

Deal Registration

A White Paper



Introduction

**Noroch Consulting
and euROLAN**

This White Paper has been researched and written by Olivier Choron, of Noroch Consulting, an independent PRM Consultancy company in conjunction with euROLAN, a Channel Analyst and Consulting company.

Deal Registration is the early notification of project by a partner to a vendor in order to protect the deal and potentially for the partner to benefit from price support and/or rebates.

This White Paper is an objective appraisal of the key elements of the commercial relationship that exists between a reseller and the named vendors.

Deal Registration Programmes – Do we need them?

**Business is about
increasing revenue,
lowering costs and
establishing closer,
more responsive
relationships with
customers, suppliers,
and partners**

2004 was a great year for Deal Registration as a significant number of vendors announced new programmes. Several Partner Relationship Management (PRM) or Lead Management software vendors all released new off-the-shelf deal registration modules and anyone involved in the channel was excited about Deal Registration. Coming in various shapes and sizes, these programmes to address and solve many pain points experienced by both vendors and partners and deal registration looks set to become the Winning Channel Programme for 2005.

What is Deal Registration and why should you consider it?

In short, partners can “register” new deals, be guaranteed some early vendor support during the sales cycle and, most importantly, receive additional margin points when successfully closing the deal.

Clearly the partners that should benefit from such programmes are those that may have discovered or even created the opportunity, but were at least involved at a very early stage in the sales cycle and usually, in very complex and expensive projects. Offering “value-add” partners additional sales support and protecting their position and margins against more fulfillment or “low value-add” resellers will benefit both partners and vendors.

**Cisco introduced its
Deal Registration
programme -
Opportunity Incentive
Programme (OIP) at
its 2004 Partner
Conference in Hawaii**

This early pipeline information is what any sales manager dreams of and is generally the most compelling reason for any vendor to invest in a deal registration programme and to justify giving away a few additional margin points.

Cisco OIP ring fences SMB deals and pays a 6 per cent (8 per cent in the US) back end cash rebate

How to design the best Deal Registration programme?

To maximize the chances to succeed with the deal registration programme, there are a number of best practices a vendor should follow (see Figure 1 below).

- **Think Strategically:** Any vendor interested in building a new programme needs to do a minimum amount of strategic thinking to answer these questions:
 - **Which partners would benefit and make it worthwhile to create such a programme?** Typically, “Platinum/Gold” partners, those involved early in the sales cycle and with the most to lose in big ticket deals can play while others are not allowed to register their leads. Consideration should be given to different rewards for different partner classes.
 - **What to reward?** Typically, high-ticket price items are the target of such programmes and many vendors do not provide any additional margin to “non-core” products. Alternatively and based on objectives, a vendor may want to reward all product sales at different levels.
 - **What are the rewards?** Clearly, supporting partners early in the sales cycle is a given (but not always appreciated by partners!). Financial rewards motivate partners and can make or break these programmes. Typically, back-end rebates between 5 and 20% are given on successful deal closure; some vendors reward partners even if they do not win the sale!
- **Make it Easy:** Vendors often forget this operational part of the programme and fail to meet their partners’ expectations and their own objectives.
 - **Set easy rules and guidelines:** Programme guidelines should be straightforward; eligibility requirements and programme benefits should be clear. Little thinking should be necessary for partners and few boundaries should stop the relevant partners from joining and participating in the programme.
 - **Define and set streamlined tools and processes:** Partner Relationship Management (PRM) solutions can make both the vendor and its partners’ life very easy (*). Efficient, streamlined and automated approval and payment processes should be set and little administrative burden should be placed on partners or the vendor’s sales staff.

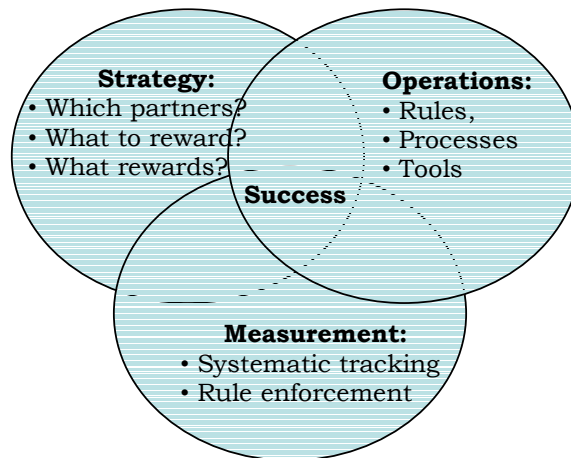


Figure 1 Succeeding with Deal Registration

Deal Registration is a part of the latest Partner Relationship Management (PRM) systems

- **Measure and Enforce:** Often as a result of manual processes and the lack of program “systemization” (see section above), vendors cannot measure their program ROI and fail to adjust requirements and benefits to guarantee the correct long-term and sustainable business model.
 - **Systematically Measure Your Progress:** It is critical that vendors measure and monitor the impact of deal registration programs (or any other channel program for that matter!) carefully. Full deal pipeline and margin analysis should be provided to senior management for review and assessment. Partner eligibility requirements, product relevance, and rewards/discounts are all factors that should be revised and tuned regularly.
 - **Enforce your rules:** It is possible to automate the enforcement of the desired rules and vendors should systematically limit the number of deal registrations per partner, the period between deal updates by partners, and the number of lost deals per partner before these are stopped from registering new deals.

Can you do without Deal Registration?

Clearly vendors and partners can live without poorly structured deal registration programmes. Ill-designed reward schemes and registration processes can inhibit any benefit for partners.

However, it is also clear that strategically defined and well-structured programmes can be extremely successful in the short and long-term and prove very profitable for both partners and vendors. These programmes can protect margins and minimize partner conflicts, both highly prized goals by any channel manager.

What vendors should consider is looking at the opportunity made available by PRM. These tools can be dramatic change agents for any vendor-with-partner relationship. Today, only a handful of vendors have

understood the strategic value of online tools and the need to drive partners to use such tools.

Deal registration is one way to change partners' behaviour and entice them to involve vendors earlier in their sales cycle. Other behaviour can be sculpted to the vendors' specific strategic corporate objectives; one successful IT leader is already systematically rewarding partners for their own customer satisfaction (obviously ultimately impacting the customers' perception of the vendor's image) or for reaching extra sales targets.

It is possible to envisage other possibilities whereby a vendor could drive partners to use the vendor's PRM tool to track the vendor's leads, to register in training classes, to order new collateral or to configure products. All of this behaviour could be financially and systematically rewarded. After all, major high street retailers all tempt us to "buy online for a discount or gift voucher"; why isn't the same strategy employed today by IT vendors to entice their partners to leverage more cost-effective vendor support tools or more positive behaviour? Wouldn't this have a major impact on any vendor's bottom line?

Is Deal Registration for Everyone?

As discussed above, deal registration can play a major role in the success of most vendors' channel programme. However, deal registration will only work if there is enough demand for the vendors' products in the channel.

It is therefore critical for any vendor to create that demand first and therefore to review their own lead generation programmes and brand awareness campaigns as well as their entire joint marketing activities with partners.

Any factor that impacts the creation of leads needs to be part of the vendors' channel programme and needs to be optimized, whether it is the level and ease of use of the Marketing Development Fund (MDF) programmes, the relevance and adoption of the sales training curriculum, or even the vendor's advertising choices and ROI.

With this context in mind, it is clear that deal registration programmes are typically more beneficial to established and well-recognized market leaders who manage complex channel partner networks. Small to mid-sized vendors, even if dealing with a complex product portfolio will clearly benefit from early pipeline visibility and will minimize any potential channel conflict; such deal registration programme however is unlikely to bring them the market awareness they require to survive and it may be a better option for them to invest in a demand creation campaign, whether direct or joint with partners.

For more resources
Channel Managers
may login to [www.
eurolanresearch.com](http://www.eurolanresearch.com)

(* Note: PRM and Deal Registration

Outsourcing deal registration to third party agencies or deploying deal registration specific web tools may prove cumbersome and may hinder your capability to gain valuable knowledge about your partners and their customers.

Instead of purchasing specific deal registration software (or worse, building it!!) and creating yet another silo of inaccessible partner/ customer data, vendors should consider adding deal registration functionality to the existing PRM solution

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