software publisher might as well just have a direct sales force. Allowing the channel to depend entirely on the marketing efforts of the software publisher encourages an attitude of entitlement in the partner community that will stunt the growth of the channel in general and also the individual channel partner. A partner that simply expects the vendor to hand over all its leads is not a very valuable partner and achieves no strategic advantage. If all activity is left to the partner, the software vendor is not pulling its weight, there is less scale and the defined go to market messages are diluted.

To this end, Infor sponsored 500 marketing events around the world in fiscal 2012, and have 3000 such events planned for fiscal 2013. Partners are
encouraged to schedule and participate in three events within the next six months and Infor offers each and every partner market development funds (MDF) to help drive incremental business. This represents a strong commitment that originates from the very top of the executive levels within Infor and carries through to a well-defined channel management team.

ENCOURAGE “VALUE ADD”

There is a big difference between a partner that sells a solution and one that sells the same solution with “value added,” hence the distinction within the channel of Value Added Resellers (VARs). With no “value add” the vendor may get more feet on the street but there is no added depth or breadth to the solution and less advantage to the customer who might prefer to buy direct. This value add may simply be in the added business management or industry-specific expertise of the partner, but the most value is likely to come from extensions to the product.

END-TO-END SOLUTIONS

Infor already has one of the most complete end-to-end solutions in the industry today, so partners have lots to sell. This vast portfolio is the result of Infor’s long history of acquisitions, not only of ERP solutions that brought large installed bases, but also of complementary solutions that gave it more opportunity to capture a larger share of each customer’s wallet. Over the past 18 months alone it has spent over $2.5 billion in acquisitions. In addition, this past year has seen a significant bump in organic product development. With the addition of 600 engineers, Infor itself delivered more than 5,000 new features and 69 new products in 2012.

Still, no vendor, however big, can be everything to everybody. As a result a good partner program needs to encourage the partners to take the customer that “last mile” of functionality. Strategically placed “value add” can significantly expand the reach and the viability of the vendor in new geographies and new industry sectors or subsectors. In order to encourage this “last mile” the vendor needs to clearly communicate its own product roadmap and also make a development environment available and affordable to the partners.

DURABLE, REUSABLE AND COHESIVE

Infor believes in enabling partners to build their own intellectual property (IP) that is “durable, reusable and cohesive.” What do these three adjectives really mean? At a minimum:

• Durable: the modified solution doesn’t “break” when the next upgrade or release comes along
• Reusable: Build once; use everywhere. By embracing the Infor development platform these extensions are transformed from “one-off” solutions to innovations that will enhance the product, providing more commercial leverage for the partner and adding more innovation (and value) to the end user community.

• Cohesive: Infor encourages partners to develop and deliver extensions that look and feel like those Infor delivers. Combined with durable, reusable extensions, the customer is better able to leverage the efforts of Infor and its channel.

This would not be very effective if each of the hundreds of Infor products had their own proprietary (and different) architecture and development platform. This is where the ION technology, along with the Mongoose development platform, plays a key role and should have the full attention of the partners.

The Mongoose development framework is one of the core shared Infor technologies. Using the Mongoose development platform significantly decreases the development effort and allows for faster integration. In taking advantage of this platform, partners will automatically develop Infor10-ready applications which are very easily tailored and personalized without further development efforts required (i.e. trades configuration for customization). And Mongoose-based applications are easily integrated to other Infor and non-Infor applications.

As new IP is developed with ION and Mongoose, this should be reusable across different customers, different product lines and could open new doors to revenue for both the partners and Infor.

The next logical step is for Infor to develop an App Store where partners could also offer their own IP for other partners to sell. This will encourage even smaller partners to more actively develop extensions for which they might not be able to justify the effort if they could only sell them to their own customers. It will also provide the partners with more cross-sell and upsell opportunity.

**SUMMARY AND KEY TAKEAWAYS**

Infor has had a channel partner program for many years and yet this year it put a renewed focus and emphasis on growing its channel aggressively. In fact Infor’s stated goal is to double sales from the channel within three years. Its channel management team is one year into that quest and still enjoying the same level of support from the very top levels of executive management in the company. Evidence of that support is apparent from its willingness to invest in the channel.

Having undergone some transformational changes in management over the past year, Infor itself has a unique mix of maturity and emergence. While the new Infor management in general and the channel management team in
particular have been operating operationally as a (very) large start up organization, it has scale and momentum fueled by a 17% organic growth in revenue last year. It is first and foremost an application company and has made a strong commitment to investing in both its products and its channel.

Unlike software publishers with a long history of selling exclusively through the channel, Infor is looking to innovate, but isn’t coming to the table with its mind all made up as to how the channel will operate. By engaging with its most forward-thinking partners it has already introduced significant change and will continue to evolve into a partner program, designed largely by the partners themselves.

**About the author:** Cindy Jutras is a widely recognized expert in analyzing the impact of enterprise applications on business performance. Utilizing over 35 years of corporate experience and specific expertise in manufacturing, supply chain, customer service and business performance management, Cindy has spent the past 6 years benchmarking the performance of software solutions in the context of the business benefits of technology. In 2011 Cindy founded Mint Jutras LLC (www.mintjutras.com), specializing in analyzing and communicating the business value enterprise applications bring to the enterprise.