

## CHANNELNOMICS SUCCESS STORY

- ✔ Opportunity Creation & Channel Engagement
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# HP Partner Program Overhaul Leads to Improved Partner Satisfaction

April 2022

Recognizing that their go-to-market strategies may be ill-suited for the post-pandemic world of digital services and subscription-based business models, technology vendors large and small are revising, refreshing, and revisiting their partner programs. As of this writing, Microsoft, Dell, and Zoom number among the most recent names to announce substantial partner program updates.

What those and other tech companies are trying to do is modernize their programs to accommodate new routes to market such as online marketplaces, elevate sales experiences to increase customer retention, and leverage data-driven insights to improve business outcomes and operational efficiency.

For an example of a partner program overhaul that prioritizes these and other business outcomes, look no further than HP Inc., which launched the latest iteration of its global partner program, HP Amplify, in the fall of 2020. The initiative is defined by three key attributes:

- A new, more simplified tier structure
- Specific partner rewards for performance, collaboration, and capabilities
- Extensive plans to accelerate partner and customer digital transformation with data-driven insights



➔ **Website:** [hp.com](https://hp.com)

➔ **Year founded:** 1939 (split from HPE in 2015)

➔ **Headquarters:** Palo Alto, Calif.

➔ **CEO:** Enrique Lores

➔ **Channel Chiefs:** Kobi Elbaz, SVP & General Manager, Global Channel Organization; Scott Lannum, Vice President & General Manager, North American Channels

➔ **Revenue:** \$63.49 billion

While the program's goals align in many ways with those of other vendors seeking to revamp their partner programs, what makes HP Amplify noteworthy is its focus on tight collaboration with partners to collect and leverage customer data — and the success it's had thus far in doing so.



## Background

The period between 2005 and 2020 saw many changes in the tech industry. Among the biggest was the rise of cloud computing, which opened the door for line-of-business managers in organizations everywhere to spend some of their operating budget on technology subscriptions that bypassed traditional IT department approvals and administration. With each passing year, more leaders in marketing, legal, HR, and finance departments acquired innovative technology that paved the way for improved customer relationships, employee engagement, and financial acumen. More often than not, that technology was purchased as a monthly or annual subscription instead of a one-time product sale.

The change was nothing short of a revolution, especially among the community of companies traditionally responsible for the sale, integration, management, and support of technology solutions to millions upon millions of customers everywhere. The technology channel — resellers, VARs, MSPs, and IT consultants — found themselves dealing with new customers whose expectations and needs were very different from what they were accustomed to.

Channel companies responded by making a number of changes to their own business models and go-to-market strategies. Instead of merely selling tech products, for example, many purchased technology capabilities themselves and began offering managed services to customers built upon these innovations. They focused their energy on horizontal technology needs — networking, communications, security, backup, and data recovery, for example — that were common to companies of all sizes, in every industry.

## HP's Challenge: The Burning Platform Beneath It

Since its inception, HP has overhauled, updated, and otherwise improved its partner program to suit the times. In 2013, the vendor made a series of changes to HP PartnerOne, which was established in 2002. Those changes, including simplified sales and technical

certifications and a streamlined compensation model that removed rebate revenue gates and caps, were intended to increase partner profitability and provide partners with greater consistency and predictability.

The 2014 separation of HP into HP Inc. and Hewlett Packard Enterprise (HPE) presented yet another opportunity to revisit PartnerOne, allowing the company to further simplify what had become an unwieldy program as it took on new product categories and, thence, new compensation metrics and qualifiers. The resulting 2015 refresh, HP Partner First, aimed to ensure that partners could preserve their training and membership-level investments as they transitioned to the new program.

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By 2016, new market trends compelled HP to make additional changes. The company found itself with too many partners and too many program requirements. So, pruning became the order of the day.

“We had partners coming to us saying, ‘The way you’re structured, we need a Ph.D. in HP in order to manage your programs,’” Thomas Jensen, HP’s then-vice president of global channel sales strategy, told CRN in 2016. The company responded by paring down the number of tiers in its partner program from four to three (Silver, Gold, and Platinum), significantly reducing the number of core compensation metrics (allowing partners to more easily predict their compensation), and increasing back-end automation (so that partners could focus on selling).

While those changes were already in full swing by the end of 2019, lockdowns associated with the COVID-19 pandemic accentuated their importance. If you weren’t



meeting your customers on the Internet in 2020 and 2021, you weren't meeting them at all.

The pandemic presented additional challenges, especially when it came to meeting customer expectations and needs. Buyer demand for what HP described as “streamlined, automated, and personalized experiences” meant that customer experience (CX) and ease of doing business (EODB) were taking center stage.

To adjust accordingly, HP recognized that it needed more data-driven insights to inform and guide its thinking — the kind that its partners routinely gathered, analyzed, and put to use. HP wanted access to this data, but it knew partners, even loyal ones, would be reluctant to share it.

## The Solution: Amplifying the Best of Partner Program Thinking

After much analysis and consideration, HP launched Amplify, a completely revamped partner program, in 2020. Amplify emphasizes simplicity, agility, and accountability, above all else. It also prioritizes data. In its press release announcing HP Amplify in 2020, the vendor summarized its thinking: “Thriving in this changing environment — with data as the new currency — requires a ... shift to relate to our customers as individual customers, not markets.”

First released to HP's commercial partners in November 2020 (and extended to retail partners in May 2021), the HP Amplify partner program is built on three pillars that HP calls “Capabilities,” “Collaboration,” and “Performance.”

“Capabilities” describes the ability of partners to execute with respect to program objectives and customer needs. “Collaboration” measures a partner's level of engagement with HP in various sales and data initiatives, while “Performance” examines how well partners fare in meeting revenue and CX-centric goals. One way HP sets itself apart with Amplify is by

recognizing metrics other than sales goals and volume in its compensation structure. Those include pre-sales KPIs (deal registration volume and pre-sales support utilization), post-sales metrics (time to delivery and account retention), and point-of-transaction indicators (average sales volume and revenue per account). The program also offers incentives for investing in and improving digital skills, data collaboration security, and customer experience through e-commerce and omnichannel engagement.

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In addition, HP has reexamined the three-tier model of HP Partner First, further condensing it to just two, Synergy and Power. Synergy, the base tier, provides the majority of partners with standard benefits, partner portal access, and training. Ideal for service-centric partners, the Power track requires greater partner investment, commensurate with greater rewards, such as enhanced incentives, technical and marketing support, and data-driven insights – all in pursuit of new sales and renewals.

Then there's the new ask from HP of its partners for stepped-up data sharing. It's a controversial practice that hasn't worked for other vendors. But HP has enjoyed more success than its peers. By positioning the data-sharing relationship as a higher-level participation tier, HP accomplished two important goals in one stroke. It quelled the nerves of wary partners by clearly outlining data sharing as “opt-in” only and, at the same time, made data-sharing desirable.



## Results

Since 2020, HP's measure of partner satisfaction has increased sharply. What's more, the company is achieving a number of its stated objectives. Take data-sharing, for example. In September 2021, HP reported that 98% of eligible HP Amplify partners had opted in to the practice.

The company responded with the launch of HP Amplify Data Insights, an addition to the HP Amplify portal that allows partners to immediately access insights based on their data, providing them with information on how

to use those insights to engage new customers. Luciana Broggi, then-HP head of global route to market, called Amplify Data Insights "a realization of the promise to our partners when we launched Amplify a year ago."

With Amplify Data Insights, HP continues to emphasize a collaborative model of data-sharing, making its partners feel empowered by giving them the benefit of its data analysis. According to HP, data-sharing isn't a one-way street; it's an ongoing conversation between collaborators.

## CHANNELNOMICS PERSPECTIVE

Better engagement. More loyalty. Higher satisfaction. Those are but a few of the objectives HP set out to achieve when it launched Amplify in 2020. By and large, the company has met many of its goals. But that doesn't mean it's sitting back and relaxing. Recognizing that the pandemic has significantly changed how technology value is transferred from developer to customer, HP continues to tweak its partner program to stay abreast of the latest developments in customer buying, partner management, and business-model evolution.

Channelnomics applauds HP's moves and believes they're critical steps that every vendor should take to maintain relevance in a rapidly changing market environment.

## About Channelnomics

Channelnomics is a business strategy and research firm focused on connecting channel professionals with the people and insights that enable them to continually evolve and operationalize their strategy.

Our industry experts work with clients to provide the economic evidence they need to validate and structure their strategy. Our clients, in turn, benefit from improved GTM performance, faster time to market, and better return on partner relationships. By looking at the technology market from the viewpoint of vendors, partners, and end users, Channelnomics is uniquely positioned to develop route-to-market strategies with an innovative, insightful, and inspired flair.

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