ASIAN CHANNELS

THE DEFINITIVE GUIDE FOR TECHNOLOGY PARTNERSHIPS

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This month, we take a closer look at what is needed but often overlooked in go-to-market strategies and account management. It is the age-old question of how to have the pie as well as eat it, and above all, enjoy it too. Find out how consistency, clarity and the avoidance of complacency is the name of the game.

At Asian Channels, we constantly strive to bring you articles and features that you find relevant, informative as well as interesting. As SMBs are becoming hotter and hotter, this issue has two bonus Special Reports on channel-related SMB matters. How should the channel market address the increasingly important but sadly misunderstood SMB market?

Also, look out for the November issue of Asian Channels which will feature a special tribute to the enigmatic, enterprising and dynamic Singapore entrepreneur, Dr. Diana Young, who tragically passed away in a traffic accident last month. Also in the upcoming issue: Features on Concerto Software, Enterprise Solutions Group, Novell and Alliances of the Future. So, make sure you are on our mailing list. To subscribe, visit our website at this URL: http://www.mediabuzz.com.sg/register.shtml

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Shanti Anne Morais
Editor, Asian Channels

News

Concerto Software expands partnership with 3D Networks India

Concerto Software Inc., a provider of contact center solutions has expanded the scope of its strategic partnership with 3D Networks, a systems/network integrator in the Asia Pacific region with a significant presence in Australia, China, Hong Kong, India, Malaysia, Philippines, Singapore, and Thailand.

The new agreement allows 3D Networks to distribute and service Concerto Software's Customer Interaction Management (CIM) and Performance Optimization solutions in India.

"Based on the success of our partnership with 3D Networks in India thus far, we believe this is the ideal time to expand the relationship and tap into additional burgeoning opportunities in the Indian contact center industry," says Pramod Ratwani, vice president, Asia Pacific and Middle East for Concerto Software.

3D Networks plans to triple its investment in pre-sales, professional services and support resources in order to deliver greater value-added services to businesses in India.❖

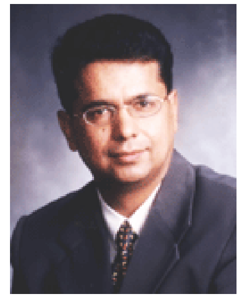

Photo: Pramod Ratwani

Trend Micro is Top Global Brand in Taiwan for second consecutive year

Trend Micro has recently been ranked first in the 2004 Taiwan "Top 10 Global Brands" survey, for the second year in a row. The survey, conducted by the Bureau of Foreign Trade under the Ministry of Foreign Affairs and brand consultancy Interbrand, revealed that Trend Micro, with an estimated brand value of US$908 million, has the highest global brand value in Taiwan. The company's total brand value grew 18% from 2003 to 2004.

"As the only software company in the survey, we are honored to have been awarded this extremely important indicator of global brand value," says Steve Chang, CEO and founder of Trend Micro. "The increasing strength of Trend Micro's brand reflects the trust we have earned from our customers."

The annual "Top 10 Global Brands" award evaluates companies based on financial analysis, revenue rankings, and brand and profit rankings. Brand value reflects the financial benefits of preference for a particular company's products or services. It has been increasingly recognized as important in today's competitive global economy as brand strength often influences purchasing decisions of customers based on the trustworthiness of a company.

Photo: Steve Chang

The company's North American operations has also been recently voted by leading value-added resellers as having the best software product and best channel strategy. Trend Micro was awarded "Best of VARVision" for both categories at the VARVision & System Builder Summit 2004 in Scottsdale, AZ.

"VARVision & System Builder Summit attendees are senior decision-makers who directly in-fluence their customers' technology buying decision," says Eric Lesonsky, senior director, System Builder Summit & VARVision. "For vendor winners and nominees, the Best of VarVision or Peak Performer award recognizes innovation in the North American IT marketplace."

Adds Lane Bess, Trend Micro's North American president, "These two awards show that solution pro-viders know that Trend Micro has a 100-percent focus on the channel, and gives them the tools to address the security needs of both the enterprise and small-medium enterprise markets."

In other Asian news, Trend Micro has signed a joint initiative with Sun Microsystems to provide customers in Singapore with pre-installed antivirus and spam solutions on selected Sun workstations and servers. The enterprise-class security package is now available exclusively from Ingram Micro.

The Trend Micro InterScan Messaging Security Suite integrates antivirus security, content filtering technology, and an anti-spam module over Sun's Solaris platform. The solution blocks malicious code, spam, and unwanted content at the messaging gateway, the network's most critical entry point.

The anti-spam application, Trend Micro Spam Prevention Solution is also now available pre-installed on Sun Blade 150 workstations and Sun Fire V20z servers. It employs heuristics rules technology to offer a more adaptable and future-proof protection against spam while minimizing false positives.❖

By Shanti Anne Morais

Ingram Micro bolsters its presence in the APAC with Tech Pacific acquisition

In a move that significantly strengthens the company's position in the growing Asia Pacific region, Ingram Micro Inc. has signed a definitive agreement to acquire Tech Pacific, one of the region's largest technology distributors, for US$493 million in cash, which includes the assumption of debt.

The transaction is expected to be accretive to Ingram Micro's 2005 earnings (excluding integration costs) and close by the end of 2004, subject to customary closing conditions. Ingram Micro intends to integrate the Tech Pacific operations into its Asia Pacific business unit, with integration activities commencing in early 2005.

"As the only global IT distributor with operations in the Asia Pacific, we have long recognized the growth opportunities of the region," says Kent Foster, chairman and chief executive officer, Ingram Micro Inc. "This acquisition provides a giant leap forwards in our regional development. Tech Pacific is a strong, profitable player in some of the region's key markets. It is the market leader in Australia and New Zealand, as well as the rapidly growing and emerging market of India. Sales have outperformed the overall market, and every country-based business unit generated an operating profit last year."

Greg Spierkel, president, Ingram Micro Inc notes, "Our objective is to ensure a smooth transition to a stronger Asia Pacific business. We plan to execute our integration strategy thoughtfully, choosing the infrastructure that will drive long-term, profitable growth for the region."

Photo: Greg Spierkel

Key strategic benefits of the acquisition include:

- Ingram Micro Asia Pacific will nearly double in size in terms of revenue and become the leading distributor in India, Hong Kong, Singapore, Australia and New Zealand.
- Profitability for Ingram Micro Asia Pacific will significantly improve, with regional operating margins expected to strengthen in the 2005 fiscal year. Cost and operational synergies are expected to offset some revenue loss resulting from market overlap in certain countries in the region.
- Customers will benefit from the two companies' complementary product portfolios and strong vendor relationships. While both companies have diverse product offerings that include systems, networking and peripherals, Ingram Micro has a large components mix while Tech Pacific is stronger in software.
- Tech Pacific's outstanding sales initiatives and brand management capabilities are expected to serve as best-practice models for Ingram Micro operations elsewhere in the region. Tech Pacific employs a variety of sales strategies ranging from e-commerce and call centers to telemarketing and outbound sales teams, strengthened by loyalty programs that enhance customer retention. In addition, many of the company's customer accounts have been active for more than a decade.
- Tech Pacific has developed an outsourced logistics function for the vendor community, which Ingram Micro plans to expand to other countries in the region, complementing the Ingram Micro Logistics unit in North America.

Tech Pacific's chief executive officer Shailendra Gupta and chief financial officer Guy Freeland will be retained, while Alain Monie, president, Ingram Micro Asia Pacific, will continue to lead the region.

According to Gupta, the transaction provides strategic benefits for many of the company's stakeholders. "We've been seeking a strategic partner that could help our customers, both resellers and vendors, expand their reach into new products, services and geographies. At the same time, we wanted to ensure a stable transition for our associates. Ingram Micro is the world's largest distributor and the only distributor with a truly global presence, so a combination offers an ideal strategic fit."

Tech Pacific, established in 1981 and with principal operations in Sydney employs approximately 1,800 people and operates 15 distribution centers in Australia, Hong Kong, India, Malaysia, New Zealand, Singapore and Thailand. ❖

SCS to penetrate Indonesian market with new joint venture

SCS and PT Astra Graphia Tbk (Astragraphia) have signed an agreement to establish a joint venture (JV) company which will be called PT SCS Astragraphia Technologies.

Acquiring the business assets and employees of Astragraphia's Information Solutions division (ITS) and carrying out ITS' business and activities, will enable this new company to be the third largest IT services provider in Indonesia.

Pek Yew Chai, president & CEO of SCS comments, "This JV will play an integral role in SCS' strategy to capture a bigger slice of the IT infrastructure outsourcing pie in Indonesia. We will be able to harness Astragraphia's strengths in developing IT solutions to enhance our domain and technical expertise. This will strengthen our position as a formidable player in providing integrated IT infrastructure solutions, managed services and business process outsourcing in the region."

Photo: Pek Yew Chai

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Through SCS Astragraphia Technologies, SCS will be able to gain access to a new pool of resources by drawing on its large pool of certified professionals, to be deployed in regional markets, especially where there are shortages of such certified resources.

"With Astragraphia's strong position in Indonesia and our combined domain expertise, the strategic partnership will also serve as a launch pad for us to penetrate the international market, leveraging on SCS' economies of scale and market presence in regional countries," says Lukito Dewandaya, president director of Astragraphia.

SCS Astragraphia Technologies will take steps to capture opportunities in Indonesia's IT services market, particularly in high-growth areas such as server consolidation, security enhancement, network infrastructure, OS migration and helpdesk services. It will also be the preferred information technology services provider to the Astra Group of Companies. ❖

HKPC accelerates CEPA Business Development & IP Services

In order to assist local companies to capitalize on the business opportunities arising from the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), the Hong Kong Productivity Council (HKPC) has set up the CEPA Business Development & IP (CIP) Division.

K.K. Yeung, executive director of HKPC explains, "This new Division will provide the business sector with the much needed support in capturing the new opportunities arising from the further liberalization of CEPA. Providing one-stop services covering intellectual property (IP) creation and engineering, patent and technology forecast, trademark, branding management strategy, CEPA business development and IP trading, HKPC's CIP Division is the ideal partner for the business community in capturing CEPA opportunities."

HKPC will set up CEPA business development centers in four Mainland cities - including Suzhou, Chongqing, Changchun and Wuhan. Strategically located at the industrial bases and retail hubs of the Mainland, these centers will complement the services of HKPC's CEPA Business Development Center (CBDC), established in Hong Kong in February 2004, in matching local, Mainland and overseas companies for partnership.

The CBDC will launch a range of new services such as helping to facilitate IP trading by establishing an IP trading platform on the Internet in order to match technology projects from 18 technology exchanges in the Mainland with investors and users in Hong Kong and overseas.

HKPC's CIP Division will provide support services for the software sector in copyright protection and computer software registration, as well as IP audit and assessment. This will be achieved by including a Mainland section in HKPC's online trademark enquiry service to provide information support to companies. In addition, a promotion featuring the top 50 Mainland brands and initiatives related to brand building in the Mainland have been lined up.

In the area of patent and technology forecast, an online Patent Map service will be launched to assist innovators and companies in evaluating the strengths of existing IP products in relation to other companies in the industry, and to analyze the trends of development in specific technology areas. ❖

Microsoft invests in MAVCAP program to spawn more Malaysian technopreneurs

Microsoft Malaysia and Malaysia Venture Capital Management (MAVCAP) have signed a memorandum of understanding, formalizing a long-term commitment and partnership between the two organizations to continue joint efforts to promote the creation of a thriving technopreneur ecosystem in Malaysia. The agreement will see the deployment of a variety of Microsoft-led programs aimed at empowering recipients of MAVCAP's Cradle Investment Program (CIP), including individual technopreneurs and researchers, allowing them to commercialize their ideas.

Microsoft has committed RM4 million to the partnership, and will provide tools, technology and training for technopreneurs over a two year period.

Butt Wai Choon, managing director, Microsoft Malaysia says, "Through this partnership we can achieve a multiplier effect in spawning more successful technopreneurs for the country. The shared end goal? Ensuring that Cradle Investment Program participants can advance to the next level of commercializing their ideas and realize their potential using world-class technologies. We hope the program will harness the entrepreneurial spirit and creativity of budding Malaysian technology enthusiasts to realize their potential."

"In addition to the technology skills acquired, we hope that CIP recipients will be able to better understand the intricacies of protecting and commercializing their digital assets. This is crucial in building a strong and thriving ICT ecosystem for Malaysia in the information economy, especially since intellectual property will be the currency of the future and in line with Malaysia's aspirations to become a knowledge producer," he adds.

Photo: Butt Wai Choon (left) & Norazharuddin Abu Talib (right)

Continues on page 5

The partnership allows CIP participants to receive Microsoft's latest technologies, tools and training, specifically:

- Ownership of Microsoft software for development and testing, including .NET tools and platforms at a preferred rate;
- Accessibility to the .NET Technology Development Center for the testing and benchmarking of applications developed on the Microsoft platform;
- Workshops, seminars and other events organized or affiliated to Microsoft;
- Registration on the Malaysian Independent Developers Community (MIND) site for improved collaboration and peer-to-peer coaching;
- Workshops on intellectual property creation, management, protection, commercialization.

Norazharuddin Abu Talib, CEO, MAVCAP noted, "There is still much room for growth and we hope that programs such as those provided for by Microsoft aid in spurring technopreneurs to continue innovating and producing ideas that will succeed both here in Malaysia and in the international arena."

CIP recipients who have developed a solution based on Microsoft technologies and are ready to market it can register in the Microsoft Partner Program (MSPP). MSPP also allows its partners to have their solution certified by Veritest to be Windows compatible and .NET compatible. ❖

By Shanti Anne Morais

EMC continues expansion into SMB S/W market with new acquisition

EMC Corporation has acquired Dantz Development Corporation, a privately held supplier of backup and recovery software for small and midsize businesses (SMBs).

Dave DeWalt, executive vice president, EMC Software group notes, "Dantz is a strategic acquisition in line with EMC's strategy to extend our reach and focus on the fast-growing SMB market of next-generation high-growth customers. While the majority of EMC's offerings to date have been targeted at the enterprise and commercial markets, Dantz represents EMC's first major SMB software entry with purpose-built products targeted specifically to the needs of SMB customers."

"Dantz helps EMC methodically enter the SMB software market and hit the ground running with an extremely strong and well-regarded product platform, wide-reaching and deep channels to market, and synergistic connection points with EMC's current technology and channel partnerships," adds DeWalt.

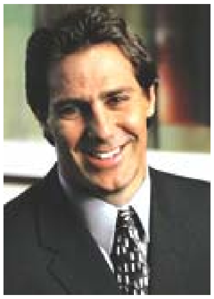

Photo: Dave DeWalt

Dantz develops and markets the Retrospect product family, which protects millions of computers worldwide by providing backup and recovery for file servers, desktops notebooks and business-critical applications. Dantz Retrospect's advanced technology allows EMC to provide customers with complementary information protection solutions ranging from entry-level to the highest enterprise requirements.

Dantz's technology and pioneering patents, along with EMC's leadership in disk-based backup and recovery, will form the foundation for Recovery Management, the next major wave in backup and recovery.

Dantz's president and CEO, Larry Zulch, will report to Dave DeWalt and Mark Lewis, co-leaders of the EMC Software Group. EMC acquired Dantz in a cash transaction valued at less than US$50 million. The company is EMC's 15th software acquisition since the beginning of 2000. ❖

PeopleSoft and IBM embark on their most significant Enterprise Applications Alliance

PeopleSoft Inc. and IBM have established what they say is the most significant enterprise applications alliance in the history of the two companies, at the Connect 2004 user conference held in mid-September.

The new alliance will see PeopleSoft standardizing its applications on IBM's middleware platform, with both companies marketing the joint solutions to solve customers' business and technical challenges.

The two companies will also collaborate on delivering new, pre-integrated industry solutions as well as establish the first business process interoperability lab to drive integration and customization. Both parties will contribute resources, domain expertise, integration technologies and funding for marketing and sales programs.

PeopleSoft and IBM will jointly market and deliver integrated, cross-functional industry solutions targeted at solving some of the most difficult business process challenges facing companies today. These solutions will consist of PeopleSoft applications, IBM middleware, third party software, and services from IBM and PeopleSoft.

The initial industry solutions will focus on banking, financial markets, insurance, and telecommunications. Solutions for the telecommunications industry, built on IBM's Service Provider Delivery Environmental framework, will include Customer Profitability Management, Network Lifecycle Management, and Customer Loyalty and Retention. Other new industry solutions will include Distribution Channel Management for Insurance and Integrated Risk Management for Banking and Financial Markets.

The companies intend to execute a definitive agreement governing the alliance in Q4 2004. ❖

The Boston Group Singapore drives project with CARREFOUR

The Boston Group (TBG) Singapore has been chosen by CARREFOUR, the world's second largest retail chain, to execute simulated training content for its Supply Chain Management (SCM) software.

The simulated training content development project valued at S$1.5 million in revenues for TBG, aims to increase the consistency and effectiveness with which training is delivered to CARREFOUR's employees to increase their proficiency levels in using the SCM software. It will also help considerably in reducing the time a new user takes to get certified on the retail giant's mission-critical SCM system.

The training content will be developed in seven Asian languages including English, to be deployed and used by more than 20,000 users across CARREFOUR locations in Asia. The initial implementation of the project is being done at CARREFOUR in Thailand, run by Cencar Limited, and is expected to be rolled out throughout the region in the near future. Meanwhile, further development on the modules and translation into other regional languages such as Bahasa, Chinese, Korean and Japanese will be done in Singapore.

Subu Kota, CEO and chairman of TBG notes that this recent win by the company provides the much needed impetus in expanding the company's operations and presence in the Asia Pacific region. "Our recent wins in globally contested turnkey e-learning bids, make us more confident of our ability to serve as a single point solution provider in the e-learning domain which includes the entire spectrum of technology and associated services."❖

Mobileway-InphoMatch relaunch as Mobile 365

Mobileway-InphoMatch have completed an extensive re-branding effort and re-launched the united company as Mobile 365. The two companies merged in August.

"Mobile 365 leverages the best assets of both InphoMatch and Mobileway to provide the worldwide delivery, billing and settlement capabilities necessary for our customers to succeed in the mobile messaging market.

Our new name reflects both the company's leadership in the emerging mobile space, and our quality of service – 24 hours, seven days a week, 365 days a year," says Neville Street, president and CEO of Mobile 365. ❖

Asia-Pacific Software Engineering Process Group (AP-SEPG) 2004 Conference Announcement

The Hong Kong Software Improvement Network (Hong Kong Computer Society) and Hong Kong Productivity Council are jointly organizing the Asia-Pacific Software Engineering Process Croup (AP-SEPG) Conference 2004 from the 15th to 16th of November 2004 at the New World Renaissance Hotel, Hong Kong.

The AP-SEPG Conference has been held successfully in Hong Kong as an annual event since 2000. It is a forum where IT professionals, executives and software industry practitioners can exchange knowledge, experience and success stories in software engineering, software process improvement and software quality management for improving an organization's capability in delivering systems and software that support business performance.

Conference topics include but are not limited to:

- Process Improvement
- Software Testing
- Software Quality Assurance
- Project Management
- Review and Inspection
- Software Requirement Management
- Software Outsourcing
- Implementation, Applicability and Appraisal Issues of International Standards such as
  - ⇨ ISO 9000
  - ⇨ ISO 12207
  - ⇨ Personal Software Process (PSP)
  - ⇨ SEI Capability Maturity Model (CMM)
  - ⇨ SEI Capability Maturity Model Integration (CMMI)
  - ⇨ Six Sigma
  - ⇨ Team Software Process (TSP)
- System Acquisition – Supplier Management
- Benchmarking Process Capability
- Software Configuration Management
- Software Metrics/Measurement

The official language of the Conference is English.
For full conference details and programs, please visit http://www.hkcs.org.hk/hkspin/apsepg2004

Trends and Statistics

Highlights of research on the Asia Pacific Enterprise Telephony market

Frost & Sullivan recently released their research report on the Asia Pacific Enterprise Telephony market.

Key Market Findings:
- An increasing trend of enterprises moving from TDM solutions to IP solutions
- Several leading vendors are increasing the presence of IP solutions in their portfolio, replacing their TDM solutions, with NEC leading in terms of vendor market share in the Enterprise Telephony space in the region, dominating in almost all the countries here
- WPBX will continue to grow year on year but is unlikely to experience exponential growth as the demand, based on existing technology, may not be sustainable in the long run
- KTS market will continue to persist despite the shift to IP
- Channels are focusing on realigning their products (i.e. narrowing down their vendors), key verticals and finally, providing a total solution
- Leading vendors are exploring partnerships with carriers to tap into the managed services segment. This is to address the SMB market especially in the IP Telephony space
- Competitively priced solutions developed specifically for the SMB market is driving revenue growth for vendors

The research concludes that IP Convergence releases business potential through attractive economic benefits based on the usage of common resources, organizational agility and flexibility, applications are driving productivity and efficiency and there is now a greater choice and flexibility to both insource as well as outsource. In summary, according to Frost & Sullivan, IP Telephony will be a platform to optimize business applications of every possible type

The study was undertaken through approximately 250 interviews with senior managers in the enterprise voice equipment industry in the Asia Pacific. In addition, all equipment vendors, leading channel partners and a small sample of large end users were also interviewed. ❖

Asia Pacific ICT sector carries on with its upward swing

The Asia Pacific region continues to show strong telecommunication market growth. The ITU Asia Pacific Telecommunication Indicators 2004 report reveals that growth rates for fixed lines, mobile subscribers and Internet users over the last few years have soared in a number of countries across the region.

Mobile subscriber numbers rocketed by 31% per year between 2000-2003 to reach 560 million, overtaking North America as the world's largest market. The number of fixed lines in the region also grew by 14% in the same period, surpassing the single digit growth rates seen in most other regions. The number of Internet users in this region also experienced rapid growth – 38% year on year from 2000-2003. At the end of that period, the number of Internet users in the region amounted to 255 million, again surpassing North America, which grew by 18% to reach 227 million users by year-end 2003. In comparison, Europe/CIA grew by 20% from 2000-2003, reaching 191 million in 2003.

Next generation IMT-2000 services have been launched across the region and Japan and the Republic of Korea are already emerging as global leaders in this field. In fact, Japan now boasts the world's highest penetration of mobile Internet users.

Asia Pacific Leads in Broadband Connected Economies

Asia-Pacific's broadband markets have also shown exceptional growth. Indeed, by year-end 2003, four of the top 10 broadband-connected economies in the world were from the Asia Pacific region. The Republic of Korea leading with a broadband penetration of 23.3%, Hong Kong and China coming next with a broadband penetration of 18%, closely followed by Taiwan with 13.4% and Japan with 11.7%. Singapore is in 11th position at 10.1%.

A number of factors have helped the growth of broadband, including a favorable regulatory environment, the emergence of regional equipment manufacturers, and urban de-mographics. Eric Nelson, a consultant and lead author of the Asia Pacific Telecommunication Indicators report explains, "The role of governments has been critical in helping the rollout of broadband. Governments have taken steps such as becoming preeminent adopters of the technology themselves, thereby stimulating the development of adequate national backbone networks, creating incentives for the establishment of competition,

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interacting closely with the private sector and giving subsidies and other incentives to extend coverage into rural areas to reach new user groups."

New wireless technologies which are currently being developed could further help to extend the reach of ICTs into previously untapped rural or remote areas. WiFi, designed for local-area usage, is becoming a popular option for certain applications. Emerging wireless technologies such as iBurst or WiMAX hold the promise of delivering very high-speed broadband access over a wide-area network, and could provide coverage for numerous villages or towns, or even several of the Pacific islands.

Disparities in Asia Pacific region remain

The Asia Pacific region encompasses some of the most and least connected economies in the world. However, success in areas such as broadband or next generation mobile should not detract from the gap between the region's low and high-income economies. At the end of 2003, total telephone penetration, fixed and mobile, in lower-income economies in the region was 22.6%, compared to 139.4% in the region's upper-income economies.

Although this gap is considerable, the good news is that it is showing signs of lessening. High levels of demand and more affordable technologies, amongst other factors, have meant that the growth rate for total teledensity between 2001-2003 in lower income countries was substantially higher, at almost 28%, than in upper income countries.

At these rates, it could take less than 8 years for lower-income economies to catch up with today's levels of teledensity in upper-income and developed economies Governments could play a key role in helping less developed economies catch up. "By following the kind of steps taken by governments such as Japan or the Republic of Korea," says Nelson, "The rapid ICT progress made by these countries can be duplicated in less developed markets. Asia Pacific's ICT future looks set to be a positive one." ❖

IDC identifies key factors for a successful IT infrastructure

IDC finds that the increase in global IT spending is coming from areas that have been under-funded in the last few years. IT infrastructure in particular is leading this trend.

In the Asia Pacific (including Japan) market, IT spending hit US$174.6 billion in 2003 and is expected to grow by 5.5% in constant dollar terms to US$184.1 billion in 2004. Worldwide, IT spending it expected to increase by 5% in 2004 to US$961.9 billion, with a further 6.25% Compound Annual Growth Rate (CAGR) between 2004-2008.

In today's modern organization, a well-planned IT infrastructure is a key element to helping an organization meet its goals effectively. The hottest issues in business today, ranging from outsourcing and networking, to-e-business, all revolve around an enterprise's infrastructure. Most businesses are looking for a flexible and intelligent IT infrastructure that is able to support the evolving business processes, and these expectations have put immense pressures on CIO/IT heads.

"Most CIOs nowadays need to constantly update themselves on the latest technology available in order to better leverage the true potential of IT installed within the organization," says Avneesh Saxena, vice president, IDC Asia Pacific.

"To a CEO, all IT investments are useless unless they are able to assist in meeting the changing needs of his organization in today's dynamic business environment."

Businesses are working hard at trying to tie IT operations into business operations but many struggle as they may not know where to start, how much to invest, what to measure as critical success factors, and who to partner with. Key considerations affecting this decision making process include:

- How will the resources be paid for, in particular, the software licenses?
- Who actually owns the resources?
- Will "Virtualizing everything weave together the IT environment?

In order to answer all these questions, CIOs and IT heads need to have a more comprehensive understanding of all the pieces that form the IT infrastructure. This coupled with a deeper understanding of how these functions interoperate will better enable them to integrate the complex IT infrastructure, and support the needs of their growing business. ❖

Best Practices

Effective sales development – a major differentiator that produces tangible results

Whether positive or negative, both vendors and partners have a lot of opinions about channel sales training (as distinct from product sales training). Training can be expensive for vendors and time consuming for partners. When Channel Enablers conducted research into partner program effectiveness, sales competency training emerged as one area of vital importance to both vendor and partner, with large gaps between vendor performance and partner expectations.

It would certainly be fair to say that there is not much point having a channel if your channel partners can't sell; even more so if your product or services need to be sold consultatively to differentiate your company and satisfy end-user customer needs. Poor partner sales skills can contribute to a host of problems, like unhappy end-users, poor engagement between direct sales and channel, poor resource allocation and unrealistic forecasts.

To ascertain the level of partner satisfaction with vendor sales competency training, Channel Enablers undertook a further survey of 100 partners of varying types to better understand what sales development programs partners need from their vendors. The results of this survey are clear, partners want their vendors to be actively involved in helping them develop their sales ability, but perhaps not in the way it is currently being done. The conclusions of this survey should be used to shape vendor training investments and help vendors to differentiate themselves in the channel by giving their channel partners the sales development support they need.

Who responded?

There are lots of different 'right' ways to sell, best suited to products and services in different markets and at different points along the market lifecycle, so we asked questions to understand who responded to the survey and how they sell products or services.

A good cross-section of technology channels partners responded with the strongest participation by senior managers from mid to large sized partners selling complex solutions and services – VAR's, Network and Systems Integrators.

Partner respondent organizations varied in size, from small predominantly technically focused organizations, to very large consultants and S.I's. Most respondents reported revenues of between one and five million dollars.

Additional questions about the length of their sales cycles (the time it takes from first contact with a prospect to invoicing a successful sale), numbers of people involved in the decision, and target customer size, indicate that the majority of respondents were focused on small to medium enterprise sales that close in 3-6 weeks, and that predictably, the larger partners were willing to go after large enterprise customers that require more extended sales cycles.

What we asked about.

After asking these preliminary demographic questions we went on to ask partners about a series of sales competencies that apply differently in different markets, and for different products or services. We also asked them to rate how important these competencies were to their business success, whether or not they wanted vendors involved in helping to develop this area, and how well vendors are meeting this partner need. Our last question asked partners to rank competency areas in order of importance to their business success.

In what development areas do partners want active vendor involvement?

Across all survey respondents, the top three competency areas that partners want vendor involvement in were:

- Big Deal Process – using a process to plan and win major competitive sales (73%)
- Creating a business case – demonstrating reasons to buy based on return on investment (72%)
- Prospecting Skills - implementing a plan of contact activity that generates sufficient sales opportunities to achieve targets. (61%)

Big deal process was also rated as number one in the forced ranking of competency importance.

Ironically these same three competency areas also scored amongst the lowest results against current vendor performance; with Big deal process scoring equal second lowest overall.

What do these results mean for vendors?

Partners are sending a few clear messages to their vendors through these results. We draw the following conclusions:

1. Partners want vendors involved – and vendors are not performing well in these areas. We can only conclude that suitable investment in partner training would be a major differentiator for the vendors that get it right. 'Technically' oriented partners need help moving their focus 'from bytes to business'.

2. It's not just about training – it's about sales development. Even mid-sized partner organizations want big deal process as well as more traditional areas of sales development. Not all partners can afford high-cost sales reps – but they can't afford to lose big deals either, so partners need appropriate tools and processes to help them qualify and win major deals. However, these are unlikely to be the same planning methodologies and programs that suit the direct sales forces of large vendors – programs must be matched to partner resources, maturity and length of sales cycle.

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3. Sales productivity is vital for partner profitability. The majority of partners who responded sell complex solutions in a consultative manner – and yet only have the cash flow and other resources to support short to medium term sales cycles. This 'Catch-22' is particularly evident in the SME space where every sale must be advanced as quickly and professionally as possible if the channel is to make money.

4. Invest in those partners worth investing in. With such a high demand for improved sales development programs vendors will have to make hard choices about where to invest. It is likely that some of the vendor's best partners don't require heavy vendor involvement – they can already sell and are busy doing just that. Some other partners are unlikely to succeed no matter what, and perhaps are covering parts of the market that could be served by other partners. Instead we argue that the middle group of 'believers' offer the best potential ROI. Those partners that want to grow, but don't know how.

What to do?

1. Understand how your products/services need to be sold – the answer to this will be driven by their maturity on the market lifecycle. Relatively new products and services generally require a solutions oriented sales process focused on creating 'unique' solutions to individual customer needs. This kind of sales approach can be costly for partners – and will deserve more generous partner compensation programs as well as vendor investment in partner sales competency. More mature products will benefit more from vendor driven demand generation programs and a 'transactional' sales process.

2. Set partner expectations through clear performance metrics. Once you understand your desired sales process you can establish and communicate clear sales roles and responsibilities with your partners. Partner behavior in the field should then be monitored through appropriate metrics - are partners doing the things you need for your products and services to succeed? Actions to close partner sales competency gaps can be specified in partner agreements and targets as well as by additional sales development coaching.

3. Invest in developing your partner's critical sales competencies. Partners need more than just training, which by itself rarely changes sales behaviors in the field. A combination of process, sales tools, target setting, skills development, planning and review are required to produce lasting behavior change. Development programs and tools must be appropriate to partner organization size, sales volume, length of sales cycle and solution complexity.

4. Keep an eye on what your competitors are doing. With such a high demand for vendor involvement it is clear that partners are looking for vendors to help them improve the way they sell. If your partners also sell your competitors products use sales training to have them 'practice' selling yours. Sales people will generally sell what they are most comfortable with, and rehearsal in sales training can help grab partner sales-rep 'mindshare'. Partner sales development programs should be benchmarked against your competitors on an annual basis if you want to stay ahead of the competition.

In conclusion

Are the results of this research an opportunity or a threat for your business? Partner sales development programs are a rapidly growing part of Channel Enablers business – so we know they are growing in popularity amongst vendors. So how is your business doing? Do you have an integrated development program in place to increase partner sales effectiveness and grab partner mindshare – or have your competitors got there first? Who wants to be last? ❖

By Philip Moon, vice president,
Training & Development,
Channels Enablers Pty Ltd

Ensuring tiptop go-to-market capabilities and account management

Markets, channels and products are constantly changing, leaving the existing capability looking expensive and vulnerable. National subsidiaries may be hugely overweight in branding and marketing while agency relationships may be fragmented. Funding may be locked into old entitlements and it is getting more and more difficult to find anything that is truly "joined up".

What is more, there may also be a strategic vacuum. Typically, many vendors will say that there is no existing channel strategy. However, very often there really is one but unfortunately, it has simply not been communicated properly. When a clear sense of strategy is lacking, marketing units become short-term and tactical. For example, marketing development funds are spent simply because they are there.

A good indicator of tactical behavior is when the functions of allied departments – marcoms, channels, product development, all start to converge, leading to duplication and inefficiency. Once a strategy has been put in place that is understood by all, these departments can start moving into their proper positions and play their allocated roles.

The challenge is to renovate the entire go-to-market function whilst continuing to run the business. It takes a thorough analysis of the business strategy to get go-to-market capabilities right. These can include being able to drive forward new category positions, generating future products or solutions, managing customer relationships and to managing market programs to deliver strong market and customer positions.

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These capabilities need to be joined up with each other and with the rest of the business. Establishing the processes that do this is a major part of the job. Often, the real problems are internal and nobody in prepared to voice them.

Changing behavior, even in well-managed companies is always difficult. After all, building partner-centric account management takes years, not months. A consensus has to be built up and senior managers have to buy into the project before training and systems can be implemented with any success.

It is vital that these concerns be addressed because they are often the very reasons that strategies fail.

Just like go-to-market strategies, successful account management of routes to market is a rarity as few people actually know how to get it right. Often short-term, account management tends to center on quarterly sales targets and fails to engage the intermediary.

Defining successful account management is the easy part. Your partners welcome your account managers with eager arms. They want to work with and buy from your organization. They are happy to actively help you meet the customer's requirements. They are loyal and value you. Meanwhile, your account managers are building a real-time picture of the needs and capabilities of your partners, inputting the data into your customer-relationship management system. Using this tool you can spot new trends, seize new opportunities. So, how exactly do you make use of this and turn this data into a veritable goldmine? Definitely, this can only be achieved once a whole series of factors have been addressed.

Internal factors

Empowerment of account managers

While accounts want contact with the decision-makers in a vendor, many account managers are simply not empowered. Moreover, recent head-count cuts which often leave senior account managers fire-fighting, do nothing to improve their status.

Also, frequently, suppliers are not engaging at a high enough level in the organization. The outcome of this is that the short-term, tactical approach to account management is perpetuated. This is dangerous because it is immediately obvious to external partners if account management is viewed internally as a "Cinderella" function.

Changing the structure of the organization helps. Suppliers need to move away from a single point of contact, where everything is on the shoulders of the account manager to one where two teams are mirrored in a diamond. This may involve delegating to others such as customer-service staff. One way of restructuring is to ask yourself who does what in the client account, for example, identify who inside any account are the decision-makers and who are the action-takers. These should then be mirrored by their opposite numbers within the supplier.

A major part of empowerment centers on training and ensuring that a career structure has been established for account managers. Ultimately, how account managers behave will depend to a very great extent on how they are rewarded. It is vital to reward account managers for hitting milestones or soft targets, as well as current sales levels. This is particularly true if a company has a long sales cycle or is building long-term relationships.

External factors

Researching what partners really want from you

All too often, this reveals a huge disconnection between what a supplier is doing and what a partner wants. Structured research is extremely important and is undertaken far too infrequently.

Failure to get regular feedback from accounts

By conducting research, you may find that your account value is actually totally different from what you think it is. Very often suppliers fail to use the findings of market research.

Know the best way to engage clients

It is important to always note that "people do not want to be managed, they want to be engaged." Key to this is to understand a client's business model and business plan.

Understand your partner's agenda and business model

It is vital to understand the environment or industry in which partners are operating. Ask questions such as – What are your milestones? Where do you want to get to? What are you prepared to stake and how will you get involved? It is also crucial to analyze the skills that both sides are bringing to a joint alliance or project.

Have in place some sort of CRM system

Above all, what truly matters in go-to-market strategies and account management is above all consistency, clarity, confidence and the avoidance of complacency. Once these rules are followed, success in go-to-market strategies and account management should follow. ❖

By Shanti Anne Morais

Strategy

Cisco's big plans for India

Cisco Systems, Inc. is planning to drive the next wave of growth in the Indian market, beginning with the company holding a restructuring exercise in the country.

Ranganath Salgame, president, Cisco, India and SAARC, says, "The Indian market is now among the top three markets worldwide and the fifth largest in the Asia Pacific.

It is growing continuously and we want to be present in a big way during this phase."

Photo: Ranganath Salgame

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As part of their new strategy, Cisco has launched a leasing arm called Cisco Capital which according to Salgame, will offer leasing and financial services to customers and channel partners in India. "The new entity will serve as an added incentive for customers by helping them lease equipment such as routers, switches and related services," he adds.

The new business strategy also involves Cisco realigning its operations across four vertical business units – enterprise and small and medium business, IT services, government and defense and finally, service providers. This enables the company to focus on industry specific solutions.

The enterprise unit will focus on banking, manufacturing, small and medium businesses and the manufacturing sector. The IT services unit will centre on software development and IT-enabled firms. The government and defense unit will target the e-governance initiative and defense communication infrastructure respectively, while the service provider business unit will focus on broadband, corporate data services and 3G Mobile wireless space.

"These new business units will have separate profit and loss accounts, engineering staff and go-to-market strategies," explains Salgame. "The domestic Indian manufacturing and services industry has been maturing over recent years because of de-regulation and privatization. Faced with intense global competition, the domestic Indian industry has realized the importance of investing in IT infrastructure in order to adapt quickly to rapidly shifting market and consumer dynamics," he continues.

Salgame is confident that with the new Cisco India strategy, the company will be able to deliver vertical specific solutions that will enable its customers to deliver quality products and services, and reduce their time to market.

Cisco has expanded its portfolio of solutions from core networking technologies such as routers and switches to include technologies such as IP Telephony, Wireless, Network Security, Storage, Optical, and Home Networking. As a result, Cisco now has a range of networking solutions that cater to large service providers as well as to home networks.

The company is currently working on introducing innovative programs that will help customers plan, design and operate business critical networks more efficiently. It has also announced the expansion of its Networking Academy Program in India. Presently, Cisco has 150 Networking Academies across 20 states throughout the region. Through this initiative, Cisco offers online course content and helps set up Networking Labs in educational institutes and universities that are appointed Regional Academies.

In addition, Cisco Customer Services will offer services expertise in network design and implementation, as well as technical support and professional services to help customers maintain and optimize technology operations. Cisco assures its Indian customers of global competence by continually delivering networking solutions and services that are customized to their business requirements.

Cisco India, set up in 1994, currently has a total employee strength (comprising of the Sales, and Research and Development departments) of approximately 800. The company now has 8 offices across the region, as well as an in-country Logistics Depot in Bangalore that allows advanced replacements of parts across India. ❖

By Priya Darshini

Profile

Oracle Asia Pacific aligns business to capture key market opportunities

So far, FY05 is looking rosy for Oracle Asia Pacific which has reported strong performance in its first quarter of the new fiscal year, which ended August 31, 2004.

Total revenues for the region grew to US$346 million, an 11% increase from Q1FY04. The Asia Pacific accounted for 26% of the company's new license revenues worldwide and 16% of total revenues worldwide in the quarter. In addition, new license revenues grew 25% compared with Q1FY05. Database technology new license revenue in the Asia Pacific grew 28% in Q1.

According to Oracle, its impressive results in the first quarter indicate that customers are choosing to do business with industry leaders such as Oracle mainly because the company can provide the full software stack with a lower total cost of ownership. Furthermore, Oracle's focus on strong, strategic customer relationships is an added advantage. Derek Williams, executive vice president, Oracle Asia Pacific says, "The company continues to gain scale and profitability in its core technology business, driven by the company's move to grid computing ahead of competition, low price offerings which are key to gaining market share, and the Linux momentum to provide further tailwind."

Photo: Derek Williams

"The success of our Industries go-to-market model and strategic focus on key initiatives including Oracle Grid, Linux and the mid-market has placed our business in an excellent position for further growth," he adds.

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"Our business in key vertical markets in Asia, including communications, media, utilities, government, education, healthcare and financial services, has grown significantly. This is the result of our clear focus on developing strategic solutions that meet specific industry requirements."

In order to drive Oracle's performance and leadership in the region, Oracle is evolving its business strategy by leveraging its management expertise and core strengths in industry knowledge, product knowledge and key markets. The company is also aligning its sales and consulting business in the Asia Pacific with its corporate model to achieve deeper focus in three core-areas – Industries, Technology and Applications.

In addition, Oracle will continue to focus on developing new business opportunities and relationships in each market in the Asia Pacific. In fact, Williams' states that in each market, the company aims to increase its focus on its customers and grow revenues by leveraging local management knowledge, building long-term relationships with industry partners and governments, and providing enhanced support, services and solutions.❖

Special Reports

Reaching SMBs through dealers

Studies show that most small and medium sized businesses actually prefer to do their purchasing from local dealers or solutions providers. Why then do so many suppliers find it all but impossible to work well with dealers and what best practices should an SMB reseller channel stick to?

According to market research, many vendors find it hard to identify which SMBs they should be selling to. However, did you know that it seems to be almost as difficult for many suppliers to identify the resellers they should be working with?

Consider the problems faced:

When one compares the SMB channel for IT products to a fast food chain for example, the SMB channel does not come out looking too good. This is because often, when one rings half a dozen resellers about a printer, one tends to get six different prices for three or four different models. The sixth person might even try to switch-sell you to another brand! Here, the SMB channel cannot seem to beat the big fast food franchise chains for the consistency of their customer experience.

Many SMBs would be buying IT solutions, but they simply do not know how to find the people with the right skills to implement them successfully. It is hard for the vendor to spot the gold - those resellers who can build business and deliver decent solutions. This problem has been exacerbated by the growing heterogeneity of the SMB channel. For instance, today, most accountancy software resellers are not interested in selling hardware at all. Moreover, there is a whole layer of hidden influences such as consultants and business advisers, who have a huge impact on IT decision-making but who as they are not reselling any products, are completely invisible.

All this shows precisely why it is vital to know the customer group you are aiming at. Having identified how they purchase, you can then work out which intermediaries are serving them best. This is the route adopted by Cisco. Vice president, Paul Mason says, "Cisco spent a lot of time researching what people want to buy and where. The entire exercise is driven by our desire to ensure that when users do purchase our products, they get adequate support. We show it to the resellers and tell them to whom we think it will appeal. We leave it to them to identify the individual companies. They know who the customers are."

The problem with this approach is, of course, that such a focused approach greatly limits the number of resellers whom Cisco can attract and work with. However, this approach of going after the crème de la crème, that is those resellers with the skills and the entrepreneurial get up and go, is the route typically adopted by suppliers.

It is also the route followed by distributors like Ingram Micro when they put together SMB programs for suppliers. The trouble is that this route is more for medium to large companies than micro-businesses.

How then should SMB reseller programs be run?

- Typically the dealers you choose to work with should know all the SMB businesses in a locality.
- It is good practice to develop a technology package aimed at specific SMB markets, present it to the dealers and then get them to sell it.
- Tell your resellers who you think your product will appeal to then leave it to them to identify the individual companies who they know would be interested in it.
- Hold joint marketing activities, training exercises and regional seminars and allow your resellers to bring their clients along

The idea that there is a cohesive SMB market out there is a myth. So too is the idea of a cohesive SMB channel to reach them. Suppliers have to look at the buying behavior of their target audience before selecting resellers. The approach of developing solutions which will appeal to specific niche markets, and then leaving it to the dealers to make the sale, is sound. ❖

Condensed from an article by Max Hotopf

Forging Technology's Promise

There is an old saying in Russia that "a hammer shatters glass but forges steel". That certainly rings true for the information technology (IT) industry. Our industry has survived the dot-com rise and fall, the telecom boom and bust. Even though terrorist attacks and a shaky economy may make us skittish, as an industry, our resolve has never been stronger. Regardless of the business environment, the IT industry has proven to be the central driver of economic productivity in the world's economy. Technology innovation makes processing information faster and easier, maximizes efficiencies, and ultimately increases business profitability.

Over the long-term, technology innovation will continue to drive economic improvement as the catalyst for greater business productivity and improved financial performance. By integrating technology solutions into daily business operations, companies will continue to experience lower operating costs and increased profitability.

The greatest opportunity for the IT industry today can be found in the small to mid-size business (SMB) market segment. As SMBs gain access to technology innovation, they will reap the productivity benefits of the same sophisticated business solutions deployed for years in larger companies. However, importantly, unlike the enterprise space, the SMB market has not been fully penetrated with technology solutions, such as security and networked storage, wide-area networking, voice-over Internet protocol telephony and wireless applications. As these technology solutions are becoming more affordable, the barriers to entry for SMBs are diminishing.

All players in the IT supply chain have a key role in the development and delivery of affordable technology solutions to the SMB market, but one channel offers the best value proposition to meet this market's unique needs – the value-added reseller (VAR). As consultants and confidants to their customers, VARs understand the diverse business dynamics of SMBs and can tailor technology solutions to address their needs. However, VARs tend to be small businesses themselves, with limited staff and budgets, therefore gaining access to technology and business resources that enable the greatest return on their investments is critical to their success.

This is where IT distributors come in. Branding their own form of productivity innovation, IT distributors are developing an expanded service model for VARs and technology manufacturers serving the SMB market. As the business of distribution evolves from a box-moving, product-based model to a service delivery, go-to-market strategy, VARs and technology manufacturers are turning to distributors to help them take costs out of the supply chain and provide a greater level of service to the SMB market. VARs look to distributors for training, financing and information on new technologies to deliver superior service to the SMB market.

IT distributors not only provide valuable assistance to the VARs and technology manufacturers serving SMBs, they serve a critical purpose for the technology industry, connecting the people who make technology and the people who use it. Distributors, VARs and technology manufacturers offer many ways to capitalize on IT industry growth now and in the future. Together, we're forging greater productivity gains throughout the IT supply chain, proving once again that technology's promise is solid as steel. ❖

By Kent Foster, chairman and chief executive officer, Ingram Micro Inc.

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