

The
10 Minute
Quote

Understanding the ROI
of ChannelOnline

a CNET Content Solutions Executive White Paper



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Executive Summary

Introduction and ChannelOnline Overview

VARs, System Integrators and IT Solution Providers face unprecedented business challenges: declining margins, growing customer expectations, and the transition to complex service offerings along with traditional product sales. While resellers are under increasing pressure to execute consistently and efficiently across their sales, purchasing, and back office operations, many still rely on an inefficient mix of applications with incompatible data formats. Sales representatives often struggle to find product information from multiple sources to enter into their accounting or spreadsheets to provide quotes for their clients. And, after a sale is closed, processes are just as inefficient. Once an order is received, resellers manually search vendor Web sites for needed products – a time-consuming process that often fails to ensure the best possible pricing.

CNET Content Solutions' ChannelOnline is a hosted application that automates the sales cycle, and can cut quoting time to as little as 10 minutes. The solution enables resellers to increase their volume and scale their revenue.

ChannelOnline is designed to give small to medium-size resellers all of the operational advantages of their largest competitors, empowering them to maximize margins, increase revenues and improve customer satisfaction. ChannelOnline provides resellers with a fast, resourceful, and effective Web-based service that automates key business processes and transactions, giving resellers total management control over the complete sales cycle.

The product content for this solution is based on their premier product, DataSource™, which is a leading source of product data used by many of the world's largest ecommerce sites. With this foundation ChannelOnline enables even the smallest IT company to provide its customers with the best content in the industry, including accessory products and rich product data such as multi-angle images, key selling points and marketing descriptions.

“When it comes to data sources, they are the leader. We’ve researched the two or three out there, and ChannelOnline has the most scrubbed product data feed in the market today.”

Owner, Paragon Micro

ChannelOnline's strength comes from its ability to synchronize dynamic employee, customer, supplier, pricing, services, and product content into a single application. It provides integration with leading distributors, carriers, and third-party service providers. Today, approximately 3,000 reseller users in the U.S. and Canada use ChannelOnline to access critical information on over 700,000 IT and consumer electronic products. CNET Content Solutions is a division of CBS Interactive, a premier online content network for information and entertainment.

Instead of accessing multiple applications, Web sites and documents, sales reps have a single work environment for all steps in the sale of products and services: researching products, creating quotes, sourcing, pricing, determining availability, and confirming orders. Additionally, they have a proprietary API that they make available for full XML integration into backend accounting or ERP systems. A QuickBooks Connector is also available for use with the Pro and Premier versions of QuickBooks from year 2007 forward.

And with out-of-the-box compatibility (product catalogs, pricing and availability) with top North American distributors, including Ingram Micro, SYNEX, Tech Data, Avnet US, Digitek and D&H, ChannelOnline helps resellers obtain the best and most profitable source to fulfill each order.

“It makes a nice, neat, central quoting tool. We send out a lot of quotes with products from different suppliers, and ChannelOnline hides that from the customer and makes the quotes clear and easy to read. We maintain good quality control over our quoting, and our customers can count on that. That was difficult before.”

IT Department Manager, AMI Communications

Product Features

Catalog and product management: Central management of all product SKUs (supplier products, reseller specific products, and services) into a complete full catalog with descriptions, detailed rich content and specs automatically mapped and displayed when appropriate. Plus resellers can create and upload custom products and categories.

Customer management: Manage customer contact, location and order information through the administration portion or by the custom through the ecommerce store.

Quoting management: Direct access to major IT and CE product distributors allows resellers to create, copy, edit, send and convert quotes to orders quickly.

E-commerce store: Featured products, specials, spotlight categories/manufacturers, side-by-side product comparisons, as well as a full customer approval management option saves time when processing customer orders.

Administrative management: Create unique user profiles with multi-level access rights.

Purchase order management: Submit purchase orders from the same interface used for quotes, sales and sourcing activities. All product lines are linked back to the original sales orders for tracking updates.

Report generation: Create custom reports for sales, customers, purchases, products and the storefront usage.

Back-office integration: Connect through the XML API or use the QuickBooks Connector for Pro and Premier versions.

Contract management: Upload and manage customer contract catalogs (Gov/Ed/Corporate Standards).

Product Configurations: Build configurations in the application or import HP and Cisco configurations.

Personal “MyChannel” dashboard: Online access to daily, weekly, and monthly activities from anywhere.

Third-party credit card processing: Five cc processors are integrated and available for activation.

“It’s much better than building something from scratch. To build a tool to do the same things would cost in the half a million dollar range.”

CEO, iT1Source

Economic Benefits

Organizations that implement ChannelOnline typically achieve economic benefits in four major categories:

- Reduced costs for quote management
- Reduced costs to handle customer inquiries
- Increased win rate for competitive bids
- Improved contribution margin resulting from better negotiated deals with vendors

Reduced Quote Management Costs

For most resellers, the single largest category of economic benefit is the time saved in end-to-end quote management. Quote management can be split into quote generation, PO creation, and purchasing.

Reseller sales reps spend a tremendous amount of time responding to customer inquiries and preparing sales quotes. Lacking an automated solution like ChannelOnline, sales reps depend largely on manual, time-consuming processes. They visit supplier Web sites to check on product availability and pricing, key information into spreadsheets to calculate markup and customer price, and then spend hours cutting and pasting -- or even re-keying -- data from supplier Web sites into proposal documents.

“None of my clients would use the old solution, so my cost per transaction was much higher. One of the things we were looking for let customers who prefer it handle their commodity orders online. That frees up time for additional, more complicated quotes that require the expertise of the sales associate.”

Vice President, Whalley Computer Associates

ChannelOnline reduces the time required to perform critical sales functions. It enables sales reps to search by keyword, supplier or manufacturer part numbers, and category; perform side-by-side product comparisons; and access detailed product descriptions. This can free up time for sales reps to engage in more strategic tasks such as proactively targeting new business.

The solution is very easy to learn, and CNET Content Solutions provides free weekly ChannelOnline training webinars. You can also take advantage of online video tutorials or submit inquiries directly to support.

It's important to note when calculating time savings benefits that you can estimate it in one of two ways:

1. By assuming that the time a sales rep spends on strategic tasks is worth at least what the reseller pays the rep, or
2. By calculating the savings that could be attained through sales force headcount attrition.

Creating Custom Service SKUs

ChannelOnline enables users to create SKUs for labor and services in the same way they do for products. It provides the ability to create a custom catalog of up to 50,000 line items. The custom catalog can include services in the quote, along with hardware and software, as well as custom bundles of products and services. Adding custom items to ChannelOnline is as simple as uploading a spreadsheet. Resellers can manage these SKUs using standard back-office applications.

Purchase Order Creation

Once the rep receives approval on a sales quote, the reseller then needs to load customer information into its Purchase Order or accounting system. This information usually includes contact name, address, and shipping details.

Doing this manually typically requires 10 to 15 minutes per new order. With ChannelOnline, data is automatically loaded based on the information from the sales quote, reducing this process to several verification mouse clicks.

“To be able to build your own custom storefronts and integrate them with your infrastructure saves you time. It’s seamless. It takes about two weeks until you’re up and running, cutting your own deals.”

Owner, Paragon Micro

Purchasing

For every new sale, the reseller must purchase products from one or more suppliers. Conducted manually, this process requires researching vendor sites or placing a phone call for pricing and availability. Although the rep may have already researched vendor sites to generate the quote, most resellers perform a more detailed search before making the actual purchase. Because resellers have such small margins, they need to make every effort to secure the best possible pricing.

In contrast, ChannelOnline reduces purchasing time by providing all product and supplier information in one easily searchable repository. Instead of spending hours digging through vendor Web sites, ChannelOnline users can quickly view pricing and availability across a wide variety of suppliers, and then select the best one for that order.

“From quote to order — to warehouse to export into our accounting system — ChannelOnline gives us a sales cycle automation solution that has significantly streamlined the way we do business.”

President, Safari Micro

Reduced Customer Inquiry Handling Costs

ChannelOnline also provides unlimited secure private customer extranets (private or public e-commerce storefronts). These storefronts allow customers to log in and view the assigned product catalog or catalogs, search and compare products, place new orders, and view or modify the status of existing orders and run transaction reporting. This means customers can opt for self-service, and won’t take up a sales rep’s time every time they have an inquiry. A public store option is also available to enable end customers to browse and compare products without logging in.

Pre-Sale Inquiries

Resellers often field dozens of pre-sale calls each day from customers checking on product availability and pricing. Not all of these calls are from customers ready to purchase. By shifting information-gathering inquiries to the Web site, resellers can free up additional sales rep time.

“Our Web site is much more appealing to customers who want to search, purchase, and track their orders online. In addition to an increase in revenues, the self-service enabled by ChannelOnline has reduced the number of customer service calls we receive.”

CEO, iT1Source

Post-Sale Inquiries

Like pre-sale inquiries most resellers want to migrate as many post-sale inquiries to their Web sites as possible. These customer interactions eat away at a sales rep's valuable time. Post-sale inquiries typically consist of customers calling to check on order status, delivery, and timelines.

ChannelOnline e-commerce stores significantly reduce the burden on sales reps by enabling customers to view, modify, and approve quotes online. Customers can also access order status and shipping/tracking information whether it came automatically from the supplier or was manually added by the reseller. One reseller who implemented a ChannelOnline e-commerce site now addresses over 50 percent of their post-sale inquiries via this method.

“In just one year after adopting ChannelOnline, Safari Micro saw a 22 percent year-over-year increase in sales. Our sales will be up 30 percent in 2010. Safari Micro also experienced a 10x increase in unassisted, Web-based orders.”

President, Safari Micro

Increased Competitive Win Rate

While most of the benefits to resellers typically come from quote management cost savings, there are a number of other significant benefits, including improved win rates for competitive bids.

This win rate improvement is driven by three factors:

- **Faster quote turnaround time:** By automating the quote generation process, ChannelOnline enables sales reps to respond more quickly to customer inquiries.
- **More professional looking quotes:** Using manual processes, many sales reps send out quotes consisting of spreadsheets or bullet points in an email. In contrast, ChannelOnline quote templates are professional and polished.
- **More competitive pricing:** When depending upon manual quote processes, it's difficult for reps to be sure they have found the best available pricing. With ChannelOnline, sales reps are confident they have the lowest available supplier pricing, so they can be more price competitive in their quotes.

“I can keep track of my purchase orders, shipping, and tracking information in one place, rather than having to log into two different suppliers’ websites and deal with diverse rules and procedures.”

IT Department Manager, AMI Communications

Negotiating Better Pricing from Vendors and Suppliers

One of ChannelOnline's greatest contributors to ROI is the leverage it provides resellers to negotiate better vendor pricing. Many resellers have a preferred list of suppliers who represent a large percentage of their sales. And because they often negotiate without the benefit of complete competitive pricing knowledge, resellers don't always get the best pricing from these suppliers.

With ChannelOnline, resellers view the best available pricing from a wide range of suppliers. Armed with this knowledge, they can work with key suppliers to meet or beat these prices. Some resellers estimate that using ChannelOnline to negotiate better deals has improved their contribution margins by a full two to three points.

“It gives you real-time feedback when placing orders and getting quotes for your customers. You get the latest pricing, the latest inventory, and you can select who you buy from right then and there.”

Owner, Paragon Micro

Other ROI Benefits and Considerations

Reduced Cost of Error Handling and Returns

Resellers can also realize cost savings by reducing the rate of incorrect orders that can result, for example, from quoting products that are incorrect because of poor product data, discontinued or out of stock. Because ChannelOnline provides sales reps with complete and current information, quotes are more likely to be accurate – reducing mistakes and eliminating costs associated with processing misquotes.

“They allow you to get a jumpstart on what most companies would have to invest thousands or millions of dollars in order to build.”

Owner, Paragon Micro

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Empowered Customers

E-commerce stores enable customers to find products and manage order status at their convenience, allowing sales reps to focus on winning new business and providing more complex quotes.

Simpler Compliance

The third-party credit card processing makes it simple for resellers to comply with new regulations for gathering, storing, and securing credit card data.

Quality Support

Because ChannelOnline is an SaaS solution, there is no hardware or software to purchase, install, and maintain, nor do you need dedicated support resources.

All ChannelOnline customer and technical support staff are based in the United States, with extended hours of operation to provide coast-to-coast coverage. You can get immediate help via toll-free telephone call or email, and take advantage of comprehensive user guides and FAQs available to all customers.

“We run our business on a self-built software package. We were able to work with ChannelOnline to integrate our product with theirs so that, with a couple mouse clicks, orders go directly into a purchase order and then into a work order automatically, taking away some of that clerical work and double entry.”

Vice President, Whalley Computer Associates

Conclusion

ChannelOnline is a hosted application that greatly increases the operational efficiencies of resellers, and enables them to deliver a higher quality of service to their customers. With automated processes, resellers can gain significant operational cost savings in end-to-end quote management, PO generation, and purchasing, as well as reduce the cost of servicing customer inquiries.

Moreover, by reducing the response time to generate quotes, increasing the professionalism of those quotes, and ensuring the best pricing, ChannelOnline can increase reseller win rates. And by enabling them to view pricing information from a wide variety of sources, ChannelOnline helps resellers negotiate and secure the best possible pricing from their suppliers. The result? A direct, positive impact on gross margin.

For a custom ROI analysis tailored to your organization, please contact your regional ChannelOnline sales executive. He or she will be happy to discuss your situation and help you analyze the direct ROI benefits from using ChannelOnline.

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