

WHITE PAPER

Driving Growth and Delivering Value Through the Channel

Sponsored by: EMC

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EXECUTIVE SUMMARY

It is a great time to be a highly skilled IT solutions provider – everybody wants to partner with them. Savvy vendors recognize the value these firms bring to them and to their customers and respond accordingly with compelling partner programs. To attract and retain the best partners, vendors must offer the opportunity to enhance their technical, sales, marketing and industry skills, a relevant portfolio of products and solutions, and competitive compensation plans. Together these elements must support profitable growth.

2010 was a banner year for EMC and its partners. 2011 promises to offer many opportunities for continued profitable growth for the infrastructure products and services giant and its strong and growing ecosystem of partners. In support of the launch of the new SMB focused VNXe unified storage systems EMC recently announced sweeping enhancements and additions to its award winning Velocity Solution Provider Program. Although introduced as a broad update rather than as a new program, the additions, enhancements and simplifications are significant and should enable EMC and its partners to drive profitable growth.

Equipped with a comprehensive, robust, and recently expanded portfolio of storage hardware and software products including EMC's Data Domain de-duplication storage products which were integrated into the Velocity program in January 2011, EMC partners are well positioned to capture share and achieve profitable growth whether they are selling EMC solutions to enterprise or SMB customers.

VELOCITY SOLUTION PROVIDER PROGRAM

The new program enhancements and tiers, effective at the beginning of January, were created to align not only with EMC's existing portfolio of products but also in anticipation of the new VNX Family announced January 17, 2011. EMC cited five straightforward goals for the newly enhanced Velocity program.

- Increase market share
- Create one global partner program
- Expand reach to new EMC partners
- Expand partner expertise via specialization

- ☒ Offer partners a growth path

With these goals in mind EMC has created a singular and consistent program that is available to the vast majority of solution providers globally, recognizes levels of solution provider commitment and expertise and lastly enables these partners to grow their businesses profitability through the sale and implementation of EMC products and services.

Solution Providers can start selling the newly introduced EMC products almost immediately by becoming an Authorized Reseller through one of EMC's Velocity Distributors. Once an Authorized Partner starts selling and completes the minimum training requirements, they can participate with EMC at one of four different tiers in the Velocity Solution Provider Program.

- ☒ Affiliate
- ☒ Affiliate Elite
- ☒ Premier
- ☒ Signature

The requirements and benefits of each of these tier levels will be discussed in this paper in conjunction with the program goals.

Increase Market Share

Not surprisingly EMC's first objective is to increase share and its greatest opportunity to do so lies with its partners. Today EMC is the #1 market share leader in external disk storage systems with over 26% market share in IDC's latest disk storage tracker (Q3CY2010). Historically EMC products and services have been associated with larger enterprise accounts and in fact, it would be difficult to find a Fortune 500 company without EMC or VMware, 81% owned by EMC, installed somewhere in their data center. In reality EMC serves a wide range of companies from very small startups to very large global powerhouses. Its new VNX series converges its market leading CLARiiON and Celerra products, and is positioned for mid-sized businesses. With the simplicity of the VNXe Series at an entry price point of less than \$10,000 USD, EMC is well positioned to significantly grow market share in the low end of commercial and small and medium businesses and also increase wallet share in existing accounts.

The entire family of VNX products shares a common platform with centralized management. EMC solution providers now have a new option in their tool bag to interest enterprise clients that wish to extend the benefits of efficiency and performance to a remote office or branch location that lacks a storage administrator.

While existing EMC partners will likely sell these products in departments or branch locations of their current end user customers, EMC recognized the need to expand their partner ecosystem to include solution providers who more frequently sell to and support smaller clients. Given EMC's history and reputation as a supplier to larger clients, many of these solution providers are not currently EMC partners. With the

enhancements to the Velocity partner program, EMC has done an excellent job making it easy for those businesses to become an Authorized Partner through Velocity Distributors at the entry level Affiliate tier of the Velocity Solution Provider Program and offering them compelling products to sell.

Create One Global Partner Program

Given EMC's aggressive acquisition and diversification strategy, the goal of a single global partner program is daunting. Ideally acquisitions bring channel partners skilled in the product set being acquired and sometimes, less ideally, the acquisition brings a disparate channel program or even worse – programs. Standardizing terms and conditions such as deal registration, co-marketing, certifications, and compensation can be a complex undertaking and must be accomplished without compromising the strategic objectives of the partner program.

January marks not only the effective date for the enhancements to the Velocity program but also the integration of the Data Domain product line, acquired by EMC in 2009, into the Velocity program.

EMC is not only integrating its separate product families into the same partner program, they are also standardizing the Velocity Solution Provider Program across all geographies. IDC was assured that local geographies will continue to have flexibility in implementing the program to accommodate any requirements created by a unique geographic factor; however, partners can expect consistency in benefits, tiers and specializations.

Expand Reach to New EMC Partners

The goal of increased market share is partially dependent on the expansion of the current EMC partner ecosystem and attracting new partners. The company has expanded the Velocity program with new tiers in an effort to reach new partners, particularly those partners who sell to SMBs and lower end of the mid-sized business market.

The entry level Affiliate Tier makes it easy for partners to resell EMC products and solutions through a distributor. To qualify, partners must meet and maintain a modest minimum revenue requirement. Affiliate partners will have access to online training on products and QuickStart training to allow them to deliver a limited number of installation services to their customers. Although the Affiliate level partner may often be an Affiliate Elite "partner in training", IDC believes EMC recognizes the value in providing a way for a set of partners to access certain products and associated services to sell without having to make a significant investment in vendor training. This is also an excellent way for volume distributors not interested in building a services practice to represent EMC. IDC predicts that the relatively low barrier to entry for the Velocity Program, a compelling product portfolio, and the market credibility of EMC will result in a large number of Affiliate partners in the EMC ecosystem. It is a great strategy to reach the vast SMB market, particularly the lower end of that segment.

On January 1, 2011 the majority of existing EMC Velocity partners entered the new enhanced version of the program at the Affiliate Elite level. The minimum revenue requirement for the Affiliate level varies depending on the particular partner's geography, but in line with the requirements in the previous Velocity program. Partners in this level are eligible for additional benefits and can increase margins if they opt to become trained and certified to deliver value via their own added services for EMC technology.

Expand Partner Expertise via Specialization

Specialization is rapidly becoming a significant aspect of vendor partner programs. Nearly all major IT suppliers have or have announced specialization opportunities for their channel partners. EMC continues to emphasize the importance of expertise and skills via the Velocity Specialties, and with the new program enhancements is rewarding those partners who have and will continue to invest in EMC technology expertise.

Four Specialty areas exist for partners:

- Consolidate
- Advanced Consolidate
- Backup and Recovery
- Governance and Archive

A new Security Specialty will become available in July 2011 when the acquired RSA Security portfolio is integrated into the Velocity program. EMC has indicated that they will announce additional specialties in the future.

The Premier and Signature tiers in the Velocity Solution Provider program are reserved for partners willing to make the investment in specialization. The Premier level requires a partner to have at least one Specialty with an associated minimum revenue requirement for that Specialty. Partners must invest in training to build their services practices to support a Specialty. Achievement of a Specialty gives these partners access to EMC methodologies and tools that enable them to differentiate their businesses in the marketplace.

The Signature Tier is the highest level of the Velocity Program. A partner must have multiple specialties to qualify for the Signature Tier. The required numbers vary by geography, but in all regions Signature Partners are the partners that have made the greatest investment and are best prepared to support clients as they move forward with new technologies notably into the private cloud environment where EMC has set aggressive growth targets. Partners at the Signature Level will surely be the go-to partners in this area.

Offer a Growth Path for Partners

IDC believes it is a great time to be an EMC channel partner. Much of that belief is based on the opportunity that EMC can bring to its channel partners. Although still primarily a company that makes money selling storage solutions, EMC has transformed itself into a company offering a vast portfolio of storage, virtualization, security, and information management products, all of which are crucial to a company moving to a cloud environment. Additionally, by expanding its product reach in the storage market to the lower end of our IDC price bands, partners will find new areas to sell the expanded storage portfolio as well.

Although EMC is actively seeking new partners the company is also increasing the available opportunities for their existing partners through specialization, cloud services, and an ever-expanding portfolio of products. Partners will experience increasing benefits as they increase their investment in EMC technology.

CHALLENGES AND OPPORTUNITIES

Suppliers and consumers often expect more, and IT solution providers are no exception to this phenomenon. What EMC has done is to expand on an already award-winning program that will likely appeal to a large number of solution providers with a wide range of profiles; however it is essential that EMC continues to monitor the program and adjust based on partner feedback. EMC has stated that new specialties will be added in 2011 and hopefully they will include at least one specialty related to cloud expertise.

IDC continues to see a shift toward services in partner's profitability mix and expects to see this trend continue especially as cloud computing continues to alter the IT landscape. Vendors such as EMC who recognize this and in turn provide opportunities for their ecosystem of partners to deepen expertise in services delivery, and therefore increase their profitability, will likely continue to engender loyalty among current partners and to acquire new partners.

Solution Providers need to choose vendors with whom to partner carefully. Successful partnerships require investments from both parties and the wrong choice can have negative financial consequences for some solution providers. IDC's believes EMC's decision to allow a solution provider to become an Authorized Partner with very little investment is a wise one. Every business, small and large, has storage needs and with their vast product portfolio, EMC has an answer to that need. There is a significant upside with essentially no risk for a solution provider to propose an EMC solution to a customer or to a prospect. Multiply that scenario over thousands of partners and EMC has the opportunity to gain significant share and the partner has the opportunity to make money.

CONCLUSION

The combination of EMC's enhanced Velocity Solution Provider Program and the new VNX Family is a winning one for existing and potential EMC channel partners EMC

was wise to design the Velocity program enhancements in preparation for the new VNX family rather than after the fact. Such pro-channel planning and enablement or channel readiness is not always evident when vendors announce new products and offerings but is essential to short and long term success. By simplifying the program, providing opportunities for training and increased specialization for all partners, and continuing to offer innovative and cost effective products, EMC has paved the way for corporate and partner growth.

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