

GOING GLOBAL, SELLING MOBILE

By Esther Schindler



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Channel Partners™

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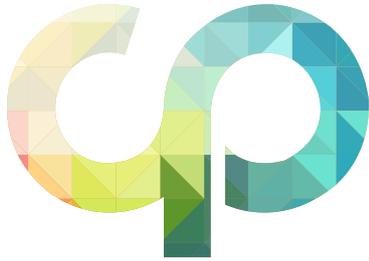
ABOUT THE AUTHOR



ESTHER SCHINDLER has been translating from Geek into English for 25 years. Her tech career has included optimizing a minicomputer compiler, owning a retail computer store on an island off the coast of Maine, teaching operating systems internals to enterprise IT staff and designing software QA systems for a tech powerhouse. She’s written about the intersection of technology and business in books (most recently “The Complete Idiot’s Guide to Twitter Marketing”), for the tech press and across every social media platform. Her work has appeared in Sm@rt Reseller Magazine, CIO.com, InformationWeek, PC Magazine and dozens of other publications.

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The good news: You've helped customers rock the U.S. market, so much so that you're considering expansion outside North America. Current accounts want that global reach, and new customers await. Congratulations.

But before you implement your plan for world domination — or at least for extra profit — take a moment. There's plenty that could trip you up. The business practices and technologies that make for success in the U.S. and Canada don't necessarily translate to other regions, including Asia Pacific (APAC) and Europe, the Mideast and Africa (EMEA). Mobile is an area where there's a really significant divide, as we'll discuss. Before jumping in with a plan, you need to map out business and technology expectations against cultural differences and infrastructure limitations — many of which you might not expect.

You probably don't need us to list the reasons to take your company global. Beyond the obvious "more customers = more profits" equation, an international operation lets you optimize development costs, balance economic risks so that a U.S. downturn might be balanced with continuing sales in APAC and support larger customers for which worldwide support is a business requirement.

And the payoff can be huge.

"For the agent community, the biggest growth curve lies in the international marketplace, where deal sizes are typically three times bigger than domestic sales," says Rob Westervelt, NTT America vice president and general manager, Indirect Global Solutions.

Mobility: Where the Growth Is

There's a reason we highlight mobile as an avenue for global expansion. Ericsson's latest **Mobility Report** shows global mobile subscriptions growing at around 5 percent year-on-year, but that hardly tells the full story. India added the most in terms of net additions in Q315 (+13 million), followed by China (+7 million), the U.S. (+6 million), Myanmar (+5 million) and Nigeria (+4 million). The number of mobile broadband subscriptions is growing globally by around 25 percent year-on-year, increasing by approximately 160 million in Q3 2015 alone.



Source: Ericsson Mobility Report, November 2015

International expansion is a daunting project, however. “It’s a complex sale and it’s not for the faint of heart; this is ‘tip of the spear’ stuff,” says Kirk Robinson, senior vice president for commercial markets and global accounts at Ingram Micro. “There’s no easy deal. And you’ll learn from every single one of them. Every deal has its own fingerprint. They are unique and require discipline.”

So how do you learn? Talking to vendor, master agent and distributor partners seems like a logical first step. They’ve likely been down this road, and they have every reason to help you succeed, right?

Well, maybe.

6 SIGNS A VENDOR IS GLOBAL-READY

If you're a business partner or solution provider who builds on a top-tier vendor's technology, you might — *might* — get some help from your channel manager. After all, the vendor already has mindshare in the region, not to mention infrastructure, knowledge of the business climate and its resources, and dedicated staff who are motivated to help partners succeed. The same developer program that created that robust API you depended on when you wrote that kick-ass mobile application on the vendor's platform might also have marketing materials to help you sell that software.

If the vendor wants to create a viable business ecosystem in the region, it behooves the company to help you learn about trade shows, partnership deals and human-networking opportunities. When you win, they win.

Isn't it pretty to think so?

Realistically: While you may hope for a lot of vendor support, don't count on

getting it easily or quickly. Even when a vendor is fully behind your company, expect to spend time finding "the right person" inside the organization. The vendor might have someone who is tasked with expansion into APAC or who has experience with mobile markets in Germany. But you're unlikely to find that contact in the partner FAQ, and even your go-to U.S. contact may be stumped.

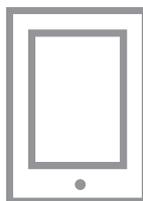
It's not that the vendor is trying to get in your way. The channel support team sincerely wants you to succeed. However, larger vendors do not always make it easy to sell overseas, since their own organizations are siloed into regions. As a result, in many — if not most — cases, you need to set up a new business partner relationship with the vendor in each new region. Oh joy. More paperwork.

But don't assume that partners are unwilling or unable to help, either. Some are anxious to offer assistance, as Ingram's Robinson points out. "A qualified distributor can help speed time to market, avoid mistakes and make it a far more profitable deal and repeatable success," he says, insisting that all channel partners, no matter their size, will benefit from teaming with distributors to get global deals done. The same goes for master agents.

When evaluating whether a vendor has the software and enablement resources to support a global channel partner program, there are a few things to look for, says Jim DeSocio, chief revenue officer at [Relayware](#), a SaaS-based partnering automation company that serves high-tech, manufacturing, telecommunications, financial services and insurance companies. DeSocio has several checkboxes for vendor partnership programs:

- Onboarding programs for channel partners should be tailored by country.

Apps Are Top Ops



Optimizing your own software for international use is a low-risk, potentially high-reward way to make inroads. Possibilities include customizing a vertical application, like an IoT

health care app, for adoption on another continent or adapting a customer's popular mobile app for non-English speakers.

- The channel partner portal should easily handle multiple price books and product lists. It should enable permissions-based search across all of the vendor's collateral. It should be multilingual, ideally with multiple channel partner portals for each country and language.
- CRM and supporting systems for those additional geographies should ensure the partner relationship management solution is updated and maintained.
- Vendor content is global-ready. Ideally, marketing and technical data should be multilingual and structured to be presented in each individual country.
- The learning management system tied to the partner portal is set to train and certify new partners quickly in the required language.
- The partner portal is mobile-ready for each country's operating system.

"When channel partners expand to global geographies, they assume they can port the same content across borders," says DeSocio. "Partners don't always know what the new geography wants or needs to succeed. Make sure you are asking enough questions to make sure you are on the same page with partners and prospective customers."

That doesn't mean a cookie-cutter approach, as Robinson points out. To DeSocio's list he adds a detailed understanding of the fulfillment options available and potential in-country challenges around delivery, such as clearing customs. Hardware is very different from software, especially security software. Robinson also says to ask for a personal assessment of your company's existing resources. "One area we look at closely before we engage is what standing the partner may already have 'in country' and if they have a physical presence," says Robinson. "That has a big impact out the gate on what you can and cannot do."

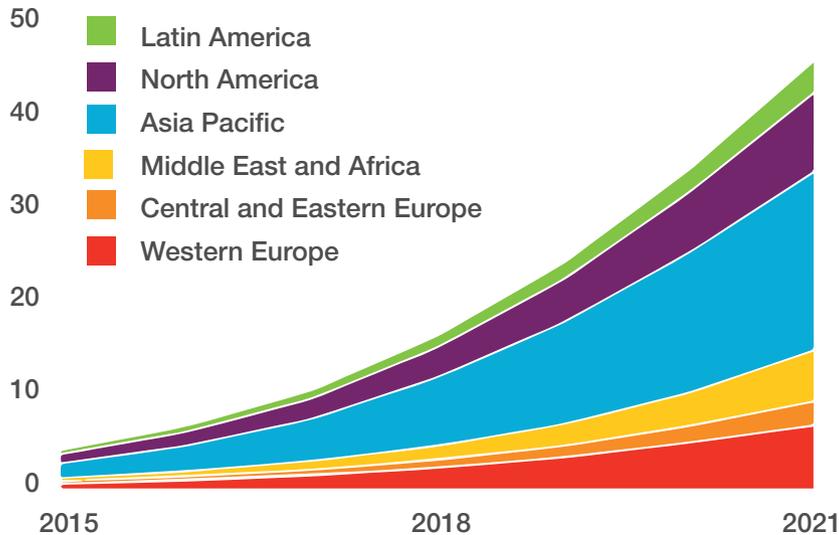
MOBILE ADDS AN EXTRA TWIST

Despite the apparent ubiquity of smartphones in North America, we really are at the trailing edge in mobile adoption. Other geographies began using these technologies well before the U.S. marketplace worked out its own kinks and have developed their own cultural and technical experiences.

End of the PC Era

Around 90 percent of mobile data traffic will be from smartphones by the end of 2021, according to Ericsson’s November [Mobility Report](#). Asia Pacific alone will generate 40 percent of total smartphone traffic by the end of 2021.

Smartphone data traffic per region
(monthly ExaBytes)



Source: Ericsson

For instance, according to Evans Data Corp., back in 2002 APAC developers were commonly creating software using SMS technology, in part because the region’s Internet hardware infrastructure lagged behind telecom. That’s meant years of experience designing mobile interfaces suited to their user base. And today, Evans Data’s APAC Development Survey shows 62 percent of APAC developers are currently developing mobile applications.

Everything they do has a mobile component.

That does mean wonderful opportunities for channel partners with mobile solutions to offer — but it also means new infrastructure challenges.

Every market is different, especially when you are expanding to a region like APAC or Europe, points out Jon Mooney, head of Asia Pacific and executive vice president of group product, operations, and delivery for Digital Turbine. “For instance, APAC has emerging nations coming online for the first time and witnessing an Internet boom via smartphones,” says Mooney. “But if you want to reach these customers with a mobile app, you can’t go to one mobile operator. There is a lot of fragmentation with the operators, and no one big group gets broad coverage across the region.”

That's not just a matter of learning a new set of carriers. Purchasing devices is different in APAC than in other countries, typically happening without an operator's involvement.

"Additionally, because smartphone adoption is rapidly growing, there is a shift in purchasing behavior," says Mooney. "Smartphones and mobile payment solutions are, to the developing world, what credit/debit card adoption are to the U.S." Digital Turbine capitalizes on this shift to mobile payment solutions by offering a payment mechanism connected to mobile carriers. Whatever you choose, you do need to consider how money changes hands, and all the technology underlying that process.

Here, too, is another example of working with the locals and trusting their knowledge. Denise Hayman-Loa is CEO of Carii, a mobile collaboration app that won the CES 2016 Innovative App of the Year; the company's development staff is largely in Indonesia, where most people have two to three phones, but may not have a desktop computer. "We said to them: You know better than we do what the mobile version should look like," Hayman-Loa says. "We let them lead the charge on the mobile version. They've been doing mobile money transfer between people for years. They're more advanced in mobile because they never built land lines."

The developers' understanding of mobile culture extends to user interface and application design, Hayman-Loa says, such as an insistence on shortcuts. Indonesians have a much higher tolerance for advertising and an insistence on "getting a good deal" even if that requires coupons, so the software is different in each locale as well.

CULTURAL DIFFERENCES: THE HUMAN SIDE

Those variations aren't only in mobile user interfaces. As you embark on a worldwide expansion, you must, *must* become comfortable with the human cultural differences, or you're apt to make a devastating business mistake. "It's the extra layer of undercurrent that can torpedo something; the things that trip you up are the things you forget to ask about," says Carii's Hayman-Loa. "Know the culture of the country you're looking to expand into."

For instance, she has learned that Indonesians will say, "Yes, I understand," even when they don't. That's a part of their culture, to be agreeable and get along, but making wrong assumptions can create terrible business consequences.

Often, the fastest and best way to get a foot in the EMEA or APAC door is to strike up alliances with local partners, but these types of deals are touchy even in the States.

"To prevent mistakes, develop joint business plans that take into account the cultural attitudes of the target geography," says DeSocio.

It helps that profit is a universal language.

As with any partnership, it's the relationships that ultimately matter, as Denis Branthonne, CEO of Novade, a mobile cloud software provider operating across Asia and Europe, has found.

"My experience dealing with partners globally during two decades is that the business drivers are the same on all continents," says Branthonne. "However, the way people speak or communicate are different. You just need to be open-minded."

That said, experts agree that simply relocating U.S. staff to open a branch office in a new region begs for trouble because while drivers may be the same — money talks — granular business decision-making processes are highly localized.

Mobile Data by the Numbers

Cisco's [Visual Networking Index](#) Global Mobile Data Traffic Forecast Update reveals some eye-opening stats on the globalizing nature of mobility.

<p>3.7 EXABYTES – Monthly global mobile data traffic at the end of 2015</p>	<p>30.6 EXABYTES – Monthly global mobile data traffic by 2020</p>	<p>51% – Total mobile data traffic offloaded onto fixed networks via Wi-Fi or femtocell in 2015</p>
<p>7.9 BILLION – Total global mobile devices and connections in 2015, up from 7.3 billion in 2014</p>	<p>55% – mobile video traffic as a percentage of total mobile data traffic in 2015</p>	<p>75% – mobile video traffic as a percentage of total mobile data traffic by 2020</p>

Data: Cisco

“Although we are working with some very large global companies in Europe and Asia — the largest has 60,000 employees globally — the reality is that the decision-making process is almost always local,” says Branthonne. He signs on partners in each country; at this stage, none is operating in more than one nation. “An ideal partner needs to have existing business relationships and access to the target market; this is a must,” he says. “Willingness from the partner to invest is the second most important criteria.”

That’s true, certainly, for sales efforts, which should be local to the region, with some oversight from global headquarters.

“This enables local culture and relations to drive the sales process and business etiquette,” says The Herjavec Group’s senior vice president of channels, Atif Ghauri. “As with any regional expansion effort, reference clients should be the focus to showcase to other prospects to build local credibility and rapport. Finally, support and service delivery is best to begin centralized until the region has reached a cost inflection point to warrant local technical operations. This also keeps the service delivery consistent to the established brand being promoted.”

Many companies seek support from governments and chambers of commerce in the targeted geographies. If a city wants to attract more tech startups to spur its economic development, political leaders may dangle resources to attract channel and tech companies to generate local-to-them jobs. That raises issues around legal and regulatory compliance, HR, accounting and taxation that may be easier to navigate

if yours is a large organization. Of course, since “500 new jobs” sure sounds better to regional governments than does “five new jobs,” the majority of channel partners won’t run into this situation. But don’t overlook the opportunity if it presents itself.

CULTURE CLUB

The biggest hurdles you’ll encounter are cultural, both in business practices and human responses. The better prepared you are for the differences, the more effective you can be.

For example, American businesses are used to a single price across the continent. A \$50 dollar cellular contract is the same whether you’re selling in Boston, Seattle or Honolulu. Expect confusion when you go overseas. Pricing is variable: Pounds does not equal Euros, and even Euros have different values in local economies. That’s bound to throw off your income planning spreadsheets.

“A big mistake is to assume that it will be easy to bill from the U.S. and contract for services all in U.S. terms, without securing partnership affiliates or entities for deployment and currencies abroad,” says NTT America’s Westervelt. That turns out to be another advantage of finding a partner you can trust and that has experience orchestrating services. For example, says Westervelt, NTT Com engages its business partners with sister company [NTT DoCoMo](#) in the APAC region as needed and encourages them to use telecom expense management (TEM) services from affiliates where applicable.

“This year we plan to have a lead registration portal and a document and training library to refer all of our subagents,” he says. NTT also expects to participate in more regionally based activities in the United States and to offer new services related to opex models, managed security and UCaaS, as well as updating its professional services practice. “Cloud and network architects who can price solutions globally are part of our PS practice, which is a differentiator that can help bridge the gap between execution and delivery,” he says.

Okay, perhaps you were expecting to juggle pricing. And it’s obvious that you have to contemplate language localization, both for the technology solution you’re selling as well as employment and sales. But recognizing the challenge doesn’t mean you’re ready to overcome it.

Reading vs. Doing



Some books purport to bring you up to speed on international business. Experts mentioned “[Access to](#)

[Asia: Your Multicultural Guide to Building Trust, Inspiring Respect and Creating Long-Lasting Business Relationships](#)” and “[Kiss, Bow or Shake Hands Europe: How to Do Business in 25 European Countries](#).” But given the intricacies of the partner/vendor/customer relationship, most agree it’s best to work with someone who understands both the region and the indirect channel business model.

“Each individual country is just that, an *individual* country, with independent laws, currency, taxes, customs, compliance requirements and culture,” says Ingram’s Robinson. “Channel partners need to understand the tax ramifications before they work a deal. Additionally, they need to consider how they are going to swing the different certifications and authorizations required — and they are different.”

Ah yes, certifications. Add to that understanding how money flows in and out of the country, and which countries engage in a central banking system.

“It’s not just currency,” he says. “It’s the tax and the financial flow of the transaction as well. You can’t just go do a deal and pull the money out of the country. You need to know the rules of engagement inside and out of the country. Global trade and foreign fulfillment is frankly the most complicated piece of the business for any channel partner.”

Another fly in the ointment: data privacy regulations, especially in EMEA. The Safe Harbor situation is far from resolved, and that’s just the beginning of the legal issues, especially for solution providers whose international partnerships involve the creation of intellectual property. Your U.S. business lawyer might be brilliant at writing work-for-hire contracts, but those agreements may not take into account unique business practices in other regions. It’s critical that contracts are clear about who owns the data, the technology, the brand.

Carii’s Hayman-Loa, whose development staff is largely in Indonesia, took no chances. “We had every single programmer sign an agreement that turns over the intellectual property to us,” she says.