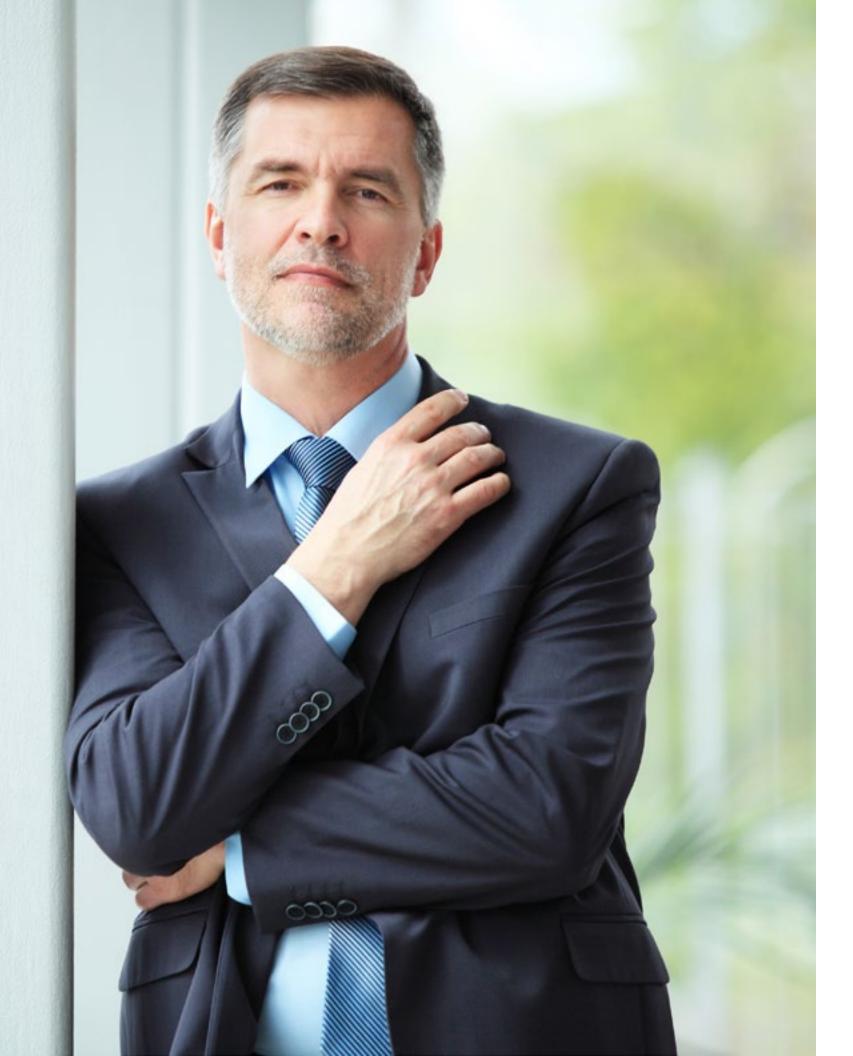




## Market Development Funds Best Practices Guide



## Table of Contents

#### Part I - About this Book • Letter from the CEO .......4 • How This Book Is Organized ......5 Part II - Utilizing Market Development Funds • Why Channel Partners Do Not Use Market Development Funds (MDF)......9 What Can You Do to Drive Your Market Development Funds Utilization? • Leveraging Unutilized Market Development Funds (MDF) To Drive Partner Marketing .......18 Part III - Introducing ZINFI

## A Letter from the CEO

The Leader in Unified Channel Management



Dear Channel Professional:

Thank you for downloading this new guidebook on market development funds (MDF) best practices. We at ZINFI have been privileged to work for a number of Fortune 1000 companies worldwide over the past decade, and we are proud of the work we've done to drive their channel programs globally. In the process of doing that work and conducting ongoing discussions with customers, we have learned a lot about the key challenges that channel marketers face when they develop and implement MDF programs. In fact, many MDF programs fail or underperform, and the funds devoted to such programs often go unspent.

We have found that even the most sophisticated and mature channel marketing organizations struggle to get the most out of their MDF programs. Whether programs are launched without sufficient planning, don't motivate partners in the right way or overwhelm participants with too much complexity, it is hardly unusual for MDF programs to fail to deliver satisfactory results at a scale that makes it worth the investment. That's too bad, because if they are properly conceived and executed, MDF programs have enormous potential to generate new and promising leads, engage your partner base like never before, and grow revenues for both vendors and partners.

This booklet aims to dispel the many myths and misunderstandings about MDF programs, and it is full of practical, actionable tips for organizations managing complex partner networks on a global scale—including strategic and tactical advice, lists of MDF programs that have proven to be effective over the years, and detailed discussions of tools that can simplify and automate programrelated processes.

Whether you read this guidebook from start to finish, or skip around and focus on the topics that are most relevant to you now, we hope you will walk away with new ideas and practical advice that you can start implementing today to make a sustainable difference in your organization.

As always, if you need help, have any questions or need more information, please don't hesitate to contact us at any time.

Sincerely,

Taypota Sayal

CEO and founder of ZINFI Technologies



## How This Book Is Organized

This booklet is divided into three sections. Section I provides a brief introduction and a letter from ZINFI's CEO. Section II presents a series of articles that focus on the specific challenges vendor organizations face when utilizing market development funds, with a focus on avoiding common pitfalls, improving partner participation rates in MDF programs, measuring and refining program performance, and optimizing ROI. Section III introduces ZINFI's comprehensive, integrated approach to channel marketing automation and provides an overview of the primary components of its Unified Channel Management platform: partner relationship management (PRM), partner marketing management (PMM), partner sales management (PSM) and global marketing services (GSM).

The lessons and best practices in this booklet are based on years of close work with customers who use our channel marketing automation systems on a daily basis and are constantly refining their partner marketing practices to increase partner engagement and increase ROI.

Whether you read each section and chapter in sequence or skip around as your particular interests dictate, we think there is a wealth of information here that even the most experienced channel sales professional can learn from.

Enjoy!





## Why Most MDF Marketing Programs Fail

arket development funds (MDF) are a critical source of marketing activity. Most vendors selling through the channel want to leverage MDF marketing to drive business growth via their network of channel partners. However, most MDF marketing activities tend to fail. Why? Two reasons: poor adoption and poor execution. What can you do to overcome this challenge that plagues most channel organizations and build a high-performing MDF marketing program that drives ROI? We will explore that in detail in this article.

First, let's look at the purpose of MDF marketing and how we got here. Over the past four decades or so, organizations selling through a network of partners—such as franchises, agents, dealers, wholesalers, resellers, and system builders—figured out a way to motivate these partners to sell more by providing various incentives. Thus were co-marketing activities born. Based on our research, this began about 40 years ago. That's also when MDF marketing started. During the first couple of decades, these activities were quite ad hoc. Since that time, with most companies under the close financial scrutiny of their shareholders and activist investors, MDF marketing has benefited from much more

organized efforts on the part of vendors. The primary purpose of these MDF activities is to provide performance-based incentives for partners who are reselling or co-selling a vendor's products and services. Incentives are typically based on what a partner sells on an annual basis.

We should also understand what typical MDF marketing activities consist of. While MDF is used for various types of work—from partner training and certification to collateral co-branding—in most cases the primary objective of MDF marketing is to drive demand. Unlike corporate marketing, which tends to be a belowthe-line investment, an MDF marketing investment tends to be above the line. Corporate marketing traditionally focuses on corporate communication and brand management, while abovethe-line marketing activities like MDF tend to focus on demand generation via a partner network. While demand generation activities can also build brands, the primary purpose of MDF marketing is to drive leads into the sales pipeline.

Here's a final consideration before we go on to discuss MDF failure modes and how to overcome them: Over the past decade or so there has been a greater propensity to focus on metrics when it comes to any marketing or sales activities, primarily because of the constant digitization of business processes. Today, most organizations selling through the channel have some measure of access to partner-by-partner sales performance data and have tried to link that data to other partner profile characteristics, such as the number of partner sales reps selling the product, their competency levels, the other products and services they sell, and so on. This focus on metrics has enabled better insight into individual partners' potential to market and sell and, accordingly, to a more critical, data-based perspective on the value of specific MDF marketing activities.

With all this as a backdrop, the sad news is that—despite access to enormous amounts of performance data—most MDF marketing activities tend to fail. As we look across a vast array of our customers and note where they are successful with MDF marketing and where they struggle to get any return, we see three basic groups of capabilities, and we define them as emerging, sustaining and advancing:

- **Emerging capabilities:** In this category, the vendor is able to put together plans for partner-led demand generation activities and fund them in a logical fashion. Partners in this category don't have a dynamic way of tracking results and figuring out on the fly what is working or not, but on an annual basis they can see what may or may not have worked. This is a basic capability most vendors selling through the channel have, but return on investment related to MDF marketing is still quite poor.
- **Sustaining capabilities:** In this category, the vendor has a structured planning process around MDF activities that are aligned with company business objectives. The organization is less reactive and more proactive in driving demand, and the visibility on return is greater because most processes are automated, and because both partners and the internal workforce adhere to datadriven decisions. This type of organization tends to drive better return—albeit choppy (please read our article "Is Your Channel Sales Choppy?") at times—on their MDF marketing investment.
- **Advancing capabilities:** We prefer the term "advancing" to "mature." Whatever you call it, very few organizations today have dynamic processes in place to truly conduct MDF marketing on a par with the end-user marketing activities we typically see from a corporate or a direct team. There are fundamental intrinsic barriers for speedy execution—namely, a two step-process that inherently

slows down a channel-based marketing model. Therefore, most organizations that have a fully structured MDF marketing process are still advancing to higher levels on an ongoing basis.

Now, when you take a look at the reasons that drive an organization from one level to the next in MDF marketing, you find it tends to be driven by just a few factors. But when these factors are not aligned and driven properly, most MDF marketing activities fail.

The critical success factors are as follows:

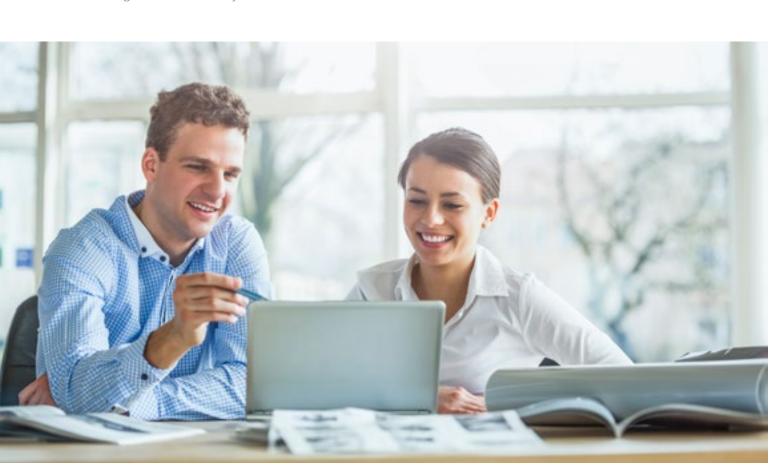
- **Plan beyond a quarter.** This is where an organization truly takes a strategic planning process and looks at their MDF investment through data, analytics and insights, and decides where to invest on a six-month horizon.
- **Simplify what you do.** Advancing organizations tend to ruthlessly cut out programs that cause noise but do not drive performances exponentially up. The goal is not to be busy; the goal is to drive results.
- Align rewards. While MDF marketing incentivizes a partner organization to drive demand, other components of the reward systems need to be aligned to drive individuals—e.g., sales, marketing, technical, logistics, etc.—from across the partner organization.
- **Celebrate success.** Since so few things work in the channel, when something does work everyone must know about it and follow it, and then execute the successful program to scale widely. More is actually less in the channel, so success celebration is critical.
- **Don't fix it if ain't broke.** It takes a lot to make things work in MDF marketing, so when something does work, it is better not to mess with it. Too often, marketers make the mistake of not giving a program enough time to work, or of changing it too quickly when it has started to work. This must be avoided at all costs.

In an earlier article ("How to Be a Rock Star in the Channel Marketing World"), we noted that following these five core principles can make channel marketers rock stars. Since MDF marketing is a core focus for most channel organization, all of these principles apply at the detailed level of MDF. While it may sound simple to implement and execute on these five core principles, you would be amazed to see how few companies succeed consistently across all geographies. When an organization does not follow these five core principles, the MDF marketing activities and programs tend to become ad hoc and noisy, and they provide lackluster return, if any.

One last thought: When organizations try to replicate or copyand-paste a direct marketing motion, they often fail. Why? Because channel marketing is always a two- or a three-step process. The first step is about making the partner organization aware of certain programs. The next step is to engage, onboard and train them. The final phase is execution. Programs that are long in duration also tend to fail. Therefore, when you are designing and executing programs and following the five principles describe above, please ask yourself whether you have enough investment dollars available to cover all three phases that I have just described here, and not just the last execution phase. If you do not have sufficient partner awareness, engagement and training investments in place, you won't even make it to the last phase. And that, my friend, is the biggest mistake most organizations make.

I can keep on going here forever, because there are so many opportunities in MDF marketing that can be realized with proper planning, thinking and execution management. We will address other aspects of MDF marketing in separate articles, but as a closing thought the most important principle to remember in MDF marketing is this: Less is always more!

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# Why Channel Partners Don't Use Market Development Funds (MDF)

ost vendors that are selling through the channel depend on their partners to generate demand instead of just relying on leads generated by the vendors. However, the sad reality is that the channel often remains as a fulfillment arm. Despite heavy investments that many vendors have made in channel marketing—particularly in automation and concierge services—most partners do not use marketing development funds (MDF). In fact, our worldwide channel survey data shows as much as 60% of market development funds (MDF) are not used on a quarterly basis. In this article we explore the key reasons why.

Before we delve into the issues, however, let's spend a few minutes on the 40% of the cases where market development funds are claimed and used. In the majority of these cases, the funds are used by large partners who know how to navigate the MDF approval process and have a much larger bucket of funds. These tend to be large channel partners who have deep relationships with the vendors and have competencies in place to market, sell and fulfill demand. Also, these large channel

partners usually have dedicated marketing resources in place to apply for funds and utilize them properly. While corruption tied to misuse of market development funds remains a major issue in the channel, with proper auditing and personnel management organizations can ensure that funds are being used appropriately. This part is not easy, but is highly necessary.

Now let's take a look at the 60% of the cases where funds are not being claimed or used. Why is this the case? Market development funds (MDF) are available primarily for partners who have achieved a certain level of sales output. And this assumes that such partners have developed specific competencies in selling products and services for which market development funds (MDF) have been provided. However, as we noted earlier, most of the time these funds remain unused. Based on our research we have discovered a set of core barriers that prevent market development funds (MDF) from being claimed and used.

 Partners are not focused on selling vendors' products. Most of the time partners sell a vendor's product as an alternative to the core solution or as an add-on. This scenario is quite common in banking, insurance, finance, technology and many other sectors where partners (agents, resellers, brokers, etc.) typically represent multiple vendors in order to provide choices to their client base. This lack of primary engagement leads to partners focusing on marketing the primary solution, but skipping any marketing activities for the add-ons as a standalone initiative. In most of these cases, partners do not apply or claim for market development funds (MDF).

- 2. Partners tend to focus on the short term. Most channel partners who generate less than \$5 million to \$10 million in annual revenue and lack dedicated marketing resources tend to focus their business activities on quarterly intervals. However, we know that effective marketing is not just about running events; it's about putting together a comprehensive, 360-degree approach tied to inbound and outbound activities over the long term. The focus on quarterly initiatives can cause partners to bypass a structured approach to marketing, thus failing to apply for market development funds (MDF).
- **3.** Partners do not have digital marketing expertise.

  Marketing has changed dramatically during the past 10 years and even more so over the past five years. In the

past, B2B marketing relied heavily on telemarketing and lead generation, and B2C marketing depended heavily on advertising. However, both marketing approaches have changed—primarily due to the evolution of social media, content marketing and social selling activities. In spite of the changes, most partners are not equipped properly with the appropriate tools and techniques to exploit the advantages of digital marketing. Instead, many partners tend to rely on old techniques, like telemarketing and running events, and overlook the value of using market development funds (MDF).

- 4. Partners do not have marketing resources. It's a well-known secret that most channel partners do not have dedicated marketing resources; that's one reason why they are sometimes called resellers vs. remarketers. As a result, most channel partners are not aware of market development funds (MDF) requirements, don't know how to apply for them and end up not using them even when they are available.
- 5. Vendors do not provide marketing tools and concierge services. While the first four barriers have been tied to partners' business models and competencies, this last barrier relates directly to vendors' shortcomings. Many vendors are reluctant to invest in a marketing



automation platform that works for channel partners and offer marketing concierge services. It is essential today to give channel partners pre-configured campaigns that are pre-loaded in a channel marketing automation platform. However, that alone is not enough. Since many partners do not have dedicated marketing resources, it is also essential to provide marketing concierge services (for free) in "bite sizes" to those partners who are trying to grow their business but struggling due to lack of internal marketing resources.

As you can see, there is no lack of reasons why a significant portion of vendors' market development funds (MDF) go unused every quarter. Vendors can address this problem by taking four key steps:

- 1. Focus on partners who are using funds. It is essential to provide partners who are engaged and know how to apply for funds and get paid with dedicated marketing services agency capabilities so that partners can quickly apply for funds and execute campaigns that are aligned with the vendor's business objectives. This step can add deep value to channel partners.
- 2. Eliminate channel corruption. While this seems like an obvious point in today's business environment, companies still tend to shy away from addressing this issue. In fact, they often know which partners are misusing funds but don't want to ruffle any feathers. Unfortunately, in some case channel management is also involved in the misuse of funds. This is where regional or corporate management needs to step in and clean up the system by bringing in transparency, weeding out corrupt people and partners, and engaging in a public discussion about why it is essential to use funds properly.
- discussed earlier that campaigns need to be pre-loaded into a channel marketing automation platform so partners can quickly search for, select and execute campaigns. The platform needs to be robust enough to provide content in local languages, and it should make it easy for assets to be customized, co-branded and downloaded for execution. Furthermore, the platform should provide native execution capability, so that partners who want to launch a campaign should be able to do so themselves directly from the platform. We have seen a consistent pattern in which, once a robust platform has been adopted, the pick-up rate for market development funds (MDF) goes up substantially.

4. Provide marketing concierge services. Since many partners do not have dedicated marketing resources, they need to be supported by dedicated concierge services— in much the same way direct sales forces need support from marketing teams and indirect sales forces (AKA the channel). While we have written a lot on this topic, there is much more that needs to be discussed. However, the primary focus of concierge services should be in understanding the partner's business and recommending what will truly work for them. Once this relationship has been established, utilization of market development funds (MDF) will go up.

As you can see, it can be hard to get partners to use market development funds (MDF), but if vendors provide the proper structure and focus this can be achieved. However, channel corruption associated with fund management must first be addressed by senior management. Vendors who have a clear business objective and purpose and have proper resources and channel marketing automation in place are not only likely to see fund utilization rise, but they will also find the return on their channel marketing investments can scale up quite substantially.

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## The Paradox of MDF Marketing

Market development fund (MDF) marketing is a major source of activity for organizations selling through the channel. Over the past few decades, MDF marketing has become a lot more organized for most companies; however, getting true return on investment (ROI) from these programs is still a bit of an art, even a mystery. In this article, we will explore some of the paradoxes of MDF marketing.

Before we take a deep dive, let's step back for a moment and consider how market development funds are typically deployed. Most organizations selling through the channel tend to take somewhere between 0.5% and 2.0% of their topline revenue and allocate it to co-marketing activities. (The classic example of this is Intel Inside.) In many cases, these comarketing activities are called contra-revenue activities, and they are not included in the calculation of the net revenue of an organization. Now, in setting aside this money for market development funds, vendors tend to create marketing programs for their channel partners. These marketing programs range from partner training and end-user marketing events to collateral printing, advertising and various other end-user-facing marketing and sales activities.

**M**ost organizations selling through the channel tend to take somewhere between 0.5% and 2.0% of their topline revenue and allocate it to co-marketing activities. (The classic example of this is Intel Inside.) In many cases, these co-marketing activities are called contrarevenue activities, and they are not included in the calculation of the net revenue of an organization.

The key challenge in MDF marketing, however, is figuring out what works and what doesn't work. Most of the investments tend to happen in relatively small chunks, yet successful marketing often requires a critical mass investment. That's one key reason most MDF marketing programs don't really work. Vendors typically spend a lot of effort trying to figure out why one particular program didn't work, but in the process they tend to miss the bigger picture. One way of avoiding this is to have a relatively large number of partners replicate the same program across multiple parts of a country. This way, the overall program reaches critical mass and partner-specific execution variabilities can be eliminated.

In addition to figuring out overall ROI from an MDF marketing program, replication and scale across multiple countries also remain a challenge for most vendors. Most organizations lack a reliable infrastructure that can take a successful program from one country and replicate it in other countries. As a result, in many cases companies will come up with different programs for each market. This can lead to significant reduction in ROI, because successful programs don't get scaled, and most MDF marketing activities end up in a sort of permanent trial-and-error mode.

Perhaps the biggest barrier to ROI in MDF marketing is the tendency of many organizations to take a short-term approach,

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rolling out MDF marketing programs tied to fiscal quarters. This is often driven by the organization's need to market certain products and services. These efforts typically result in poor execution of a bad idea—a true double whammy. Do you think I am being overly critical? Maybe, but hear me out. Assuming you have a broad channel, it typically takes half the channel about six months to find out about a program, provided a vendor is aggressively pushing it. There are just too many programs and too many activities to choose from. Channel marketing teams tend to be driven by channel sales objectives, and forget that marketing is not a quarterly initiative. It's difficult to build momentum for a potentially successful program when you fail to adopt a long-term view of your marketing efforts.

This leads to the ultimate paradox of MDF marketing: The overall cost of MDF marketing tends to be as large if not larger than below-the-line marketing, yet MDF too often fails to deliver results at a scale. It can only do so if the vendor gets three things right: 1) it selects a scalable global program, 2) it runs the program over an extended period of a time and includes a significant number of partners, and 3) it looks for adjacent, similar programs to scale on the momentum. We have seen repeatedly that when companies align these three requirements, they are finally able to harness the true power of MDF marketing and overcome the paradox of excellence.





## What Can You Do to Drive Your Market **Development Funds Utilization?**

t ZINFI, we do a bi-annual worldwide channel survey across a broad range of channel partners and resellers to understand various opportunities related to marketing and sales activities. One of the core areas we ask questions are tied to Market Development Funds (MDF). The typical questions we ask are tied to how easy it is to apply, what partners want to do, etc. In one of our recent surveys we asked the partners who had access to Market Development Funds (MDF) about how frequently they use such funds. The answer was not at all surprising.

As a part of this survey we reached out to about 4,000 partner contacts on a world-wide basis and asked whether they have Market Development Funds (MDF) or not. Those who said that they have MDF (which was about 30% of the total respondents) were then asked how frequently they use MDF. The attached graph shows, most partners do not use MDF. There are a few things a vendor can do to drive better utilization and return on marketing investment.

- **1. Keeping it simple** Very often there are too many criteria to be satisfied to be eligible for a Market Development Funds (MDF), which is a major turn off for partners to participate. So, keeping things simple and performance-focused helps to drive MDF adoption.
- **2. Setting up the right program** Once you have built a simplified MDF access process, the key is to identify a core set of programs that the partners could apply for, based on your sales objectives. While competency development (training, etc.) are top MDF usages, above and beyond that there are other things a vendor can do to select the right program.
- **3. Contacting the right partner** Once you have set up the right programs, it is essential that you do not do a broad communication and try to tell everything to everyone. You need to make sure that you have the right Partner Relationship Management (PRM) platform in place

that allows you to send segmented messaging to the right partner – based on their tier and competency profile to drive demand in a category.

- **4. Contacting the right person** Too often a vendor selling through a channel doesn't have the right marketing contacts at the partner organization. So communications related to various programs funded by Market Development Funds (MDF) tend to go to the wrong people or don't reach the target organization at all. It is essential to make sure that you have the right up-to-date marketing contact information from the partner organization you are targeting. You can do that by regularly scrubbing your partner contact database.
- **5.** Paying for performance only Be clear, be fair, but be tough in paying off for MDF claims that do not have clear proof of performance. Many times we see partners with no proof of performance submit claims and get paid because of their status or relationship. The word spreads pretty guickly and it's unfair to the partners who are working hard to drive results. So, be very selective on who you pay based on performance. Programs like Prospecting Blitz<sup>™</sup> can drive tangible results across many partners, and also drive MDF utilization.

- **6. Sharing success broadly** Once you have reached the right partner contact with the right program and approved a plan to execute, sharing success from a program also drives adoption. Many horizontal programs – like training and certification, horizontal products, etc., that can scale globally drive success with clear and definite ROI.
- **7. Rinse and repeat** We say this a lot when it comes to Market Development Funds or Channel Programs because too often vendors get carried away in running new campaigns and miss out on the opportunity to scale on campaigns that have already worked. Therefore, make sure before you drop one and add another campaign, that your high performance programs have been fully utilized and scaled across as many targeted partners as possible. Too many is too much for the channel.

ZINFI's Partner Relationship Management (PRM) platform can provide you with a complete set of integrated tools to set up the right campaigns, select the right partner, market to them properly and drive engagement to execute. ZINFI can also help you with scrubbing your partner databases for multiple countries and coming up with the right marketing contacts. ZINFI is a global organization – currently supporting twenty-six countries and have partner database scrubbing capabilities in many countries.





## How to Get Return out of Your MDF Marketing Investment

rganizations selling through the channel tend to spend quite a lot of money on MDF marketing activities with the intent of increasing partner-generated leads. However, most MDF marketing investments provide little if any tangible return. In this article we will explore why that is the case.

Channel marketing organizations are always hoping that their partners will bring in new business and run successful marketing programs on their own. In order to drive partner engagement and marketing activity and thereby generate new demand, vendors often spend a boatload of money in MDF marketing funds, only to discover that most of these activities do not generate nearly the return that direct marketing activities do. This lack of investment return from MDF marketing activities is traceable to two primary functional failures, as well as a lack of systems investment. Let's explore these in a logical fashion.

#### **Marketing Gaps**

The challenge here comes down to a failure to align channel marketing with other functions within the organization when putting together MDF marketing-driven channel programs.

• Channel-focused programs: While channel marketing has improved quite substantially over the past decade, it is still in its infancy compared to direct marketing. I have pointed out in other articles that direct marketing programs tend not to work in channel marketing and why. I won't repeat that discussion here except to remind readers that you cannot take successful direct marketing campaigns and simply roll them over on the channel marketing side and expect partners to run them successfully using MDF marketing dollars. The main

problem with that approach is that channel programs need to be super simple to scale.

- **Duration of MDF marketing programs:** Most MDF marketing programs are not run for an extended period of time. Channel programs based on MDF marketing, run as an extension of channel sales, tend to focus on most activities within a quarterly framework, and without a properly thought-out approach to the types of products that are being sold, how long it takes to generate leads and nurture them to close. In this context, quarterly measurements often come up empty. This is a very simple yet profoundly impactful problem that can be easily fixed with proper expectation setting and tracking.
- Partner marketing concierge: Finally, most channel partner organizations lack dedicated marketing resources to truly drive MDF marketing programs and generate leads. This confounds challenges in partner adoption, tracking and results production. However, a lack of marketing resources can be easily addressed by allocating concierge resources, which can help partners drive simple, scalable and high-impact programs consistently around the world.

#### Sales Gaps

At the end of the day, marketing is not simply about "activities." It is about driving programs that actually build sales pipeline. Creators of MDF marketing programs always need to keep this in mind. Here are the top three areas to focus on to make sure leads from MDF marketing activities actually close:

- Alignment of marketing and sales: Alignment of channel marketing programs with partner training and sales incentives is critical for success. In many cases, channel marketing teams roll out MDF marketing programs that really do not close the loop end to end. We see this all the time: When marketing programs that generate leads also have sales incentives programs linked to them, they tend to perform quite a bit better.
- **Partner sales training:** Generating leads is only half the battle. The other half involves making sure sales people are trained to close those leads. In most cases when a channel partner sells multi-brand products, their primary focus will be on getting their sales team trained on highvolume, core products. If your organization is not part of a partner's core product portfolio, or if your solutions get attached to core products only occasionally, making sure

that your partners can actually sell your product when opportunities arise is extremely important.

• Celebrating success: We talk about this with all of our customers. It is very important to make sure that, once a sales organization has closed deals based on leads generated from MDF marketing activities, you and your partners celebrate success together. Making it visible brings more credibility to the overall program. When marketing and sales celebrate success together, they share their positive experiences, but they also discuss what needs improvement, and this drives the success of future MDF marketing programs.

As you can tell from this article, helping MDF marketing programs generate ROI requires proper thinking, horizon planning and alignment between marketing and sales team. However, all of these bases can easily be covered if the marketing and sales teams sit down together and plan programs on an annual basis, and then run them six months at a time to evaluate results, drive improvement and scale what is working. All of this is quite doable—it just requires patience, planning and cross-functional execution.

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# 6

# Leveraging Unutilized Market Development Funds (MDF) to Drive Partner Marketing

"Use the money you already have." Are you familiar with this age-old piece of advice? The common rejoinder, of course, is that you have no funds left. But are you sure? Have you looked at your overall marketing scope and activities? Have you utilized all available market development funds (MDF) or co-op dollars? In our experience, when organizations sit down and take a close, detailed look at their finances, nearly 9 times out of 10 they discover leftover or unused partner marketing funds.

Most organizations selling through the channel allocate top 1% to 2% of their revenue—referred to as contra-revenue—to market development funds (MDF) or co-op funds. Surprisingly, most channel companies discover that the amount allocated to channel marketing funds is equal to or more than the amount allocated to corporate team members. Typically, those channel marketing funds cannot be used for direct marketing. They can be used either by a distributor for partner recruitment, training, enablement and demand generation, or by a channel partner for end-user for activities like demand generation and training.

Now, the reality is that in most cases these market development funds (MDF) are not allocated at a corporate level; instead, they tend to be managed by the regions. However, in almost every case—with proper coordination by corporate sponsorship—significant value can be provided to the regions by rolling up channel marketing funds and driving global initiatives that are relevant for the region. In this scenario, the region does not give up control of their funds, and from a financial perspective the market development funds (MDF) show up in their regional or country-level financial books. However, if corporate teams lay out programs that can be easily comprehended and used and delivered within a region—i.e., if they embrace a point, click and release methodology—funds can be allocated to global programs that can drive regional- or country-level impact.

If you are trying to roll out channel programs by leveraging market development funds (MDF) globally, then you will need to find a channel marketing agency that can help you do this in multiple markets. To be successful, this agency will have to

\*\*EXINFI has experts at a global, regional and corporate level who can discuss with you how to put together programs that you can fund via distributors or local resellers by using your unutilized or underutilized market development funds (MDF) and generate demand via partner recruitment, training and multi-partner demand generation.

be able to accept payments in various currencies and comply with various tax jurisdictions. The agency will also need to have legal standing and be able to satisfy all necessary contractual requirements.

ZINFI is uniquely positioned with its global channel marketing automation and service delivery infrastructure based on 11 legal entities around the world supporting 26 languages, enabling customers like you to plan globally but act locally by properly deploying your unused channel marketing funds.

ZINFI has experts at a global, regional and corporate level who can discuss with you how to put together programs that you can fund via distributors or local resellers by using your unutilized or underutilized market development funds (MDF) and generate demand via partner recruitment, training and multi-partner demand generation.





## Making Market Development Funds Work for You

There's a pot of gold waiting for IT solution providers – and technology vendors are almost uniformly frustrated in getting their channel to make use of it. Vendors who sell through a channel or an agent network allocate between 1 and 2% of their top line revenue as Market Development Funds for their partners. However, for the most part, these Market Development Funds (MDF) fail to realize their potential. There are many reasons, chief among which are the lack of organized ways to allocate funds, track activities and measure outcomes. As a result, MDF is notorious for yielding the worst return in comparison to other direct marketing activities. Through our years of engagement in channel programs around the world, we have observed that companies who take the following steps to get the highest return from their MDF programs.

1. Understand where MDF will be relevant – Vendor companies provide clear directives for their direct marketing teams that, in turn, should dictate how funds are allocated across business lines, product lines and

activities. Some of these direct marketing budgets may be allocated for branding, with a portion also reserved for demand generation. This is an important dividing line. In a B2B environment, MDF initiatives focused on branding rarely produce good return, until and unless a large – possibly huge – amount of fund is allocated. The 'Intel Inside' campaign, which is based solely on generating brand awareness, is an example of the behemoth branding approach. On the other side of the line, focused demand generation activities with specific sales or lead generation goals and defined time windows are more likely to produce measurable results.

**2. Set a clear strategy** – Once you have determined where to allocate your funds, you need to determine where and how you want to drive return: marketers always need to begin with an end in mind. Identification of markets, business lines, products, customer types and partner capabilities are all critical elements. The majority of

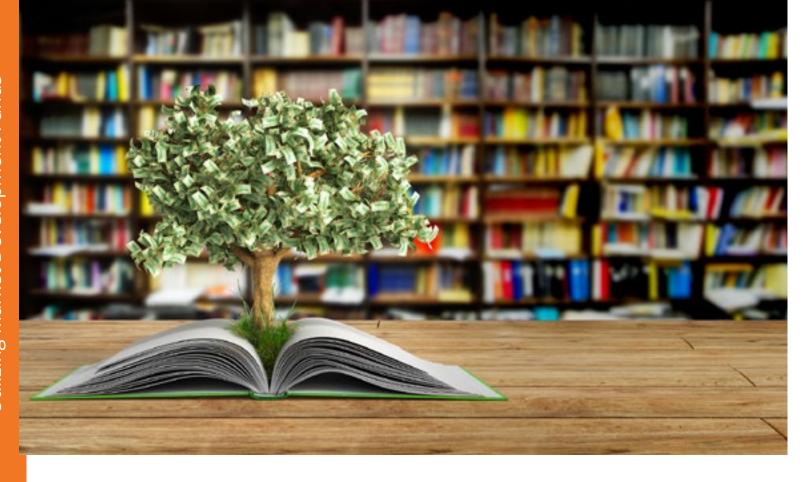
vendors open their MDF programs to all partners and offer a 50 to 80% reimbursement rate for approved activities – but often the funds are wasted in unproductive activities, or unused because partners can't get beyond the planning stage. A better approach would be to pick a tightly defined solution or product set, focus on a market area, narrow the partner qualification criteria, and work within those boundaries with proven programs that you know will drive results.

- **3. Stick to tried and tested campaigns** Marketing is a blend of art and science, and new campaigns often need adjustment in the initial stages. The road to success takes experimentation with campaign targets, messaging, methods and offers. Since partners are invariably timeconstrained and lack marketing resources, using the partner network to experiment with new campaigns and programs is a sure way to fail. Yes, there are exceptions, but if you want to ensure return, test new programs with your direct sales teams, and only then promote successful campaigns via your indirect channel.
- **4. Set guidelines and reporting requirements** We often see organizations allocate MDF, roll out programs, pay out on MDF claims and then move on to other initiatives without requiring partners to report back on activities and results. An effective MDF process requires a structured plan approval followed by an equally structured proof of perform and ROI reporting process. These must be enforced if the MDF program is to succeed. Channel account management team members need to have regular reviews with the partner base to make sure partners understand that they are not only responsible for driving execution, but also are on the hook for reporting results. Otherwise, you will not be able to track ROI.
- **5. Deploy localized, automated tools** We are all busy, but there is way to create more time: by strategically deploying Channel Marketing Automation tools to reduce workload and streamline tracking and reporting. Without an automated MDF management process, both vendors and partners end up spending an enormous amount of time via email, spreadsheet, phone calls, and meetings to approve a marketing plan, track results and pay out funds. This not only drains organizational effectiveness, but can also have a negative psychological impact on the partner, who will not be energized by a time-consuming planning and claim process.

- **6. Promote success** Once you have picked a clear strategy, defined programs, rolled them out to a group of partners and started to track results, get out the megaphone. It's important to aggressively promote successes across your partner base both locally and globally. Success breeds success, and never more so than in the channel.
- 7. Do it again Marketers are creative by nature, and always challenged to try something new. However, before you switch horses, make sure your campaigns and programs have really run out of their potential. If a campaign is still working, let it roll. Developing a successful campaign through the channel takes at least six months - three months to ramp and roll out, and another three months to execute and track. Many marketing programs, including MDF-funded programs, run successfully year after year. So, before you give up and move on, make sure that a change is warranted and that you're not killing the goose that lays the golden egg.

ZINFI's Partner Relationship Management (PRM) platform can provide you with a complete set of integrated Channel Marketing Automation platform. ZINFI's PRM platform comes with an easy to use fully configurable Market Development Funds (MDF) management capabilities, which can support multiple currencies, exchange rates and local languages. Full integration with ZINFI's Market-Through Partner Marketing Automation capabilities allows end to end tracking of campaigns and results.

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## 7 Market Development Funds Programs That Yield Results

We frequently see vendors and providers struggling to figure out what would be the right set of programs to use Market Development Funds (MDF) or Co-operative (Co-op) Marketing Funds effectively to drive value for their partners and agents, and also provide high level of marketing ROI. In fact, there are a few insights that make it easier to do the right things right.

Over the years we have seen organizations that can sell through a channel in almost a sure fire way and increase their return on investment from Market Development Funds (MDF) by focusing on a core few programs. These seven programs and ideas certainly do not rule out the opportunity to innovate in other ways, but a good approach would be to allocate more significant portion of your MDF budget across these areas first while setting aside the remainder as discretionary budget for other, creative marketing programs.

1. Partner Training – If you have a fee-paid certification program in place, one way to increasing return is to

allow up to 80% reimbursement of strategic training programs. This can certainly vary quarter by quarter, as you emphasize certain business lines or product lines, but overall, running promotions to waive certification fees is a great way to increase competencies with your partner organization. It also helps create sales momentum as fully trained technicians can engage their internal sales resources to generate demand.

**2. Installed Base Sales** – Organizations with large number of end customers and a broad channel at times struggle to deploy Market Development Funds (MDF) to drive demand. However, the easiest way to drive near term return is to create upgrade promotions and add-on campaigns for your installed base. In this way, you enable your channel to drive focused campaigns. If you have the ability to track pointof-sales data from your sales organization or your channel teams (distribution, etc.), you can very quickly track return on investment from these programs.

- **3. End User Webinars** Webinars are the most cost effective way to generate demand – yet very few vendors effectively uses this mechanism. If you have the right Channel Marketing Automation platform, you are better equipped to drive high levels of attendance to centralized webinars. The Channel Marketing Automation platform allows the vendor to present a centralized webinar, while partners are able to drive their existing base of customers and prospects to attend. Security settings mean they don't need to worry about losing those records to the vendor's sales team or other partners. Creating a regular webinar series where you present, but partners drive traffic and follow up to close can provide tangible ROI.
- 4. Appointment Setting for SME and Enterprise **Campaigns** – To get return from your tele-campaigns, the average selling price needs to be at least 20-30x of the program cost. You don't want to spend telemarketing or tele-prospecting budget on SMB campaigns, as the average transaction cost tends to be higher in mid-market and enterprise solutions. So, if your tele-campaign cost per partner varies from \$2,000 to \$10,000 (depending on the activities and countries where you are running the campaign) then you have to be able to close one or multiple deals in the \$40,000 to \$300,000 range. Therefore, handpicking the campaigns that you want to fund is critical to drive near term results.
- **5. SMB Roadshows** Allowing partners to run modestly funded lunch-and-learn events (20 people attending with \$1,500 budget) can be quite effective. However, this doesn't work ROI-wise with transactional products – like firewalls, switches, etc. - that do not have a higher life cycle value. Picking the right products for SMB-focused roadshows is therefore critical, but with the right mix, this can certainly drive consistent deal flow and pipeline increase both for partners and providers.
- 6. Social Selling The right Channel Marketing Automation platform can help your partners to sell socially. This has a low participation cost, but is much more effective than search engine marketing -AdWords or Organic SEO. Networks like Facebook, LinkedIn and Pinterest offer business-to-business social marketing activities. With an integrated approach these could be easily converted into actual sales activities leading to pipeline development. This may be an unfamiliar approach, but can be quickly implemented with the right Channel Marketing Automation platform.

**7. Marketing Automation** – While selecting the right programs is critical to generate ROI from Market Development Funds (MDF) activities, an equally if not even more important requirement is to have the right Partner Relationship Management platform to automate the entire MDF process and link to Demand Generation. In order to do this, an organization needs to implement a Partner Relationship Management Infrastructure, and also connect it to a Through Partner Marketing Automation platform. Once done, implementation of MDF programs become easy, predictable and ROI focused.

Vendors also provide demo hardware, software licenses and other tools via MDF for sales purposes, but in our experience it is really hard to track ROI from those activities. Reserving 60-70% of the budget for the seven activities mentioned above can increase your ROI substantially.

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## **Definition of Unified Channel** Management (UCM)

**Unified Channel Management (UCM)** allows a vendor organization selling through the channel to take an integrated approach by aligning channel policies, channel programs, channel people (both internal employees supporting the partner base and employees of external partners), business process automation and channel partners to build a high-performing global channel. This unified approach to channel management requires end-to-end automation of four core sub-processes:

- Affiliate Marketing Management (AMM): Affiliates are your partners who focus primarily on promoting your brand to their audiences using a variety of tactics. In return, you pay them commissions for driving traffic to your website. With our affiliate marketing management (AMM) solution, you can ensure you recruit the right partners and enable them to promote your products and services through their network. As your affiliates drive targeted traffic to your website, you track their performance, pay them commissions and grow your network.
- Partner Relationship Management (PRM): These partner management activities focus on optimizing and automating internal partner management processes to make it easier for partners to do business with the vendor. A properly configured PRM solution significantly reduces operational costs, efficiently allocates resources behind the partners who have the highest potential for driving profitable growth and significantly increases partner satisfaction.
- Partner Marketing Management (PMM): These channel marketing activities focus on enabling channel partners to drive demand from their prospects and customer base by leveraging the vendor's marketing assets and tools. A PMM solution can help vendors optimize the use of market development funds, stimulate purpose-driven demand generation and exert control over brand extension via channel partners.
- Partner Incentives Management (PIM): Rewarding your partners for channel program activities is critical for success. The Incentives Management module allows you to automate your incentive programs – including market development funds, rewards, rebates, commissions and more – across the entire partner journey. Reward high-performing partners and incentivize high-potential partners to perform better.

#### Core Modules Overview



#### Mobile Ready Application

The Mobile module comes with a set of mobile apps that are available for both iOS and Android platforms. Administrators can define which applications are available via mobile app, and which users have the access rights via mobile.



#### Identify and Access Management (IAM)

With the Identify and Access Management (IAM) module, administrators can dynamically set up and manage user groups and profiles (roles), and granular access rights to various portal pages, applications, campaign content and other portal assets.



#### Alerts & Notification Management

The Alerts & Notifications module aggregates all system alerts via a unified console and allows users to set one or more notification preferences via email, SMS or mobile app. Users can also control the frequency of alerts, including individual or aggregate alerts.



#### Enterprise Change Management

Enterprise Change Management keeps track of all changes made to the portal related to groups, users, content, workflows, and more. This is essential not only for audit purposes, but also for reversing changes that have been made unintentionally or intentionally.



#### FluidCMS<sup>™</sup> Content Management

The FluidCMS™ module (and engine) allows administrators to use drag-and-drop tools to create and manage web and campaign content to build dynamic and personalized portal pages, campaigns and other content on the fly.



#### Business Intelligence Reports

The Business Intelligence Reports module provides a wide range of default reports, as well as tools for editing & creating custom reports. This provides insights into what's working and what needs improving in channel performance and programs at local and global levels.



#### FlexiFlow™ Workflow Management

Jsing FlexiFlow™, administrators can set up different application layouts, approval and work flow logics, alerts, and other functions to automate any business workflows. This capability allows organizations to dynamically adapt to rapidly changing business needs



#### Centralized Interconnection (CENTRi™) Management

The Centralized Interconnection (CENTRiTM) module allows administrators to seamlessly connect to thirdparty applications like CRM, LMS, ERP and POS via an easy-to-use connection management and field-mapping interface, including SAML 2.0 SSO.



#### Partners Profile Management

Partners Profile Management granularly manages partner records - prospects, accounts, contacts, performance data, etc. Using this module, organizations can segment partners effectively into groups with various parameters for optimized management.



#### Users & Group Management

The Users Management module allows administrators to quickly set up users and assign them to various groups and profiles. Users can be added manually or via group upload using Excel or third-party SSO.





## **Expanded Modules Overview**



#### Documents Library Management

Documents Library enables channel organizations to share partner-facing documents with various partner users based on status and access rights. Documents can be dynamically published and configured with expiration dates/times based on



#### Partner Locator Management

Use Partner Locator to dynamically create a partner directory, making it easy for end users to find and contact partners who offer the right solutions. All leads generated from rule-based searches are fed into the UCM Lead module for distribution to specified users.



#### Co-Branded Assets Management

The Co-Branded Assets Management module enables an organization to provide web-ready or print-quality digital assets to channel partners, who can then co-brand these assets and reuse them for various marketing- and sales-related activities.



#### Partner Support Management

The Support (Help Desk) module gives organizations the tools they need to establish a structured support infrastructure for end users that extends above and beyond traditional product and services support. The module uses an industry-standard ticketing system.



#### Products Details Management

With the Products module, organizations can upload a variety of product-related content for use in both marketing and sales assets and activities. This module can also be used in conjunction with Configure Price Quote (CPQ) and Deal Registration.



#### Partner Survey Management

The Survey module can be used by anyone from the channel organization to get feedback from their partner base. Survey data can be aggregated via a reporting engine or housed individually within partner records.



#### Communicate To Partners Management

The Communicate module comes with a cluster of marketing tools, such as email, microsites, events and social, which can be used to recruit, engage and enable partners. These tools can be made available to all internal channel team members.



#### Exchange Management

With the Exchange module, an organization can list a set of service providers for marketing, sales and other technical assistance for partners. Partner users can procure these pre-selected third-party vendors and pay for their services using MDF or their own funds.



#### Community & Discussions Management

The Community module enables organizations to socially connect – both internally and externally - to facilitate communication and collaboration. This module seamlessly integrates with multiple UCM modules, but it can also work as a standalone module.



#### **Projects & Tasks Management**

Seamless collaboration with internal and external team members on projects and programs is easy with the Projects & Tasks module, which comes with tasks, notebooks, file-sharing, and messaging features.

## Affilate Marketing Management (AMM)

#### **Modules Overview**



#### Marketplace Management

The Marketplace module enables an organization to create a thriving marketplace for its partners to sell its products and services to each other and to end-buyers in a private, invitation-only experience.



#### Referral Management

Enable your affiliate partners to register referrals manually or automatically via link and advertising referrals. Automatically map each referral to a specific commission payment structure for both marketing and sales activities. Set up business rules to route referrals for automatic or manual approval flow.



#### Promotion Management

ZINFI's Promotion Management module makes it easy for your affiliate marketing partners to promote content and products by leveraging UTM links and placing them on their website. Our UTM links tracker automatically documents which partners are generating which referrals.



#### Payment Management

Allow your affiliate partners to set up company and tax information to receive digital payments for their earned commissions. You can also enable partners to claim commissions manually or automatically for payments, and run performance analytics.





## Partner Relationship Management (PRM) Modules Overview



#### Partner Onboarding Management

Partner Onboarding Management automates partner recruitment and onboarding processes via step-by-step activities. Based on partner type, engagement and other variables, you can create different onboarding tracks.



#### Partner Leads Management

Partner Leads Management automates lead distribution to your partner base and manages the entire "contacts to contracts" process. It can help engage partner sales reps via round robin, shark tank and other lead management strategies.



#### Partner Contracts Management

The Partner Contracts Management module enables an organization to dynamically manage and keep track of all the contractual documents that channel partners sign during the various phases of the partner engagement cycle.



#### Deals Registration Management

The Deals module provides setup for deal registration criteria and workflows for an organization's partner base using UCM's FlexiFlow™ and CENTRi™ modules. Workflows can be very simple or can cover complex, comprehensive deal registration processes.



#### Partner Business Plans Management

With the Partner Business Plans Management module, organizations can develop business plans by working with internal and external partner stakeholders to ensure plan execution and compliance.



#### Configure Price Quote (CPQ) Management

The Configure Price Quote (CPQ) module enables an organization to offer special pricing and quotes approval mechanisms for partner sales reps, channel reps and channel management team members.



#### Partner Learning Management

The Partner Learning Management module enables an organization to manage channel partner training and certification by various partner tiers and types to grow partner competencies in a systematic way through structured curricula.



#### Channel Data Management (CDM)

The Channel Data Management module enables an organization to access point-of-sales data from distributors and resellers to track performance by region, territory, reseller and product, and to proactively manage inventory.

## Partner Marketing Management (PMM)

### Modules Overview



#### Search Marketing Management

The Search Marketing Management module provides dynamic linkage between paid ad (Google AdWords, Facebook, etc.) search network and marketing campaigns, and is used for multi-partner inbound integrated lead generation.



#### Microsite & Landing Page Management

The Microsite & Landing Page Management module enables an organization to set up co-branded microsites or landing pages that partners can use to engage their prospects and customers via single-touch or multi-touch digital drip campaigns.



#### Social Syndication Management

The Social Syndication Management module enables an organization to syndicate social media content via the channel partner network. Partners can auto stream or manually customize each social feed for instant or scheduled posting.



#### **Event Marketing Management**

Event Marketing Management enables an organization to set up trigger-ready multi-touch "event in a box" campaigns that can be quickly co-branded and customized, allowing channel partners to engage their prospects/customer base.



#### Direct Mail Marketing Management

With the Direct Mail module, organizations can create co-branded direct mail templates for partner use in the form of post cards, brochures and other formats. This module can also be connected to national printers for seamless shipping and mailing.



#### Web Syndication Management

Web Syndication Management enables distribution of product and solution web showcases via a partner's website. Web syndication amplifies organizational reach and lead generation through a distributed channel partner network.



#### Email Marketing Management

The Email Marketing Management module enables an organization to quickly set up single or multitouch co-branded emails. These emails create the foundation of various integrated campaigns, whether they lead to microsites, events, syndication or social campaigns.



#### Multi-Touch Campaign Management

The Campaign Library module enables channel organizations to provide co-brandable, single- or multi-tactic campaigns to its partner network through a user-friendly, logical interface searchable by keywords and tags.





## Partner Incentives Management (PIM) Modules Overview



#### Commissions Management

Both internal channel teams and external partners can use the Commission model to align with quarterly programs, campaigns and run rate business to provide sales or referral-based commission tracking. Users can set up business logic with UCM's FlexiFlow™ module.



#### Sales Rewards Management

Sales Rewards allows setup of channel sales programs for internal and external users and progress tracking in a unified interface. This module also allows filing of reward claims and stack ranking status. The logic is built with UCM's FlexiFlow™ module.



#### Market Development Funds (MDF) Management

Market Development Funds Management enables organizations to allocate MDF and co-op funds to partners. It is also used to help partners apply for program funding and claim compensation through proper proof of execution.



#### Rebates Management

With Rebates, organizations can set up company rebates based on specified performance targets and business rules. This makes it easy to develop an application process for partners to establish eligibility for rebate programs and for claiming rebates.



## About ZINFI

ZINFI Technologies, the leader in Unified Channel Management (UCM) innovation, enables vendors and their channel partners to achieve profitable growth predictably and rapidly on a worldwide level. Headquartered in Silicon Valley, USA and founded by channel veterans with extensive global channel management experience, we at ZINFI see an immense opportunity to build high-performing sales channels by deploying an easy-to-use, comprehensive Unified Channel Management platform that streamlines and manages the entire partner lifecycle.

ZINFI's Unified Channel Management innovation incorporates three core state-of-the-art SaaS applications—partner relationship management automation, channel marketing management automation and channel sales management automation. In 26 countries, these three core UCM SaaS applications are also locally supported by ZINFI's global marketing services team members.

ZINFI's Unified Channel Management solutions enable organizations selling via the channel to integrate the full spectrum of channel partner management activities—from recruitment, onboarding, training and certification to lead management, co-branded demand generation, sales performance and success, and on to fulfillment and renewal management. Powered by the efficacy and superior experience of ZINFI's UCM solutions, any organization can build a highperforming channel and realize increased partner sales return on investment.

The word ZINFI, to us, means Zero to Infinity—reflecting our mission to enable customers, employees and communities to realize their infinite potentials. In its most applied form in our dayto-day existence, the word refers to an analytical and mathematical approach to marketing and sales methodologies, an approach that allows our customers to realize the true potential of their own products and services and to continuously grow their business via the channel.









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