



The Demise of PRM As We Know It

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Today the definition of Partner Relationship Management (PRM) is unclear. Is PRM the software application that you buy or rent? Is PRM the process and partner programs? Or is PRM a business strategy to select and manage partners? The PRM-focused companies were either consolidated or folded. Gone is the old promise that one solution can fill all your partner management needs. If it's not in Google, then PRM, as we knew it, MUST be history! So, what caused the demise of this solution?

We must look at where Partner Relationship Management (PRM) came from originally in order to evaluate whether traditional PRM has become obsolete. Remember ChannelWave and Allegis? How about PartnerWare, OnDemand, and WebBridge? In 2002, these organizations were high flyers – the next big thing – doubling within one year into a \$2 billion industry, according to IDC. These solutions were helping companies “synchronize, optimize, and understand sales and demand impacts across channels,” according to META Group, at the time.

But the value propositions of “creating a single selling experience across multiple organizational boundaries” (META 2002) never grew roots and these PRM-focused companies were either consolidated or folded. Gone is the old promise that one solution can fill all your partner management needs.

It really takes the entire company to ensure that partnerships are successful. As partnerships touch all facets of the organization, all of those facets like marketing, field sales, finance, sales operations, legal, technical support, training, professional services, and even product marketing are affected by the success or failure of partnerships established by the channels or alliances groups. Thus the systems that help engage, empower, and evaluate partners must also live in different parts of the organization. The promise of traditional PRM was to create one system that addressed and supported all these areas. That's crazy – these teams already have systems to manage their individual business unit processes.

PRM promised to be all things to everybody, trying to solve several complex problems in one complete solution. These early solutions attempted to holistically re-engineer the way partners engaged with an organization, and the processes by which an organization managed their partners.

This ended up to be too much process at one time – for both partners and the channel management team. Change is difficult for most people and the sweeping modifications in process, work flow, and engagement styles required by these all-in-one PRM systems was too much at one time.



Additionally, since effective partner management is truly a team effort, the PRM system needed to integrate with other corporate systems – in marketing, sales, and training – to be successful, but PRM systems weren't implemented using this approach. The demise of this solution was mainly due to the incredibly low adoption and usage rates by partners as well as internal teams.

This all-in-one approach to PRM was both complex and expensive to implement. Average implementation times in the early years of PRM were between 10 and 16 months. Trying to get all the different groups that own the processes such as sales operations, marketing, and training to agree on one system and one set of universal business practices was a monumental undertaking. And training and sales organizations weren't bought in to the idea that a PRM solution could meet their broader requirements - the PRM solution only addressed partner-related needs. Prices for PRM solutions ranged between \$250,000 at the low-end, to more than \$1.5 million for a full application – and implementation costs could easily match the system price.

Today even the definition of PRM is unclear. Is PRM the software application that you buy or rent? Is PRM the process and partner programs? Is PRM the partner portal? Or is PRM “A business strategy to select and manage partners to optimize their long-term value to an enterprise” as defined by Bob Thompson, the self-appointed PRM guru. Ask four different PRM vendors and you'll get four different answers. Ask 10 different companies with established channel programs, and you're likely to see 10 very confused faces.

It doesn't really matter, as traditional PRM is history. Gartner isn't even tracking PRM as a category anymore and instead directs users to B2B e-commerce solutions. According to Gartner, “Partner relationship management functionality is no longer a separate B2B e-commerce application category and users should include PRM functionality in B2B e-commerce assessments.” In a Google search for PRM, only one of the top ten responses is what we would consider “Partner Relationship Management” software. If it's not in Google, then PRM, as we knew it, MUST be history!

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