

Cisco Embraces Channel

Written by Bob Snyder
21 March 2010

Partners are "a fundamental element in Cisco's DNA, says Edison Peres, Cisco's Senior VP WW Partner Organization. Cisco is actively recruiting partners to help the company fill geographical gaps, application and solution gaps and new market adjacency gaps.



(Market adjacency is CEO John Chambers strategy to focus on catching "market transitions" as they collide with Cisco's core business. At this moment, Cisco has identified and is funding 37 concurrent "adjacent" projects.)

In a recent webcast on Cisco's global channel sales strategy, Peres pointed out 80% of all of Cisco's business is done through partners.

"... there are 18,000 in Cisco sales and marketing but we have 288,000 channel employees and we want to empower them and not be in conflict with them," Peres stressed.

He mentioned partners can increase their value to their customers through various Cisco certifications in unified communications, security, WLAN, and more. (This is controversial in the sense that certifications can be mandatory and cost the channel real money while bringing substantial revenues into Cisco. Cisco would of course claim this is money well spent in order to make money.)

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While Cisco still engages direct sales, Peres publicly says there is no sales benefit for Cisco's internal sales team if they make a direct sale. Only—if they work together— mutual compensation for a channel partner and a Cisco internal sales team member.

Cisco's partner incentive strategy with four different incentive programs to motivate the channel to add more value.

The first is the Opportunity Incentive Program (OIP) that encourages partners (via extra discounts) to find new customers without leveraging the Cisco sales organizations.

The Solution Incentive Program (SIP) gives partners incremental discounts for applications to integrate with Cisco's team to solve a business issue.

Backend rebates make up the Value Incentive Program for partners who develop a technology within a Cisco practice such as security or unified communications.

The Teaming Incentive Program (TIP) is under pilot, but targets opportunities where Cisco will work with a partner during the presale.

Peres claims Cisco is at a record in partner satisfaction with partner loyalty at 90% during 2009.

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