

How to build a successful channel strategy in a rapidly changing world

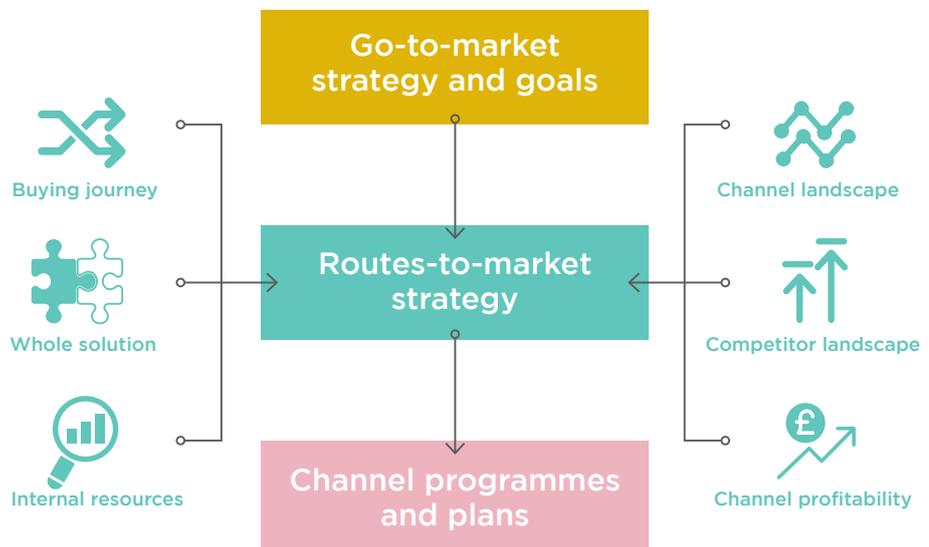
In the previous two articles in this series, we looked at [the forces of change](#) and [the impacts these were having on current routes-to-market](#). Any business that wants to maximise its growth potential should be regularly reviewing and refreshing its routes-to-market strategy. This is particularly true for any business that is heavily reliant on indirect channels to generate demand and deliver sales.

In a rapidly-changing market, IT vendors' channel strategies are under pressure. In this final article, we look at how vendors can ensure their channel strategy is fit-for-purpose and will continue to deliver the returns needed to stay competitive and profitable.

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The OneGTM routes-to-market framework

There are a number of factors to consider when trying to ensure your channel strategy is fit-for-purpose. Based on our experiences of working with a wide range of technology companies, we've created a framework for a refreshed routes-to-market strategy which is summarised in the diagram below:



Go-to-market strategy and goals

Before you can build a robust routes-to-market strategy you need to ensure that you're clear on what your higher-level go-to-market strategy and goals are. A key element of this is having clarity around your target market segmentation (i.e. what groups of customers are you primarily targeting and what characteristics define each of those groups). If you don't know what market you need to reach, it's impossible to define what the optimum routes-to-market are.

Routes-to-market strategy

Buying journey

As we noted in the previous two articles, IT buying increasingly involves non-IT decision makers. This means that the traditional buying journey may actually be several simultaneous journeys that end up at the same destination.

You need to understand each journey in order to help move customers along to a final sale. This will include considering questions like:

- What are the typical triggers for a potential purchase?
- What are the information sources that your target customers typically rely on?
- Who has access to the decision makers during the buying journey?
- What other factors is the customer considering alongside your sale – are there other products/pains involved?

Understanding the buying journey will help you identify the types of routes-to-market that can help you make – or influence – a sale. It will also help you build the right resources to generate and shape demand, and ensure partners are properly trained to keep the process moving through to its conclusion.

Whole solution

The modern buyer is looking for a complete solution that addresses specific business needs, rather than a series of technologies that they can bolt together themselves. For vendors whose products fulfil a specific need, this can be problematic – a broader solution is interdependent on other products, often from other vendors.

There will also need to be a series of services that can be 'wrapped' around the core offering – training, support, maintenance, project management etc. – to deliver maximum benefit for the customer.

Ensuring you really understand customer pain points, and thinking through the whole solution required to address those pains will help you understand the eco-system of complementary providers that you could potentially partner with. It will also help you identify the gaps in your own offering that you need to address (through partnership or otherwise).

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Internal resources

The rapid pace of change means that your business will inevitably have gaps in knowledge, a shortage of key skills, and even blind spots that could cause your routes-to-market strategy to underperform. As you work through this framework you must ensure you understand where your internal resources are lacking.

Don't be afraid to ask difficult questions, but also ensure you recognise where you have strengths that can be leveraged.

Questions to consider include:

- What are the gaps in your resources which you need partners to fill?
- What are the weaknesses that will limit your ability to attract certain types of partners?
- What strengths do you have to help build the right channels?
- What existing relationships can be leveraged to extend your market reach?

Failing to properly understand your own capabilities could mean your strategy is built on shaky foundations.



Channel landscape

To ensure that your routes-to-market strategy reflects how the market is today, rather than how it was two or three years ago, it's vital that you build a picture of your channel landscape and actively monitor how that's changing over time.

This means looking beyond your existing channel relationships to consider the broader market environment. Key areas to consider include what types of organisations are active in your own and adjacent categories, which types of channel businesses are on the up/in decline, what business models are dominating etc.

It is only by being informed that you can hope to stay competitive.



Competitor landscape

As well as monitoring your customers and channels, you need to keep a close eye on your competitors - including those in adjacent categories. By understanding what they are doing, you can learn useful lessons, as well as better address the challenges they present.

Again, there are several questions you should be asking, including:

- Where are your competitors investing? What kind of results and returns are they seeing?
- What types of channel partners are they seeing success with? What does this mean for your own partnerships?
- How are they addressing the challenges of a constantly changing marketplace?
- What innovations are competitors adopting in their routes-to-market approach?

Such observations allow you to potentially identify shortcuts that avoid costly trial and error experiments, as well as minimising the risk of being outflanked by a disruptive new approach.

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Channel profitability

Another important input when evaluating your routes-to-market model is the relative profitability of different channels.

Profitability can vary significantly according to a number of factors including the relative power of different types of channel businesses, average margin levels through different channels, and the costs to serve both partners and customers.

If you have historical data, then conducting an analysis of the profitability across different channels can be instructive. If not, then building a working hypothesis based on assumptions will at least provide useful food for thought and help you clarify the questions you should be asking going forward. It may also help you identify opportunities to improve profitability within your existing model.

Some routes-to-market may offer volume growth but relatively low margins, others will enable you to retain higher margins but will never offer significant scale. Your strategies need to clearly identify which you plan to target.

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Putting it all together

Gathering and analysing this information is crucial as it provides the inputs you need to build a robust, informed routes-to-market strategy. Only by considering all of the above factors will you be able to develop a strategy which is aligned with the needs and behaviours of your target customers, reflects the external market landscape, takes into account your own strengths and weaknesses, and ultimately enables you to achieve your go-to-market objectives.

Armed with this new strategy, you will have a platform on which to develop your partner propositions, define your channel programmes and build successful, high growth channels.

For more help and advice about using the OneGTM routes-to-market framework, or to learn more about go-to-market enablement services from OneGTM, [please get in touch](#).

About OneGTM

OneGTM specialises in helping clients in the technology and telecoms sectors to create and execute go-to-market programmes that deliver profitable growth. Our services range from market research and strategic planning, through to channel enablement and demand generation.

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