



The Supplier and Partner relationship in the Telecommunications Industry.

How it looks going into 2017



Someone who offers everything you need...

When selecting a new supplier there will be a process involved. This process will be much the same as looking for a new life partner - it will involve determining required elements that must be met in order for a successful relationship to be formed. In terms of looking for a new supplier, one of these elements will be whether or not their offering is of value to you as a business.

When looking at the Telecommunications industry, there are 3 key product and service areas;



Telephony



Internet



Cloud

Executive Summary

The Channel Market in Telecoms. A highly competitive market that every business in the industry is dependent on at some stage of their supply chain, but one that can often leave a sour taste.

The need for a competent and reliable Channel Partner, or in simple terms, supplier, is crucial to business strategy. Successful communication businesses will have identified these and are successful as a result.

This report explores key criteria that businesses should be looking to identify when analysing existing and potential suppliers to ensure the continued growth and success in an ever growing and highly competitive industry.

It will:

- Explore how a successful relationship can aid your customer relations.
- Analyse the importance of price and identify why an unusually low price is not always the answer.
- Highlight the benefits of a consistent supplier.
- Demonstrate how a supplier should seamlessly complement the day to day operations of your business.

The past few years has seen the term 'Unified Communications' coined, which is a combination of the three. Whilst one of the reasons for this is advancements in technology, a further reason is that businesses are looking to order more of their products with suppliers that they trust. Suppliers across the channel should therefore be looking to make their offering as attractive as possible by encompassing their product and service portfolio to include all of the elements that compromise Unified Communications. If an End User wants all their products and services from one supplier, it would be a wise decision to ensure one supplier is used throughout the supply chain.

A benefit to the partner of using a Unified Communications supplier for a full-service sweep environment is the added flexibility that it gives. The products and offerings will

often be designed to work alongside and complement each other. Traditionally, there will be a mix and match of products, Telephones from one company and Cloud from another. Marrying the two up would have been a headache in the past, but a supplier who offers it all will prove to be the painkiller to yesteryears headache.

A further advantage of sourcing a Unified Communications supplier, will be the fact that they support all of the products and services and it is therefore their priority to ensure that all of the systems remain stable. Different suppliers of different products will have different support methods and solutions, which could "fix" one product yet hurt another. For example Company A could change your IP address on a router to stabilise Internet connectivity, neglecting the fact this will lead to downtime in a VoIP phone system as this would be a different supplier's responsibility.

Someone who makes themselves easy to use...

A good supplier will make life as easy as possible for its partners. Questions that need to be answered include:

- How easy is it to receive a quote?
- How easy is it to place an order?
- How much support will they give you in the selling process?
- Are there billing options?
- How easy are they to contact? Do they want to be contacted?

Supply and demand are often the nature of this industry, meaning when an end user demands a quote, they want it supplied as soon as possible. As a supplier, it is imperative that everybody understands the expectations that are being set. What 'as soon as possible' means to one organisation could be completely different to another.

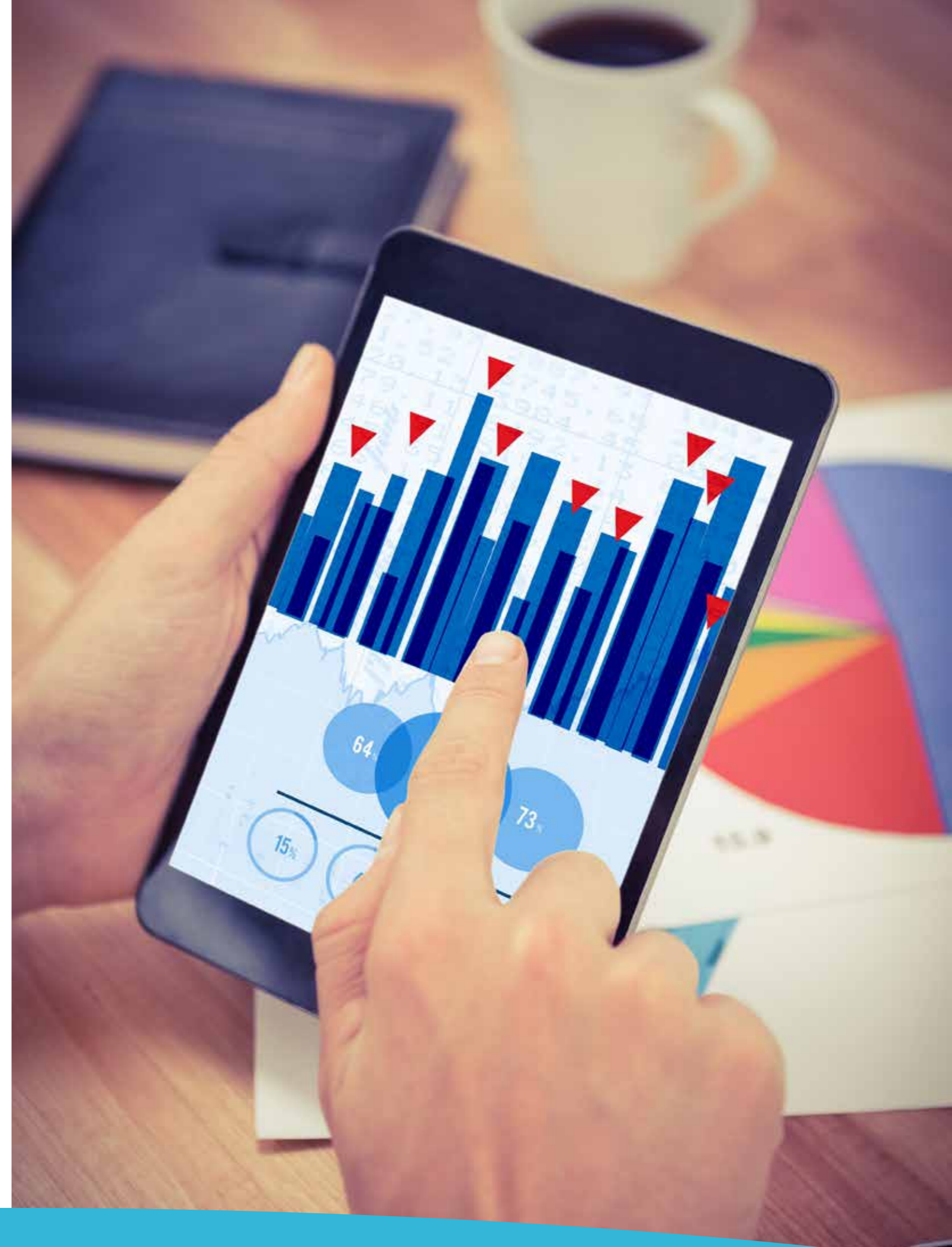
When looking at quoting and ordering, how much of this is human dependent? Is this what you are looking for in a supplier? Is this a long winded process? Does it require a horde of information every time? If you require a multitude of quotes day in and day out, there's a strong possibility that being dependent on a human at the other end of the quote process would slow things down.

This is an explanation as to why the trend for online portals has been ever increasing in the past years. With portals, results are gained in an instant. Decisions can be made quicker, there is no waiting around. In life, as much as in business, there is more urgency for acting in the now. People hate waiting around and want to be empowered to do things for themselves,

the usability that an online portal creates gives them this.

With all of the functionality that is needed within a portal, it is absolutely critical that usability is not overlooked. If something isn't easy to use, the likelihood of it being successful greatly diminishes. As has been detailed, a portal will be used for the likes of quote raising and order placing. Both of these processes will involve repetitive details. An example of this in terms of ordering will be the billing address, this is something that won't change from order to order and is information that is already on record. Therefore it should not be information that is required each and every time an order is placed.

It is obvious to say that the more functions that a portal can carry out, the better it will be. However, there has to be a trade-off with how easy the functions are to use. It's all well and good having multiple functions but if it complicates the overall look and feel of the portal, it won't be beneficial. With every decision to add a new function, the question of how complicated it will be should be at the forefront.



Someone who is on trend...

Success in business can often be determined by the amount of expertise within the industry. An area where expertise is needed is the forecasting of future trends and the ability to react to them.

When something new comes along, it is human nature to want to be the first to own it or experience it. This means end users are more inclined to carry out this interaction with the first business who can offer them what they want. A good supplier will be one who is proactively anticipating changes to the market, someone who is expecting new products and has their partners prepared beforehand so that they "can strike whilst the iron is hot."

Trends to be aware of in 2017 include:

The ever growing development of the Internet of Things (IoT)

For those who don't know, the IoT refers to the ever growing number of physical objects that can be connected to the internet. This list of products is ever evolving and includes everything from a traditional laptop to a kettle.

As a result of this growth in products, the need for enhanced connectivity is obviously prevalent – the more devices connected, the greater the strain on the bandwidth. However, it is not just more bandwidth that is required, but more complex bandwidth. The facility to implement Quality of Service (QoS) on infrastructure will allow businesses to ensure that bandwidth can be determined for core operations e.g. phones and laptops rather than other devices such as employee tablets.

Fluctuating Exchange Rate

Suppliers will have to ensure they have plans in place for every eventuality in regards to the Exchange Rate. As everyone is no doubt aware, the \$/£ exchange rate took an alarming dip when the UK voted to leave the EU. Prime Minister Theresa May has confirmed plans to trigger Article 50 in the early part of 2017 which will begin the leaving process. This could have a further negative impact on the exchange rate.

A less favourable exchange rate will have an impact on the Cloud and Infrastructure market as prices are likely to rise. A supplier has to ensure their partners are briefed on how fluctuations will affect any quotes, and how to position this to End Users.

There is also scope to take advantage of the aforementioned fluctuations – in the Cloud industry, suppliers with a UK hosted Cloud, who won't be as sensitive to exchange rates changing should ensure they and their partners are positioning themselves with this as a major selling point.

ISDN

BT announced in 2015 that ISDN would be phased out by 2025. The clock is ticking! Most businesses rely on ISDN for their telephone systems and plans need to be put in place now to move to IP based systems, Voice over Internet Protocol (VoIP). Can your supplier help on this journey? 2025 may seem a long way off but migrations need careful planning to avoid interruption to business.

Cyber Security

Whilst 2016 will be remembered for many things, it could certainly be argued that it was the "Year of the Hack". Huge businesses such as Tesco, Ashley Maddison and Three Mobile have been subject to attacks this year which as seen data being stolen with some very serious consequences, both for their end users and themselves from the relevant Watchdogs.



As awareness of hackers continues to build, developments in technology should continuously hit the market. Whether this is Disaster Recovery and Backup solutions or advancements in first line protection software, suppliers need to ensure they are ready to launch these offerings to show channel partners and their customers they care about their cyber security.

Someone who makes themselves easy to pay...

When looking for a supplier, one of the key factors in the decision-making process will be whether their payment terms fit your business strategy. Some suppliers may have a very inflexible payment structure, such as only making one Direct Debit run a month on a date that doesn't suit.

Think about this, you will want to pay your bills when your end users have paid theirs. Otherwise, the risk and likelihood of cash flow problem become ever more prevalent.

Suppliers who pride themselves in being 'flexible' will be able to put these worries to one side. Channel partners will be looking for a supplier who can cater to their needs. They want to be able to understand what is coming out of their account and when exactly it is going to happen. This means that payment options should include a variety of billing options such as annually and quarterly, on top of monthly direct debit. Payments should be able to be made by bank transfer, BACS or even a cheque. If a supplier wants your business, they want your money, and if they want your money, they should accept it however you want to pay.

There are two main types of payment options which you will have to choose from;

Capex and Opex.

Capex is short for capital expenditure. This tends to be a major investment in goods, and the investment will usually result in a change of ownership. A Capex investment will appear in the balance sheet section of a company's accounts and depreciation will also have to be factored in.

Opex is an abbreviation for Operation Expenditure. This is different to Capex as it will show up in the profit and loss accounts and is an expense that occurs on a regular basis, usually monthly, meaning you can spread the cost over a longer period of time.

To give an example of this for the Telecoms industry, let's say a telephone handset is worth £200. Now you could either pay for this outright (Capex) or you could pay £10 a month for 20 months (Opex).

These options and the flexibility they bring, will not only enable you to pay in line with the needs and strategy of your business but also enable your end users to do the same.



Someone who is willing to go the extra mile...

Throughout both organisations, there has to be a strong understanding and intertwining of how each other works. Now, whilst this will be primarily the responsibility of the supplier, both organisations should realise that a close-knit relationship is beneficial to all parties. In order for this to be established, and as has already been stated in this paper, objectives and expectations need to be drawn up from the outset of the relationship.

Whilst these objectives and expectations are always what is strived for, this doesn't mean that either party should switch off when it is achieved. Suppliers who want to ensure their channel partners feel valued will look to go above and beyond the minimum achievement boundary.

Of course, this is not necessarily something that a potential supplier could be "marked down" for, however it is an area where some can certainly receive more credence. As has been discussed throughout the paper, "value adds" can do everything when building and maintaining relationships, which means the ability to demonstrate these can go a long way to success.

A simple example of a value-add would be a supplier who is willing to attend meetings with an End User, alongside the partner – the solution will be based on their infrastructure, meaning nobody should know it, and be able to speak about it better than the supplier.

Someone who makes you feel comfortable...

Sometimes, you have to trust your instincts. A supplier must ensure they are doing everything they can to ensure you are comfortable in working with them.

One element of building this feeling of comfort is a supplier practising what they preach. If they promote the fact that they answer the phone, they must answer the phone. If they can't answer the phone when they are trying to onboard new partners, a time when they should be pulling out all the stops, how are they going to respond when they've got what they what they wanted; your business?

One of the biggest reasons for using a supplier instead of a wholesaler will be because you can interact and meet with them. The easiest way to get a feel for a business is to go and see them. Schedule an appointment to go and see the offices and meet the people. When hosting a partner, be it potential or existing, a supplier should be pulling out all the stops to show themselves in the best light.

At every opportunity, you should be looking to talk to as many people as possible across the organisation. Whilst you may be dealing with the same person day in and day out, there will be times when the situation dictates you deal with others. Try and do this early into your relationship, or even before a relationship properly exists. This way you can determine if there is consistency across the business. This consistency should be in all areas of the business including pricing, the level of service and technical support. Whilst a sub-standard service is never something you want to receive, if you can prepare for it, or be prepared not to have it, you will always be in better stead.

The above reasons are easy ways to conduct checks, however, they are all elements designed to show the supplier in the best light and are in the main, under their control. To check the validity and reliability of this, the following methods should be considered;

- **References** – Log onto the suppliers website and look for case studies or testimonials. Instead of finishing up there, contact these people and businesses, what is written on the website is controlled, whereas a phone call is not scripted or controlled.
- **Social Media** – Whilst a company can control what they write on social media, they have no control on what is being written about them. Dive into their mentions on Twitter, their reviews on Facebook and see what people are saying about them. Find the people within the organisation on LinkedIn, have a look at their history and endorsements, ensure there are no red flags.
- **Technical Report** – A key element of the Telecoms industry and an area where a number of businesses fall short is the responsiveness of their Technical Team. Every business out there will "talk the talk" but how many of them can "walk the walk"? A good indication for those who can, are the stats in relation to their Tech Teams – how long does it take them to answer the phone? What is the percentage of SLA's met within a month? What is the average response time to a ticket? The companies who don't have these figures to present will be hiding them for a reason.

Someone who isn't afraid to learn...

The idea of a perfect world is a wonderful one, however, it is not the realistic world we all live in. Unfortunately, what should be smooth on paper is not always what happens in actuality, which is one of the biggest reasons Technical Support Departments exist.

The telecommunications market is one that can be notoriously (over)complicated, which means that sooner or later, something is going to go wrong. When this does happen, the following hours will likely determine how successful a relationship is going to be and the length of it.

A good supplier will be one who deals with something going wrong in a proactive manner rather than being reactive. When you ring up to report a problem, they should already know about it and should be able to describe the process of the corrective action that follows.



The hope is that when an error does occur, it is the responsibility of somebody other than the supplier or it is a problem that has occurred outside of their realms of control. However this doesn't mean that they shouldn't "own" the error, at the end of the day, you are using them because they are the experts.

For those times when a problem is a result of the supplier, the two most important things are that:

1. The problem is resolved quickly.
2. The problem isn't repeated.

An organisation that can't fix their own errors is not one that you should be doing business with, likewise for one that doesn't show any willingness to learn from their own mistakes. Something that is repeated isn't a mistake; it's behaviour.

Someone who offers value for money...

Whilst price is always going to be an important factor, it should never be *the* factor. As the old adage goes “*you get what you pay for*”. If a deal looks too good to be true, then there is a strong possibility that it is.

The majority of suppliers will be receiving a product from wholesalers at a similar price, so why do they charge different prices and why should you be wary of the cheaper ones?

Whilst this might not be a steadfast rule, the cheaper services that exist will usually be cheap because they have less expenditure supporting them. When looking at SMB suppliers, and not the massive conglomerates such as BT, TTB etc. you want someone that is **reliable, flexible** and **sustainable**.

These three elements are all achievable for a supplier, as is detailed throughout this article, however, they will come at a cost. Obviously the main aim of most businesses is to make money, but before they can even think about doing this they need to cover their costs.

The first of these costs is the staff that will be supporting any service. You want a supplier who has the staff to support your needs. Be this technical, sales or accounts, there needs to be a suitable number of staff and these individuals also need to have the relevant qualifications and experience to do the job that you expect of them to a high standard.

A further cost to a supplier will be the infrastructure that you are utilising through the supplier agreement. A good supplier will have their own network which ensures that all of their products are under their control and thereby reassuring you that they are doing their utmost to provide a first class solution.

Now the benefit of using others networks is that you don't have to part with the expenditure on items such as hardware and Data Centre space, instead, your selected supplier is indebted with the infrastructure costs. However, the better the network that you want to take advantage of, the more expensive it is to:

- a. Build
- b. Maintain



This means that you won't just be paying for a product such as Connectivity or Cloud, you will instead be paying for a service, which therefore puts the pressure on the supplier to deliver.

As a result of this, it is imperative that you go into to any relationship knowing that the pricing you are receiving is one that you are able to sell at in line with your profit margins and one that you can justify to your end users.

For those companies who have more disposable income, it would be extremely beneficial to invest in a Credit Check facility to check the financial standing of the supplier. The higher the score, the lower the risk that is being taken by placing business.

With all of this in mind, a supplier has to place emphasis on the price of their offering being fair. It doesn't have to be the cheapest on the market, but if it isn't, it is imperative to detail the extra value that an offering has that others don't.

Someone you can build a relationship with...

At its core, the supplier and partner relationship is a virtual relationship. Be it an exchange of emails, or a quick call, the need for physical interaction is minimal. However, does this mean it should be neglected? Of course not.

One of the main reasons the channel market exists is to take advantage of others offerings. Different businesses can get a bigger discount from wholesalers because of elements such as order volume, or relationship. That discount can be passed on to partners, meaning that the price is reduced at every level of the supply chain all the way to the end user.

A further reason that the Channel market exists is because businesses were tired of being put in holding patterns by the large conglomerates. They weren't deemed important enough to jump through hoops for so they found somewhere else where they were.

Suppliers have to ensure that they keep this up. They have to ensure that the money they are receiving is as important to them as it is to the partners that are spending it. The frustration that comes with having to quote an Account Number every time you call into a supplier because the staff there don't know who you are should not be overlooked. This is the type of service that you come to expect with the large conglomerates of the world, not a supplier that cares about your business.

The use of the term Account Manager is something that gets banded about as a strong selling point by Telecommunications suppliers regularly. A selling point is defined as 'a feature of a product that makes it attractive to customers.' However, one problem with this

is the plural use of the word customer. This makes the assumption that several customers have shared needs and are all looking for the same thing when buying. Suppliers need to recognise that their partners will have different needs to each other, whilst one might want to be left alone, another may want constant sales support.

This means that just having an Account Manager is no longer a selling point. Having an Account Manager who doesn't listen, doesn't understand the needs of a business and doesn't understand what is trying to be achieved is just as good as not having anyone. Instead, a personable human who takes the time to get to know a partner and understands their needs from a supplier is a selling point.

Conclusion

Neglecting the importance of a good supplier is putting the success of your business at great risk. Choosing the right supplier is something that is very easy to get wrong, but fundamental to get right. As presented throughout this paper, suppliers enable businesses to grow and meet their end users needs whilst slotting inherently into the day to day running of their business.

Any company who is not happy with their current channel network should evaluate their plans going forward in order to take action before it is too late.

About Stream Networks

Stream Networks Ltd is a fast growing, privately owned, Business Communication Provider. Operating with a strong balance sheet we own and continually invest in our network infrastructure providing our customers with the assurance their network operations are handled by a trusted partner.

Working with and for all the top brands in the industry, Stream Networks are able to provide all-encompassing Cloud, Connectivity and Unified Communications Solutions. Our depth of knowledge and range of skills enable us to both discuss strategy on the one hand, whilst being able to deliver rapid programs to manage change on the other.

Our partners are at the core of everything we do. We are proud to be fast growing in a fast moving industry. We relish the opportunity to work closely with our partners on a daily basis ensuring they get the service and solutions they need in a manner that fits their business objectives.



