



APG CASH DRAWER®

What Resellers Really Look For When Partnering With ISVs



Ask executives at the world's leading software companies the secrets to their company's success and they'll offer up the usual answers: value, simplicity, the right offerings, a tough interview process leading to the hiring of the right people ... the list goes on and you're most likely already familiar with it. Notice, however, these answers focus on what can be done internally — those things the company has control over.

But what about things the company can't control — things keeping leadership up at night? First and foremost among these is developing new business through a partnership network. Why? Because partners provide a steady revenue stream, as well as foster growth and the ability to scale faster.

But don't be fooled into thinking partners are lining up to resell your product; that's simply not true. You're going to have to entice them to want to partner with you, as well as realize they'll benefit from the partnership by seeing a significant ROI for their efforts.

So how can you not only develop these strategic partnerships, but know that you're going to be able keep your partners around for the long haul? One way is to look at the partnership from the other side.

IF YOU BUILD IT, THEY WILL COME

One of the most common and effective ways to create a channel is by building a reseller program. Successful reseller programs help ISVs:

- Develop better reach through a reseller's existing relationships with software target markets
- Generate revenue at low margins
- Deal registrations
- Leads and referrals
- Booth space for "diamond" resellers
- Reduce sales churn and costs of hiring a sales staff
- Focus on creating better software that helps push the needle on innovation

It's important to recognize supporting resellers is different from supporting end users and you need to offer training for reseller partners to cover technical aspects such as configuration and integration, as well as sales questions on how to sell the solution and highlight its unique features. ISVs should remember to let the reseller control the sale, since they are working directly with the end user.

Other ways to support resellers include participating in user conferences to learn about their needs, attending reseller conferences to learn their specific challenges, creating an advisory board of end users and resellers, and establishing limited and controlled territories for sales purposes.

"Successful ISVs put the right elements — product training, live tech support, and online tech support — in place to help partners succeed."



INTEGRATE SELLERS A COMPLETE SOLUTION

Resellers also look for a complete solution to sell. For instance, if you develop POS software, you're going to want to work with hardware manufacturers of cash drawers, printers, bar code scanners, card machines, and network devices. Another feature to strongly consider is an open API that supports integration into peripheral back office packages, loyalty, time and attendance, merchandising, and inventory packages.

Resellers connect ISVs with manufacturers who are always looking for ways to add value for their customers. Resellers and manufacturers often develop bundles requiring software purpose-built for specific verticals — and that's where ISVs shine.

Many hardware manufacturers differentiate their sales and products by vertical as a way to create value for channel partners and grow their own reseller networks and then develop dedicated programs to help grow sales in these specific verticals. This ultimately helps manufacturers hone their focus while creating the conditions needed to increase sales for all parties in the distribution ecosystem.

ISVs further require product certification for more complex solutions, which helps partners acquire the requisite knowledge on both the product and the vertical. Vendor certification, when available, helps show commitment and differentiates the right-fit VARs from underperforming resellers. Certifications are especially useful in helping ISVs and resellers become trusted advisors to their customers.

Recurring revenue is the final piece to the puzzle — after all, resellers are in business to make money and providing steady recurring revenue results in a more sustainable and valuable business. Keep in mind: You're doing more than increasing a resellers' recurring revenue, you're helping them build a strong foundation that helps them pay the bills and make payroll.

"Many hardware manufacturers differentiate their sales and products by vertical as a way to create value for channel partners and grow their own reseller networks and then develop dedicated programs to help grow sales in these specific verticals."





GIVE THE PEOPLE WHAT THEY WANT

Any ISV trying to establish a reseller channel must have a mature, stable product. Resellers can't afford to spend six months trying to close a deal. They have scarce resources and, like everybody else, have to prioritize.

Onboarding a reseller ultimately comes down to answering their questions, including the big one: Am I going to make money selling your product? Whether it's a widget or a full-featured suite of business management software solutions, if it's difficult to use, implement, and sell they're not going to sign on. But if the resellers fully understand the business model — how they will make money from your product beyond commissions, margins, or markups — they'll be far more motivated to partner with you.

Beyond the integrity of your solution, resellers want to know if your company is channel friendly. Are you going to be a true partner or be part of their competition? In other words, do you sell direct to the end user or do you have a level of channel-centricity that encourages collaboration? If you don't have the patience to work with resellers, or any partner for that matter within the channel, resellers start taking deals direct. This only pushes the channel partnership further down the road, so be sure you are fully committed to building a channel program.

Most resellers have known each other for a long time and talk frequently. It's a tight-knit community that doesn't keep secrets from each other and will share good and bad (mostly bad) via word of mouth, online reviews, and association message boards. They are constantly comparing notes on your solution's code and product stability, as well as the stability and longevity of your company.

They're asking each other about your company, your code, and your sales strategy. How knowledgeable is your company related to security? And are you compliant to the latest standards? They're also asking each other about you and the rest of your executive team. Are you stable and reliable? At the highest level they're asking if you operate with integrity and can you be trusted. It is paramount you are ready to answer these questions and more:

- Does your software work and play well with Windows 10?
- Do you have Android support?
- Do you have Linux support?
- Do you work on Mac?
- Does the application support a Web-Store aka online shopping or ordering?
- Can Tablets and Traditional POS terminals work together?

Once you pass this test, resellers are going to do their homework before taking on what is, for them, the large financial risk of entering into a partner agreement. They're going to read over your contract with a fine-tooth comb — is it friendly? Is it channel-centric? They'll evaluate your support structure and dig into your website.

ENABLE YOUR RESELLERS AND YOU BOTH WIN BIG

It's very difficult for an ISV to break into the reseller space, which is very mature with strongly established relationships. Think strategically about the territories you want to go after. Who are the dominant resellers? Having a lot of resellers isn't the right answer; having good resellers in specific territories is.

Many resellers have been working with software partners for 15 years or more. What is the differentiator that will make them want to partner with you? You better stand out at some level in your offering, whether that's feature, function, benefit, or the code itself.

Maybe you have disruptive technology. Or you've got an incredibly well-executed recurring revenue cloud strategy that will make resellers more money than just a pure one-time licensing agreement. These are some of the things resellers are looking at in today's competitive markets. What are you offering as a differentiator to grab their attention?



DIRECT OR INDIRECT ISSUES WILL EXIST

Keep in mind the objections your direct sales team hears will be the same for the reseller. As such, you're going to want to share your marketing, sales, service packages, and other resources to help resellers succeed. Doing something as simple as this may very well be the difference between adding a reseller to your network or not.

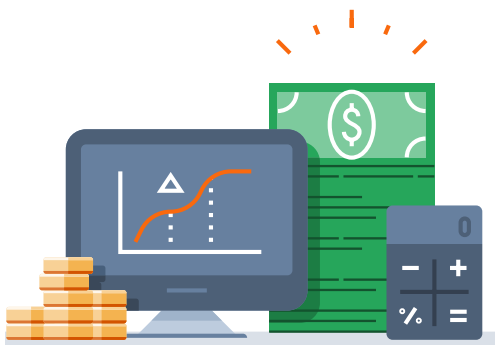
Be sure to take your time and invest in building your channel program prior to recruiting channel partners. This could include hiring a channel manager to whom channel companies can relate if you don't already have a person in that role. Your channel manager must also be, at a minimum, sales literate, as your partners will be part of your sales team and take time to ramp up and grow.

Lastly, the more sales a reseller makes, the more they earn so be upfront about what qualifies as a direct sale and what goes to the channel. Resellers understand the need for direct sales and will respect your terms and conditions as long as you do the same. Don't be the company that goes back on its word and takes business that belongs to a reseller; this will only damage your reputation and deplete your reseller network.

WHAT RESELLERS REALLY NEED TO KNOW BEFORE YOU CAN CLOSE THE DEAL

Not only are you trying to win over the reseller, you're trying to win over their customers as well. At the end of the day, the reseller is going to have to be 100 percent confident your software is the right product for their clients. The reseller doesn't play favorites when solving their clients' issues; they go with the solution that makes the most sense and/or is customizable enough to work. But be sure your software isn't too complex to implement — resellers are the ones on the front lines; they don't want to be overwhelmed with complaints and don't have the time or resources to do your QA.

Finally, resellers want references. If you don't have a go-to client you can leverage to win new business, find one. The simple fact a big firm trusts your product is a real difference maker. Resellers want long-term relationships over short-term transactions and the value of working together with them, as well as distributors and hardware manufacturers, cannot be overemphasized. By picking the right partners and following best practices, you seriously increase your chances of expanding the market for your solutions.



Contact APG to receive your free ISV section matrix and calculator.



APG CASH DRAWER®



APG Cash Drawer, LLC
5250 Industrial Blvd. NE
Minneapolis, MN 55421



+1 763-571-5000



sales@us.cashdrawer.com

APG Cash Drawer, with over 40 years of experience, manufactures a wide range of highly durable and reliable cash drawers that are delivered quickly to the marketplace. APG has built a reputation as the supplier of choice for cash management solutions for retail, grocery and hospitality, and quick serve for thousands of customers throughout the world. Whether it's our general application cash drawer, custom designed solutions, or the SMARTtill® Cash Management Solution, our products and brand are differentiated by our ability to deliver innovative technologies that globally enhance efficiency and security at the point of sale. To learn more about our products, visit www.cashdrawer.com

M-42-417 Rev A