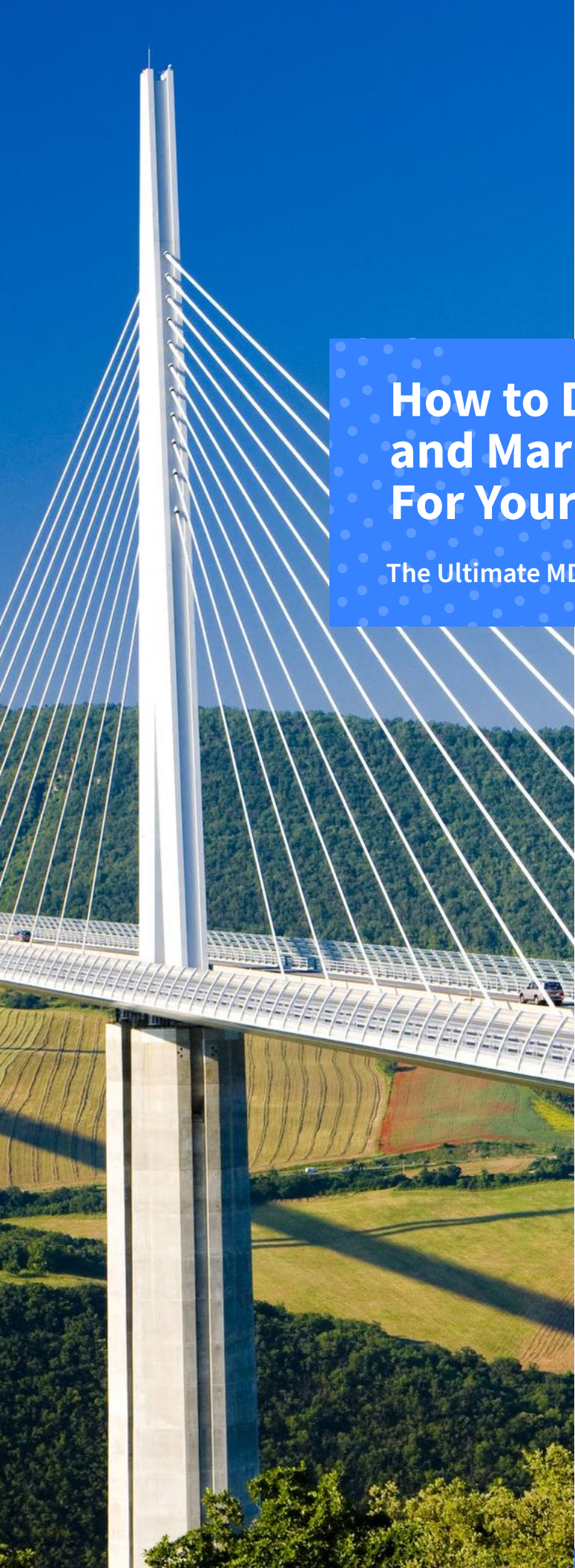




How to Drive Partner Incentives and Market Development Funds For Your Business

The Ultimate MDF and Partner Funds Guide

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GUIDE



“To win partner mindshare and for future growth, companies must co-innovate, co-invest and collaborate across the ecosystem.”

Accenture, April 2021

A recent Accenture study from April, 2021, declares that “to win partner mindshare and for future growth, companies must co-innovate, co-invest and collaborate across the ecosystem.” The key part of that statement is that channel partners today must not only co-innovate together and collaborate together, but they also must make the financial investments that often cross company boundaries to co-invest in programs for their mutual success.

If you’re planning to design and launch a partner co-investment program (also known as Partner Incentive Funds) with your channel partners, you’re in the right place!

There are many forms of partner incentive funds - each geared towards driving key partner behavior to align with your objectives:

1 | Market Development Funds

Reimburse partners to execute training, marketing or sales activities that drive more sales.

2 | Sales Campaign Funds

Reimburse partners to drive quarterly increase in revenue by participating in sales campaigns that are defined by you & executed by them.

3 | Outcome-Based Funds

Incentivize partners to drive a meaningful increase in revenue by setting payouts for executing recommended activities and hitting pre-defined milestones.

4 | Partner Rebate Funds

Incentivize partners to sell more by offering volume discounts that increase their profitability.

5 | Lifecycle Funds

Incentivize partners to execute activities that drive renewals or expansions around a recently closed-won opportunity.

6 | Funded Heads

Fund the cost of an employee or an entire team - entirely dedicated to supporting the company's product inside the partner's organization.

7 | Partner Infrastructure Funds

Sponsor partners' infrastructure investments to support shared go-to-market activities for the customers to have a complete experience in context with the solutions offered.

8 | Partner Enablement

Fund partners' training and certifications, enabling them to optimize their ability to sell and reach new customers in the best way possible.

All of these partner incentive funds require efficient fund management processes, robust reporting, strong audit & compliance support, good integration with your financial systems & collaboration at scale so that you can engage & enable all your ecosystem partners.

The section below is "The Guide" for you to learn the ins and outs of co-investment, partner incentives and market development funds. Find out the what, why, and how around partner funds and MDF - everything you need to know. To get the most out of this guide, make sure you go through each section one-by-one and you are well on your way to success.

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SECTION 1

Introduction



In today's era of massive digital transformation, technology is the key force behind almost every business, regardless of the industry or geography. So, as a rapid-fire response to new tech trends, customer needs are constantly evolving. You need to keep up with your customers' changing demands by constantly innovating and adapting your product. But, how do you ensure business growth in a hyper-competitive and ever-evolving digital world? Enter - your partnering strategy to drive growth - more partners, more reach, more sales!

To drive more channel sales, your ecosystem partners help you generate the untapped potential of new markets. They help you increase the marketing and selling of your product in their target markets while getting rewarded in return. The rewards you offer to your partners to align their objectives with yours, to drive the right behavior, and boost your market penetration and product demand are known as partner incentives.

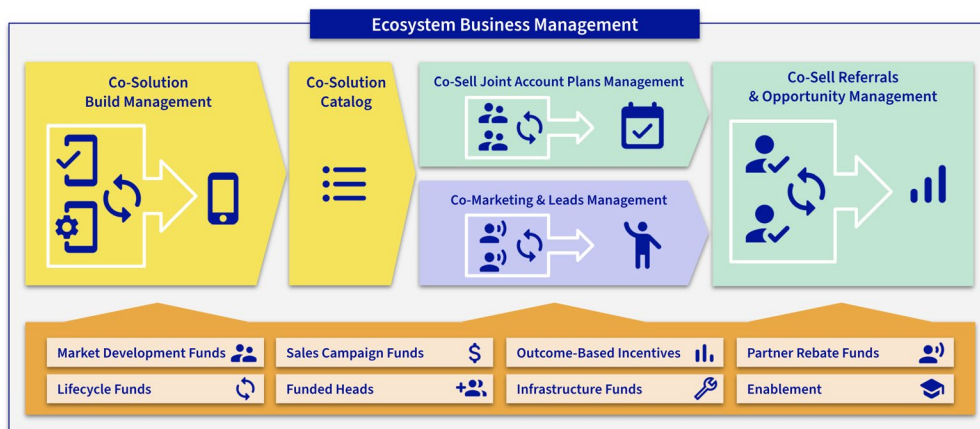


Figure 1: Ecosystem Business Management - Partner incentive funds and market development funds Programs fall into 8 main categories and are all part of an overall Ecosystem Business Management effort, starting with building joint solutions together, co-marketing, co-selling, and then co-investing to drive programs and revenue together.

SECTION 2

Types of Partner Incentives



Partner incentives can be broadly divided into eight categories. We explain each of these to you below:

1 | Market Development Funds

This is the most common and traditional type of funding in the market today. This category of partner incentives is offered in the form of marketing resources to your ecosystem partners. Marketing support to your partners for their go-to-market strategy and other marketing resources can help in increasing awareness and generating demand for your product. These can be used by your channel partners for their digital marketing and in-person marketing purposes like conferences, trade shows, webinars, email campaigns, local advertising (billboards, yellow pages, newspapers), and more.

2 | Sales Campaign Funds

In this category of partner incentives, you incentivize your partners to drive an increase in revenue by participating in sales campaigns that are defined by you & executed by them. These sales campaigns include a set of pre-planned activities that your partners take to boost the sales within a set period.

3 | Outcome-Based Partner Incentives

Outcome-based incentives are the funds or financial assistance you offer to your ecosystem partners to carry out marketing or sales activities for your business. These funds are often earned by partners automatically based on their sales performance. However, you can also offer these funds to your partners on a discretionary basis.

4 | Partner Rebate Funds

Partner rebate funds are the rebates offered to your partners that have attained pre-determined targets within a specified period depending on your business objectives (like revenue, customer retention, new market penetration, etc.). These funds are offered as a percentage of the sales driven by your channel partners. You can pay out the rebate on a pre-set timeframe like quarterly, half-yearly, or annually.

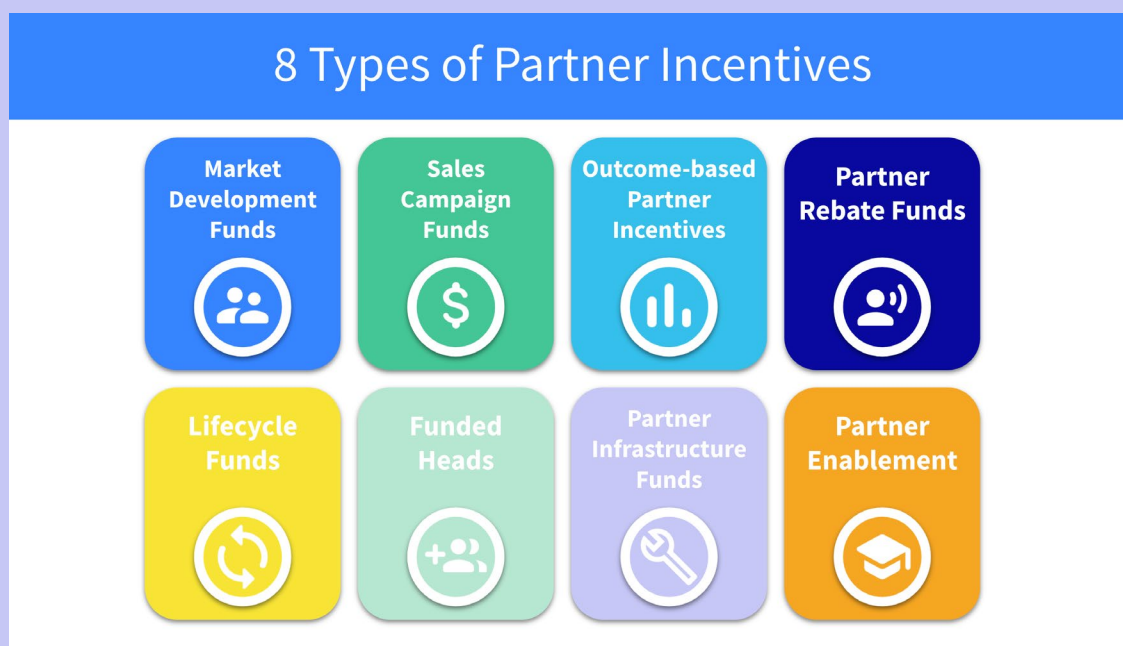


Figure 2: 8 Types of Partner Incentives - There are many forms of partner incentive funds - each geared towards driving key partner behavior to align with your objectives; starting with MDF, sales campaign funds, outcome-based incentives, partner rebate funds, lifecycle funds, funded heads, partner infrastructure funds to partner enablement.

5 | Lifecycle Funds

Customer lifecycle funds help you and your partners drive profitability by focusing on better customer engagement and experience. These funds ensure your partners' engagement across the whole lifecycle of your customers, as the more value your partners deliver to your customers, the more incentives they earn. These incentives recognize your partners' investments in time, money, and resources (what partners are doing, how they engage with customers, and what ROI they bring to the table); and reward them for helping your customers understand your product's value.

6 | Funded Heads

Companies will often fund the cost of an employee or an entire team that “live” inside their partner’s organization, but are funded by and fully dedicated to supporting the company’s product inside their partner’s organization. These are known as “funded heads”. These dedicated employees are embedded with the partner organization to drive marketing activities, sales engineering, sales support, and other activities to help grow your business with that partner. percentage of the sales driven by your channel partners. You can pay out the rebate on a pre-set timeframe like quarterly, half-yearly, or annually.

7 | Partner Infrastructure Funds

Partners are often engaged in activities that may require substantial investments of infrastructure between organizations in order to support shared go-to-market activities. Examples are abundant with hardware providers where companies could fund network equipment, servers, end-point demonstration equipment, and so on inside their partner’s Executive Briefing Center for their shared customers to have a full experience in context with their shared solutions. With software partners, infrastructure funds could be paid to provide ongoing cloud services for demonstration, POCs, and other sales-support activities.

8 | Partner Enablement

Your partners' sellers are an extension of your own sales force. So it's critical that your partners' sales teams are fully enabled on your product to optimize their ability to sell. Partner enablement funds are focused on training and certifications, enabling your ecosystem partners to reach new customers and represent your business in the best way possible. You may offer a certification program to assure that your partners understand your product and market and sell your product effectively.



51% of the channel professionals rate MDF as the most effective means of influencing partner behavior and performance.

2112 Channel Chief Outlook Report



SECTION 3

How are Partner Incentives Evolving in Modern Ecosystems?



As customers move more solutions into the cloud with subscription-based pricing and the ability to switch to your competitor at renewal time, it's critical that your ecosystem partners are in lock-step with you throughout the entire customer lifecycle (including renewal time). In order to be a competitor in today's market, you need to design your partner incentive programs with the right incentives to reward your partners throughout the full customer lifecycle.

An evolved partner incentive program rewards your partners for their behavior - supporting customers throughout their journey, strengthening your brand's customer loyalty, retention, engagement, and advocacy. The idea behind these programs is to deliver a better customer and partner experience, bring more profitability, and ultimately help you thrive in the marketplace.

As the partner ecosystem grows with emerging tech trends, there are some notable shifts in the marketplace. New approval hierarchies are being introduced with better compliance and performance-based fund disbursement. Businesses are offering a hybrid of co-op (earned incentives) and market development funds to their partners. These incentive programs offer a mixture of earned and discretionary funds depending on your partner program goals. You can offer multiple such programs to your ecosystem partners based on the program activity or milestone you want to achieve.

A hybrid partner incentive program can ensure your programs are driven by both funded initiatives and partner performances. Hence, these programs are better aligned with your business goals to encourage more customer acquisition and growth opportunities for you

and your ecosystem partners. You can design such programs to collaborate and orchestrate a holistic customer experience across the entire lifecycle to drive customer retention and growth.

The Evolution of Partner Incentive Programs		
Factor	Before	Now
Incentive Criteria	Based on partner tiers/type	Based on partner performance throughout the customer lifecycle
Funds' Utilization and Visibility	- No real time access to fund utilization status - Large amounts of funds left unutilized - limiting your market impact	- Real time visibility of funds allocation and utilization - Funds fully and efficiently utilized to maximize the impact of these programs
Compliance and Audit	- Lack of compliance - Manual process - prone to leakage of funds, incentive overpayments, lost margins and more challenges	- Compliance ensured (full auditability for approvals and exceptions) - Digitized process with major audit points ensuring compliance of rules, process, and payments.
Program Administration	Lack of consistency in program definition and governance	Standard program definition and governance reinforced using automated platform
Partner Alignment	Incentive program misaligned with partner types and their outcomes	Incentive program perfectly aligned with partner types, goals and outcomes
Program Milestone Reviews	Not always adequately reviewed for compliance with the program guidelines	Compliance review ensured with standard program milestones
Performance Monitoring	Manual, no real-time performance tracking	Digitized, real-time performance tracking
Vendor-Partner Engagement	- Hierarchical engagement - One-directional flow of funds (from vendor to partners)	- Peer-to-peer engagement and flow of funds, based on program needs - Bi-directional flow of funds (from vendors to partners and vice versa)
Partner to Partner (P2P) Engagement	Not supported	Partners treated as peers on the network allowing any needed partner to participate and work together
ROI calculation	Manual and time consuming	Automated and real-time
Partner Communication	Non-transparent with limited/unclear information	Transparent with access to real-time partner funding status and stage
Approval Cycles	Inconsistent - leading to rushed non-compliant work	Consistent with guidelines - leading to timely compliant work
Incentive Program Workflow	Complicated - Managed manually	Simplified - Managed using automated platform
Exception Handling	Exceptions not adequately tracked	Exceptions are automatically handled (with automated workflow)

Table 1: The Evolution of Partner Incentive Programs - Partner funds and market development funds Programs have evolved with the digital transformation and changing customer needs - delivering better customer and partner experiences, driving more profitability for businesses.

SECTION 4

What Benefits do Partner Funds Offer?



If you are looking for ways to boost your channel sales and expand your market presence, a well-planned and managed market development fund program can be a great choice. Market development funds or partner funds are long-term investments for your business that can help you cut costs and raise profit. Think of these programs as enablement tools to help you drive value for your partners and grow revenue for your company with the side benefit of strengthening your partnerships. Read on to learn about the benefits of driving these programs for your business and how they can impact your market position in the long term.

1 | Penetrate Faster into Unexplored Markets

With MDF and partner incentive programs, you can leverage your partner's trusted brand value to deepen your market penetration and spur revenue growth. Suppose you want to expand your business in a new geography. There are two ways you can achieve this. First - you do it all on your own. Second - you work with a partner (who has a solid market position in that location). The first option comes with high costs and risks. Your success in a new geography demands considerable time, investment, and effort for you to create a solid foothold in the marketplace.

However, with the right partner and the right incentives in place, the latter option offers a higher success rate as a win-win for you and your partner. When you grow your business into geographies where your partners are well-established, you're able to take advantage of their expertise, local knowledge, and brand value in the market. With partner funds

and market development funds programs, you can efficiently optimize your partners' strengths - accelerating your channel sales and rewarding them for their performance.

2 | Strengthen Your Bond with Partners

Surviving in the modern business ecosystem is all about creating lasting and profitable partnerships. Creating strong trust relationships with your partners is a must for your business's sustainable growth. With partner funds and market development funds programs, you get an opportunity to build strong and trusted partnerships, gaining a better understanding of your partners' strengths and how they can be leveraged.

Further, you gain insight into the success rates of your partners' initiatives you are funding - the actual value of your market development funds program. Sounds great, right? There's more to it! When you've built strong reporting into your market development funds programs, you can analyze what partner behavior patterns and initiatives have been most effective at growing your revenue. Meanwhile, you're building stronger relationships with your partners and enjoying mutually beneficial partnerships.

3 | Boost Your Partner Loyalty

Your partners are often also partnering with your competitors who are working hard to have them grow their business. So, how do you convince your partners to sell your products instead of your competitors'? How do you ensure your partners' loyalty? Here's the solution - partner funds and market development funds programs! These investment programs can help motivate your partners and set you apart from others in the market. With partner incentives, you are making an investment in your partners' success. In return, your motivated channel partners execute funded program initiatives with dedication, driving higher ROI and helping you attain your partner sales goals.

4 | Increase Your Brand Awareness

A well-executed partner funds program helps increase your brand awareness and market visibility. Driving your partner incentive and market development funds program with partners who have solid brand recognition and trusted customer connections can have a huge positive impact on your brand value. When you offer the right funds to your partners who have established brands, your brand automatically gets associated with their image and reputation. The ultimate gain is the long-term benefit for your business - the more such programs you run, the more brand advocates you gain!

5 | Tap into Promising Growth Opportunities



Figure 3: Partner Funds Management - Partner funds and market development funds programs offer a huge opportunity for businesses to scale and boost their revenue.

Well-managed partner funds or market development funds programs with strong measurement and reporting can provide insights on your program outcomes, empowering you with a better growth strategy to determine what's selling and where the market is headed. With access to data like program participation rates, solution growth trends, actual vs. projected ROI, and others, you can see trends and predict potential business opportunities. You can classify partners based on their growth trends by region, industry, segment, and solution. This way, you can identify high performing partners you want to double down on and lower performing partners you may choose to weed out.

SECTION 5

What are Market Development Funds or MDF?



There's no question that to systematically allocate, manage and track market development funds, well-structured programs are much needed. As the name suggests, these programs are called MDF programs. Today, many successful tech businesses employ these and other partner incentive programs to grow their revenue, strengthen partnerships, increase market penetration, and build brand awareness.

Finally, it all boils down to empowering your channel partners with resources that enable them to grow your business - and in turn, grow their business as well. You benefit when your partners sell your products, so it's in your best interest to support them by granting MDF. As you dive deeper in our upcoming sections, you'll get a detailed understanding of what, why, and how of MDF and partner incentive programs.

Definition of Market Development Funds

MDF or Market Development Funds are incentives that a vendor grants to its direct or indirect partners (like resellers, VARs, GSIs, MSPs, and distributors) for driving sales and marketing programs to sell vendors' products or services.

MDF or Market Development Funds are often mistakenly called "Marketing Development Funds". But in fact, MDF dollars go beyond just marketing, often used for sales, POCs, and other market development incentives.



SECTION 6

How to Create a Successful Market Development Funds Program?

Well begun is half done! If you start your program journey with a well-conceived project plan, half of your work is already done. But how do you build a plan with the best chance for success? Don't worry - we've got you covered. There are seven key considerations to building a strong MDF plan. Let's go over these ones by one.

7 Considerations Before Designing Your Partner Funds Program

1 | Purpose

The first step to creating a successful partner funds or market development funds program is getting clarity on your program goals. Driving a program without a clear plan is like rowing a boat anchored to the shore. Get clarity on your program's objectives like expanding market reach, increasing your indirect revenue, or something else. You should have an answer to why you want to assign these funds to your partners. Once you and your team are clear on the primary purpose, you are set to design a successful program.

2 | Budget

The market development funds that you allocate to your partners are a part of your company's budget. To accomplish a particular goal, you can drive multiple partner funds or market development funds programs. Divide the funding for each program based on its importance to your business. Also, decide the percentage of the funds that your partners can use based on their eligibility.

3 | Target

Each partner funds program has a particular target market, depending on its goals. The target market you choose is based on factors like your program goals, partners' goals, and market competition. Make sure you define your target market after analysing these factors to avoid wasting any partner fund investments.

4 | Location

Consider factors like previous geo-based sales metrics, industry-based demand, partner participation rates before you figure out a location to drive your funds program. Also, the channel partners in that location should have goals aligned with your program goals to ensure success.

5 | Timeline

A well-defined timeline can help you execute your partner funds program in a systematic way. Prepare a detailed timeline, mentioning the date and time-period of implementation of each program phase like funds allocation, program launch, claim requests submission, payout, etc.

6 | Approach

While planning your program blueprint and execution strategy, ensure that you and your partners are on the same page on important points like partner funds utilization and expected ROI after funds allocation.

7 | Results

Peter Drucker once said, “You can’t manage what you can’t measure.” Make sure your program metrics are transparent to you and your partners. Figure out how you will measure the success rate of your program. You must have a well-defined system, process, and reporting capabilities to track the success of your partner incentive and MDF programa before allocating the funds to your partners.



SECTION 7

4 Steps to Design Your Market Development Funds Program

Now that you know the considerations to keep in mind before designing your partner funds program, you are all set to create one. Building a successful program is a 4-step process - each complementing the others.



Figure 4: Steps to Design Your Market Development Funds Program - Building a successful program is a 4-step process, starting with MDF Program Strategy, MDF Program Policy, MDF Management Platform to MDF Program Implementation.

1 | Structuring Program Strategy

The first step to designing your MDF program is to decide on the right strategy. The strategy you choose will directly impact you, your ecosystem partners, and your business ecosystem. Recent market trends have had a dramatic impact on the way companies partner today. The old ways of partner reselling have given way to companies working together to co-build and co-sell solutions. With that in mind, you need to consider what kind of partner fund investments will have the highest return for each of your partnership models. Accordingly, you will need to decide the portion of your total budget allocated to

programs optimized for reselling versus programs for co-building and co-selling with your partners.

For example, you can have multiple partner fund strategies depending on different partners, their geographies, and what value they bring to the table. MDF strategies that work for one partner's business model may not work for another.

2 | Framing Program Policy

Once you've structured your program strategy, the next step is to build your MDF policy. The policy offers guidelines for your partners, explaining their expected standards and behaviors when they execute the program. Your partners' compliance with the policy should be considered a precondition for participating in your MDF Program.

3 | Picking the Right Management Platform

The final step of creating a solid partner funds program involves selecting a platform to operate and manage your program. An automated tool to manage these programs helps you and your partners connect seamlessly and have transparent visibility on the expectations, progress status, real-time metrics, and deeper ROI data.

Program owners, participants, and stakeholders can use these tools to interact on a single interface for funds and claims management, with clear visibility of funds availability and requests/claims statuses. Hence, choosing the right platform to drive your partner funds program is a crucial move for promoting an enhanced partner mind-share and greater participation. Tools like WorkSpan can help you dramatically boost efficiency and return on your partner incentive funds spending.

4 | Program Implementation

After designing your program strategy and policy and choosing your platform, the final step is to plan your program implementation. Your implementation process should reflect the strategy and policy you've developed by now. This process can be divided into seven phases.

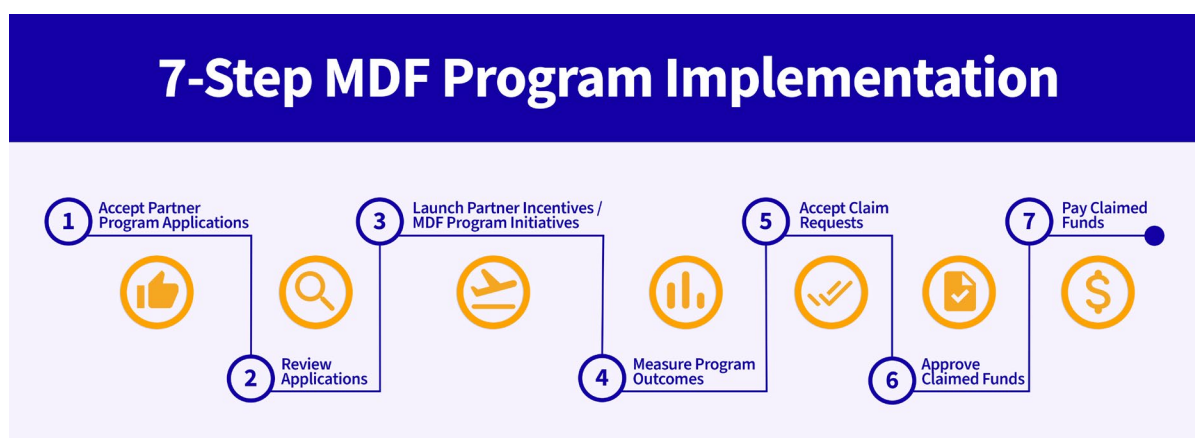


Figure 5: Market Development Funds Program Implementation - This is a seven step process from accepting applications, reviewing applications, launching programs, measuring outcomes, accepting claim requests, approving claim requests to finally paying out the claimed finds.

1 | Accepting Partner Funds / MDF Program Requests

Once you have your program strategy, policies, and process ready, you're ready to start communicating the program offering to your partners. Based on the technology you use, you can accept program applications in three ways:

1. **Emails**
2. **Application Forms**
3. **Request through a platform**

Collect the following details from your channel partners who are requesting partner funding:

- **Initiatives to be funded (Webinars, events, email campaigns, sales promotions, POCs, etc.)**
- **Expected results from activities (Number of qualified leads, trial downloads, closed revenue, etc.)**
- **Required details to be eligible for the program (Specific Range of Revenue, certification, etc.)**

2 | Approving Requests

Once you receive fund requests from your partners, review them and respond. You can accept or reject their requests based on your qualifying criteria and partner profiles. Your team should react to partner applications within a stipulated turnaround time, abiding by your program policy. After your partners' applications get approved, they are all set to officially launch their funded sales and marketing activities.

3 | Launching Funded Program Activities

In this step, your preparation comes into execution as your ecosystem partners launch several funded activities as a part of your program. Ensure that these activities are aligned with your program policy and goals. Further, they should also be measurable to evaluate your partners' performance and your programs' success rate. To effectively implement your funded activities, you can support your partners with sales and marketing resources, training, and more.

4 | Measuring Funded Program Activity Outcomes

Keep track of your partner's funded activities to measure your program's performance. Leveraging this data will enable you to prioritize your partners, allowing you to make better decisions for your company's future. Your program's success can depend on performance metrics like the number of potential customers acquired, qualified leads, joint opportunities created, customer PoCs completed, etc. Instead of analyzing your program's performance right after the project is completed, you can set intermediate milestones for measuring results to make your program more targeted, yielding increased ROI.

5 | Accepting Claim Requests

Your channel partners can propose one or more claims against their approved program requests by creating a claim request of total or partial reimbursement. Depending on the agreement, partners may also need to submit proof of performance (POP) and/or proof of execution (POE). Some vendors mandatorily collect a return on investment proof of performance (ROI POP) when the partners make a claim.

6 | Approving Claim Requests

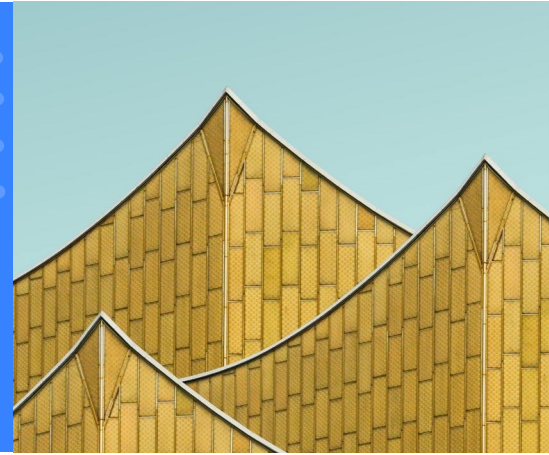
After accepting the claim requests, the next step is to evaluate them for their qualification to process funds payout. This approval process needs to be clearly defined and could include multiple levels of approval, depending on the reimbursement amount. Approvers should include members who understand the claims process (including SOP, guidelines, acceptable POE/POP/ ROI POP submissions for any MDF program activities). Based on the evaluation, timely communicate the approval or rejection of fund claim requests to your ecosystem partners.

7 | Paying Out Claimed Funds

There are two modes to payout funds to your channel partners: cash and credit. The selection of either is typically dependent on your industry and/or ecosystem practices. After the payout, ensure that you communicate the payment release to your partners, mentioning the claim ID, amount, and reference ID.

SECTION 8

11 Considerations to Frame Your MDF Program Policy



The steps mentioned above would have given you a fair idea of how to structure your MDF program. To help you design an effective MDF program policy, here is a list of eleven key factors to consider:

1 | Qualifying Partners

Based on your program goals, you can offer the funds to all your partners or a selected few. Your program policy should clearly explain the standards (eligibility criteria) for your partners to qualify for the offered funds. Based on the eligibility criteria, you can offer your funds to partners having the potential to drive your program goals. For example, you can define specific partner membership status, required certifications, or a geographic location as a qualifying criterion. Later while approving partner fund requests, you can accept or reject them based on the qualification criteria defined in your MDF program policy.

2 | Partner Segmentation

If you want to make your Partner funds / MDF program a success, your partners' goals need to be aligned with your program goals. To ensure this, categorize your partners based on specific standards like their sales region, past sales performances, projected channel sales, type of partnering activity (services, software, cloud, etc). This categorization will help you define the right partner segment to drive your program better. For example, suppose you want to penetrate into a new geography. Then, you should offer incentives to those partners who have a firm foothold in that area rather than those who are outsiders.

3 | Partner Funds Qualifying Initiatives

Your funding policy should clearly define the activities that would qualify to be carried out as a part of your partner funds program. Additionally, specify how the activity expenses would be reimbursed - as a deduction from your partners' gross revenue (contra-revenue) or monetary payment (in cash or credit). Many times, partners claim compensation for initiatives that vendors consider non-eligible for expense requests. So, to avoid any confusion, define the program expenses that are eligible for claim requests (qualifying expenses) and that are not (non-qualifying expenses). For example, for an educational training program, course and exam fees of your partners' employees may be qualifying expenses. While cancellation fees and end-user training courses could be non-qualifying expenses.

4 | Creative Control

Allowing your channel partners the freedom to represent your brand without strict guidelines is risky for your brand reputation. But, being too controlling might hinder their performance and impact your partnerships negatively. Look for a middle ground - set clear boundaries between you and your partners. Your policy should define branding specifications with essential details like logo usage, colors, and corporate trademark representation.

5 | Funding Mechanism

You can choose to completely fund your MDF program or offer funding of a certain percentage (with your partner contributing the rest). Ensure your policy states the funding process and percentage contribution of both parties (you and your partners). This would help your partners plan their investments better and contribute to the program efficiently.

6 | Documentation

Give clarity to your ecosystem partners on the documentation required in both the submission and the payout phases. You can also create critical milestones for phased funds release for larger investments.

Examples of typical required documentation could include:

- **Expected ROI document to measure against actual performance**
- **Proof of performance (POP) to assess initiatives' success rates**
- **Return-on-Investment proof of performance (ROI POP)**
- **Third-party invoices, etc.**

7 | Contingency Management

Your program policy should cover program exception guidelines with the standard operating procedure (SOP) - explaining the workflow and expected vendor-partner behavior for exceptional events.

Some funds program exceptions include cases when:

- **Partner fund requests do not meet qualifying criteria (Refusal guidelines)**
- **Partners want to report or escalate a complaint**
- **Partners are unable to deliver the projected ROI**

8 | Funding Sign Offs

The rules you'd want your team and partners to adhere to while approving fund claim requests are called funding sign-off policies. These policies can differ based on different MDF programs, partner levels, geographies, and industries. Your policy messaging should mention the sign-off rules and workflow that your partners can expect. One of the most common sign-off rules is that no field representative can approve a partner's fund claim request if they have a relationship with the partner. Similarly, you can mention such rules that are specific to your funds program.

9 | Payout Mechanism

Payout mechanisms can vary from one incentive program to another. Based on your program type, goals, and partners' membership status, the process to offer funds can differ. Primarily, there are two payout models: one is accrual-based, and the other is reimbursement-based. In an accrual payout model, your partners receive funds accumulated as a percentage of their sales. While in a reimbursement payout model, funds are planned up-front and assigned to the partners once their request is approved. You can choose to payout using either of these models or even as a combination of these two. Specifying how you'd pay the funds is crucial information that your partners need to know. Therefore, make sure you define the funds' payout mechanism in your policy.

10 | Partner Funds/ MDF Timeline and Cadence

Ensure your program is time-bound to guarantee a practical execution of your strategy. The policy should give a clear timeframe for your channel partners to:

- **Raise funds requests**
- **Spend money on program activities**
- **Submit MDF/incentive claims, etc.**

The policy should also state the turnaround time of your team on fund requests from your partners. Defining a turnaround time will help your team to respond to partner requests on time. This will also reinforce accountability and responsibility in your team and partners.

11 | Support

Your program policy should provide support service details that your partners can take advantage of to clarify any doubts they might have. Mention your team's contact details so that your partners can reach out to you if they need any help. The best practice is to encourage your partners to contact you to share their concerns and share any feedback or learnings.

SECTION 9

How are Partner Funds Management Platforms Enabling Businesses?



Partner ecosystems are driving new market opportunities for companies (like IoT, cloud, and more) faster than ever before. This means your partner incentive models need to adapt just as quickly to help your company stay ahead of the market and your program needs to be ready for quick execution from fund request to claims payout.

It's critical that your partner incentive programs strengthen your business goals with clear visibility, dedicated compliance, and real-time operation updates. This can be achieved by automation platforms that enable you and your channel partners to gain better accountability and governance of your MDF and partner funds programs. Using these platforms, you can directly engage with your partners - track program milestones, and ensure diligent compliance with program guidelines.

How Partner Funds Management Platforms Help?

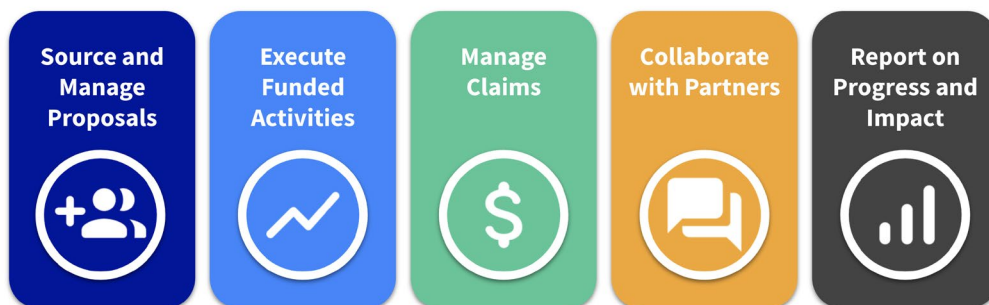


Figure 6: Benefits of Partner Funds Management Platforms - These platforms enable businesses to directly engage with their ecosystem partners, track program milestones, and ensure diligent compliance with program guidelines.

Partner Funds Program Automation Benefits

- **Optimized Partner Funds Allocation**

Partner funds and MDF Program Automation enables you to analyze your spending on funded partner initiatives by providing a holistic view of your program funds and their allocation. With these insights, you can improve your program investment returns and manage your funds and distribute them to your ecosystem partners logically, resulting in increased margins and no funds leakage.

- **Enhanced Partner Productivity and Engagement**

Partner Funds Management Platforms provide real-time status of your partners' activities, their claims, and payment requests. Your partners can self-monitor their activities and program progress using dashboards and reports all through the lifecycle of your partnership.

- **Real-time Performance Metrics**

Through automated features like ROI reporting and funnel metrics, you gain access to your program's performance metrics in real-time. As you gain clear visibility of these insights, you can better assess your partners' performance and offer them any support, if needed. These insights also enable you to analyze your partners' forecasted spends and measure program profitability after program completion.

- **Program Flexibility to Partners**

As discussed earlier, you can offer multiple incentive programs to your partners depending on their brand value, goals alignment, geography, and funding arrangement. But, let's face it - managing customized partner incentive programs for different partners on spreadsheets is daunting and can result in compliance issues. With an automated

platform, you can manage multiple customized partner programs efficiently. Additionally, you can even automate program exceptions for your specific partners according to their business case.

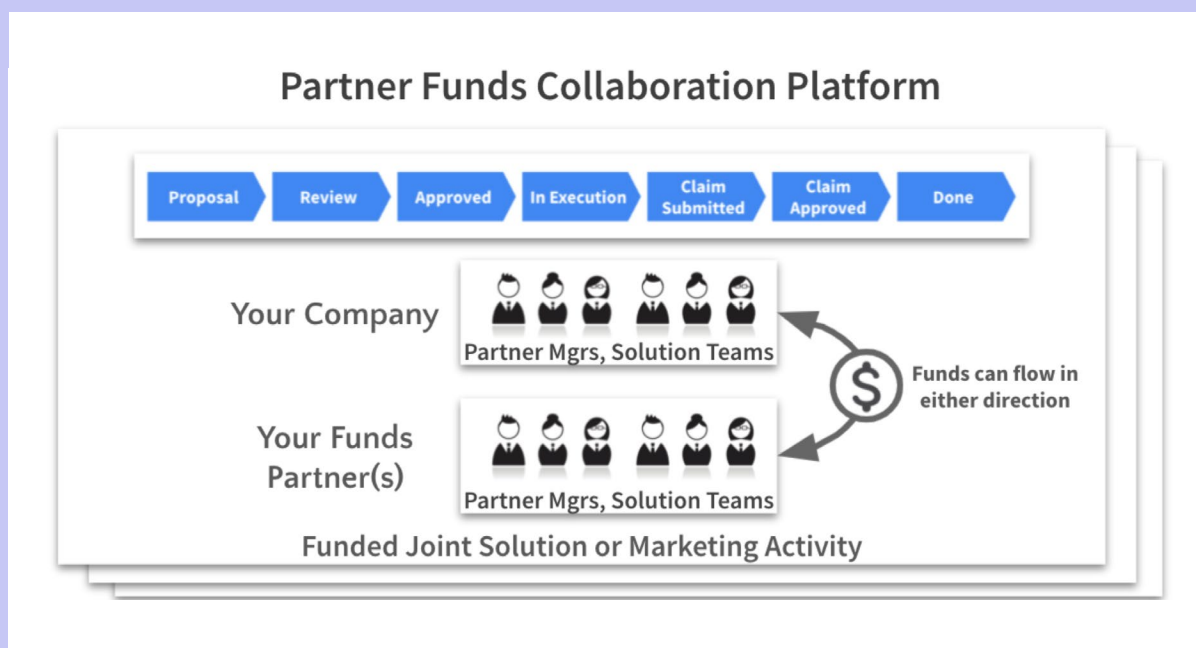


Figure 7: Flexible Partner Funds Collaboration - Partner Funds Management Platforms enable partner-to-partner collaboration with the flexibility to track and manage multiple partner incentive programs simultaneously.

• Agile and Scalable Funds Management

Partner funds management platforms help you with automated and agile management of funds from fund creation to claim payment. A modern platform designed to automate your partner fund processes provides the capabilities to allow agile changes to your programs and scale the automated system to meet the evolving market demands. Such an agile and scalable system architecture for your partner incentive programs can offer competitive advantage to you and your ecosystem partners.



Figure 8: Partner Funds Proposal and Claims Process on a Shared Platform - A Partner Funds Management Platform like WorkSpan enables ecosystem partners to work collaboratively to receive, review, approve, execute, claim, and drive revenue together faster and with more agility.

• Improved Operational Efficiency

With an automated funds program, you gain control of your partner incentive programs - from inception to completion. Additionally, automation platforms help eliminate work on spreadsheets, paperwork, and email back and forth. When you leverage automated submissions and customized workflows, your funds processes (like approvals, claims, payments, and more) become faster with reduced cycle time.

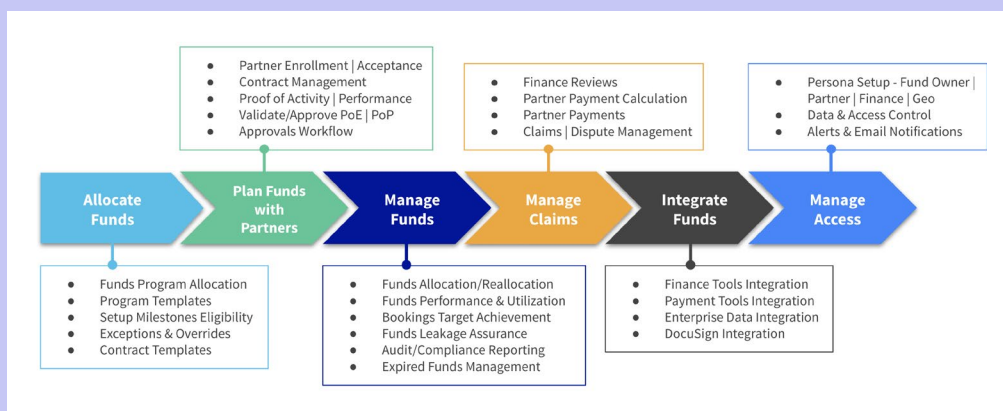


Figure 9: Capabilities Mapping for Efficient Partner Funds Programs - An automation platform helps businesses reinforce six key workflows, starting with partner funds allocation, funds planning, funds management, claims management, funds integration to managing access.

- **Improved Compliance**

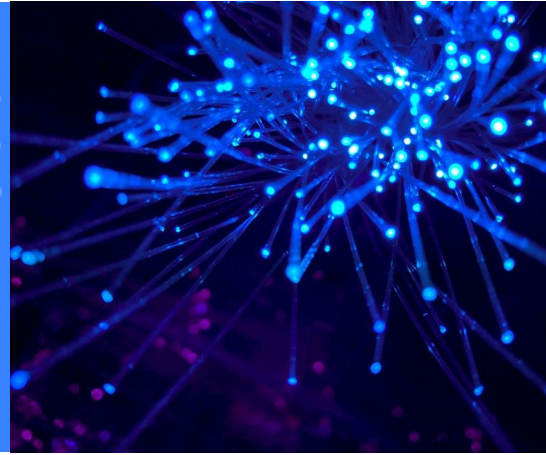
A standardized approach for managing partner incentives and MDF programs using multiple audit points ensures compliance. But, as vendors can have several ecosystem partners, it is almost impossible to audit in real-time. By automating your partner funding program, you can monitor and audit your partners' initiatives (requests, approvals, exceptions) in real-time with shorter turnaround times.

- **Ease of Integration with Other Systems**

We all know the value of a centralized network in the tech world. A modern partner funds automation platform that can not only help you manage your partner-incentive programs but also offer an integration with crucial tools like your partner portals, partner database, bookings database, payment systems, contact creation and signature management tool and more. This is done using APIs and Technology integration connectors and you get an end-to-end information, saving a lot of your time, money and effort on manual integrations.

SECTION 10

Drive Your Partner Incentive Funds Program Like a Professional!



The opportunity for your company to grow revenue and your overall market by working with your partners is unlimited - and the more you and your channel partners are aligned with the right incentives at the right time, you'll be working in lockstep to meet market demands and customer expectations together.

With that in mind, as the leader of your partner incentives programs, you have an incredible opportunity to shape the way your company influences partner behavior to drive the best overall customer experience, exceed customer expectations, get the next renewal, and grow overall revenue with your channel partners. Now that you've learned how to drive partner funds for your partners in this guide, you are all set to orchestrate incredible partner programs for your business.

Choose the right approach that best fits your organization to unlock the potential of your ecosystem strategy to drive more channel sales. Dive into your partner ecosystem, and start driving your partner funds or market development funds program, to win in the market with your channel partners!

Contact Us

Speak to a Marketing Funds Specialist at WorkSpan.

[Get Started](#)



Trusted By

WorkSpan Digitizes Partner Programs for the World's Leading Technology Companies:



About WorkSpan

WorkSpan is the #1 ecosystem business management platform. We give CROs a digital platform to turbocharge indirect revenue with their partner teams at higher win rates and lower costs. We connect your partners on a live network with cross-company business applications to build, market, and sell together. You can securely exchange data with trusted partners and have real-time visibility and insights.

We power the top 10 business ecosystems in the technology and communications industry today, managing over \$50 billion in joint pipeline, 6x faster speed to market for joint solutions, and 2x partner manager productivity. Customers include Microsoft, Verizon, SAP, Accenture, Dell, NetApp, VMware, and Software AG. WorkSpan was named Cool Vendor in Channel and Sales Enablement by Gartner in 2019. Headquartered in Foster City, California, WorkSpan has a presence in Bangalore and over 20 other locations worldwide.