



Deploying a Product Lifecycle Program in Distribution

Background

As a distributor, you sit at the pivotal juncture between the vendor and the VAR/SP. As a result, your focus is on driving profitable growth for your business in conditions where your margin on products and services sold is often very tight.

In an effort to grow revenues, increase profitability and either maintain or reduce cost, many distributors have evolved into expanding their range of value-added services that support the needs of their VARs as well as alleviate work for their vendors.

Rather than just being a point to collect payment and ship goods, distributors are creating business in their own right using skilled technical engineers to provide much needed training and support services. While all these things are adding value, there's one area that gets neglected by many distributors: **Product Lifecycles**.

The Challenge

You probably rely on your vendors to initiate renewal opportunities and while these may come to you, rarely does the process begin with you, and typically the data is incomplete.

As an aggregator of data from VARs to vendors, the collective repository sitting within your disparate systems offers a significant advantage over your competitors - if you choose to capture it! Despite this, it is surprising how underutilized this data can be amongst distributors, especially given the enormous opportunity it presents.

The biggest challenge to success, is that the data sits in several different sources, or the POS feed is not being captured. Therefore, it can seem like an impossible feat to automatically produce opportunities that can be proactively managed and actioned efficiently.

What's a Product Lifecycle Program?

A product lifecycle program helps you derive multiple sources of income based on initial sale, cross-sell, up sell and end of life opportunities. In the traditional sense, it is based on three major product types: consumption (cloud/software/hardware), software subscriptions and hardware plus maintenance. It will enable you to take the "LEEP":

LAND (Initial Sale)

By using a platform to build quote configurations (or even relying on vendors' system and converting that on the fly into a localized quote), allows you to have control over adding options, or at least forcing your reps or the VARs/SPs to make decisions on extra sale items at the initial quote phase (e.g. advanced hardware replacement, headsets for telephony systems, extra years of maintenance, etc.)

EXPAND (Up-sell)

Because you have your installed base tracked properly, you can now mine that base for campaigns to sell relevant vendor options that may be new to the market (e.g. find all firewalls by part number and sell a security add-on).

EXTEND (Cross sell)

Like EXPAND, but now mining your installed base to sell complimentary vendor products (e.g. find a firewall by part number and set up a campaign to sell a data leakage app).

PROTECT

Typically, this is cloud consumption recurring revenue, hardware-based renewals and end of life/end of support opportunities that are always neglected. The platform drives your reps to start a conversation, say 180 days from expiry, to ensure the VAR/SP is setting up the necessary budget plan with their end user for cutover.

Demonstrate value to vendors

With so many partners to manage globally, vendors often struggle to manage every aspect of the product lifecycle. When appointing distributors, vendors are looking for those that can add value to the channel process, not manage logistics and shield them from credit. A product lifecycle program will reduce your vendor's workload while providing a stable source of income. For example, a covered contract ensures any service request or support ticket from the VAR/SP to the vendor call centre can be fulfilled without any additional work or delay - avoiding scenarios where contracts need to be reinstated or billed as an additional service.

Better VAR/SP engagement

On the flipside, because you are running a product lifecycle process, your VAR/SPs will come to rely on you for opportunities automatically being generated, so they don't miss out on any customer revenue. This is one of the most addictive parts of the process.

If your goal is to:

- 1) grow revenue**
- 2) enhance your channel relationships**
- 3) deliver great service to customers then a product lifecycle program is critical.**



How to implement a Product Lifecycle Program

Before getting started with any new project or program, it's important to map out what's required to implement and develop a plan to achieve this. Here's how we recommend you approach your product lifecycle program:

1 Develop your Strategy

Goals and Objectives

A standard part of any new program is to define its goals and objectives. Once established, the strategy should cover financial targets and (if available) the current close rates to date from a product lifecycle perspective.

If you can record existing revenue coming in from the "EEP" of LEEP as outlined earlier, do it now to set a baseline before implementation.

Ownership Structure

The strategy will also set out the sales model or ownership structure within the company. For a program of this nature to be successful, it needs an executive sponsor who is accountable for financial targets, the teams and the management.

Our recommendation is to establish a separate structure that reports through to a CEO or at least the head of sales. The EEP part of the product lifecycle program is about revenue-generation from the existing installed base and although it aligns well to a sales organization, it's important not to confuse it with traditional sales teams as it can create additional distractions and consume resources that need to be focused on generating net-new sales.

Processes

A final part of the strategy is to establish the channel processes or possible workflows under which the product lifecycle program will operate. As a starting point, it's worth documenting the systems and tools and current workflows. This will enable you to identify gaps and areas where an optimized process needs to be implemented.

2 Hire or Assign People

Goals and Objectives

In order to be successful in product lifecycle management, there needs to be a team of people supporting the daily management of recurring revenue opportunities. Typically in the form of Inside Sales roles or Renewal Specialists, it's important to at least have some people who can respond to queries from customers and follow up.

The focus of this team should always be on helping your VARs/SPs with their customers. Given the complexity of using data to consolidate accurate lifecycle opportunities, it is very easy to fall into the trap of having people reconcile lists and spreadsheets to build quotes. Not only does this result in an inefficient and slow process, but it also leads to poor staff morale and consequently turnover.

Our recommendation is to automate as much of the data administrative activities, including quoting to ensure the focus always stays with customers and as such we suggest investing in a system that can do this for you.

3 Invest in your systems

Manage your data

Without a doubt, data management is one of the biggest challenges in a product lifecycle program deployed in a distributor.

As previously mentioned, with feeds coming from vendors and VARs, distributors tend to be the aggregator of a lot of information, which at first can seem overwhelming to manage.

To avoid the problems of allowing data to overwhelm and ultimately undermine your lifecycle processes, it's important to invest in a platform that automates the most routine and administrative duties such as quoting.

Integrate your data sources

In addition, your platform needs to be integrated with your existing systems, data feeds and sources from vendors and/or VARs.

With the right level of integration, the platform will be able to ingest very high volumes of information from multiple sources (including your ERP and CRM) and produce a summary of only what you need to quote.

Measure your product lifecycle program

Another important benefit of a platform is the ability to monitor and measure your revenue being generated (or not).

On the basis that you've established your goals and objectives as well as your financial targets, it is valuable to be able to measure the impact of your efforts and implementation of the program.

The appropriate platform can also highlight blockages or areas that need to be addressed with process improvements.



Using a platform to support your product lifecycle program



Build out a long-term successful product lifecycle program: A platform such as iasset.com uniquely offers distributors the ability to integrate and automate your entire product lifecycle to increase revenues and decrease costs.



Automate workflows: Draw information from a vendor price books and data from the original POS process (which may have been received by the vendor or the VAR) to automated quotes as many days out as needed.



Receive alert notifications: Your lifecycle specialist/customer success rep can be notified of all opportunities and quotes will be automatically sent to the VAR/SP.



Greater on-time closure rates: Based on the LEEP cycle, all related channel members will find a greater on-time closure rate than without any planning or advance warning.

Experience the benefits of [iasse.com](https://www.iasse.com)

1. Revenue growth

Activation of sales campaigns and other renewal growth programs enable growth in your revenue line from standard renewals, upsell/cross-sell and end of life/end of support opportunities.

2. Improve Productivity

By taking away the data management and administrative activities typically associated with a lifecycle process, your teams will be focused on the process of closing opportunities rather than building them.

3. Greater customer engagement

Your VARs will notice your pro-active management, which when it comes to managing customers is essential. They need partners who turn things around quickly for their customers, and with [iasse.com](https://www.iasse.com) distributors will become their enablers.

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