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Nortel Channel Survey: Vendors Can Do More

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Many telecommunication vendors are failing to deliver partner programs that address the needs of resellers to the small and medium business (SMB) sector. **That is the message delivered by a new report issued by channel marketing consultancy bChannels.** The Nortel sponsored report, is based on interviews with over 60 resellers of voice and data solutions to SMBs in the UK and Germany and was commissioned to provide current market data to help develop Nortel's Accelerate partner programme for its SMB solutions in EMEA.

"It is about Business Made Simple" said Tony Bailey, Leader UK and Ireland, Channel, Nortel "The SMB market represents a tremendous growth opportunity for both Nortel and its channel partners and that is why we have invested in market intelligence to ensure we are offering the best programs, the best training, the best solutions and are making it easier for resellers to easily skill up and see a profitable return – helping drive mutual success in the SMB market".

The report found that the majority of resellers (59% of respondents) are predominantly focussed on the SMB sector and are also SMBs themselves with smaller businesses often preferring a more personal relationship with a similar-sized local partner. Yet despite the critical importance of these smaller resellers in driving sales of voice and data solutions into the fast-growing SMB sector, their needs are frequently ignored by partner programs that are geared to larger resellers.

"Many vendor partner programs are associated with selling large deals, to large customers, through large resellers", says **Matt Rowland-Jones, General Manager of bChannels.** "Conventional partner programs link volume of sales to levels of margin and access to support and service. This system breaks down when it comes to the SMB market."

Stephanie Watson, Managing Director of analyst MZA commented, "Enterprise class vendors too often try to shoe horn their channel programs to SMB resellers – often they shoe horn their Enterprise products to SMBs as well. The challenge for Nortel is to find a channel program they can deploy across SMB and Enterprise for the UK and the rest of Europe."

Neil Moulton, Head of Voice Sales at distributor Westcon added, "Resellers can become disenchanted with the Enterprise programs being targeted at them especially if there is an accreditation barrier that goes with the program."

Tom Fellowes, Sales director at reseller Spitfire Group, and one of the survey respondents, believed that buying price was more important than margin. "Discounts that voice resellers are used to are unlikely to exist in five years time. Volume discount schemes are often too complicated and certainly do not help you when you are quoting customers. We have five major vendor partners and are not inclined to jump through all the hoops for all the accreditations."

"Nortel has a strong SMB product portfolio that tailors sophisticated technology to meet the needs of the SMB customer." said Amanda Giddins, director, Distribution/Indirect Reseller Business, EMEA, Nortel "It takes the same thinking to make a success of selling through the SMB channel, and listening to our partners is step one. **bChannels' research has allowed Nortel to create a program that fulfils the need of all our existing partners, and which is inspiring new partners to come to Nortel.**"

The report also highlighted that it is VoIP (42% of respondents) and security (34% of respondents) rather than traditional voice that are going to be the most likely areas for future business growth.

Report Card - Based on qualitative responses from resellers there are five main things a partner program needs to deliver:

1. Achievable requirements for training and accreditation SMB-specialist resellers want vendors to offer them the same low-cost training and reasonable revenue targets as larger companies. For a small reseller, sending an engineer on a week-long residential course could mean having a quarter of their work-force out of action – a massive investment to recoup. Resellers tend to be mostly accredited for one (39% of respondents) or two

(28% of respondents) vendors.

2. Reasonable pricing and discounts Resellers want a level playing-field. They do not want to be under-cut by larger resellers when they have gone to all the effort of nurturing a sale. They expect price differentials between products, but they need help in justifying any price premium.

3. Good service and support Vendors need a vendor to have a good service reputation, but access to expert post-sales support should not be linked to un-attainable accreditation levels. The most frequently provided value-added service is network design and/or management, provided by over half of resellers followed by call centre integration, though 11% of respondents said the latter was likely to be a growth area.

4. Direct vendor access Resellers want the comfort factor that they can speak to the vendor if they need to. Investment in existing relationship with vendors was the most frequently quoted reason for not taking on a new supplier.

5. Marketing support Resellers do not have the time or people to use co-op funds for marketing. Where customers are not asking for a vendor by name, the vendor needs to create and nurture the demand on behalf of resellers. For complex sales in areas such as convergence it is vital for the vendor to help articulate the benefits of a solution.

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