Emerging Technologies for Enhancing Supplier–Reseller Partnerships

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Deanne Moore
John A. Weber

Suppliers have traditionally managed their relationships in the indirect reseller channel using inefficient, labor-intensive communications processes. As a result, the tasks of managing resellers and of precisely monitoring reseller productivity in converting leads to sales have been difficult. Today, a whole new category of Web-based software has emerged to address these opportunities. Software modules and systems in this new market space, now referred to as “Partner Relationship Management (PRM),” provide solutions specifically targeted to build closer and more productive supplier–reseller relationships. This paper overviews the origin, evolution, and potential role of PRM solutions in general channel management, and considers their link to existing Customer Relations Management software solutions. Also addressed is the prospective future of PRM—most notably, the possibility that dedicated PRM companies and their specialized best-of-breed solutions may be absorbed by broader-based software solution providers. © 2001 Elsevier Science Inc. All rights reserved.

As companies began to realize that retaining profitable customers is a key to long-term profitability, efforts to foster better customer relations [(Customer Relationship Management (CRM)] became an important focus of marketing programs [1–3]. Companies pursuing this strategy quickly recognized the central role that automation could play in building customer relations through delivering

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Automation can help build customer relations.

Product information, the product itself, and after-sale service on a more customer-focused, timely, and consistent basis. Consultants and software developers moved quickly to take advantage of this opportunity by developing and refining broad-based suites of CRM software solutions to help companies automate customer-focused processes.

As CRM solutions were evolving, Enterprise Resource Planning (ERP) solutions were maturing. ERP solutions focus upon growing bottom-line profits through bringing new efficiency and productivity to employee and supplier-facing “back-office” activities such as inventory and supply-chain management, just-in-time delivery, accounting and financial automation, total quality management, etc. Initial Customer Relationship Management (CRM) solutions, on the other hand, focused on growing top-line revenues, as well as improving the profits, through enhancing employee and customer-facing “front-office” activities such as automating internal sales and service processes in the high-priority direct sales channel. Specific CRM modules include direct sales lead and information management systems, sales force automation (SFA) systems, call center and customer service systems, etc.—all designed to improve the efficiency and productivity of the direct sales force and related internal sales and customer service representatives [4–6].

INDIRECT RESELLER CHANNEL GAINS ATTENTION

Suppliers have traditionally managed their relationships with resellers using inefficient, fragmented, and labor-intensive communications processes involving phone calls, faxes, E-mail, snail mail, post-it notes, slide presentations, and face-to-face meetings. Related communications infrastructures have typically consisted of unintegrated assortments of contact management systems, sales force automation (SFA) applications, and outsourced services. As a result, the tasks of managing resellers and of precisely monitoring reseller productivity in converting leads to sales have been difficult indeed.

Two factors encouraged the emergence of a new set of software solutions to address these supplier–reseller challenges. First, as CRM solutions for the managing the direct channel moved toward maturity, it was quite natural for companies and CRM vendors alike to turn their attention to addressing the indirect channel, supplier–reseller management challenges described above. Second, while opportunities to enhance supplier–reseller relationships were gaining more attention, Internet infrastructure and standards rapidly advanced, providing an attractive new opportunity to leverage scarce corporate resources. Leading the charge responding to these important changes were companies such as Cisco, Microsoft, and Intel. These companies and the consultants and software vendors that quickly emulated them created a new market space, now referred to Partner Relationship Management (PRM), to provide whole suites of Web-based software solutions specifically targeted to build closer and more productive supplier–reseller relationships.

A variety of Web-based PRM solutions (software systems and modules) for managing resellers are now available. The underlying goal of most of them is to promote...
suppliers have been inefficient in managing resellers.

supplier–reseller intimacy by helping suppliers treat resellers as virtual extensions of internal sales teams. Individual PRM modules accomplish this by automating various dimensions of historically unstructured supplier–reseller interface. The promise of these PRM solutions is to help suppliers improve revenues by expanding reseller sales and improve profits through reducing the manpower required to manage resellers effectively. Some PRM solutions are specialized modules being developed and marketed by start-up companies such as MarketSoft, Partnerware, ChannelWave, and Webridge. Others are integrated PRM solutions coming from established Customer Relationship Management (CRM) vendors such as Siebel, Onyx, Pivotal, and Vantive. Yet others are integrated components of more broad-based, commerce-focused (i.e., sales per se, instead of customer relations) products from vendors such as Trilogy and Bowstreet.

To help the reader better understand PRM, the paper considers the evolution, nature, and potential role of assorted PRM solutions in general channel management, and considers their links to existing CRM software solutions. Included are descriptions of three categories of PRM providers and examples of companies within each category.

**TYPES OF PRM VENDORS**

Vendors offering PRM solutions tend to fall within three categories: Dedicated PRM Vendors, CRM Vendors with PRM Modules, and Commerce/Sales-Focused Vendors with PRM Modules.

**Dedicated PRM Vendors**

The first group consists of a set of smaller start-up firms that offer application suites specifically targeted to automate reseller management in order to reduce costs, build sales, and improve customer relations. These startups have focused on developing stand-alone, dedicated solutions for addressing specific supplier–reseller back and front-office challenges. Emerging dedicated solutions for the back office address challenges such as order management (order placing and tracking, returns), report generation (sales, service, marketing performance reports), and partner profiling (reseller partner information such as geography, specialties, clients, performance, etc.). Dedicated PRM solutions for the front office address challenges such as lead management (lead capture record, tracking, routing and rerouting, accountability, etc.), fund management (rebates and promotions records and analysis), and training (product, sales, technical). The underlying intent of these dedicated solutions is to enable resellers to become virtual employees, monitored just as strictly as the internal sales department.

Some PRM vendors specialize in individual modules [e.g., MarketSoft in lead management and Ten North in information management (further description below)] while others offer a broad range of PRM modules for automating multiple dimensions of supplier–reseller channel relationships (e.g., ChannelWave offers a fully integrated PRM suite that includes modules for Closed-Loop Lead Distribution, Reseller Profiling, Sales Forecasting, Document Fulfillment, and Order/Quote Configuration—a suite that can be implemented module by module). Because they specialize exclusively in developing solutions for resellers, dedicated PRM vendors claim best-of-breed partner solutions with more functionality and fewer bugs than PRM modules offered by vendors in the other categories described below. Dedicated PRM vendors contend that their best-of-breed solutions use accepted Web-standards and are technologically light enough to be integrated seamlessly and with relative ease into existing CRM suites.

**CRM Vendors with PRM Modules**

Some already well-established CRM companies (Siebel, Vantive, Onyx, and Pivotal) have focused on developing more general channel management solutions and view the emergence of PRM solutions as an opportunity to add new modules (“adjunct partner solutions”) to their already-developed CRM solution suites. These compa-
Reseller-focused Web-based solutions are emerging.

Companies already have proven expertise in broad-based CRM applications such as employee-facing internal sales force automation (SFA), customer service, and supply chain management. The promise of these complementary Web-based PRM solutions is to help suppliers partner with resellers in order to improve information flows, reduce costs, and improve reseller sales, service, customer relations, and loyalty. The primary advantage of PRM modules from CRM vendors is the integration of such modules with existing CRM suites, thus reducing costs and risks inherent in dealing with disparate technologies and platforms.

Commerce/Sales-Focused Vendors with PRM Modules

A final category consists a few broader-based, commerce-focused companies such as Trilogy and Bowstreet. These companies have developed modules to empower resellers, but with the primary goal of achieving more sales and profits for supplier by enabling their resellers to engage in more Web-based sales of the suppliers’ brands (i.e., tending to move reseller partners toward a Web sales model). Trilogy, for example, offers PRM modules specifically designed to leverage Web capabilities to increase reseller sales and to reduce reseller support costs by shortening the sales cycle. More detailed examples appear below.

Table 1 lists some of the most notable vendors and the type of PRM solutions they offer.

### Core PRM Functions

Reseller lead management and reseller profiling have tended to be the first modules that suppliers are adopting. Additional PRM functionality is added later.

**Lead Management.** Lead management is the most popular PRM solution to date. Lead management modules are designed to use Web-based capabilities to accelerate the movement of high-potential leads to most appropriate resellers and to enable better tracking and follow-up of these lead opportunities. Other lead management functions include lead capturing, recording, tracking, routing, rerouting, and accountability. As suggested by its popularity, the envisioned benefits from improving lead management through resellers is a primary factor motivating early adopters of PRM software solutions. (See the MarketSoft example below).

**Reseller Profiling.** The other most popular PRM module initially sought by suppliers is reseller (partner) profiling—a subset of CRM content management. Reseller profiling modules provide functions for automating the generation, analysis and reporting of reseller partner information such as corporate demographics, geography, specialties, clients, points of contact, certification status, reseller service preferences, territorial coverage, customer base, and lines carried (ours and those of competitors). Profiling may also include the automation of dedicated back-office functions such as reseller order management (order placing, tracking orders, and returns) and reseller report generation (sales, service, marketing

### CHARACTERISTICS OF PRM PRODUCTS

Although the PRM market is relatively new, common characteristics have emerged in PRM functionality, technology platforms, target markets, and implementation time. The price of PRM solutions, on the other hand, tends to vary substantially from vendor to vendor and from market to market.

### TABLE 1

<table>
<thead>
<tr>
<th>PRM Solution Providers</th>
<th>Dedicated Partner Solutions</th>
<th>Adjunct Partner Solutions</th>
<th>Commerce-Focused Partner Platforms</th>
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<tbody>
<tr>
<td>Allegis</td>
<td>Onyx</td>
<td>Bowstreet</td>
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<tr>
<td>ChannelWave</td>
<td>Pivotal</td>
<td>Trilogy</td>
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<td>MarketSoft</td>
<td>Siebel</td>
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<td>Partnerware</td>
<td>Vantive</td>
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<td>Ten North</td>
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<td>Webridge</td>
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performance reports. PRM reseller profiling modules both ease and improve the operations of reseller channel managers by streamlining reseller profile updating, enabling more targeted marketing programs for individual resellers, allowing for more timely and accurate assessment of individual reseller performance, and suggesting when and how reseller stimulation is appropriate. Profiling complements the lead management process discussed above. (See the Ten North example below).

**OTHER FUNCTIONS.** Complementary PRM solutions that tend to be adopted later include Web-based front-office modules for reseller information management (disseminating better strategic information to resellers on a more timely basis), reseller fund management (rebates and promotions records and analysis) and reseller training (more efficient and timely Web-based product, sales, and technical service training). Also available are Web-based back-office solutions for addressing challenges of reseller order management (automated reseller order placing, tracking, and returns) and report generation (automated reports on reseller sales, service, and marketing performance).

Table 2 lists the common PRM functions available from dedicated PRM vendors and in PRM application suites.

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Key Components of PRM Functionality</th>
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</thead>
<tbody>
<tr>
<td>Fund Management</td>
<td>Coop, MDF, rebates, promotions, etc.</td>
</tr>
<tr>
<td>Lead Management</td>
<td>Lead capture, distribution, tracking, re-routing, accountability, etc.</td>
</tr>
<tr>
<td>Training</td>
<td>Online product, sales, and technical training</td>
</tr>
<tr>
<td>Order Management</td>
<td>Configuration, pricing, order placement and tracking, product returns and problems, etc.</td>
</tr>
<tr>
<td>Partner Profiling</td>
<td>Partner information such as geography, specialties, client history, performance, transaction and interaction data, etc.</td>
</tr>
<tr>
<td>Report Generation</td>
<td>Ad hoc reporting such as marketing, sales, and service performance reports, etc.</td>
</tr>
<tr>
<td>Content Management</td>
<td>Product, company, and industry information, partner-specific Web pages, etc.</td>
</tr>
</tbody>
</table>

**Platform Technologies**

Most PRM systems are built using new Web-based technologies. Suppliers and resellers, most of whom work from remote locations, find that browser-based applications are easier to use and maintain. This approach eliminates the need for specialized software on the user’s machine, or a direct network connection to the server. Most PRM adopters employ standard Web site development technologies, primarily from Microsoft. These technologies include Internet Information Server (IIS), Active Server Pages (ASP), Transaction Server (MTS), and COM technology. The majority of PRM vendors favor XML (Extensible Markup Language) for data interchange. XML provides a common language for transmitting data, allowing many different applications to use the same data. Since deployment of PRM solutions to date has been for hundreds rather than thousands of users, the maturity and scalability of the technology platforms underlying these Web-based products is less of an issue for PRM than it is with most other enterprise software categories.

**Target Markets**

As with many emerging software categories, early adopters of PRM solutions tend to be mid- to large-sized high technology companies selling both hardware and software. The next wave of target companies are in industries such as financial services, automotive, insurance, and media. Quite logically, companies depending most heavily on reseller channels for sales and service are most attracted to PRM solution alternatives. While PRM solutions vendors are initially targeting large Fortune 1000 organizations, the solutions may also benefit small to mid-sized companies as well. For example, one emerging 50-employee call-center company relies almost completely on a network of 25 resellers for its sales. This company uses Webridge’s Mainspan as an off-the-shelf PRM solution to manage and build relations with these reseller partners.
Time to Implementation

All PRM vendors tout rapid implementations of their products, with implementation time typically running 60–90 days. Implementation times quoted do not include integration with existing systems—which can take much longer, depending on the extent and complexity of integration desired.

Pricing—Fewer Commonalities

PRM vendors are using a variety of methods for pricing their applications software. Pricing methods and bases include the following: a traditional licensing model (fixed license fee for a set number of users); per user pricing; per server pricing; per user and server pricing; and pricing on a hosted basis [Application Service Providers (ASP)]. While a standard pricing method for these solutions has yet to emerge, the price range for dedicated PRM solutions is $100,000–$500,000, approximately the same range as for other enterprise software. Because usage by resellers is difficult to predict, “per user pricing” is difficult to implement. Hosted options for PRM are growing in popularity, with companies such as MarketSoft offering hosted pricing (with MarketSoft acting as an ASP) for its lead management applications software for approximately $10,000 a month.

PRM VENDORS, SOLUTIONS, AND EXAMPLES

By virtue of focusing solely on the partner management process, PRM vendors with dedicated solutions currently have more mature applications. It remains to be seen, however, what combination of channel management functionality will be ultimately implemented by users, and whether such functionality will remain in a dedicated product or is co-opted into broader front- or back-office application suites. Furthermore, as considered elsewhere in the paper, over the longer term, convergence of PRM with CRM, and of CRM with eBusiness solutions in general, are likely to occur. The following discussion reviews the offerings and market positioning of dedicated PRM vendors, a few leading CRM vendors with reseller-focused modules, and some notable vendors with more commerce-focused platforms and tools for reseller management.

Dedicated PRM Vendors

Vendors with dedicated partner solutions have developed best-of-breed style products that focus on improving and automating the business processes involved in managing the indirect reseller channel. While some of these vendors specialize in individual PRM modules (e.g., MarketSoft in lead management), others (e.g., Webridge) offer a broad range of PRM modules for automating numerous aspects of the supplier–reseller channel relationship. Most dedicated PRM vendors have released second-generation solutions with proven efficacy (i.e., referenceable clients).

MarketSoft, Inc.—Lead Management PRM Module

MarketSoft (1998+) is a dedicated PRM vendor of software specializing in lead-flow optimization solutions for direct and reseller channels. MarketSoft’s “eLeads” product automates the entire lead management process, including the following: capturing and routing leads from multiple sources to multiple destinations; enhancing the leads with “intelligence” such as Dun & Bradstreet information, sales and channel promotions, order forms, and quotes; and providing personalized notification and delivery-based reseller or sales representative or reseller preferences. eLeads also introduces accountability into the lead management process. For example, when a reseller rejects a lead, the lead gets allocated to the next best resource based on the eLeads business rules engine. If that lead is rejected three times, it can be passed for further qualification to an outbound call center for a follow-up call. Prominent customers include Ingram Micro, Tech Data, and Compaq.

Initially, MarketSoft marketed eLeads as a best-of-breed lead management module that could be integrated with leading sales force automation (SFA), ERP, and campaign management applications. In late 1999, MarketSoft added partner profiling and funds management modules to its already established leads management product. MarketSoft focuses on strategic use of technology for revenue growth, rather than mere tactical automation of channel activity. The company is also exploring potential uses for its lead management and profiling software engines for strategic marketing and sales applications across the enterprise. Reflecting this migration destination, MarketSoft targets the vice president of marketing as a decision maker and prime user of the product—unlike other dedicated PRM vendors who tend to focus on channel managers [7].

CASE EXAMPLE—APPLICATION OF MARKETSOFT’S LEAD MANAGEMENT MODULE BY SOLID WORKS. SolidWorks Corporation (1993+) develops and markets 3D CAD solutions for the Windows platform. SolidWork’s
list of more than 14,000 customers includes Canon Business Machines, Eastman Kodak, Proctor & Gamble, Western Digital Corporation, and Hitachi America Ltd. SolidWorks has no direct sales, selling exclusively through 200 resellers. Given this heavy dependence on resellers, reseller partner management is a top priority.

In 1996, SolidWorks had the foresight to build a Web-centric system to facilitate and organize relationships with its resellers. The custom system covered all the necessary PRM functions except lead management. Thus, SolidWorks needed to complement its PRM system with a proven lead management module—one that could help the company compress the sales cycle time, follow-up on leads, and distribute leads systematically based on reseller and prospect customer profiles. In order to develop stronger lead management and profiling capabilities, SolidWorks forged a relationship with MarketSoft and successfully implemented MarketSoft’s eLeads lead-flow optimization system with its most important resellers. Among other benefits, MarketSoft’s solution has streamlined SolidWorks’ lead management process and enabled SolidWorks to proactively reassign leads that specific reseller partners do not pursue. SolidWorks estimates that eLeads has helped to reduce its average sales cycle time by several days.

**Ten North, Inc.—Information Management**

**PRM Module**

Information management is a PRM solution that may help to improve the speed and quality of the information flow from suppliers to their reseller partners. Ten North is an ASP, offering a hosted extranet solution for companies using its information management module. Such extranet-hosted solutions have several potential advantages over in-house systems, including removing the burden of installing application infrastructure from clients’ internal IT department; providing more rapid deployment; reducing the total cost of ownership; and potentially offering faster return on investment. Ten North’s extranet system allows its customers (suppliers) to provide resellers and customers with secure, real-time access to the critical information and support resources. Ten North clients receive in-depth needs analysis, measurable objectives, system configuration, and integration with existing back-office systems to ensure that they can quickly begin to maximize the benefits of the system. Value-added features include helping to design reseller partner loyalty programs, performing reseller evaluations, determining ongoing usage maximization strategies, providing 24x7 support and training for clients and for their channel partners, and leveraging clients’ expertise by including clients and resellers on its customer advisory board [8].

**Case Example—Application of Ten North’s Information Management Module by Ion Systems.** Ion Systems (1978+) provides electrostatic energy management technology, products, and services for companies producing products such as semiconductors, storage devices, and flat panel displays. Ion relies on a combination of direct and indirect sales channels, with its 60 resellers partners accounting for about one-half of its sales and consuming a significant portion of Ion’s sales management resources. Ion Systems identified better information management as key potential vehicle for enhancing its relationships with its reseller partners. Prior to implementation of this PRM solution, reseller partners seeking product and company information would either use the general Web site (which offered broad documentation but lacked key information such as targeted competitive analysis) or call their internal contact, who would then locate and send the proper materials. This process resulted in longer-than-necessary turnaround times and in the spread of outdated, low-grade information.

In order to address its information dissemination need, Ion Systems adopted Ten North’s “Partner Link” PRM system as its primary dissemination point for product and company information. Integrating this solution with its own custom online order management system, Ion developed a private extranet site for each reseller—with product photos, selling strategies, purchasing, and order verification capabilities—all tailored to the unique profile and needs of the individual reseller partner. This PRM solution yielded positive results immediately, with online orders increasing significantly shortly after its implementation. Ion attributes the rise in sales to ease of access to and improved quality of online product information, a more efficient ordering system, and better customer service—all facilitated by the Partner Link PRM information solution.

**ChannelWave Software, Inc.—A Suite of PRM Modules**

ChannelWave (1997+) markets “ChannelWave” as a fully integrated suite of PRM offerings to help companies automate the supplier–reseller management process. Modules include Closed-Loop Lead Distribution, Reseller Profiling, Sales Forecasting, Document Fulfill-
ment, Order/Quote Configuration, and News Subscriptions. The suite can be implemented module by module. Target customers include developers of networking equipment, hardware, and enterprise software with high price points and complex selling processes. The company has been successful in gaining adoptions for its lead management and reseller profiling modules from high profile customers such as 3Com, Nortel, and the Shiva division of Intel. ChannelWave’s current challenge is to gain broader acceptance for its other PRM modules and its comprehensive PRM suite. The company is also working to integrate the ChannelWave PRM suite with mainstream CRM and e-commerce applications from market leaders such as Siebel and Trilogy.

**CASE EXAMPLE—APPLICATION OF CHANNELWAVE’S LEAD MANAGEMENT MODULE BY 3COM.** 3Com Corp. is a California-based networking and communications company. Ninety percent of 3Com’s products are sold through resellers. Leads flow from 3Com sales representatives to local resellers who pitch and close the sales. Historically, those sales leads went out by E-mail, after which 3Com had no systematic way to manage the leads or to analyze lead trends and patterns. To change this, 3Com adopted ChannelWave Software’s Web-based lead tracking system to tie together its sales representatives and independent reseller partners into an efficient system for distributing and managing leads. To do this, using ChannelWave, 3Com first assigns accountability of each lead to an internal sales representative. The lead is then posted on the Web site and assigned to a reseller. Each reseller reports lead status and results on a continuing basis. This allows 3Com to track all leads, thus helping to monitor the effectiveness of marketing programs, internal sales reps, and reseller partners. The result is an automated process for managing lead activity from beginning to end, including the generation and analysis of data about all the activities of reseller partners [9].

**WEBRIDGE INC.—A SUITE OF PRM MODULES**

Webbridge (1996+) joins ChannelWave as another vendor providing a broad-based suite of PRM solutions. High-profile clients include Exabyte, CellIT, Executone, and Xerox. Webbridge’s “Mainspan” product promotes partner intimacy and encourages vendors to consider reseller partners as a virtual extension of their internal sales team. The inspiration for Mainspan came from studying Cisco, Intel, and Microsoft partner sites. Mainspan offers a tightly integrated, comprehensive series of PRM modules that correspond to similar modules in competitive products (partner management, lead management, product configuration, etc.). Mainspan stands out for its Internet-based environment, which integrates channel management with e-commerce and e-business capabilities. For example, Mainspan’s content management/reseller profiling module focuses on identifying the unique needs of each reseller in order to help the reseller succeed in its partnership with the supplier. As part of a longer term effort to provide a comprehensive e-business platform, Webbridge is extending its Web publishing capabilities beyond communications with resellers to communicate with other entities as well (suppliers, direct sales force, service personnel, end customer, etc.).

**CASE EXAMPLE—APPLICATION OF WEBRIDGE MAINSPAN SUITE OF PRM SOLUTIONS BY XEROX.** The Reseller Channels Group is a fast-growing division of Xerox Corporation. Xerox’s reseller channels are driven by short product life cycles and sharp competition for reseller mindshare. With the acquisition of Tektronix Color Printing and Imaging Division in the mid-1990s, Xerox’s distribution capacity nearly doubled to 16,000 resellers and dealers worldwide. In 1997, Xerox launched an aggressive reseller partner program in order to expand sales for their copiers, printers, and supplies businesses. For this program to succeed, Xerox needed to improve reseller awareness, and the ability to sell Xerox products and to improve its support and service for its resellers.

Xerox selected Webbridge Partner Express, Webbridge Lead Manager, and Webbridge Notification Manager to serve as its Web-based partner management system in order to implement this sales and service initiative. The Xerox reseller site consolidated multiple former partner sites into a single site powered by Webbridge. The Webbridge Web-based system offered several important benefits, including secure delivery of customized product, training, promotion and pricing information to individual resellers; the ability for Xerox channel managers to manage day-to-day operation with resellers from the site—including publishing and creating custom promotions and changing access privileges of individual resellers; integration of a closed-loop lead management system to ensure timely dissemination of leads to resellers; Web-based lead follow-up, monitoring, reporting and forecasting; and the ability to send personalized E-mails or faxes to regularly notify resellers of new information and programs customized to the unique needs of different categories of reseller partners. Xerox’s new reseller site adheres to the Xerox Corporate look and feel guidelines. As
Xerox evolves their understanding of what makes resellers successful, they continue to automate additional business processes and integrate Webbridge linkages to other Xerox systems [10].

**CRM VENDORS WITH PRM MODULES (“ADJUNCT SOLUTIONS”)**

In contrast to dedicated PRM companies that have evolved only recently, CRM companies and related software solutions have existed for more than a decade. As outlined earlier, CRM solutions have traditionally been internally focused (employee-facing) and designed to enhance customer relations through better management of internal salespeople and customer service representatives. Two factors have stimulated traditional CRM software providers to start complementing their traditional CRM suites with PRM modules: the increasing importance of reseller partners for sales, service, and marketing; and the migration of CRM software to Web interfaces and standards (technologies particularly well suited for interfacing with resellers). Initial PRM modules from CRM vendors have tended to be extensions of existing CRM products, maintaining the same look and feel as traditional CRM modules. In contrast to internally focused CRM modules, however, the functionality of PRM modules is focused on resellers.

**Siebel Systems, Inc.**

Siebel Systems is one of the world’s leading providers of eBusiness applications software. Siebel provides an integrated family of eBusiness and CRM applications to enhance multichannel sales, marketing, and customer service systems. Siebel eBusiness applications including Siebel Sales, Siebel Marketing, Siebel Service, and Siebel Field Service. The company’s eCRM applications (Siebel.com family) include Siebel eService, Siebel eMarketing, and Siebel eChannel. Siebel solutions can be deployed via the Web, call centers, field sales force, reseller channels, and retail and dealer networks.

The eChannel module of Siebel’s CRM application suite is a Web-based lead and opportunity management system designed to help suppliers better manage and track resellers, ultimately transforming reseller partners into virtual extensions of the internal sales and service organizations. eChannel includes functionality for lead management, channel performance tracking, incentive programs, online order placement, sales tools, funds management, and service support. Through the use of custom partner portals, eChannel includes partner-facing capability empowering resellers themselves to manage leads, accounts, service requests, and other assigned activities. Though the eChannel module does not yet feature the depth of dedicated PRM solutions, Siebel is quickly developing competitive functionality. Adopters such as IBM (below) view Siebel’s eChannel and related modules as especially attractive because they are parts of a well-established, broad-based system of CRM applications.

**Case Example—Application of Siebel eBusiness Solution by IBM.** IBM sells and services its customers through numerous integrated channels and allows customers to communicate with IBM using their own preferred mode—for example, through the field sales or service force, through service centers, through business partners resellers, or directly over the Web. IBM’s goal is to deliver a complete information technology solution to its customers while seamlessly integrating hardware, software, and services. IBM is adopting the entire family of Siebel’s eBusiness and CRM applications system on a global basis to help manage relationships with their customers and partners around the world. IBM’s goal is to use the Siebel system to help provide “best of industry” customer satisfaction across all of its businesses and channels. Siebel Systems was selected by IBM based on the breadth and depth of Siebel applications. IBM anticipates that Siebel’s integrated suite of CRM applications will help IBM to work more aggressively with its customers, anticipating needs while customizing and enhancing relationships with all IBM customers around the world. IBM is deploying the Siebel system across its
multichannel, customer-facing infrastructure. The Siebel system will unite field sales and service, marketing and call center professionals, Web sites, resellers, and other business partners into a comprehensive, integrated customer information system. This solution will ultimately link 55,000 internal IBM users, 30,000 business partners, and millions of customers directly over the Web, representing one of the broadest deployments of sales, marketing, and customer service software to date. This is intended to become a powerful differentiator and distinct, sustainable competitive advantage for IBM [11].

**Pivotal Technologies, Inc.**

Within Pivotal Technology’s relationship application suite is its “CustomerHub” module. CustomerHub offers an internal sales automation solution (employee-facing) and includes modules for leads processing, opportunity management, and marketing campaign-generation functionality. CustomerHub has now been expanded to include a new “PartnerHub” module that is designed to enable resellers to become virtual employees, measured by the same standards as the internal sales department. Unlike dedicated PRM solutions, PartnerHub’s broader goal is to build collaboration between suppliers and resellers in order to better service customer relationships rather than to simply automate supplier–reseller management. PartnerHub includes several collaborative applications such as “Collaborative Sales,” “Collaborative Orders,” “Collaborative Marketing,” and “Collaborative Support,” which are all integrated with employee-facing CRM CustomerHub modules. These reseller-focused modules work seamlessly with Pivotal’s internal sales, marketing, and service modules [12].

**Other CRM Vendors with Ancillary PRM Modules**

Apart from Siebel and Pivotal, at least two other broad-based CRM front-office vendors also offer ancillary modules for resellers. Vantive’s Partner Desktop links suppliers to resellers by offering functions such as partner performance monitoring and tracking; distribution of sales, product, and account information; lead management; and extended sales team collaboration. Onyx offers “Channel Connect” and a portal product, “Enterprise Portal,” to link resellers with suppliers. Onyx and Vantive emphasize the advantages of integrating CRM and PRM—with common database and reporting, sharing of information, etc.

**Commerce-Focused Vendors with PRM Modules**

A few companies have developed software modules for the express purpose of enabling resellers to engage in Web-based commerce. These companies offer platforms or technology that replicate some of the functionality available from other vendors reviewed above but focus specifically on helping resellers develop Web capabilities to enhance sales and profits. This reflects the gradual merging of CRM and e-commerce software.2

**Trilogy Software, Inc.**

Trilogy offers its “MultiChannel Commerce” product to help large-scale enterprises use the Internet to grow their business and to strengthen their relationships with resellers and customers. Trilogy’s view of PRM is focused on enabling resellers to expand sales and profits. To effect this vision from within MultiChannel Commerce, Trilogy has developed an integrated suite of e-commerce-based PRM modules called “Channel Chain,” which is intended especially for suppliers that are heavily dependent on the indirect reseller channel. PRM modules making up Channel Chain include “Web Storefront, Order Management, Intelligent Unassisted Selling and Quoting, Warranty and Returns Administration, Promotions/Incentives/Funds Management, Partner Communications

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2For example, i2’s acquisition of SMART Technologies. See [4] for further discussion.
Management, and Lead Management.” This set of Channel Chain PRM modules is specifically designed to help resellers use the Web more effectively to shorten the sales cycle, to increase sales, and to reduce costs. Channel Chain is pricier than the dedicated PRM products ($500,000 range vs. the more typical $100,000–$250,000 cost for dedicated PRM solutions) [13].

CASE EXAMPLE—APPLICATION OF TRILOGY CHANNEL CHAIN BY HEWLETT-PACKARD. Hewlett-Packard (HP) uses both direct and indirect channels to generate sales. HP’s dynamic product line (50% of HP annual revenues each year come from new product sales) complicates the sales process, making it difficult for the direct sales force and for resellers to keep track of the rapidly evolving product configuration, performance specifications, and pricing quotations. Given this complexity, HP found that both its direct sales reps and resellers were more likely to sell the products with which they were already familiar. This problem was compounded in the indirect channel, where resellers have a choice about which product to offer and sell—pushing any manufacturer’s product they prefer.

HP determined that simplifying the sales process for resellers was an opportunity to stimulate reseller motivation, HP sales, and customer satisfaction. The effort would involve changing a time-intensive, complex sales process into a fast, easy experience for resellers and customers. In order to accomplish this, HP teamed with Trilogy to craft a Selling Chain suite of applications (a MultiChannel variant) to reengineer HP’s sales process. First, HP employed Trilogy’s technology to enable internal sales representatives to configure orders at the point of sale. Then, HP deployed Trilogy’s “SalesBUILDER,” “Configurator,” “Pricer,” and “Quoter” applications, linking them all to HP’s order management systems. The system now allows HP’s thousands of resellers to connect directly to HP’s database infrastructure, dialing in whenever they need to in order to check on configuration, pricing, and product updates. Using the same system, resellers can also check availability, place orders, check order status, and provide timely feedback to HP. All of this has resulted in increased order accuracy, more consistent pricing, shorter sales cycles, increased sales for HP, and improved satisfaction and loyalty among HP resellers and customers [13].

Bowstreet Software Inc.

The evolution of Web-based selling capabilities has created another opportunity that companies such as Bowstreet are pursuing. Bowstreet has created an engine that takes metadata about different services and creates XML schemas on the fly to make calls to those services. Thus, essential business processes are made much more flexible and accessible for publishing to resellers over the Web—replacing traditional hard-coded (catalog type) information that is, by its nature, less timely and accurate. Compare this with Webridge content management system reviewed earlier. Webridge’s systems publishes Web pages dynamically for the resellers. Bowstreet takes this service a step further by generating customized real-time extranets among suppliers and between suppliers and resellers. For example, hypothesize that a computer reseller wants configuration and pricing information on printers in order to develop price quotes for a packaged PC system to be sold through a reseller’s virtual (Web page) storefront. Bowstreet’s platform provides the reseller with real-time access to configuration, performance, and pricing information on each component (rather than requiring hard coding prior to the fact). While the Bowstreet Web Services architecture is now being marketed as a foundation for commerce extranets, in the future this technology could also incorporate PRM functionality rivaling that of the dedicated PRM vendors. This vision would have compelling implications for PRM vendors [14].

THE FUTURE OF PRM SOLUTIONS: STAND-ALONE OR INTEGRATED?

The promise of dedicated PRM solutions is to bring new efficiency and productivity to companies by automating reseller communications processes that historically have been managed manually and in an unstructured fashion. To date, the most popular PRM modules have been lead management and reseller profiling. Whether dedicated PRM vendors are successful in establishing an enduring market presence for other PRM modules (e.g., reseller fund management, training, integrated order management, etc.) remains to be seen. As one looks to the future, several issues cloud the prospects for PRM dedicated solutions. The main threat is that this relatively new category of software solutions might be co-opted into broader front- or back-office application suites by more established CRM vendors. In many respects, the challenges faced by the dedicated PRM vendors that “pioneered” the category are not that different from what pioneers in other emerging software companies have faced. Specific issues of concern for dedicated PRM vendors include the following.
CRM and ERP Leaders Face Low Barriers to Entry

Dedicated PRM solutions and vendors have two primary advantages over would-be CRM competition in the PRM solutions market: first-mover advantage—having already developed more mature software solutions to automate reseller activity and to accelerate the movement of leads through indirect channels (e.g., recognized superiority in lead management and reseller profiling); and the integration of Web frameworks and technologies to implement these solutions.

Unfortunately, neither of these two advantages is defensible over the longer term against encroachment from incumbent CRM vendors. First, the functionality that dedicated PRM vendors offer is not out of reach of the leading CRM vendors—particularly since adopters to date have favored a limited subset of functionality (primarily lead management and reseller partner profiling). The issue with current CRM vendors is focus and priorities. CRM vendors have thus far focused on direct sales application modules because they drive more direct ROI related activities. As demand increases for more indirect channel/reseller functionality, vendors such as Siebel and Pivotal are likely to continue to expand their current solutions toward enveloping PRM functionality similar to that provided by today’s leading dedicated PRM vendors. Second, the Web-based architectural advantages of dedicated PRM vendors will also diminish over time as CRM vendors make the Web and Web communications a central part of their future CRM software solutions.

Preference for Holistic Solutions

Decision makers opting for dedicated PRM solutions thus far have tended to be lower-level channel managers rather than executives making decisions for a company’s overall CRM direction [4–6]. Executives with broader perspectives tend to favor more holistic solutions that avoid the entanglements and costs of managing multiple disparate technologies. This favors a longer-term migration toward PRM-related solutions offered by incumbent CRM vendors that already offer broader-based suites of channel management solutions.

An Uncertain Future for Dedicated PRM Vendors

Over the short term, it is likely that a few dedicated PRM vendors with very specific, best-of-breed solutions for lead management and reseller profiling (and, perhaps, one or two other specialized reseller modules) will leverage their experience with blue-chip clients to prevail. Their products will likely be integrated with front-office applications of leading CRM vendors such as Siebel, thus creating end-to-end opportunity management across both direct and indirect channels. Dedicated PRM vendors hoping to survive over the next several years will have to leverage their Web capabilities and evolve beyond simple reseller activity automation and publishing over the Web. To survive will require, somehow, evolving to present differentiable reseller solutions as an integral part of the overall e-business challenge facing enterprises. The biggest challenge may be to sell their vision effectively to the appropriate decision makers—decision makers typically favoring holistic, integrated solutions and technologies. To accomplish this, today’s dedicated PRM vendors will most likely have to merge or closely partner with e-business-focused CRM vendors.

Figure 1 portrays the expected evolution of Partner Management solutions over the next several years.

Some dedicated PRM vendors are more favorably positioned than others for this projected scenario. MarketSoft can leverage its highly developed capabilities in the lead management area, its blue-chip clients such as Fidelity, and its intelligent sales model designed to locate key decision makers. Webridge can leverage its versatile content management platform and its healthy stable of early adopters. As Partnerware’s vision evolves beyond core PRM, it too may be able to establish a defensible niche. Vendors like ChannelWave, however, with their narrower approaches to best-of-breed PRM, may have limited success in the shorter term, and over the longer term may be increasingly marginalized unless they expand their vision of channel management well beyond a focus on merely automating relationships with resellers.
SUMMARY AND CONCLUSIONS

Until recently, packaged software solutions for assessing and managing reseller activities were few and far between. Today, however, a whole new category of solutions is emerging to address this opportunity. Referred to as PRM, this new market space is quickly evolving as a subset of a broader-based collection of CRM software solutions. The promise of PRM is to help suppliers improve the gross revenues by expanding reseller sales and improve the profits through reducing the manpower required to manage resellers effectively.

The emergence of PRM reflects three important trends. One primary driver has been the growing importance of indirect channels (resellers) as a vehicle for expanding supplier reach in the effort to sell and service more product. This is an attractive proposition at a time when efforts to grow revenues are receiving more attention. A second factor has been the rapid advance of Web-related infrastructure and standards. Reflecting this second trend, PRM solutions are almost universally Web based, in contrast to CRM solutions, most of which arose when Internet infrastructure and standards were less well established. A third important factor stimulating the growth of the PRM market has been the emergence of a number of start-up companies that recognize an opportunity to leverage Web advances and their own Web-related skills by developing unique solutions for the reseller channel. Until now, this channel has garnered little attention from major CRM vendors.

As recently as 1998, only a handful of PRM solutions were available. Those were limited to solutions for lead management, reseller profiling, and information dissemination through extranets. Since that time, numerous software vendors have entered the race to offer a broader array of reseller-focused partner solutions as specialized modules or as integral components of more-general CRM solutions. Leveraging supplier–reseller partnerships with PRM solutions is proving to be especially popular among high-tech suppliers in industries characterized by increasingly complex products, shorter life cycles, intense competition, and heavy dependence on the indirect reseller channel for sales and service. Such companies view PRM solutions as an opportunity to establish and maintain significant competitive advantage by providing more reliable communications and more streamlined processes between themselves and their indirect reseller channels.

The long-term potential mass market for PRM solutions will be dominated by companies that desire holistic solutions to leverage Web capabilities to better manage their customers, direct sales effort, and resellers. Such companies can ill-afford inefficiencies inherent in unintegrated, stand-alone modules using multiple disparate technologies. Over the longer term, therefore, these companies require a unified Web-based communications framework for more productively managing their customer and reseller relationships. To survive over the longer term, the smaller dedicated PRM vendors that have taken the early lead in providing

PRM solutions will have to integrate their innovative Web-based solutions to better match the holistic vision of their potential customers. It remains to be seen whether they will succeed in doing this or will end up losing out to already-established broad-based CRM or ERP vendors.

REFERENCES