CHANNEL VISION magazine

2016

Channel Manager's Playbook

Volume 2: The Master Agent Edition

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CHANNEL VISION magazine

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ScanSource to Acquire Intelisys

In the type of move expected for some time by industry watchers, ScanSource announced a definitive agreement to acquire Intelisys Communications. As much as anything, the acquisition provides ScanSource's value-added distributor partners with direct access to a bundled set of telecom and cloud services services and ScanSource a stream of recurring revenues.

"We are entering a high-growth, recurring revenue business that is complementary to our current business and represents a compelling opportunity for our VARs," said Mike Baur, CEO, ScanSource.

"This next transformation of the channel is clear evidence of evolving end-user needs, as we begin to see the bundling of hardware and software with network and cloud," said Craig Schlagbaum, vice president of indirect channels for Comcast Business. "As our largest 'Master Agent' partner, Intelisys has been instrumental in helping Comcast Business build a scalable channel. With the combined strength of Intelisys and ScanSource, we expect outstanding customer and partner opportunities to result from bridging these two channels."

Under the agreement, the all-cash transaction includes an initial purchase price of approximately $83.6 million, plus earn-out payments based on EBITDA over the next four years. Intelisys has demonstrated double-digit growth of net revenues and EBITDA, which is projected to continue during the four-year earn-out period. For the first full year after closing, Intelisys' net revenues, which reflect gross commissions less payments to sub-agents, are estimated to total over $34 million with a 45 percent to 50 percent estimated EBITDA margin.

Intelisys currently has approximately 120 employees, more than 130 supplier partners and more than 2,400 sales partners. ScanSource, meanwhile, announced that it expects fourth quarter fiscal year 2016 net sales to be approximately $880 million to $885 million, which is below the previously forecasted range. The acquisition is expected to close in the quarter ending September 30, 2016, subject to the satisfaction of customary closing conditions.

"This is an exciting time for the channel as VARs and telecom agents converge," said Rick Sheldon, co-founder of Intelisys. "Together, we believe ScanSource and Intelisys will become the ultimate channel company as we offer an unparalleled experience in the cloud and telecom space, including fully connected solutions for our partners."

We doubt this will be the only merger of this type to happen in 2016.

MicroCorp Provides Voice Solutions for Cisco Spark, Meraki MC

If you are a certified Cisco partner, you've probably heard the latest hype around the Spark and Meraki MC offerings. Through MicroCorp's relationship with IntelePeer, certified Cisco partners are provided with an easy way to earn monthly recurring commissions on the voice services.

IntelePeer has developed an API that enables near real-time provisioning of its voice services to deliver nationwide local, long-distance, toll-free and E911 services to Cisco Spark and Meraki customers. The simple Voice Services Bundle for Spark and Meraki can be purchased through the Cisco Marketplace for $8.95 per user (CCMP) and includes one telephone number per user, unlimited calling to 48 U.S. states plus Canada; carrier port/transfer fee, E911 and international calling options.

MicroCorp partners can work directly with their partner managers to quote Intelepeer voice services for Spark and Meraki MC offerings, said the company.

SimpleWan Launches Master Agent Channel

SimpleWan, a cloud automated cyber security and network solution provider, has expanded its channel from wholesale into master agent services with the hire of Brian Purdue, director of channel sales.

Prior to joining SimpleWan, Perdue served as a national channel manager with Mitel and helped launch its products to the agent channel. He also has spent years in the channel supporting agents on complex WAN designs and deployments throughout his career in the industry, said the company.

The SimpleWan solution delivers real-time intrusion defense, as well as cloud management, SD-WAN technology and support for key compliance regulations including PCI DSS and HIPAA.

According to SimpleWan, managed service providers look for solutions in two ways. When looking for replacement cyber security and firewall technologies, they look at hardware solutions; but when looking for SD-WAN and network monitoring, they often look at services from the agent channel. SimpleWan's full suite of features provides both a full service offering as well as a legacy hardware firewall replacement.

"With today's converging channels it's important to connect with our customers through both methods that best fit their business model," said Erik Knight, chief executive officer, SimpleWan.

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Telarus Launches VoIP Troubleshooting Tool

Telarus announced the launch of a VoIP self-help troubleshooting service called VXSupportLine that the master agent says eliminates finger pointing, lowers time to resolution and decreases misdirected service calls. Telarus partners also can use the Web-based platform to test, diagnose and assist their hosted UC customers in identifying network performance shortfalls that adversely affect VoIP quality.

The service is provided by hosted VoIP suppliers that have installed testing beacons in their data centers. VXSupportLine can analyze millions of test calls and let the network providers know how they are performing against their peers. It will give the hosted VoIP providers advice on which network providers are the most popular for their services.

"With more and more critical applications, especially VoIP, moving to the cloud, we feel it is important to provide the partner community with a tool to give them the ability to test the underlying network, which is so critical to the user experience," said Adam Edwards, co-founder and CEO of Telarus. "We feel strongly that, by making this tool available to the public, we'll be able to provide a valuable service to all channel partners both inside and outside of Telarus."

VXSupportLine joins the likes of VXPulse (network monitoring), VX-Tracker (call accounting), VXSWAT (professional services) and VXDash (customized performance dashboards) in the VXSuite family of products Telarus acquired in September 2015.

"The service is relatively simple but powerful," explained Roger Blohm, president of VXSuite and executive vice president of Telarus. "With the click of a link, an end-user can temporarily turn their machine into a VoIP testing device that can send test calls to beacons installed in data centers."

The test VoIP packets created by the end user's PC ride along the same path as a "real" VoIP packet, traversing the entire network and recording the result, Blohn continued. "Based on this simple 'pitch and catch' test, VXSupportLine lets the user know if they should call their IT department, their ISP and/or their hosted VoIP provider for assistance. This helps the end-user reach a quicker resolution, shortens the support cycle, and keeps the hosted VoIP providers service queue to a minimum, especially when the issues being encountered aren't their fault."

Cox Business Adds Sandler to Master Agent Program

Sandler Partners announced that it will become one of the first master agents within the Cox Business channel program. The partnership will enable Sandlers' more than 3,400 technology sales partners, agents, VARs and MSPs to sell Cox Business award-winning services in multiple Cox markets.

The agreement builds upon a regional collaboration between the firms.

"We've been working regionally with Cox Business for many years," said Alan Sandler, founder and managing partner for Sandler Partners. "We're excited to be integral to the launch of Cox Business' broader program. Many of our agent partners encounter interest in the Cox Business brand in the field, and this expanded relationship will make it even easier for them to facilitate Cox Business services, especially for multi-location customers."

"Sandler Partners has a strong, proven record of sustained high growth rates and deep support for both their agent partners and their customers," said John Muscarella, director of channel sales and programs at Cox Business. "We are pleased to expand and consolidate our partnership with Sandler Partners under a single agreement that will simplify the sales process and accelerate joint business development. We look forward to delivering Cox Business connectivity and advanced services to Sandler Partners sales agents and their customers in multiple Cox Business markets."

The agreement makes Sandler Partners the only master agency in the industry with direct agreements with all four of the nation's largest cable companies.

TeleDomani Selected as Elite Master Agent with LSI

Line Systems, Inc. announced that TeleDomani, a national master agency based in New York, has joined its Elite Master Agent Program. TeleDomani partners can now offer LSI's certified SIP offerings (across multiple platforms), traditional and cloud-based voice and data, and nationwide Internet and SD- WAN connectivity.

LSI boasts certification across many of the nation's leading PBX manufacturers for SIP trunking. This, combined with dedicated and broadband-based connectivity offerings throughout the U.S., led Teledomani to seek a relationship with LSI, said the master agency.

"Partnering with LSI brings our partners a wide variety of certified and secure SIP solutions in a marketplace that sometimes overlooks performance in place of sizzle," said Carmine Yodice, director of business development for TeleDomani. "LSI has been in business for over 16 years and is dedicated to the customer experience; the shared philosophy of superior service delivery and performance makes our partnership a natural fit."

"Teledomani is the premier master agency in the greater northeast," said Bruce Wirt, vice president of sales at LSI. "This is a perfect complement to our existing master agent relationships in the mid-Atlantic and southeast."

Partners that sell through LSI's master agents in the third quarter can receive up to four times MRC on qualified products.

Masters of Many Pieces

2016 Master Agent State of the Market

By **Martin** Vilaboy

Similar to just about every business model within telecom alternate channels, master agents have been heavily impacted as the market shifts toward IP services, cloud and mobile. Indeed, master agents have felt the SMAC and rolled with the SoLoMo.

"The role of the master agent has become much more complex as we transition to an IP-based world," said Denis Raue, president of Telegration, responding to our informal survey of master agencies.

"The entire business is radically different than what transpired in the channel in the past," agreed Greg Praske, CEO of ARG. "It's far less likely that you'll be responding to a request for a PRI, an Internet circuit or a WAN – where you simply survey the market and present the most compelling options."

Rather, in today's environment, said Praske, masters and their sub-agents need to be prepared to discuss and advise on matters ranging from whether a company would be better off reimbursing their employees for their wireless devices or purchase them through a corporate plan, or which hosted providers integrate best with Microsoft, Cisco or Salesforce, and which have specific functionality. They may need to know which data centers meet which compliance, and where the best fits are in terms of power draw or most-efficient cross connects. They'll likely need to pull up fiber maps to show on-net and near-net and be aware of who is willing to do a build for free and for how many feet from the splice point. "And, on and on," said Praske.

In short, businesses increasingly are looking for more than just access and feature sets. They seek communications technologies and providers that will help them find ways

to use IT to move their businesses forward. For master agents, keeping up with this transition requires significant investment in specialized personnel, product education and training, back office processes and pre- and post-sales support.

“We’ve had to increase our headcount in sales engineering, order fulfillment and project management as well as our help desk support,” said Raue. “We have had to invest in training and certification for our employees such as CompTIA training certifications in Security, Project Management and Cloud Essentials, as well as master trainings and fulfillment processes for most all prominent hosted PBX providers, and invest in systems such as SalesForce.com.”

“For the past four years, we have been assembling a team of very accomplished people with specialized expertise,” said Praske. “We have been doing tons of client education – mostly one-on-one but also seminars for our clients and prospects.”

Those experts include business consultant types who can discuss business strategies with the C-Level executives who are increasingly part of the technology purchasing process and are leading organizations’ digital transformations. “We make these (business consultants) available to our subagents to go on-site for their meetings,” said Praske.

“Sales engineering will also be more important in the coming years,” emphasized Vince Bradley, WTG CEO. “WTG has a sales engineering practice that continues to identify the best solutions for our agent community’s clients and assist with supporting their implementation.”

Automation, likewise, will be an important cornerstone of the transition, said Bradley. “WTG has been constantly updating the PartnerEdge system to meet that increasing demand. For example, in addition to being able to identify fiber in an automated way, we are now utilizing a tool whereby our distribution can find out what hosting provider a client is using.”

It’s an expensive proposition, masters agents tell us, but it’s a transition that must be made, and one that, all the while, relies on maintaining significant growth in access revenues from traditional and primary providers to subsidize the investments.

“I’m not sure how somebody who is getting started today can jump into this world,” said Praske.

“I believe it is a barrier to entry to scale now for new master agent entrants to the marketplace,” Raue concurred. (Although Raue does see room for specialized smaller agencies to work targeted subagents of masters that do not possess the skill and knowledge to make the transition themselves.)

On the other hand, as the communications services landscape grows increasingly complex and wide-ranging, the part master agents play within the channel only grows in terms of influence and importance. In other words, it’s hard to imagine that a single sales rep or agent will be able to keep up with the breadth of services that go into today’s communications solutions and all the conversations that go into packaging and selling them.

“Cloud services have made our role as a strategic advisor – or coach – all the more important,” said Ted Schuman, PlanetOne Communications CEO. “In many cases, we’re the glue that brings the deal together and positions the partner as the cloud services expert and trusted advisor.

“What’s great about cloud is the detail behind the deal and the teamwork needed to execute – that’s where we excel and where our partners rely on us most to add value and protect their profits,” continued Schuman. “Similar to managed services, process is paramount when it comes to cloud services. Without it, success isn’t repeatable or sustainable.”

It’s certainly been a winning formula for PlanetOne, which has seen its cloud business grow from 5 percent of revenues to 35 percent during the past year.

And PlanetOne certainly isn’t alone. As can be seen in our annual Master Agent Directory (May-June issue of *ChannelVision Magazine*), masters are partnering with the full spectrum of cloud services and platform providers, from Amazon to Zayo.

That’s not to say agents and sub-agents shouldn’t be leery of agencies that “scramble to sign agreements with as many cloud providers as they can identify.” Despite any gold rush of opportunity that comes with major transitions, the value proposition of the master agent largely remains the same.

“Our perspective is that the master agent’s role in the ecosystem has not changed much, but rather the focus of the channel in general has re-aimed its sights upward to the ‘cloud,’” said Bradley.

At the end of the day, master agents, said Bradley, still are looked upon to provide education, support and a safe working environment for their agent partners. Regardless of the widgets, the model remains based on adding value to service portfolios, navigating and managing vendors and ecosystems in the best interest of sub-agents and their end users, and putting agents in position to make consultative sales built upon appropriate business solutions – ultimately providing a “consistent ease of doing business in the ever-fluctuating landscape,” said Bradley

As Schuman summed up matters: “A good master agent is relentless about service levels and will have your back, always.”

It’s just that, nowadays, there are a lot more pieces for them to masters. ❐


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The 'Fast 90'

Keys to channel sales enablement

By **Peter** Radizeski

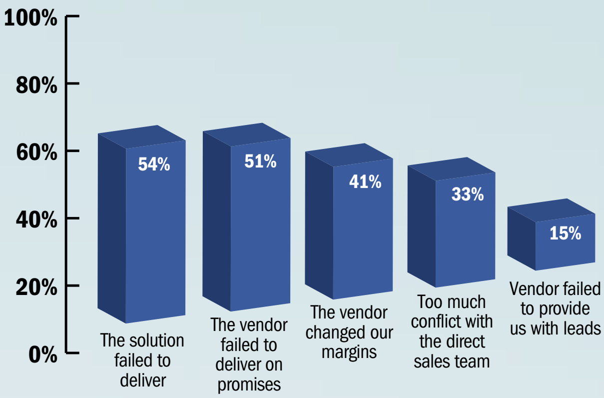
What exactly is channel sales enablement? It is improving the channel program experience for both partner and vendor. It involves partner selection, on-boarding, messaging, engagement and sales tools. It isn't a fancy portal with collateral. It is about getting partners up and selling for you – the "Fast 90."

What is the Fast 90? The Fast 90 is on-boarding a partner and getting their first sale within 90 days of signing an agreement. In multi-level marketing (MLM, think Amway), the model is to drive sales within 90 days while the enthusiasm is fresh. It is a way to demonstrate how simple it is to work with the vendor.

The messaging is a significant element. Before, during and after on-boarding, the brand and messaging around it has got to be consistent, clear, concise and repeated. (Even in co-marketing pieces, the messaging has to be consistent.) If it is consistent and repeated, the partner will remember it. It will be clear who benefits from your services and why.

Partner criteria is a double-edged sword. In my experience, despite a partner criterion, channel executives want quantity over quality. Some of this has to do with a mentality of more is better. It is this same mentality that also believes that all revenue is good. (It isn't. Profitable sales are good. Selling underwater

What would cause you to drop a vendor?



Source: Cloud Technology Alliance

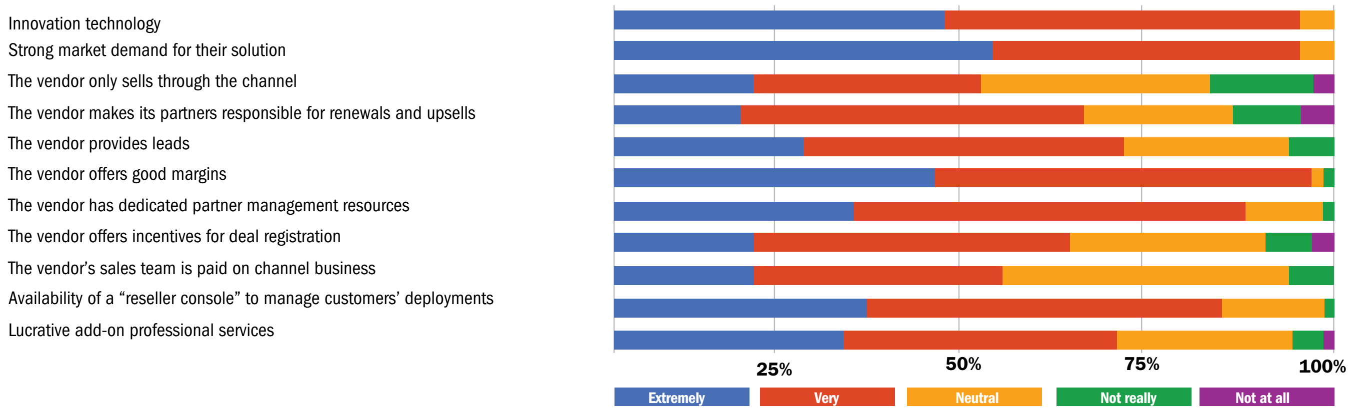
is not. Deploying a poor solution cobbled together with duct tape and hope is irresponsible.) If you are clear and concise on your precise target and benefit, the results will be startling.

In the hosted PBX/UC space, there are providers chasing the one to 1,000 employees market. That is actually about eight separate market segments, each with its own buying patterns and sales triggers. A single message will not resonate the same way at the sub-20 employee company as it will at the more-than-500 employee enterprise. Partners may be chasing both market segments, but the product portfolio varies. The messaging needs to be different and targeted for each segment.

Think about the different types of collateral needed for the two different sales. At the enterprise, there will have to be answers for a CEO, CFO and CIO – three different buying personas. Small businesses likely will just need feature fit and budget and approval from one or two people. That means the messaging is different.

Recently, while going through a strategy session with a CLEC on a product launch via the channel, the definition of the target customer helped to define the partner as well as the messaging. We started by defining who the target customer was and why they would buy this service from this provider. Next, we delineated the product to not only be unique for the service provider but also for the customer in the marketplace, in the segment that was desired. All of this permitted us to design messaging that was consistent and clear for the provider (internally and externally) to the partner and to the prospective customer.

Rank how important the follwing aspects of a vendors's channel program are when you evaluate a potential partnership



Source: Cloud Technology Alliance

Once you have that message down pat, the recruiting of partners becomes simpler. Do you hit this market segment – yes or no? How many customers do you have in this segment? Easy.

It is uncommon to have a written procedure to bring a partner on-board a channel program; hence, why the on-boarding doesn't lead to a Fast 90 sale. There are a number of elements that may be left out, including education on the product portfolio, business outcomes and sales triggers, where the provider fits in the partner's business, sales procedures for quoting and ordering, and how the partner will drive sales or go to market with the vendor's products.

It is uncommon to have a written procedure to bring a partner on-board a channel program; hence, why the on-boarding doesn't lead to a Fast 90 sale.

The Fast 90 needs to be as smooth as possible; otherwise the partner may get a bad taste in his mouth that never goes away. The channel manager should have follow-up emails and calls with the partner after on-boarding to stay in front of and work the hottest prospects with the partner.

Many agent agreements get signed in order for the partner to get paid on a single sale that is in the funnel. You would like there to be more than one prospect, but there you have it. The channel manager will want to watch that first sale to see how and what the agent does. The channel manager would like to be more involved in the sale, but may not have the chance. To get to the Fast 90, the channel manager should explain the closing percentage when she is involved.

All of this is to drive the partner to a sale in the first 90 days. While capturing the immediate attention of the partner, it will also establish the relationship and rapport between the agent and the manager and the agent and the vendor. By closing a deal that fast, the agent also gets to see the internal process of the order, as well as what deployment looks like. Trust is an issue that will crop up (as fear), but transparency about the process, install, deployment may alleviate those fears.

Hopefully, the time from ink to customer billing isn't like a fiber construction project that can lag for 120 to 180 days. That will not help the Fast 90 effect from taking hold, whereby the partner will put your products in front of more prospects. The real thrills are the contract ink and the commission checks.

When the commissions are low because the average sale is low, the excitement wanes as well. Nothing like jumping through hoops to sell a $310 cable bundle to get a whopping $31 commission. Or worse, selling a sub-$100 conferencing deal or similar that will result in less than the cable deal. The ticket items should have a frictionless sales process in order for the partners to still feel some excitement.

It can't always be frictionless, but as close as possible is nice. The Fast 90 can turn a partner into a brand ambassador – someone spreading the word about your product and program to other potential partners. Word of mouth is gold. The on-boarding, the messaging and the communication are key elements in taking a partner from ink to commission in 90 days. ❒

Peter Radizeski is President of RAD-INFO INC, a telecom consulting firm in Tampa Fla.

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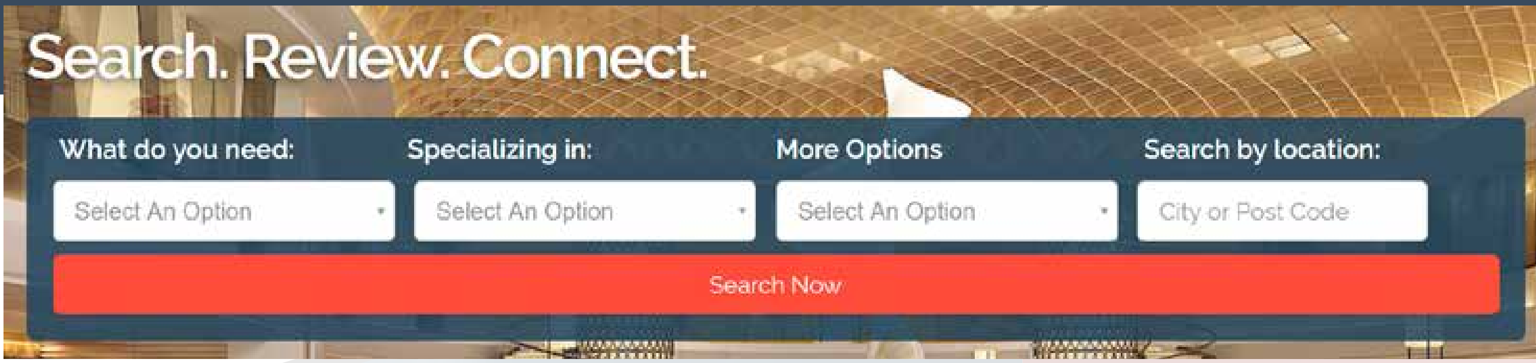

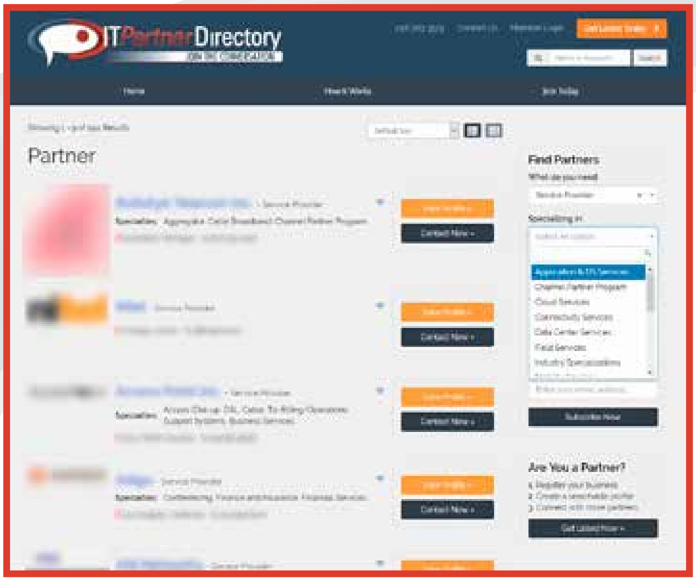

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Communicating with Your Channel Partners

By **Peter** Radizeski

Corporate marketing has the responsibility to market to channel partners the corporate message as well as the event schedule (live and webinar). That doesn't mean that channel managers shouldn't be running mini-marketing campaigns of their own.

Channel partners come in different groups that we label as Teams A, B, C and D. These grades refer to the partners' commitment to a carrier program as well as sales engagement with that program. At any given time, an average channel manager has a flock of 80 partners to manage. By segmenting them, the channel manager is able to prioritize response because, let's face it, it's not possible to respond in a timely way to every call, quote and email on any given day.

Time management is about prioritization. Segmentation of partners is about prioritization.

Now we all understand the A Team: great partners out selling the products and firmly engaged with the vendor. The grading of the rest is up for grabs. Typically, I put the D team in the circle of "to be drip marketed to." Most likely the D team doesn't know the vendor or its products or has a primary and secondary vendor for those products already. That is why a drip marketing campaign is required.

Start with phone calls to gauge the partner. Is it okay if you email them about once a week about promotions and events? Do they attend partner expos? If so, which ones? Would they like to come to dinner to talk with other partners?

The dinner invite can work since in the beginning (of the relationship) a channel manager doesn't have enough leverage. However, another partner discussing what she likes about a vendor and how easy they are to work with can build trust and be convincing enough to open the door to a trial.

The best marketing campaigns tell stories that resonate with the target. Tell a story about a partner who did not want to sell service X but eventually did and made big $$$. Get a quote from that partner. Spread that message via email or social media.

If a channel manager is attending an event – a trade show or a corporate affair – she should personally invite as many partners as possible. There are a number of e-vite services that will send out an attractive invite to the event. It is a step above a regular email and may stand out.

Why not send a regular email? You can. But you might want to do something above that to your C and D team, such as an e-vite or even a hand written note. Seriously, it will make you stand out. Read up on what got Joe Girard listed in the *Guinness Book of World Records* as "the world's greatest salesman."

There are two major components of an email that can get you deleted. One is the sender's name. It is easy to filter email by sender's name or email address. The generic emails like marketing@ usually get caught in the filter. Usually the channel manager's email and name do not.

The other component is the subject line. This is why just forwarding the corporate email isn't effective, where the subject line is the same – only with a Fwd: in front. Ick! Lazy. Why not change the subject line to something as basic as "note from your channel manager" or anything that could stand out?

There are many services that will send out a single custom greeting card (enthusem.com, sendyourcard.com). This allows for "one to one" marketing. Yes, it can be time consuming to make a card for each partner, but you can make one for an event or webinar or product launch and send it to 20 or 25 partners. Or it could be a potential partner that you really want to land.

Attention is the prize today. Partners can spend every day, all day on webinars and live events. The inbox is full of newsletters, webinar invites, promotions, product announcements and (lately) logo changes from both channel managers and the companies. It is too much info to be processed by a busy agent.

Attention is not only the prize – it must be treated with respect. That means adding value at each touch point. I am a firm believer that not every email has to be about the company. It can be about hiring, technology, leasing, running a business or anything that is valuable. Partners are running a business and face the same problems every business faces: payroll, hiring, firing, bookkeeping, etc. Those are ways to add value. It happens on Facebook and Twitter. People share interesting stuff (beyond cat videos and memes).

Another story line is adjacency. Most vendors have a large catalog of services, many of which partners are unaware. For example, hosted email, cloud backup, conferencing, managed security or any add-on services may lie adjacent to what the partner is currently selling (typically WAN). This is a different approach, since getting partners to upsell services that they have never sold before is so far outside the comfort zone as to be alien.

Again, a marketing campaign around upsell and cross-sell is required. Include stories about robust solution sales beyond network services. If a quote request comes in for a bank, send an email about the package that banks typically buy, including security, managed services, compliance, whatever. The complete story can give a partner a better idea as to what is available and what the buyer behavior is. That can earn you some gravitas with the partner. It means higher ARPU and higher commissions. Win-win.

Now, some channel managers will either think they are needlessly bugging their partners with these emails or that this is the job of marketing only. Well, not true, if we are looking at the success of the program, the channel manager and their partners. Everyone's job is sales and marketing. ❐

Peter Radizeski is President of RAD-INFO INC, a telecom consulting firm in Tampa, Fla.

Out of the

By **Martin** Vilaboy

Partners must adapt to technology's changing purchasing process

Frontline technology sales personnel may sometimes feel as if they are playing the role of relationship counselor as much as they are technology consultant. Blame on the democratization of IT.

In the recent past, call it the PC/Internet era, IT teams controlled the vast majority of technology knowledge and budgets. But as we move forward into what CompTIA researchers describe as "the third wave of enterprise technology," or the "cloud/mobile era," business users not only have more knowledge of IT solutions and more ability to procure them, they also have official, approved budgets. As was widely surmised at the first sign of "shadow" or "rogue IT," whereby business users obtain their own technology outside of the control of IT, this would seem to lead to contention between IT and business executives.

New surveys by CompTIA suggest such animosity may not be as prevalent as initially thought, or has at least stabilized. Even so, sales executives would be wise

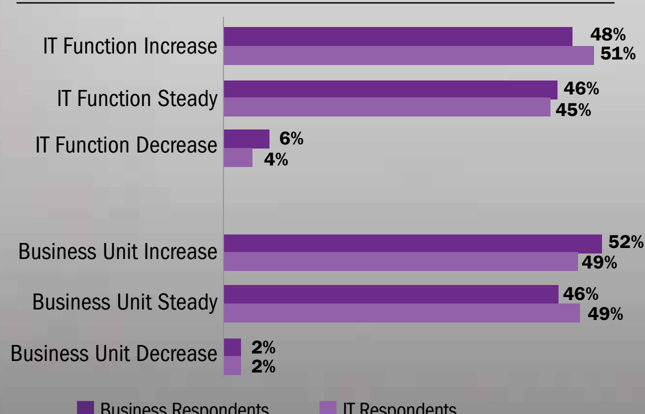
Shadows

to have an understanding of this dynamic and changing relationship between IT and business units, as well as the roles the different "voices" play in technology purchasing decisions as organizations transition to becoming digital businesses.

"As technology becomes more accessible and more widespread," write CompTIA researchers in a new report on serving digital organizations, "entire organizations are changing their approach and redefining the processes for choosing, implementing and supporting business systems."

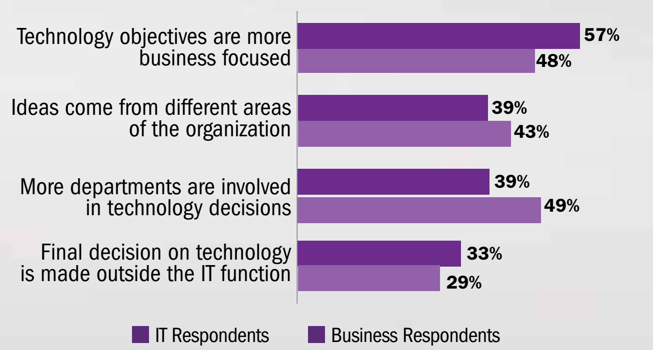
Only 19 percent of companies surveyed by CompTIA, for instance, report that the IT functions still own the entire technology budget. That's the same percentage of companies that said technology budgets are completely in the control of business units. An additional 9 percent said that business units control the "majority of the technology budget." Of course, there are differences in budget distribution depending on company size.

Changes in Technology Budgets



Source: CompTIA

Changes in the Technology Decision Process



Source: CompTIA

At small companies (1 to 99 employees), business units are most likely to hold the technology purse strings, CompTIA notes, as they are less likely to have formal IT functions. The most common model among mid-sized firms (100 to 499 employees) is for business units to have discretionary funds while IT departments hold the majority of the budget. Large enterprises (500-plus employees), meanwhile, use a variety of methods, but IT generally retains at least half of the budget.

The good news is, the distribution of funds has not adversely impacted the budget of IT functions, with more than nine out of 10 firms reporting steady or growing spending, and in nearly half of businesses, both IT and business unit technology budgets are growing.

Even so, the changing roles are apparent to both sides, says CompTIA. "The fact that there is negligible difference between IT respondents and business respondents shows that all groups have good visibility to what is happening across the organization."

Business Education

Technology solution providers have some work to do to get their messages to business executives who increasingly control a chunk of companies' technology budgets. "The IT channel is not yet playing a major role in educating business units about available technology," warns CompTIA in a study on the emergence of digital organizations.

As might be expected, the primary source of technology information for business executives is their own personal research. Internal IT departments also rank high, further suggesting the influence IT has over spending even when not directly in control of budgets. Third-party firms, meanwhile, fall below both business events and technology events as a source of information, with mid-sized firms (41 percent) using third-party technology firms for information most often, compared to 32 percent of large businesses and 27 percent of small businesses.

Among all firms that look to third-party solution providers for their tech research, 40 percent utilize firms with an existing relationship, 26 percent look to new firms and 34 percent use a combination of the two.

Technology Information Sources for Business Units

Personal research	53%
Internal IT department	51%
Business events	47%
Technology events	41%
Peers	38%
Third-party firms	34%

Source: CompTIA

What's happening, in short, is that technology objectives are becoming more business focused. At least that is the way things are viewed by 57 percent of business units and 48 percent of IT professionals surveyed by the channel association. Traditionally, IT has been viewed mostly as operational, where IT is responsible for keeping business systems up and running. "IT has always played a support role – the ultimate objective has always been to support the needs of the business," CompTIA researchers explain. But the view of enterprise technology is changing in the cloud/mobile era to a more strategic role. "Rather than simply enabling goals that the business has already chosen, technology is tightly integrated with the goals." In other words, says CompTIA, the proper use of technology is often required to aggressively move business goals forward.

In turn, non-IT departments are increasingly involved in IT planning and purchasing processes.

According to business unit respondents, that includes 59 percent of finance departments, 47 percent of marketing departments and 45 percent of both sales and human resource departments that play a critical role in technology procurement. What's more, final decisions on technologies are more frequently being made by the CEO, says CompTIA, even at large enterprises.

"Smaller technology investments may not rise to this level of executive approval," says the Digital Organization study. "As business systems grow more complex, though, they will require greater investment and affect many departments."

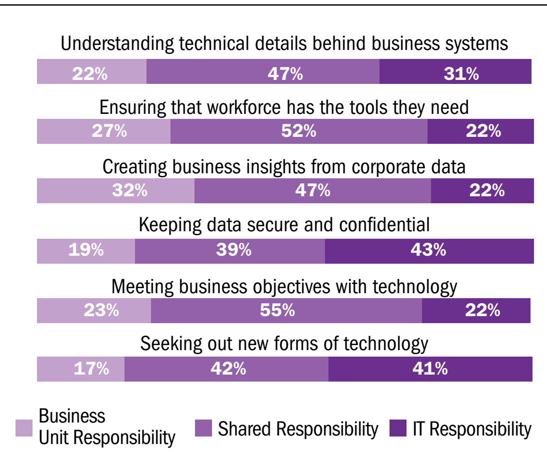
What's more, a good chunk of business professionals now see responsibilities once left to IT departments as being shared responsibilities. For instance, 69 percent of business professional now say that "understanding technical details behind business systems" is solely a business unit responsibility (22 percent) or a shared responsibility (47 percent). A full 79 percent believe "ensuring that workforce has the tools they need" is either a business unit (27 percent) or shared responsibility (52 percent).

"The business side of the organization is helping define what this dual role should look like," say CompTIA researchers. "Even if business units are not taking over technology decisions en masse, their growing influence in the process means that their view of the IT function should be given serious consideration."

That's not to suggest solution providers should be looking to sidestep IT or run the risk of marginalizing its role. While it's true business professionals are more aware of technological capabilities than their predecessors of decades past, IT still remains in the proverbial driver's seat for most companies – a sentiment expressed by 70 percent of the combined IT and business professionals surveyed. It may even be necessary to reconsider how much of what's considered "rogue IT" can truly be described as business users completely "going rogue."

It's often assumed that rogue IT budgets exists primarily as a workaround of IT departments that might move too slowly, fail to grasp strategic needs or simply function as the "department of no." While this surely occurs in some cases, "business units tend to view IT as a valuable partner rather than a hindrance," says CompTIA, as just more than half (52 percent) agree there is

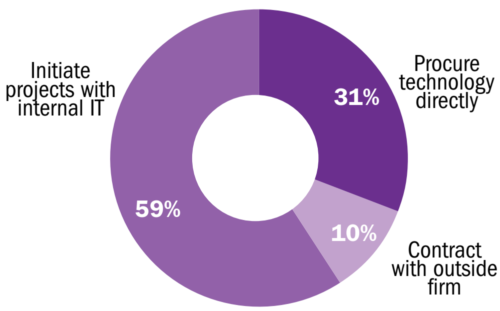
Division of Responsibilities in Digital Organizations



Source: CompTIA

a good relationship between IT functions and business units. Sure, that's not an overwhelming percentage – nor is the 40 percent of business units that agree IT plays a critical strategic role – but it is a far cry from the less than two in 10 that view IT in the most negative terms (as being unable to understand business problems or having a tendency to slow things down.)

Primary Steps Business Units Take With Their Tech Budgets



Source: CompTIA

And while the influence of business executives over technology budgets has grown, even within business units that hold their own tech budget, the most common approach – taken by six in 10 business units with their own technology budgets – is to initiate projects in conjunction with internal IT departments, show CompTIA's findings. "This matches findings from previous studies showing that business units typically keep IT involved, even if they are making the final decision."

Perhaps this should come as little surprise, considering that IT's involvements can help contain the two biggest problems typically associated with shadow IT: security and integration, two things that even the most tech-savvy business executives likely know little about.

"The early view on rogue IT was that business units might select applications that worked well in a vacuum but caused headaches in the context of overall company architecture," the CompTIA study explains.

"It certainly appears that business units have learned these lessons," continues the study. Even in the relatively short time CompTIA has been examining rogue IT in studies on cloud computing, "the complete sidestepping of IT has gone down, and those companies that have done so have experienced the expected issues with integration and security."

Incidentally, harsh realizations made regarding integration and security also could be reversing the once-seemingly inevitable trend toward BYOD. CompTIA's most recent findings show companies actually moving away from BYOD as a primary method, with 34 percent of IT professionals saying their companies allowed "no BYOD" in 2013 compared to 53 percent that reported a "no BYOD" policy in 2015. The number of companies reporting "full BYOD" also dipped slightly. Techaisle, for its part, found that while BYOD is rather widespread among SMBs (36 percent of the devices used by small businesses), more than half of small firms surveyed said that all or essentially all of the mobile devices in use are owned by the business, and nearly 25 percent of midmarket enterprises own more than 90 percent of the mobile device portfolio.

All the while, analyst groups such as Gartner are advising IT departments not to overreact to the threat posed by shadow or rogue IT or panic about losing control of IT procurement, but instead CIOs should embrace the trend.

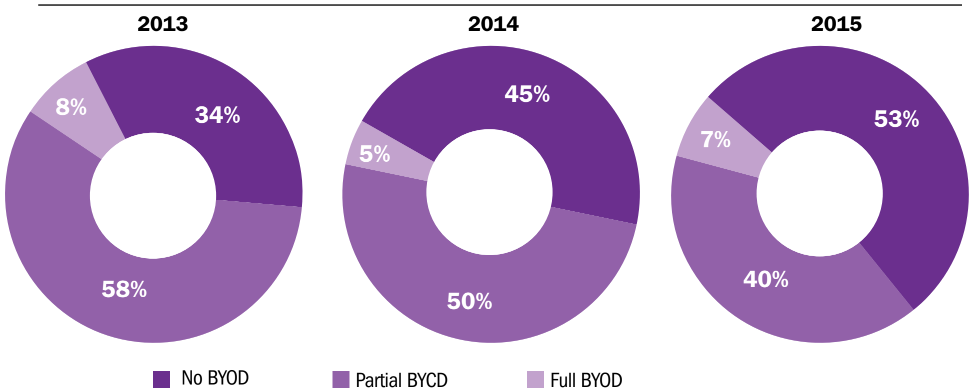
"Rather than try to fight the tide, the IT organization should develop a framework that outlines when it is appropriate for business units and individuals to use their own technology solutions and when IT should take the lead," says Gartner. "IT should position itself as a business partner and consultant that does not control all technology decisions in the business."

Even so, the relationship between IT and business units is sure to have its ups and down, good times and bad times. And we can always expect some level of interdepartmental friction. After all, the vast majority of IT departments are extremely or highly confident in their ability to apply technology to business goals, while nearly half of business units feel IT could do more to become familiar with business goals, and just more than half still see IT in a support or tactical role rather than a strategic role.

As an upshot, technology sales reps might increasingly find themselves playing the role of a type of arbitrator, helping one side understand the actual technology and its implementation, while helping the other side understand the big picture objectives in terms of marketing, competition and revenue. In other words, it won't be a matter of picking sides between IT and business but more a matter of bringing the two sides together.

"Pitches for technology will often need to go beyond specifications and features," says CompTIA, "to include user experience, innovative potential and overall integration across separate functional areas." ❐

Companies Moving Away from BYOD as the Primary Device Method



Source: CompTIA

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