



**e2open**<sup>®</sup>

WHITE PAPER

# Enabling Holistic Channel Management

A Technology Guide

## Executive Summary

Businesses are rapidly moving toward a holistic channel model which requires them to manage an entire ecosystem of new types of partners — such as influencers, advisors, recommenders and suppliers of complementary products and services — alongside the traditional reseller and distributor partners. The expanded scope requires brands to adapt their channel management processes, develop new channel programs and invest in a technology stack capable of supporting the transformation. Analysts and consultants can help guide brand owners regarding the first two transitions — processes and programs. At the infrastructure level, however, the technology stack must be reimaged to enable streamlined, seamless, cross-functional and cross-enterprise management of the channel.

One technically feasible strategy to accomplish this is to stitch together multiple, best-of-breed vendors. However, a channel management platform is the fastest, most cost-effective, lowest-risk means to for brand owners to gain the key capabilities required to succeed.

This white paper helps decision makers weigh the pros and cons of a best-of-breed approach and a platform approach for holistic channel management. It highlights some of the key tasks and risks to weigh when considering a multivendor strategy. It also outlines the six crucial elements necessary for the platform approach to succeed. Following the guidelines set out in this paper, brands can ensure they choose a technology stack that truly helps them manage their channel holistically. By adopting a channel management platform, organizations can understand and optimize the performance across all partners in their entire ecosystem and get closer to achieving the rewards of the holistic channel model. For a deep dive on the benefits of the holistic model, see e2open's white paper, **Adapting Channels to the New Ecosystem Economy**.

## The New Channel Environment

Greater access to information, more product choice and more complex end-customer buying processes are driving brands to redefine the channels and strategies that shape their route-to-market. High-performing organizations are starting to actively manage redefined channels, which are expanded to encompass the entire ecosystem of stakeholders that impact sales. These new, non-traditional channel stakeholders are diverse and can include influencers and advisors, such as analyst or consultancy firms, finance, service and logistics providers, plus any company that co-sells or co-markets with the brand owner. By expanding their channel to the entire ecosystem, brands now must accommodate a highly diverse range of partners with different business models, drivers and motivators, limited brand loyalty, varying degrees of technical sophistication and expectations — all playing new roles in redefined processes. At the same time, the scale of the new channel is growing at an unprecedented pace and generates extreme volumes of data. According to Maria Chien, VP and Research Director at Forrester, "By 2025, Forrester predicts the number of partners in a typical ecosystem will explode to 10 times the current volume of partners."<sup>1</sup>

The new channel is characterized by diverse partner types, volatile allegiances and hypergrowth, making it even more necessary for brands to manage it holistically.

## Technical Requirements to Support the New, Holistic Channel Model

For a very long time, organizations ran their channels using spreadsheets and disconnected, narrowly focused applications often built in-house. This type of infrastructure is inadequate for the new ecosystem-based channel model. Processes now span functional and organizational boundaries, and in-house applications and spreadsheets were not built for this. It is essential for brand owners to provide a simple, rewarding and enjoyable user interaction as partners assume new roles in the new processes. The old technology infrastructure struggles to deliver it. Spreadsheets cannot keep up with the vast volumes of quickly changing data.

To be more efficient and effective, advanced tools with three characteristics are needed:



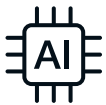
### **Specialized:**

The tools must be purpose-built to handle specific tasks such as running channel marketing activities or incentivizing partners. They must support these tasks at scale, which is far beyond what is possible with spreadsheets.



### **Open:**

Open integration capabilities facilitating bi-directional data flows between applications are essential. This helps ensure brand owners can handle channel processes that span multiple partners with complex new relationships and different roles within the ecosystem. Without this openness, processes can easily become disconnected as new partners join the ecosystem or processes evolve.



### **AI-Enabled:**

The applications have to be able to consume and act on the exponentially growing volumes of data coming in from all new channel partners. Artificial intelligence (AI) becomes a prerequisite for extracting outliers, compressing the information to a digestible size and format, and driving fast, automated responses.

Tools to manage the holistic channel will have to be purpose-built and scalable, open and easily connectable, and able to digest and act on masses of high-frequency data with ease.

## Enabling Holistic Channel Management: Guidelines for Change

Shifting to a holistic channel model and holistically managing the channel does not happen overnight. It will almost certainly mean organizational and infrastructure changes on the part of brand owners. Analysts and consultancies can provide advice, frameworks and models to guide any required organizational changes, redefine processes and metrics, identify resources or craft new programs. Once the brand sets its vision for a holistic channel, a significant part of delivering that vision will be adopting the right enabling technology.

### Holistic Channel Technology: Multiple Paths, Many Risks

The appropriate infrastructure for the holistic model will support each stage of a partner's engagement journey with the brand — including recruitment, enablement, execution, measurement and reward — irrespective of the type of partner. It will also span sales, marketing, operations and finance to support each functional area within channel management.

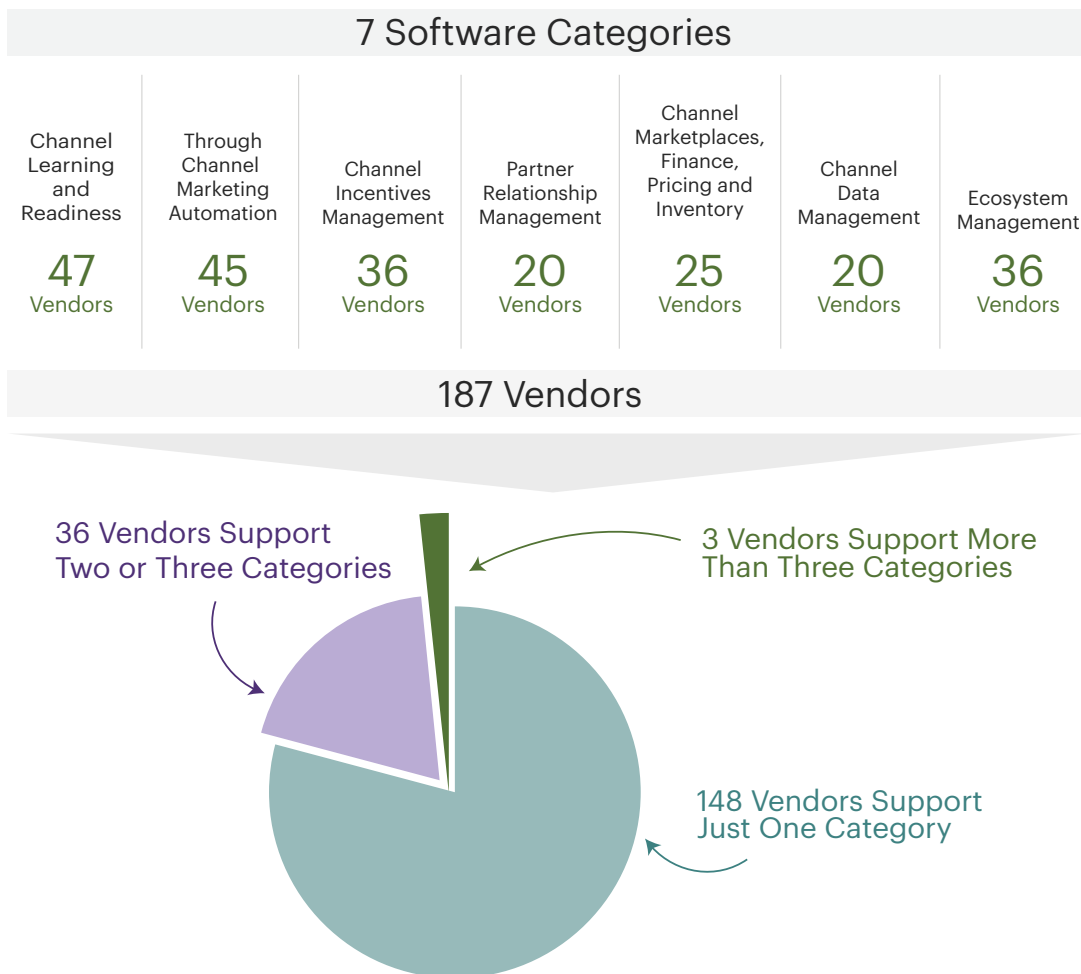
Brands looking to develop this advanced infrastructure can use Forrester's channel software technology stack<sup>2</sup> to map their existing capabilities against the seven major software categories for the channel:

1. Channel Learning and Readiness
2. Through Channel Marketing Automation
3. Channel Incentives Management
4. Partner Relationship Management
5. Channel Marketplaces, Finance, Pricing and Inventory
6. Channel Data Management
7. Ecosystem Management

Depending on the company's current technology architecture, organizational structure and business model, there are multiple paths to choose from. For example, decision makers could follow a step-by-step approach, addressing one journey stage or channel function at a time. Or they could take a bolder approach, tackling multiple requirements and functional areas at once. Regardless of the path, every company wishing to operate holistically will ultimately seek capabilities in each of the seven functional software categories outlined by Forrester.

To create their own channel technology stack, brands will have to decide whether to go for a best-of-breed, multi-vendor infrastructure — essentially a patchwork — or a channel management platform.

### Highly Fragmented Technology Environment



## Challenges of a Best-of-Breed Approach

Forrester's Channel Software Tech Stack 2021 includes 187 vendors across the seven software categories, so brands will have plenty of choices if they choose to pursue a best-of-breed strategy. However, creating a multi-vendor environment that meets all the holistic channel requirements is not easy. Brands must accomplish many tasks and mitigate many risks:

- **Securing access to a vast partner network** – Applications run on data – lots of it. Without access to a sizeable partner network that generates the data, the technology stack will be like a large, powerful engine trying to run on fumes. Until data from onboarded partners fuels the engine, the channel will underperform. A comprehensive network of preonboarded partners is essential, but very few vendors can offer one.
- **Integrating applications from different vendors** – Brands should consider both the initial integration as well as the ongoing integration maintenance since vendors do not synchronize their product releases and roadmap. The channel technology space has seen many mergers and acquisitions in recent years, which further compounds the challenge. There is no guarantee that a selected vendor will continue to operate. It may be acquired by a company with different priorities and a different roadmap. For these and other reasons, a diverse vendor landscape is risky.
- **Ensuring a coherent, engaging and enjoyable partner digital experience** – The scale of the ecosystem makes it unfeasible to manage the partner experience through one-to-one relationships, which means the only option is digital engagement. With low barriers to exit for partners, it becomes essential that brands ensure consistency, provide easy digital collaboration and create a sense of digital brand identity that safeguards partners' overall engagement experience. Under a best-of-breed strategy, different applications from different vendors will look, feel and behave differently, presenting a challenge for partner digital experience.

- **Establishing scalable, reliable AI** – AI is key to managing the masses of new data from the channel. Still, not all vendors will be able to provide AI that is purpose-built, field-proven and robust. As part of the overall partner experience, solid AI can make the entire digital interaction with the brand significantly more enjoyable when the applications and processes simply know what the partner should be doing next and either do it automatically or present them with well-conceived options. Ultimately, AI amplifies the business performance of the partners and the brand.

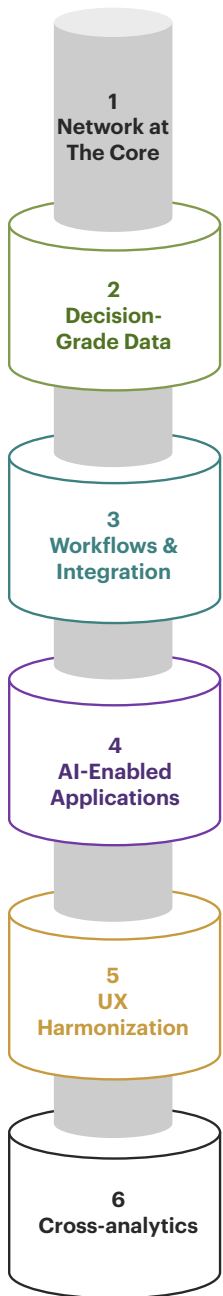
## Holistic Channel Management Platform: Key Enabling Technology

By centering infrastructure investments on a channel management platform that connects data, applications and people, brands can simplify the tasks, minimize integration efforts, lower the cost and deliver faster results. But what is a channel management platform, and how can brand owners ensure they select the right one?

Creating a multi-vendor environment that meets all the holistic channel requirements is not easy. The greater the number of vendors involved, the more difficult to build and maintain.



“Platform” is one of the most overused terms in the industry, which often makes it challenging to cut through the hype. The fact is that not all platforms are created equal. Decision-makers should look for six fundamental characteristics when assessing potential platforms.



**Channel network at its core.** A network that provides connectivity to a considerable number of partners — at least several million — and a broad range of partner types will ensure data is available quickly, providing a rapid time-to-value. The network scale also directly impacts the number of opportunities that partners can discover and pursue in collaboration with each other, which is one of the most beneficial aspects of a holistic channel.

**Decision-grade data.** The network provides data access. However, channel data is diverse, inaccurate and inconsistent. Proven, mature channel data management solutions — that simplify and automate the process of collecting, cleansing, validating, standardizing, harmonizing and enriching partner-reported information — are the only way to gain decision grade data. Any viable platform should provide such capabilities out of the box.

**Embedded integration infrastructure.** Holistic processes cross many functional areas and organizational boundaries. There can be multiple parties and multiple applications required to support a process. Integration capabilities that are intrinsic to the channel management platform make it fast and easy to include additional partners and incorporate third-party applications into the channel processes. These capabilities may include application programming interface (API) infrastructure, business-to-business connectors such as electronic data interchange (EDI), application adaptors and a unified data model.

**Rich set of AI-enabled channel applications.** It is vital that the platform includes specialized applications to support most channel functional areas, such as incentives, marketing, sales and operations. Since the timeframes for decision making are ever-shrinking and the volumes of data generated in the channel are ever-growing, brands must simplify and automate their channel processes and decisions. This makes it crucial for applications to include built-in and proven AI.

**Harmonized, collaborative partner experience.** Most partner engagement and participation occurs digitally since holistic channel processes span multiple applications and more partners than the brand can feasibly support face-to-face. To safeguard the partner experience, a holistic channel platform should offer a single point of access for all applications — those native to the platform as well as integrated third-party applications — common navigation, and support for collaborative workflows between various internal functions and partners.

**Cross-application, cross-functional, cross-partner analytics.** The performance of new processes and programs will need monitoring and measurement to provide continuous improvement. Since processes and programs run across applications, functional areas and organizational boundaries, the analytics that measure them should transcend these silos as well. It is important that such capabilities are inherent to the platform to avoid additional integration and gaps in tracking and understanding performance.

With a channel management platform at the core, brands can mitigate the risks of multi-vendor infrastructure, reduce the timeframes and cost of integration, and gain flexibility in implementation.



### Assessing Platforms: Three Crucial Considerations

Given the hype around platforms, brands should carefully assess vendor claims when selecting a channel infrastructure. Following the guidelines below will help brands form a sound plan:

1. Avoid the trap of siloed functional platforms. As mentioned above, vendors use the term “platform” liberally. “Channel incentives platforms” are the most common example, offering one place to manage, coordinate and optimize all incentive types for all partners. Other vendors refer to their channel marketing automation or channel learning management application as a platform. The catch is that these “platforms” provide all the capabilities required to serve only one particular functional area. However, it is important to remember that seamless cross-functional processes and analytics are crucial to holistic channel management. To achieve these results using functional platforms, brands will have to invest in additional integration and user experience harmonization technologies. Using functionally siloed platforms can easily perpetuate the disjointed patchwork of technology the brand sought to avoid in the first place.
2. Validate that the platform meets all six characteristics at scale. Missing any of the six defining characteristics of a holistic channel management platform will leave brand owners exposed to the very risks the platform is supposed to mitigate. For example, lack

of a large network will reduce agility and increase the time required to onboard partners. If channel data management capabilities are missing, the applications will be running on potentially flawed information. The absence of integration capabilities will require additional investment. Lack of user experience (UX) harmonization and cross-application analytics hinders partner experience and ultimately makes the brand’s partner programs less appealing.

3. Validate vendor claims about AI. Using AI has become a necessity with the number of partners growing exponentially, the enormous volumes of highly diverse data and short decision-making timeframes. Vendors have latched on to the rising importance of AI and, similar to their use of “platform” language, have launched aggressive messaging campaigns around the topic. In many cases, their AI capabilities have been recently added and are still immature or simply do not span the functional breadth required. It is essential for AI used in the channel to have a broad scope and be field-proven at scale over many years since the performance of the channel is crucial to the brand’s revenue and growth goals.

## Key Takeaways for Decision Makers

The channel ecosystem model is fast becoming the new standard for indirect go-to-market strategy. Decision makers can use the following key observations and recommendations to help become ecosystem ready:

1. A best-of-breed technology infrastructure may be a faster, lower-cost, short-term solution for companies that have already deployed and integrated modern applications from most of the seven categories in Forrester's channel software technology stack. In the long term, however, this strategy forces the brand to rely on diverse applications with disjointed development speeds and roadmaps. As the channel continues to expand and evolve, the ownership cost for a best-of-breed infrastructure will continue rising, and the ability to respond quickly to business changes will decline.
2. In the long term, a channel management platform is a better investment than a best-of-breed strategy because it will reduce future integration costs and effort. It also offers the increased agility businesses need to stay successful. Unlike best-of-breed approaches, a platform can also provide robust, embedded AI, which is key to managing the large partner ecosystems that holistic channels rely on.
3. When evaluating a specific channel management platform, brands should be able to answer three key questions affirmatively:
  - Is the platform offering strong capabilities in more than one functional area? In other words, does it handle multiple functions, or only one?
  - Does it have all six characteristics of a channel management platform? A true platform will offer a network of onboarded partners, access to decision-grade data through mature channel data management capabilities, built-in integration and workflow technology to support cross-application processes, a rich set of applications with embedded AI, a user experience harmonization layer and powerful cross-application analytics.
  - Are key characteristics such as AI capabilities or partner network scale proven and mature? Without a comprehensive network of partners plus proven and robust AI, the platform will fall short.

Among other transitions, the holistic, ecosystem-based channel model requires a reimagined technology infrastructure — specifically a holistic platform. This will undoubtedly entail certain upfront costs. However, in an environment of rapid growth and change, it will also lay the foundation for better partner engagement, higher differentiation, increased innovation and value to the end-customer.

Contact e2open to discuss your plans, how you see your indirect channel evolving and learn more about channel management platforms.

## About e2open

At e2open, we're creating a more connected, intelligent supply chain. It starts with sensing and responding to real-time demand, supply and delivery constraints. Bringing together data from customers, distribution channels, suppliers, contract manufacturers and logistics partners, our collaborative and agile supply chain platform enables companies to use data in real time, with artificial intelligence and machine learning to drive smarter decisions. All this complex information is delivered in a single view that encompasses your demand, supply and logistics ecosystems. E2open is changing everything.

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### References

1. Amplifying the Channel Multiplier presentation at Forrester B2B Summit North America May 3-6th 2021, Maria Chien, Forrester Research Inc, May 2021

2. Channel Software Tech Stack 2021. Jay MacBain, Forrester Research Inc, Jan 2021