

CHANNEL SUCCESS STORY

Dell PartnerDirect

When Dell launched its PartnerDirect program in December 2007, success was anything but a foregone conclusion. In fact, many skeptics scoffed at the notion that Dell could ever win over the channel. But a year later, Dell is proving the skeptics wrong and winning over converts in the channel at an unprecedented rate. Want proof? In the entire month of December 2007, Dell received about 15 opportunities from channel partners. In one week in December 2008 Dell received 511 sales opportunities from partners. In this case study, Greg Davis, who runs PartnerDirect as Dell's Channel Vice President and General Manager for the Americas, talks about how Dell has been able to build a winning channel strategy and how it plans to keep listening to channel partners to keep building upon the program's early successes.

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Case Study: Dell PartnerDirect

By Al Perlman

Dell launched its PartnerDirect program for the channel in December 2007. In that first month it received about 15 sales opportunities from channel partners. Flash forward a year. In one week in December 2008, Dell received 511 sales opportunities from partners.

For Greg Davis, who runs PartnerDirect as Dell's Channel Vice President and General Manager for the Americas, this is a sign of real progress.

"It tells me that partners are understanding our tools and they're bringing new opportunities to Dell for us to review and for us to work on with them," Davis says.

For Davis and Dell, this type of success was anything but a foregone conclusion when they set off into uncharted channel territory a year ago. In fact, many skeptics scoffed at the notion that Dell could ever win over the channel.

But Dell is proving the skeptics wrong and winning over converts in the channel at an unprecedented rate. Among the reasons for its success:

- A methodical approach that is focused on providing real value to channel partners and is part of a long-term commitment to building the channel. "We said from Day One that our investment in the channel is a long-term investment," Davis says.
- A highly innovative channel program that supports certified and registered partners and enables both levels of partners to bring deals to Dell and to receive sales, marketing and technical support. The program includes a channel-neutral compensation program that has successfully reduced channel conflict.
- The commitment made by Dell's channel team to listen to channel partners and adapt the program to meet their needs. As a reflection of this attitude, Dell's PartnerDirect portal on the Dell.com Web site has become a highly valued forum "for channel partners to exchange ideas, manage deal flow, track orders and forge community.
- The strength and breadth of the Dell product line for the channel and, in particular, Dell's direct configure-to-order model. In addition, some of the acquisitions Dell has made in the past year—such as EqualLogic and SilverBack Technologies—have enhanced Dell's commitment to the channel, as well as the technology it is able to offer.

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For Dell, this has translated into numbers that tell a powerful story:

- More than 13,500 registered partners in the U.S.
- More than 530 certified partners

- An increase of 14 percent in Dell sales by registered partners year over year
- An increase of 84 percent in Dell sales by certified partners year over year
- An overall 30% increase by Dell in the worldwide global channel run-rate over the past year.

For Davis, the numbers tell only part of the story.

"We attempt to measure success around partner satisfaction," Davis says. "I really measure success by how many partners are continuing to come to Dell and new partners coming to Dell and the tools that are being utilized."

Davis points out that Dell is approving more than 70 percent of the sales opportunities that are coming from partners via the deal registration tools. "This indicates that our partners are bringing incremental opportunities to Dell for us to work on with them."

For Dell's certified and registered partners, the commitment to the channel has been impressive.

"It's amazing to me, after competing with Dell for over 20 years, I'm on their team and selling their products," says John Marciano, chief operating officer of K I S, a solutions provider based in the San Francisco Bay area, and a Dell certified partner.

Marciano says he's been particularly won over by the effort Dell has made to listen to him, as well as to other channel partners. "They come through every quarter to get a pulse on how we're doing and to tell us what they're doing." Marciano is also part of a 21-person council that met recently with Michael Dell.

B Resource, a managed services provider based in the Houston area, is another certified Dell partner. Hal Brumfield, president and founder, says he can see a real shift in Dell's approach since it launched PartnerDirect.

"Now we've got this whole channel team really involved in our business when we need them," Brumfield says. "We've got guys from Dell who come to us with just a couple of hours notice to help us with our clients."

From Dell's standpoint, the focus of PartnerDirect has been to build a program based more on value added services, as opposed to volume, Davis says. "What we're really looking for are key partners with a very focused set of solutions skills in key areas," he adds, noting that solutions providers committed to delivering best-of-breed solutions will tend to have an advantage in these challenging economic times.

"The partners that seem to be succeeding during this time tend to be those that are very focused on a solution—on being the very best security solution provider, or virtualization/consolidation company, data center/green IT solution," Davis says. "Companies that are very focused on providing a great expertise in a very focused area seem to be doing well and showing great value to their customers. Those types of offerings help customers meet their fiscal goals and give good ROI on their customer investment."



Some of the solutions Davis talks about—such as virtualization, data consolidation, security, green IT and simplifying IT—represent particular target areas for Dell in its approach to recruiting partners for the PartnerDirect program. The first areas of certification launched under the program are in Managed Services and Enterprise Architecture. In addition, the program’s first vertical certification—for the Federal Government—was launched in October. Davis has talked about a similar initiative in healthcare as well.

The key to everything Dell does in PartnerDirect is getting input directly from Dell partners. “We talk to partners every day,” Davis says. “We’ve formed three partner advisory councils around our certification programs and we meet with them twice a year to gather feedback and share ideas and to look for ways to announce new features and functions. We have launched partner forums in our online portal where partners can share ideas and provide feedback to Dell. We’ve also been a leader in leveraging many of the Web 2.0 tools. We participate in blogs, in forums, in groups online with our partners.

Everything we’ve done has been based on partner feedback and we’re committed to do that for the future.”

Davis is quick to point out that the success story of Dell PartnerDirect is still in the early chapters. “We did not expect to build a complete channel business and program in one quarter, one month, one year,” Davis says. “We are working very hard to evolve a culture at Dell and to overcome legacy issues and legacy cultures out in the marketplace and it’s going to take time. But you achieve that by executing on what you commit to do. And, so far, we’ve worked really hard to do that. I’m very pleased with what we’ve been able to accomplish in the past year.”

Dell Partner Direct: At a Glance*

Launched:	December 2007
Registered Partners:	13,500**
Certified Partners:	532**
International:	Available in 148 countries
Areas of Certification:	Managed Services Enterprise Architecture Federal Government
Key Features / All Partners	Deal Registration E-Commerce / Configure-to-Order Capability Financing Options Training Marketing Support
Added Features / Certified Partners:	Joint Account Planning Product Roadmap Reviews Demo Units Co-Branded Marketing Collateral Field-Based Account Executive Expanded Deal Registration Terms

* As of December, 2008 ** U.S.

And what’s next for PartnerDirect?

“As we look to the future we’re very committed to continuing to listen to our partners, to bring additional value-added in our tools, in the programs we announce, in our ability to provide working capital and financing options to our customers,” Davis says. In addition, Davis says Dell will focus on providing more training and continuing to leverage its online tools for the partner community.



So, while the Dell PartnerDirect story is still being written, Dell and Davis have accomplished quite a feat in the past year, overcoming all the challenges Dell faced to surprise the skeptics and convince channel partners of Dell's commitment to the channel and its ability to bring real value to their partners.

"We continue to have more partners on a weekly basis register with Dell," Davis points out. "That tells me that partners are seeing our commitment, seeing that we are sticking to our program. We continue to have more partners invest in our certification programs. Our deal registration tools continue to grow—our partners are using them and trusting Dell around those opportunities. The amount of conflict we have with our direct business continues to diminish, so we've made great strides.

"I think you have to do all of those things and I think you have to stay consistent with it and it takes time to build up that trust," Davis adds. "I hope our partners that have done business with us have seen improvements and seen that we've listened and we continue to bring great value to the business model. Partners who have not done business with us, we hope you see our commitment and give us a chance. We have a great brand of products and we have a great number of resellers and solutions providers who are growing their business with Dell and that's an opportunity for other partners to look at Dell and give us an opportunity to do business with them."

ABOUT THE AUTHOR:

Al Perlman has been writing about the channel since the late 1970s (sad, but true). He was the founding editorial director of both CRN and VARBusiness. More recently he was involved in the launches of the Web sites MSP Mentor and The VAR Guy, and in the publications TechIQ and Smart Partner.

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About Dell

Dell Inc. (NASDAQ: DELL) listens to partners and customers to deliver innovative technology and services they trust and value. Via PartnerDirect, Dell's new partner program, channel partners can leverage Dell's business model to operate more profitably and efficiently, as well as to gain access to the cutting-edge technology that has made Dell the #1 choice for business systems globally. We are committed to our channel business and through PartnerDirect, our goal is to create lasting, mutually beneficial relationships with solution providers. Dell's goal for partners: less-complexity, more value. For more information on PartnerDirect and to register in the program, please visit www.dell.com/partner. We hope that you'll join us.

About Intel

At Intel, we believe in innovation. We're driven by it. We live by it. And it's this principle that led us to create the world's first microprocessor in 1971. We never stop looking for the next leap ahead—in technology, education, culture, manufacturing, and social responsibility. Intel's award-winning channel programs have led the industry for over ten years. Today, Intel is excited by the innovation and investments Dell has delivered to help Partners' grow their own businesses.