



The CCI Journal

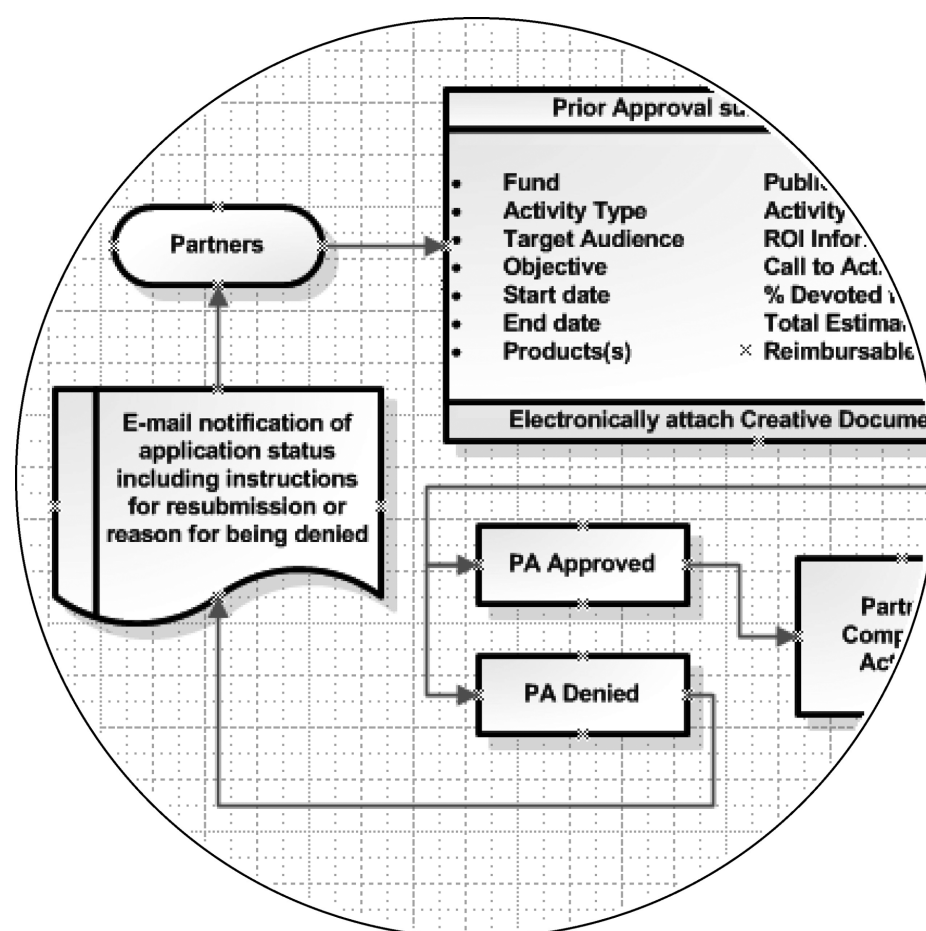
Automated channel programs bring objectives, strategy and tactics together

In recent months numerous companies have approached CCI with regard to Sarbanes-Oxley (SOX) compliance and other business-critical issues. Not only do Sarbanes-Oxley and other legislation necessitate the development and maintenance of robust internal controls systems, but they're also forcing companies to take a fresh and candid look at all business practices, including channel and trade promotion programs and how they are planned, executed and managed.

Enron and WorldCom were instrumental in changing the U.S. business landscape forever. In the short term it's been challenging to run profitable businesses while meeting the compliance standards of SOX but the net result of these changes will likely be very positive. SOX is just one factor that is making it essential for companies to truly unify objectives with strategy and tactics. The goals of a program must drive the strategy and be supported by tactics if compliance is to be assured.

Mapping tactics to strategy and strategy to objectives for a cohesive and measurable program and increased success is good business practice. The challenge has been tying them all together in a systematic way that allows for measurement along with the holy trinity of internal controls: separation of roles, maintenance of records and accounting for costs and exceptions correctly. Automating channel programs achieves all of this if the system provides for internal controls, planning and the measurement of tactics by activity.

Let's use a co-op program as an example. If a company wants to tie tactics to strategy, this is one proven example of how that might be done successfully and legally. Channel programs should exist to ultimately achieve three basic objectives: 1) Create synergy and partnership between a manufacturer and its channel, 2) Incent the behavior and results the manufacturer is seeking, and 3) Extend and complement the manufacturer's marketing and sales activities. It makes sense that the co-op program in this example would be one part of the overall strategy that allows for the tactical implementation and management of corporate objectives. And objectives come first. What are the corporate objectives and does a co-op



program make sense as part of the strategy for achieving the objectives? Let's start there.

OBJECTIVE

Increase volume sales by 20% in 2005 while extending brand awareness.

STRATEGY

There are innumerable strategies that a company might employ to achieve this rather broad objective. For companies that sell through channels, it's important to consider the channel as an extension of the company itself. One strategy that we have seen used with great effectiveness is what we'll call the Military Strategy wherein the manufacturer is responsible for the "air cover" and the channel is responsible for "frontline ground work." In other words the manufacturer generates demand and leads for the channel and creates high-level brand awareness and equity while the channel complements the efforts of the manufacturer by providing marketing and sales support.

TACTICS

In this case it may be useful for manufacturers to employ the following general tactics with the channel to support strategy and objectives:

- > Manufacturer provides "air cover": Create demand and leads for channel partners, distributing leads in an automated, fully closed-loop system
- > Marketing and sales templates: Provide online templates that may be customized and co-branded by channel partners and used to complement the manufacturers' marketing and sales activities;
- > Co-operative marketing funds: Subsidize the marketing efforts of channel partners by providing co-op funds. Funding is accrued as a percentage of sales and is provided for specific activities.
- > Sales incentive programs: Incent channel principals and channel sales reps by providing them with valued rewards for selling more of

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CLIENT CASE STORY

CCI is pleased to provide one of our many client case stories to CCI Journal readers. This case story illustrates some of the ways that automated channel programs bring objectives, strategies and tactics together. It also addresses some of the issues that are business-critical to many companies like Sarbanes-Oxley compliance and lead management solutions.

This client company ("the manufacturer") contracted with an outsourced call center that couldn't identify the source of incoming leads, making it virtually impossible to track lead generation efforts and to compensate individuals appropriately. Multiple lead sources – everything from door hangers and direct mail to sales rep referrals – and a tiered compensation structure – which included varying amounts of commission based on the lead source and product(s) sold – compounded the challenge exponentially.

The manufacturer's primary objective was to reduce costs and increase revenue derived from their lead generation efforts. They wanted to provide individuals with accurate compensation for their lead generation and sales efforts, and they wanted to be able to have a real-time view into lead and sales activity, including the source of the lead. Also they needed to be able to confidently manage their complex programs so that they were compliant with FASB, Sarbanes-Oxley and state, local & federal tax and compensation laws.

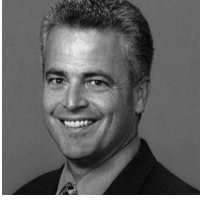
After reviewing the manufacturer's business requirements, CCI recommended that they implement the ProgramsPro® platform and the LeadPro & Fund Management Modules as a comprehensive solution.

Now, all lead sources are identified by the method of response, the call center has one web interface to utilize for the input and management of lead data, lead distribution is automated (based on the manufacturer's business rules, which include product authorization and zip code) and a lead may be tracked through to the sale in a fully closed-loop, online system. Follow up on leads is required within three days, and leads can be automatically or manually re-distributed if need be.

Once a lead results in a closed sale, CCI generates batch reports by payment

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The way I see it...



Bill Kelly is VP of Sales for CCI and helps companies define objectives, evaluate strategies and implement programs that achieve measurable results.

Deal Registration Programs

Deal registration programs are becoming increasingly popular. These programs encourage channel partners (VARs, solution providers, etc.) to register new sales opportunities with a sponsoring manufacturer in order to qualify as the solution provider of record. Deal registration was originally conceived to protect partners who represented complex products with long sales cycles requiring significant sales investments.

Two Perspectives

For channel partners, an effective deal registration program protects their investment in developing the opportunity from initial identification and qualification to solution development and, ultimately, the sale. By "registering" the deal the partner may receive as much as 15 to 25% in additional margin, in the form of rebates after the sale is made. This makes it more difficult for other partners to compete for a registered opportunity.

From the manufacturer's perspective deal registration programs provide numerous benefits, including more accurate insight into the sales pipeline, reductions in channel conflict and an increased ability to manage street price. The challenge is that these programs usually require large administrative resources on both the manufacturer and channel sides, and poorly-crafted or poorly-enforced programs can actually cost both parties business.

A Delicate Balancing Act

Developing and managing an effective deal registration program is a delicate balancing act. On the one hand, partners

are reluctant to share their sales opportunities for fear of losing them to the manufacturer's direct sales force. Often times these programs require a tedious submittal and approval process that seem too time consuming when compared to the potential benefits. Manufacturers, on the other hand, often do not consider the entire sale process and use the programs to identify partners that aggressively go out and generate new business, focusing too heavily on revenue and not enough on value.

Seven Tips

If you are in the process of developing a deal registration program or are currently re-evaluating one, here are seven tips for creating an effective program:

1. Understand the partner's perspective.
2. Align the program with your corporate objectives.
3. Ask for and capture only relevant information.
4. Minimize the administrative burden for both sides.
5. Identify deals in "critical" sales stages so you can support the effort appropriately.
6. Report and promote the successes of your program.
7. Make sure your program complies with recent legislation (Sarbanes-Oxley).

Automation Increases Visibility

Once you have developed a deal registration program look to automating it. This is where CCI's web-based solutions can contribute significantly. An automated online system reduces costs and resources while increasing usability, visibility and accuracy of reward fulfillment. And, perhaps more importantly, a deal registration system allows for automated workflow and approval routing as well as legal compliance and efficient deal processing and payments. ❏

FOR MORE INFORMATION ON DEAL REGISTRATION PROGRAMS, PLEASE CALL BILL KELLY AT 415.526.3210.

Client Case Story

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type and either cuts checks on behalf of the manufacturer or provides that manufacturer with payment reports so they can manage the compensation in this tiered program.

The CCI solution offers real-time views into payment activity reports, which makes it easier for the manufacturer to gauge the success of the programs. Partners are pleased with

the easy accessibility to all program information when and where they need it via the Internet. Furthermore, the manufacturer's overall administration costs have seen dramatic reductions while their customer satisfaction has increased significantly. The net result is a dramatic increase in lead closure rates (from 2% to 73%) and an equally dramatic reduction in operational costs, which provides this client with a very high rate of return on their investment with CCI. ❏

Channel Programs

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the products your company wants to sell in a given quarter.

Now that objectives, strategy and tactics have been presented, let's discuss how automating programs will tie all three together while aiding in compliance. Automated online systems like CCI's make it possible to provide channel partners with multiple programs on one stable platform. The platform allows for security, workflow, hierarchi-

cal rights within each program and the holy trinity of SOX compliance. Additionally, an automated online system that uses GAAP as foundational standards can also provide real-time reporting on useful data like spending by activity and by partner, promotional planning forecasts and ROI, allowing manufacturers and partners to better plan and execute against tactics.

To get a better feel for how to unify objectives, strategy and tactics please read the client case story in this issue of the CCI Journal and visit our website at www.CCIonline.biz. ❏

CCI recently reached a major milestone!

OVER **100,000**
Users Worldwide



And Growing!

CCI DEMONSTRATED THEIR LEGAL COMPLIANCE

CCI RECENTLY PASSED A SAS-70 AUDIT. THIS IS PARTICULARLY IMPORTANT TO OUR CLIENTS BECAUSE PASSING SUCH AN AUDIT ASSURES THEM THAT CCI HAS ADEQUATE CONTROLS AND SAFEGUARDS IN PLACE TO HOST OR PROCESS THEIR DATA AND FINANCIAL INFORMATION IN A COMPLIANT ENVIRONMENT.

If a client would like a copy of CCI's SAS-70 certification, please contact us directly.

CCI Speaks Out

As a thought leader CCI is often asked to speak at industry events.

Most recently, CCI spoke at these events →

CCI will also be speaking at other events in the coming months. Please visit the Events Page at www.CCIonline.biz for the most current list of speaking engagements.

February 28, 2005

SDForum.org

Special Interest Group:

CHANNEL MARKETING PROGRAMS

Palo Alto, CA

TOPIC: Is It Possible to Make Sarbanes and Oxley Both Happy?

"SDForum is the leading Silicon Valley not-for-profit organization providing an unbiased source of information and insight to the technology community for 20 years. SDForum provides a venue for engineers, executives, researchers, technology leaders, and venture capitalists to exchange information on emerging technologies and best practices. Each month SDForum connects 1200 software professionals through more than 20 events." Source:SDForum.org

April 11 & 12, 2005

CHANNEL FOCUS NORTH

AMERICA CONFERENCE

Denver, CO

TOPIC: Co-op & MDF: What is Best Practice?

"The premiere event dedicated to the Technology Channels in North America! An amazingly real world, with a tremendous amount of peer sharing of honest and practical ideas. It is fundamentally a group of highly seasoned industry sales and marketing executives getting together to learn and help each other. That's why attendees take away real solutions that they can apply immediately. The quality of speakers and workshop leaders at Channel Focus North America is recognized as being the best of any North America conference." Source:baptie.org