

White Paper

## Riverbed Rise

# A New Partner Program for a New World:

# Innovations that Deliver Simplicity, Flexibility & Profitability

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## Executive Summary

Change is the one constant in the IT world, and the way companies purchase and consume technology continues to transform and evolve. The gains for business are considerable—however, as customers continue to disrupt the IT value chain, the key to making a successful transition to cloud and hybrid models is actually as much about how IT providers evolve their people, operations, and processes as it is about technology.

As part of this transformation, the responsibility for implementing and supporting complex infrastructure and systems has shifted from the customer to the vendor and, today, increasingly to channel partners (VARs, SIs, and MSPs). The channel is now called upon to provide a full range of technical services to install, integrate, and operate the new hybrid networking platforms and systems.

These changes are forcing both IT vendors and their partners to evolve their business models toward a full-solution approach, and to develop specialized skills and expertise to identify, sell, and then put both traditional and cloud-based technologies to work in the real world.

## The New Rise Partner Program: Simple, Flexible, and Profitable

The new ways in which IT is consumed by end-customers is reshaping the economics of the IT sector, and progressive, effective partnering strategies are needed to attract and support partners who have a set of new priorities and challenges in maintaining profitability in the transformed world of IT. Riverbed has taken a huge step forward to meet this challenge and provide more value by designing and introducing a completely new partner program.

Riverbed's new Rise Partner Program has been built on a foundation of guiding objectives, totally aligned with Riverbed's strategic focus on digital experience management (DEM), SD-WAN, and a growing portfolio of as-a-Service solutions.

- **Simplicity**
  - Clarifies how to achieve and maintain status
  - Communicates how to work with Riverbed in a straightforward manner
- **Flexibility**
  - Adapts to multiple business models and partner needs
  - Provides partners with ability to select and apply benefits as their business transforms
- **Profitability**
  - Rewards achievement across key strategic activities
  - Rewards specific selling success aligned to Riverbed joint sales priorities

**Table 1. Benefits Comparison: Highlights of the New Riverbed Rise Partner Program**

Current Program	New Riverbed Rise Partner Program
Traditional, value-based program with rewards tied to certifications and revenue	Innovative program with flexible rewards for different types of partner investment and success
Program benefits – “one-size-fits all”	Program allows partners to accrue and “spend” dividend benefits to match their strategic and operational needs
Heavy up-front and ongoing investment to obtain and maintain compliance and tier qualification	Partner level (and resulting discounts) are tied directly to earned dividends—no complex compliance requirements
Program was not designed for partners operating progressive, multiple business models	Program now recognizes and rewards partner performance across all partner types, business models, and customer consumption preferences

Stated briefly, the newly designed Riverbed Rise Partner Program shakes things up. It is an innovative step by a leading network and application visibility and performance vendor to support and accelerate partner transformation to the new IT world.

This paper has been created for IT partner business leaders who wish to understand how the new Riverbed Rise Partner Program goes beyond traditional programs, enabling them to transform their businesses to become stronger both operationally and financially, and why this is important for Riverbed Partners moving forward under the new IT consumption model.

### The New IT Networking World

The pace of business continues to accelerate as it strives to keep up with a dynamic economy and demanding consumers. Organizations are responding by embarking on digital transformation initiatives, opening geographically dispersed branch offices and increasing their use of cloud computing. From an IT perspective, this means they must deploy solutions with higher levels of agility, security, and performance via networks that can adapt as necessary to keep up with ongoing, rapid transformation.

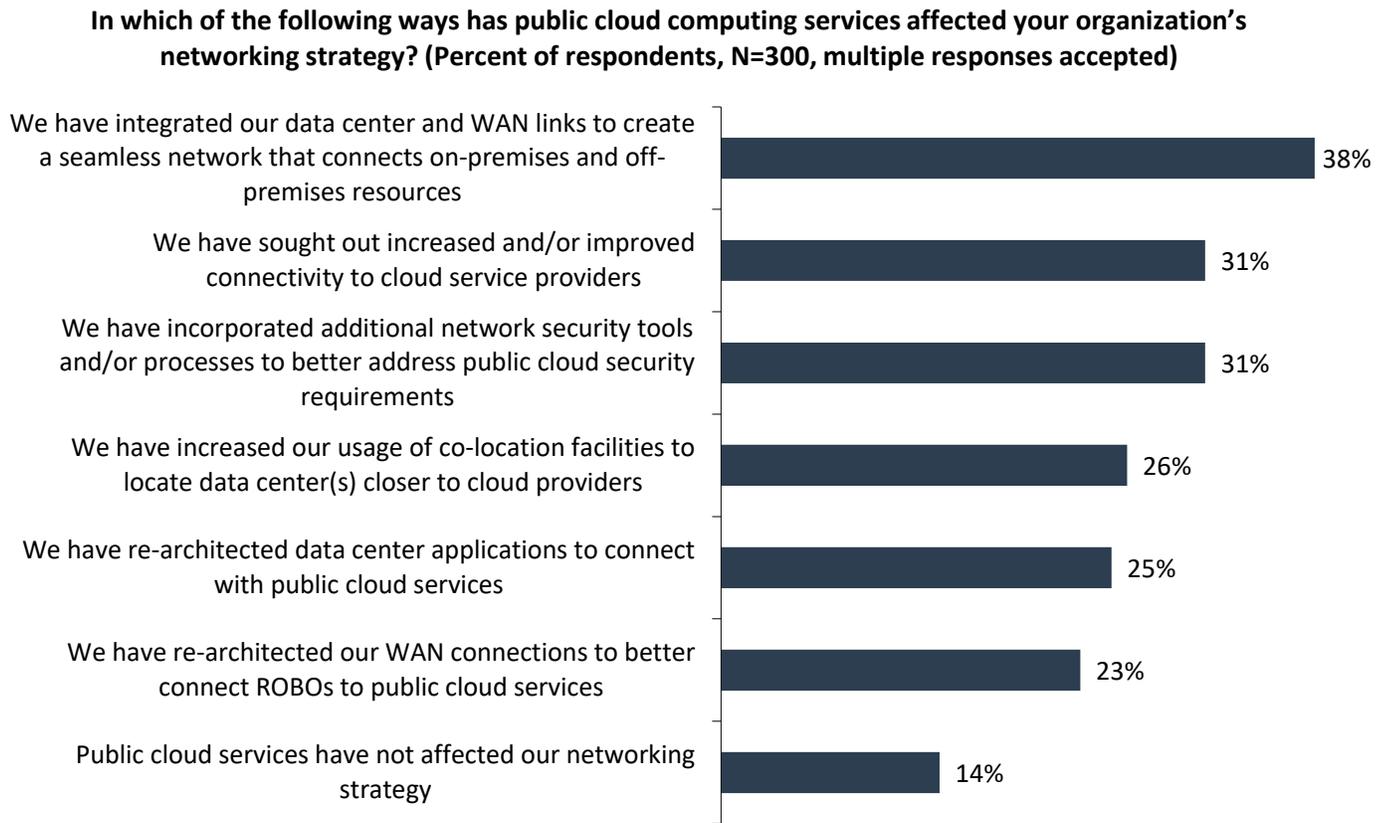
A recent ESG research survey revealed that more than three-quarters (78%) of midmarket (100 to 999 employees) and enterprise (1,000 or more) organizations are actively using public cloud services.<sup>1</sup>

In a separate ESG research survey, more than one-third (38%) of respondents, when asked about how their organizations’ usage of public cloud computing has affected their networking strategy, reported that their organizations have integrated data center and WAN links to create a seamless network that connects on-premises and off-premises resources (see Figure 1). That number was even higher (51%) for companies that described themselves as leading edge.<sup>2</sup> These organizations ensure ubiquitous connectivity and create a seamless experience for employees and customers, regardless of where applications and data reside, and typically experience problems earlier and can identify where the biggest impact will be.

<sup>1</sup> Source: ESG Research Report, [2017 Public Cloud Computing Trends](#), April 2017.

<sup>2</sup> Source: ESG Brief, [Impact of Cloud Computing on the Network](#), October 2017.

**Figure 1. Impact of Public Cloud Computing Services on Networking Strategy**



Source: Enterprise Strategy Group, 2017

### A Fresh Approach for Tomorrow’s IT Partnering Excellence

These trends will continue to have a profound effect on the IT marketplace and partnering structures and programs long into the future. Forward-looking tech vendors recognize that partners have a set of new priorities and challenges in maintaining profitability in the transformed world of IT. These industry leaders are looking to adapt and improve their partner programs to proactively help partners transform their businesses to meet the challenges of the new IT consumption model, become more productive, and strengthen their operational and financial footing.

**Partner success** today requires expertise in both technology and business transformation, and solution providers act as key strategic advisors to both IT and line-of-business customers together. Solution providers must be prepared to propose a range of options and economic choices, which puts incredible pressure on business leaders to adapt their team’s skills and capabilities, and requires new selling and service motions along the way.

**Vendors need to support** this and establish a close connection with their solution providers. Their programs and support must do more than facilitate deals, it must help solution providers succeed by adapting rapidly in a changing marketplace. This includes providing access to a range of progressive offerings, supporting the reselling of services and developing their own services offerings, making training and education easy, and offering the tools and resources to accelerate sales cycles—all supported by innovative rewards that provide solution providers with the ability to plan and invest for growth.

## Overview: The New Riverbed Rise Partner Program

### It Starts Here: Profound Change to Riverbed's Portfolio

Customers are leveraging digital technology to transform their businesses and compete in new ways—and this means they want to consume IT in different ways, disrupting the IT value chain and requiring both partners and vendors to rapidly adjust their business models. Partners are aggressively adding cloud, subscription, and managed services revenue streams that focus on delivering customer lifetime value.

As a result, Riverbed is no longer a single product company, focused primarily on Global 2000 enterprises. It has responded to these changes by expanding its portfolio and its potential customer base to now include:

- **SteelCentral:** Digital experience management that provides end-to-end visibility
- **SteelConnect:** SD-WAN solutions for increasingly unpredictable, cloud-based, and software-defined worlds
- **SteelFusion:** A “Software-defined edge” solution that reduces risk and improves operations and agility
- **Cloud-based:** A growing portfolio of XaaS solutions supporting subscription and extended consumption models
- **Xirrus:** high-performance wireless networks, with superior coverage and security
- **SteelHead:** The established, market-leading WAN optimization solution



### What's In It for Partners

With the addition of Riverbed's newer and cloud-based products, partners can now have elevated conversations with a broader range of customers that focus on solving their digital transformation issues. They now have the ability to sell different parts of this portfolio in different ways to meet these needs, creating great upside opportunity for partners that commit to Riverbed.

All of these changes required a fresh look at Riverbed's partnering strategy, and dictate a partner program that is simple, flexible and profitable, requiring virtually no time for partners to adapt to rapid changes.

### Aligning Sales Strategies to Grow the Commercial Segment

As digital transformation **disrupts** existing channel financial and incentive models, it also impacts every level of the **channel ecosystem**. Riverbed understands that it is important to provide a mix of company-level rewards that are built around different types of customers, new sales cycles, and changing channel models.

The sales focus for the new program is very simple and aligned to Riverbed's new sales strategy, where it counts on strong partners to drive **account penetration** in existing accounts with new technologies, flexible consumption models, and refresh/renew and trade-up sales. In addition, it will increasingly look to partners to lead **new customer acquisition** selling, bringing the full range of Riverbed technologies and consumption models to a whole new group of accounts.

To support this, **Riverbed is now focused on distinct sales segments** that partners work across: Riverbed's traditional enterprise or named account sales, and the commercial segment. Company-wide emphasis on the commercial segment is important for partners in that it is first and foremost “channel-led,” with the goal of focusing on the non-named accounts in each territory. The two key areas of the sales strategy are summed up in Table 2.

**Table 2. Riverbed Sales Focus – New Riverbed Rise Partner Program**

Focus Area	Key Sales Motions and Products
<b>Named Account Focus:</b> Account penetration with existing customers	<ul style="list-style-type: none"> <li>• New technologies (e.g., SteelFusion, SteelCentral, Xirrus)</li> <li>• Flexible consumption models (XaaS)</li> <li>• Refresh/Renew</li> <li>• Trade-up</li> </ul>
<b>Commercial Focus:</b> Acquisition of new customers	<ul style="list-style-type: none"> <li>• The full Riverbed portfolio of products and technologies</li> <li>• Flexible consumption models</li> </ul>

## Program Goals and Strategy

### Current Program and the Changing IT World

The current Riverbed Rise Partner Program is a traditional, competency-based or “value” program. Partner discounts and benefits are based on earning a certain number of competencies plus meeting minimum revenue booking targets. ESG found that this type of program was broadly accepted in the IT landscape where enterprise customers required traditional delivery, configuration, and installation on-premises.

While continuing to learn, build, and acquire capabilities through certifications is still important, Riverbed found that traditional value programs are no longer relevant in the new IT world. Building the certifications required for a competency requires heavy lifting, and in fact, many traditional competencies are not as critical to success, particularly for cloud-based products and services. In addition, the time and investment required to maintain certifications means that partners were slow to move to new technologies and build capacity. What partners need is a program that is capability-based, focused on business outcomes and results versus pure technology.

Lastly, Riverbed found that the program was not tied to its evolving and expanding sales strategy. It did not properly recognize multiple product/revenue streams from its partners, and the rewards and incentives did not reflect performance in each of the sales focus areas.

### Riverbed Set Out to Redefine Partnering Excellence

Riverbed started with a set of core concepts when developing the new Riverbed Rise Partner Program, and then compared the program goals and design with current best practices across the IT Industry.

Research conducted with Riverbed partners showed that overwhelmingly, these partners expressed the need to have **flexibility to engage** with their vendors, and to do this in the areas that match their changing GTM models. They want to be **rewarded for investing and selling** innovative products and as-a-service solutions “up the stack” to senior IT and LOB buyers.

The Riverbed team then focused on delivering an integrated program that **supports changing, multiple partner business models**, is tightly aligned to Riverbed’s sales strategy, enables partners to target **profitable market growth opportunities**, and above all, delivers a low cost of sales for partners by making it **easy to do business with Riverbed**.

## Innovative Dividends Philosophy Drives the Program

Partners are now selling different parts of Riverbed's portfolio in different ways, whether they represent software licensing, resale, managed services, or a recurring-revenue-based cloud service. Importantly, decision maker conversations are elevated and centered on solving customers' digital transformation business problems, and are increasingly held with line of business and functional leaders outside of IT.

For 2018, Riverbed has built a unique, flexible program that works across all partner types and consumption models. The design is based on partners earning and accruing dividends that recognize both partner performance and capability. The more dividends a partner earns, the greater the benefits they will receive, and the more flexibility they have to put those dividends to work to grow their top and bottom lines.

To deliver on this, the new program is based on a set of core principles to support a broad spectrum of partner types.

### First Principle – Simplicity

The new program has been made simple and clear so that partners can easily understand what it takes to achieve and maintain status, and how rewards can be used. The program is also straightforward and supports volume transactions: sourcing leads, selling deals, and satisfying customers quickly and efficiently. **Key elements of the new program include:**

- The program does not measure compliance, but rewards achievement and performance.
- Partners can choose how they want to go to market and get rewarded.
- The process of determining how partners receive and use rewards has been vastly simplified.
- Partner levels (and resulting discounts) are tied directly to dividends earned.

### Second Principle - Flexibility

The new program gives partner executives the ability to better align their resources and make decisions on investments that sync with their own go-to-market strategies. Built-in flexibility covers the full range of their Riverbed business, including who they sell to and how, and the products and services they focus on. In addition, the program gives partners the ability to choose how they utilize a portion of their earned dividends, whether that involves investing in new product and technology training or comes in the form of business development funds for lead generation programs. **Highlights include:**

- Recognition that different partner types sell in different ways (as customers now consume IT).
- Flexibility for partners to choose how they earn Dividends, such as through opening new accounts, or penetrating existing accounts with the complete range of new Riverbed products.

### Guiding Principles Brought to Life

The totally new Riverbed Rise Partner Program has been designed to upend the status quo:

- Remove barriers to entry
- Remove barriers to growth
- Give partners strategic options
- Allow partners to make individual strategic decisions
- Promote transaction velocity
- Reward Partners based on performance

- Rewards for all transaction models: software licensing and resale, managed services, or recurring-revenue-based cloud services.
- Choices for partners to spend their dividends however, and in whatever combination, they want:
  - They can invest in training—leveraging RVBD’s new RCPE Program (Riverbed Certified Performance Engineering) for certification and accreditation training that is aimed at their particular business needs and goals.
  - They can invest in business development/lead generation.
  - They can see dividends fall directly to their bottom lines in the form of rebates.

### Third Principle – Profitability

The new program is designed with an eye to view the Riverbed channel as not just a distribution vehicle, but as a solid business that generates strong returns for both Riverbed and the Rise Program partners. **Highlights show it clearly rewards partner investment and performance in several ways:**

#### **New, Innovative Products**

The **expanded portfolio** offers opportunities for new conversations with customers about solving their digital transformation needs, and targets profitable market growth opportunities such as:

- New market sales growth opportunities such as SD-WAN and digital experience management (DEM).
- Both expansion of existing customer wallet share and acquisition of more new customers.
- Solutions that enable partners to offer margin-rich services.
- “as-a-service” offerings (XaaS) that drive recurring revenues, such as Aternity SaaS.

#### **Increased Total Rewards for Partners**

**Total rewards available for partners have been increased significantly. Under the new program they will be 4X current levels.** They are designed to ensure that partners are rewarded for a combination of strategic business activities and sales performance, not just competencies.

#### **Investment in Systems, Resources and Support**

**Ease of Doing Business with Riverbed** has been dramatically improved, through:

- New ways to engage with Riverbed to deliver a better partner experience.
- Enhanced support to partners who provide new ways to consume technology.
- A renewed focus on time to market and “repeatable velocity”—with and through distribution.



## What's In It for Partners

The new program principles give partners the ability to architect their Riverbed practices to fit their unique business needs, choose when and how to invest for growth, and determine their own profitability in the long term. Partners can choose to take the training and certifications tracks that make the most sense to their business. Here's why, and how, Riverbed has improved overall partner economics:

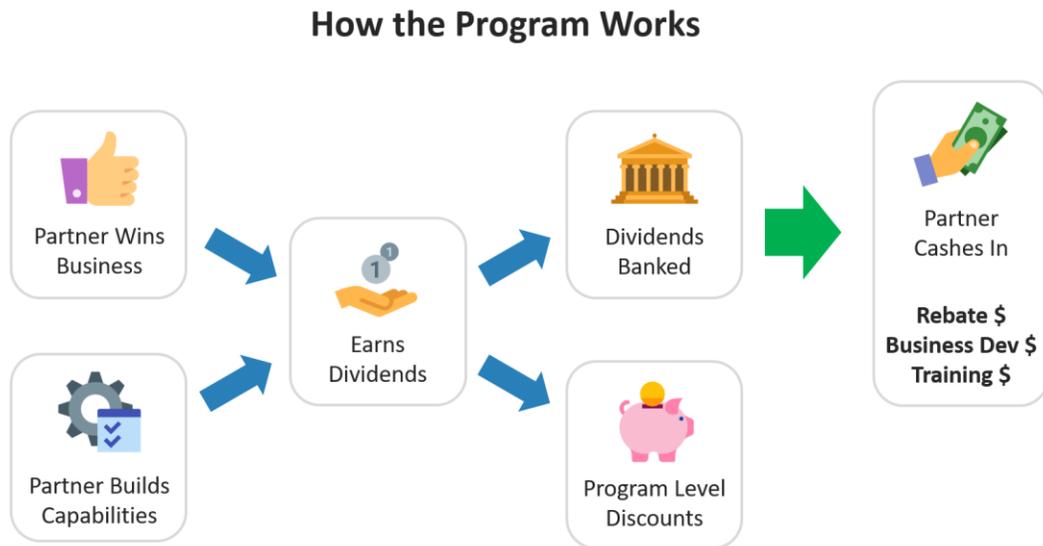
- Riverbed wants its partners to be profitable, positioned to succeed in the long run.
- Faster deal flow (velocity) reduces the opportunity cost of sales for partners.
- Program benefits encourage building high-margin professional services and cloud-based sales.
- Dividends can be used to create immediate value via cash rebates (Premier and Elite only) or to create future value via business development.

## How the Program Works – Partners Decide, Then Earn, Then Invest for More Growth

The new Rise Partner Program is designed to **eliminate the concept of requirements** and instead **focus on partner performance and rewards tied to activities that drive that profitability**. Partners decide where they want to direct their resources, and are rewarded by accruing dividends. It's incredibly simple:

- Once a partner wins business or builds capabilities, **dividends are earned**.
- **Dividends are then deposited** in a dividend "bank" once a quarter.
- The total amount of dividends earned over a 4 quarter period determine the partner's level in the program for the following year.
- Up-front discounts are then tied to the level a partner has earned by accruing dividends.
- Authorized partners can utilize their banked dividends to cover additional Riverbed training.
- Premier/Elite partners can do three things with Dividends in whatever combination they wish:
  - **Cash in up to 50% of the rewards as rebates** to take to the bottom line.
  - Convert them to funds to **cover business development and lead generation**.
  - Convert them to funds to **cover training to expand capabilities**.

**Figure 2. How the Program Works**



Source: Enterprise Strategy Group, 2017

### How Partners Earn Dividends

There are four value and success metrics that determine the level of Dividends that a partner earns. Table 3 outlines how dividends are earned and the rate at which they will be earned for 2018.

**Table 3. Dividend Earning Table – New Riverbed Rise Partner Program**

Focus Area: Value and Success Metric	How Rewards are Earned
Customer Acquisition	<ul style="list-style-type: none"> <li>Partners earn dividends based on the bookings value in accounts that are new, or not active in the past 2 years.</li> <li>Dividends are awarded for increments of net bookings.</li> </ul>
Account Penetration	<ul style="list-style-type: none"> <li>Partners earn dividends based on the bookings value of all portfolio products** in any existing account, plus the bookings value of renewals, refresh and trade-up for increments of net bookings.</li> </ul>
XaaS	<ul style="list-style-type: none"> <li>Partners earn dividends based on the bookings value of managed services, subscriptions, and embedded services solutions for increments of net bookings.</li> </ul>
Capabilities	<ul style="list-style-type: none"> <li>Partners earn dividends based on the number of resources (individuals) that achieve accreditations, ongoing enablement, and certifications.</li> </ul>

\*\*Portfolio products exclude: SteelHead sold to existing customers.

## How Dividends Translate to Program Level

The total amount of dividends earned over a four-quarter period determine a partner’s level and the discounts they qualify for. Partners don’t have to wait long to see a return on their investment in Riverbed. They have the opportunity for promotion to a higher level on a quarterly basis and start receiving the benefits from that level within 45 days.

**Table 4. New Riverbed Rise Partner Program Levels and Dividends**

Dividends Earned	Level
400+	Elite
35-399	Premier
0-34	Authorized



### What’s In It for Partners

It is important to note that dividends are tied to overall performance and not based just on competencies or revenue attainment. As a result, each partner receives the greatest discount available for the level they achieve, no matter how they reach that level through the different success metrics. For 2018, **Total rewards available for partners have been increased significantly. Under the new program they will be 4X current levels.** These features of the new program provide all Riverbed partners the ability to compete on their individual strengths and customer value propositions, in their preferred target markets. It levels the playing field for all Riverbed partners.

**Key Finding, and ESG POV:** By enabling partners to sell the full range of Riverbed products and services on each partner’s own unique value proposition, competition on price alone will decrease, special pricing requests will go down, and partners will find that overall profitability on their Riverbed business will improve. With faster time-to-market, they will see ongoing, repeatable deal velocity.

## Transition to the New Program – Time to Digest, Time to Plan, Time to Adjust

IT partners rely on the openness and consistency with which their vendors operate their programs. This allows them to plan ahead for their capital and investment requirements and better predict revenues and cash flow. The top IT vendors excel in this area and Riverbed has announced a transition timetable to give partners six months to determine how they want to participate in the new program, what adjustments will be needed, and the time to make those adjustments.

To support the transition to the new program, Riverbed has outlined the following timetable and key activities:



**December 31, 2017** – All existing programs end.



**January 1, 2018** – The New Riverbed Rise Partner Program goes into effect.



**Existing promotions will**, for the most part, be replaced by the new dividend-based rewards.



**Partners will remain at their current program level** (and discount eligibility) until July 31, 2018.



**August 1, 2018** - Full Program transition becomes effective .

### Accreditations and Certification Continuity

Importantly for partners, accreditations and certifications will carry over. Riverbed will continue to count the accreditations and certifications that partners have already earned towards their program tier and benefits in the new program. A new flexible training and enablement offering, RCPE, will be introduced in Q1 with new sales enablement rolled out in the second half of the year to support mutual go-to-market efforts.

### New Riverbed Investments Support the Transition—and Beyond

Effective partner programs are rarely successful in isolation. The new program is being supported by a set of incremental investments and processes within Riverbed to ensure ease of transition and adoption by successful Riverbed Partners. These include:

- Updates to the Riverbed Distribution Program to support the commercial segment:
  - Expanded enablement and technical support
  - Streamlined configuration, price, and quote processes
  - Better ease-of-doing business to accelerate “quote-to-cash”
- A new partner portal, released January, 2018
- Digital marketing resources and easy-to-execute demand generation programs that help partners create and execute marketing 2.0 campaigns
- A new social media service to enhance partner presence in this important area

- Solution and support knowledge that reduces time to profitability. This includes:
  - Foundational training and enablement around the products and technology.
  - Riverbed Certified Performance Engineering (RCPE) program – A mix of E-learning and in-person training that is focused on a solutions approach to solving customer network performance issues.
  - Solution and support resources, either virtually or on-the-ground for JIT deal support.



## What's In It for Partners

Having a plan and schedule in place that includes clear guidelines, actions, and a sufficient timeline to achieve is critical. To bring this down to an individual partner level, Riverbed channel managers will work closely with each partner while they digest the new program benefits and determine how they will put those benefits to work, and ensure that they qualify for the level they want under the new program.

## ESG's POV - The Bigger Truth

The new ways in which IT is consumed by end-customers is reshaping the economics of the IT sector, and **Riverbed has responded with a head-on approach**. The new Riverbed Rise Partner Program will help forward-looking partners meet these challenges and become stronger both operationally and financially.

ESG regularly studies IT partner program designs, features and benefits, requirements and rewards, and has compared the new Riverbed Rise Partner Program to our library of best practices. Our view is that Riverbed has designed an innovative, first-mover program based on the concept of giving its partners the power to decide how they “earn” dividends and then the flexibility to “spend” those dividends as they see fit. As opposed to traditional “one size fits all” programs, it is truly designed for the IT partner of the future.

This unique approach empowers Riverbed Partners to make **individualized decisions about where and how they invest to grow their business around the Riverbed portfolio**. We believe this will lower partner overall investment and risk. Importantly, it also provides a platform to collaborate with Riverbed channel teams in key decisions. ESG also believes that part of the beauty of this approach is opening up the lines of communication on issues of critical importance to both parties.

As we looked in detail at the new benefits partners will enjoy, ESG found many features that make the new Riverbed Rise Partner Program stand out among its competitors. Each of these will drive partner productivity, speed deal flow, and ultimately drive partner profitability through a set of innovative rewards focused on new business models, expanded services, and aggressive selling of the full portfolio.

By designing a program with simplicity and flexibility, Riverbed has created **a flexible path for partners to the future**, however they choose, as well as access to new products that help build deep, long-lasting, and profitable relationships with their customers. We see that as a very good thing for Riverbed's entire partner ecosystem!

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