

Solution Lifecycle Management

The complete
channel guide to
maximising customer
lifetime value



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Welcome to the complete channel guide to Solution Lifecycle Management

It's no secret that the channel has been undergoing accelerated transformation recently, with the growing 'everything-as-a-service' (XaaS) market changing the way vendors, distributors and partners do business.

This guide aims to demystify the most important changes to help our partners take full advantage of the opportunities they represent, and underline how Westcon-Comstor's Solution Lifecycle Management framework can help improve profitability, increase retention and maximise customer lifetime value.

This guide provides insight into the key changes our partners can expect and outlines how Solution Lifecycle Management from Westcon-Comstor can help partners prepare for - and succeed in - the new channel landscape.



The changing channel landscape

The XaaS marketplace as a whole is predicted to grow 4x in value, from \$93.8 billion in 2018 to \$344.3 billion in 2024 driven by demand for affordable, efficient and scalable solutions; and the agility and innovation cloud solutions offer.

In response, vendors are increasing their as-a-service offerings and transforming their business models. Partner programmes are evolving, and go-to-market strategies are being overhauled to focus on achieving end customer success and nurturing long-term customer relationships.

While the XaaS model brings many new opportunities it also brings new competition. This poses a threat to channel partners if they are not prepared to meet vendor and customer demands by transforming their own businesses.

The traditional IT channel

Vendors have traditionally sold hardware with in-built software and a maintenance contract attached. The focus was on one large upfront transaction which involved complex ordering systems with admin-intensive sales processes.

Products were delivered physically, and software ownership was transferred to the end customer, while product support was reactive at best.

These static solutions required wholesale upgrade or replacement at the end of their useful life. Failure to do so left end customers at risk of cyberattacks or business interruptions.



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A new channel for a new model

In today's software-driven economy, this has all changed.

As-a-service solutions are dynamic in nature. The software development cycle is agile with updates added regularly, extending the useful life of the solution well beyond the sale. However, this life now needs to be managed and maintained to deliver ongoing value to customers.

Traditional transactional customer relationships have become ongoing, while ordering and sales processes have become simplified and automated. Products are delivered and provisioned remotely, and support has become proactive as customer telemetry is monitored and issues are resolved before they cause downtime.

While the subscription model guarantees recurring revenue, it also empowers customers to switch or discard solutions quickly and easily if they do not see measurable value.

This has prompted the channel to pivot towards delivering the customer's desired business outcomes by using a solution, not just once, but consistently throughout a solution's life.

This is the basic premise of customer success and is a proven approach for improving retention.



A lesson from SaaS

Pure SaaS companies which were born into this software-led, consumption-based economy are well-versed in this business model. They have already adopted customer success frameworks which break the customer journey down into stages, so they can add value at every touchpoint. This approach drives increased retention, profitability and predictable recurring revenue streams.

Non-software vendors have also seen the benefits of this approach and are creating their own frameworks to guide partners towards maximised lifetime value.





All new software entrants and 80% of historical vendors are offering subscription-based business models.

Gartner



The vendor evolution

As customers increasingly expect XaaS and subscription models, vendors are providing software and consumption offers to meet demand.

This has far-reaching implications. Because vendors rely on partners for growth and continue to depend on partners' local presence and knowledge to serve customers across regions, vendors are investing in their partner ecosystems to ensure they can thrive in this new environment.

Here are four examples of how vendors are evolving:





The pivot from traditional sales teams to customer success teams

As customer success replaces the traditional approach to selling, vendors are focusing on upskilling and hiring new skills that focus on customer success.

Real world example:

When Microsoft transformed their business from a perpetual licensing model to SaaS, IaaS and PaaS, they overhauled their legacy sales processes and morphed them into a customer-centric, value driven operation.

This prompted them to create three new business units: an Account Team Unit, Specialist Team Unit and a Customer Success Unit who all work together to ensure the customer receives value and an optimal experience at every touchpoint.



Vendors are expanding their training portfolios to include customer success

In addition to upskilling their own teams, vendors are expanding their customer success training to partners. By helping partners transform, vendors can ensure they are enabled and prepared to meet new customer demands and articulate the value of their solutions to end customers.

Real world example:

Cisco recognises the importance of investing in customer success and plans to shift their entire portfolio to a consumption-based model.

To ensure partners can grow with them, Cisco has an extensive training programme which enables channel partners to transform their businesses into Customer Success Practices by awarding them with Cisco Customer Experience Specialisation certification.

Cisco certifications and specialisations are highly regarded in the industry and greatly enhance partner advocacy.



Channel partner programmes are changing focus

In traditional models, the number of new customers onboarded was considered the most valuable metric a business could track. Under the XaaS model, these measures of success are being replaced by customer-centric metrics and recurring revenue targets.

Vendors are evolving their partner programmes to incentivise and reward partners for customer retention, recurring revenue within a customer account, and value creation.



Partners continue to be a key pillar in our vendor's growth strategies.



Real world example:

In early 2020, Check Point announced the launch of their new global partner programme to accelerate and scale channel success. The programme introduced a new 'Elite' tier enabling partners to expand the breadth of solutions they offer by incentivising partners to support their Professional Services and Managed Security Services Provider (MSSP) initiatives.

The new programme also increases access to exclusive resources to help partners with solution deployment and flexible consumption models.



Increased customer data sharing for improved adoption

The key to customer success is full adoption following the sale.

To measure adoption successfully, vendors must provide **access to solution telemetry and customer data**. Vendors are expanding visibility of solution usage data as well as real-time customer sales data that includes upsell, cross sell and renewal opportunities so partners can maximise share of wallet and profitability in a single account.

Real world example:

Palo Alto Networks has expanded its set of customer success tools to help partners optimise implementations and ensure customers get the most from their investment. The tools give partners visibility over customer product usage and value, helping them to measure adoption, adhere to best practices, optimise configurations, and gain insights into threats and security risks.

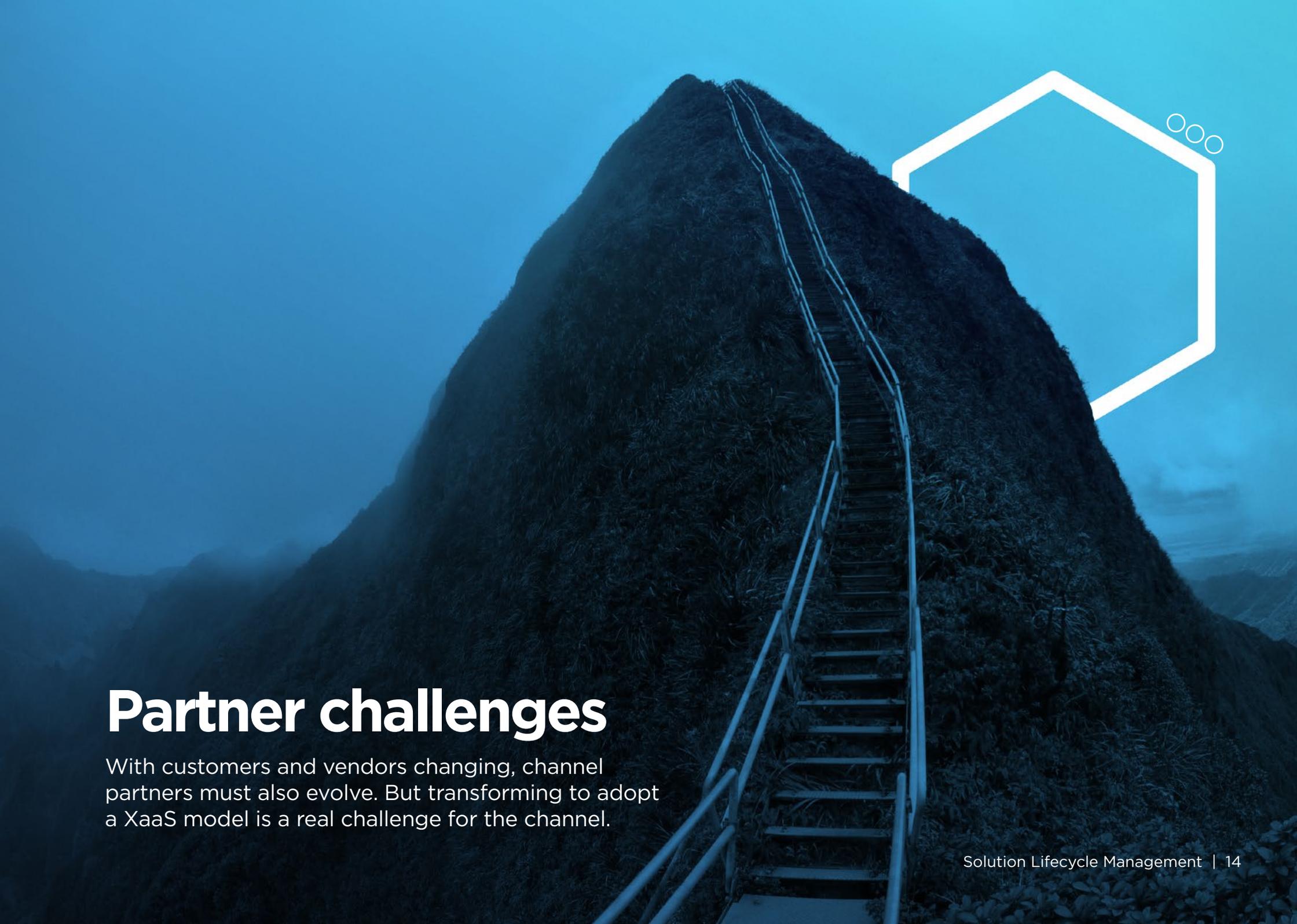


There are significant challenges for the supply chain during the transition to the subscription economy, but we are leading from the front and defining best practice.

*Rakesh Parbhoo,
Chief Technology Officer,
Westcon-Comstor*



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Partner challenges

With customers and vendors changing, channel partners must also evolve. But transforming to adopt a XaaS model is a real challenge for the channel.

Pivoting to a customer-centric approach

Shifting to an outcomes-based business model requires a completely new mindset and approach. Partners must change focus from landing the initial sale to nurturing long-term customer relationships. This requires a deep understanding of the customer journey, coupled with data and analytics to enhance customer experience.

1

Addressing new buyers

XaaS models are decentralising from IT as the main purchasing decision makers for technology.

Two out of three technology purchase decisions are being made by business buyers and one out of three technology purchasing decisions don't include IT at all.

This has implications for channel sales teams who are used to selling IT solutions to IT.

They now need to understand the needs of different lines of business and articulate the value proposition to new decision makers.

2

3

Increased competition

With the entry of hyperspecialised Independent Software Vendors (ISVs), cloud native start-ups and niche technology companies (such as accounting, marketing, legal or compliance firms) into the channel, the competition is fiercer than ever. Partners need to focus on their unique value proposition to differentiate themselves.

Short-term financial impacts

The move from capex to opex models may have short-term financial implications. To overcome this barrier to entry for many partners, both vendors and distributors are providing flexible billing options to help with the financial transition.

4

Increasingly complex solution aggregation

Partners often carry a multitude of vendor solutions, and in the XaaS marketplace these solutions are becoming increasingly complex. Keeping up with changing software solutions, pricelists, partner programmes, consumption models, training, accessing customer data from different vendors and more, can be challenging for partners.

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The role of the distributor

Distributors have a vital role to play in ensuring vendors meet their goals and partners have new capabilities to enable customer success.

Westcon-Comstor is transforming the channel by empowering our partners with new skills and opportunities to increase customer satisfaction, recurring revenue and profitability. We have created our own unique model for Solution Lifecycle Management.

Powerful analytics, automation and expertise equip and enable partners to take the right actions at the right time to maximise customer relationships and increase retention, expansion and advocacy in their installed base.

We support our partners on their transformation journey by:



Managing the solution lifecycle to maximise opportunity at every step



Providing visibility of the right data, telemetry and insight at the right time



Guiding partners through vendor's recurring revenue offers



Supporting partners in provisioning these technologies in all environments



Managing new purchasing and financing models through to end customers



Educating partners on XaaS sales motions and customer success



When we supply a software solution to a partner and on to the end user, our role is to provide the partner with the data and tools they need to adopt and implement a lifecycle approach.

Rakesh Parbhoo, Chief Technology Officer, Westcon-Comstor



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Solution Lifecycle Management - unlocking the value of recurring revenue for the channel

Solution Lifecycle Management incorporates six critical milestones, where partners can support customers and create more value from their relationships. Here's how each element helps our partners drive customer success:





Optimised sales processes build advocacy

1

Nothing erodes customer relationships faster than sluggish, inaccurate sales processes.

Software can be configured with many different options, making the quoting process complex and time-consuming.

With our configure, price and quote tools, we provide accurate pricing with any given product configuration. We consider optional features, customisations, quantities and discounts, so we can quote quickly and accurately. We identify any specialisations, add-ons and options to increase deal size, enhance quote accuracy, reduce wastage and speed up sales processes.

By streamlining this process, our partners can speed up their quote-to-sale cycle and build advocacy and trust with end customers.





2

Simple transactions enhance customer experience

The purchasing and billing stage of lifecycle management is often overlooked but a recent People Metrics customer engagement study found the billing touchpoint was a common obstacle for B2B customers.

This presents a great opportunity for our partners to enhance the customer experience at an early stage. Digital purchasing and billing platforms can help boost customer satisfaction and set the tone for the future relationship.

With Westcon Flex, we enable our partners to overcome the budget constraints that so often prevent the adoption of latest technology, allowing customers to pay for multi-year subscriptions over the life of the contract.

Contracted and invoiced by Westcon, not third-party funders, Flex removes the delays, complexity and administrative burden of dealing with separate financing companies.

Customers want convenience and choice. Vendors and partners who offer them will boost customer loyalty and retention.

CUSTOMER
EXPERIENCE



3

Adoption and consumption are vital for retention

The wider and faster the adoption of a solution, the more likely a customer is to retain and renew it.

But adoption isn't just about reducing churn. The right adoption strategy can also be key to growth. Customers who are using a solution and seeing its value are likely to buy more and be more receptive to complementary solutions.

Solution Lifecycle Management helps partners attain and analyse their customer health scores and solution telemetry to determine how fully a solution has been adopted.

Partners who focus on adoption post-sale will align technology to their customers' business outcomes, maximise customer lifetime value and increase customer and revenue retention.



4

Expansion adds new customer value

Expanding a successfully adopted solution will drive better business outcomes for the customer. Expansion can be in the form of increasing licences for a single solution or adding new solutions that create additional value.

Solution Lifecycle Management offers clear expansion opportunities for additional business within an installed base. It provides a clear view of solution gaps and opportunities for new solutions or feature add-ons to complement the current deployment.

Proactive management of the solution lifecycle until this point positions partners as trusted consultative technology advisors and further value can be created by looking at business needs within other lines of business and not just IT.

Successfully expanding a sale lengthens the customer relationship and reduces the need to acquire new customers or secure new business to grow revenue and maintain margins.



5

Proactive renewals ensure service continuity

The proactive management of renewals will extend the customer relationship and reduce risks. Missed or late renewals erode customer trust.

Solution Lifecycle Management makes renewals management simple.

Our PartnerView platform sets new standards in ease of transaction, customer insight and deal analytics. With PartnerView, partners can manage all their renewals and quoting from within the platform. Advance notification and quoting, together with our dedicated renewals teams ensures partners can capture all 'available to renew' opportunities and drive higher renewal rates. Proactive renewal management brings efficiency, increased customer loyalty and retention.



Aside from having a good product-market fit, maintaining high subscription renewal rates is the most important single success factor in a XaaS business.

*Dwight Pitter
Chief Information Officer
Westcon-Comstor*



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Tech refresh offers latest innovation

Running legacy equipment that's no longer supported leaves the customer at risk of security breaches and operational inefficiencies. Through awareness and preparation, partners can proactively manage the design, planning and implementation of replacement solutions and brings innovation through the latest technology.

Tech refresh is not reserved for end-of-life products and can be successfully initiated when a customer is reaching a renewal anniversary.

As customer needs change regularly, ensuring an existing deployment is still fulfilling its purpose is important. Also, simply adding new upgrades and features can add refreshed business value.

Solution Lifecycle Management helps partners manage the customer's upcoming end-of-life scenarios. Advance notification and strategies for replacement technology ensures business continuity and customer satisfaction.

Tech refresh gives partners the opportunity to extend the customer relationship for another solution lifecycle, maximising the customer lifetime value and improving retention.

Vendor endorsement for our Solution Lifecycle Management

One of Westcon-Comstor's strategic vendors has been working closely with global IT companies through the industry-wide evolution of new customer success practices and notes that as end customers accelerate their requirement for software solutions across their lines of business, the channel must also transform their customer experience models to support this.

Westcon is now providing their channel partners with lifecycle data and enablement content at these key steps, to handhold them in their lifecycle engagements with their end customers. This is a really key development in helping partners move to the next phase of transformation.

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Maximise the lifetime value of your customers with Westcon-Comstor

Learn more about how Solution Lifecycle Management can drive customer success in your business by getting in touch. Join the XaaS evolution with a distributor who's powering the IT channel of the future. Now.

GET IN TOUCH

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tsia TECHNOLOGY
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INDUSTRY
ASSOCIATION

Westcon-Comstor is a proud member of TSIA and the only distributor on their XaaS Advisory Council.