

# 5 key strategies to survive and thrive as a Value Added Reseller (VAR)



To be successful in today's cutthroat market, smart Value Added Resellers (VARs) have learned that there's little room for error. Razor thin margins make every sale an opportunity to make or break profits, while stiff competition and sky-high customer expectations make it harder than ever to earn repeat business. Meanwhile, the challenge of managing multiple suppliers, ever-changing price lists and disparate products and services means that costly mistakes are often simply inevitable.

Despite the difficulties, the VAR industry is still a lucrative place to be – if you know how to gain the advantage over your competitors. In a business rife with tight profit margins, complexity and competition, the profit- and customer-focused VAR is king. This means not only differentiating yourself through an impeccable service offering, but also being able to measure and protect margins, having systems that run smoothly and keeping all of your teams on the same page at all times.

As obvious as that may sound, a surprising number of VARs focus on the service side of the equation while neglecting the process component. If you are using multiple spreadsheets and/or stand-alone tools to manage everything, not only are you more likely to make costly mistakes, you're also missing out on opportunities to increase revenue and gain repeat business. You may even be putting your customer relationships at risk.

So how do you avoid the pitfalls while also increasing efficiency and subsequent profits? Here are five actions that VARs can take that will help your company not just survive, but actually thrive in today's environment.

# 1

## Maximize your margins

In an industry where margins are tight, VARs can't afford to be cavalier about them. When every sale is an opportunity to make or break your bottom line, it's critical to arm Sales with the information they need in order to maximize profits at the quote level.

But when pricing and procurement are managed using spreadsheets or stand-alone tools, Sales is repeatedly set up for failure. Reps have to quote based on stale pricing and inventory data, increasing the odds of unfavorable margins. The approvals process is manual and cumbersome, adding unnecessary friction to the sale. Meanwhile, Sales is compensated based on dollar sales vs. margins – two numbers that, as most VARs know, are not always correlated.

Contrast that with a quote tool that's built on top of your Supply Chain Management (SCM) information, giving you margin visibility at the quote level. All of the necessary data regarding pricing, inventory and previously negotiated customer agreements are right there at the salesperson's fingertips, updated on a real-time basis. Approvals are fast and easy, and you can set up workflows such as requiring every sale to be above a minimum margin percentage. And since sales can now see margin at the quote level, management can compensate reps based on margin vs. revenue – ensuring that every sale is profitable.



## 2

## Remove barriers to speed and efficiency

For most VARs, managing a lot of moving parts is just part of the day-to-day. Between maintaining price lists for multiple suppliers (some of which have tens of thousands of products), keeping track of inventory and ensuring correct billing and compliance for all goods and services, every deal can feel like a juggling act – and it's all too easy to drop one of the balls.

While every VAR may have the same challenges, the companies that use spreadsheets or stand-alone tools to manage these operations are putting themselves at an unnecessary disadvantage. Data updates are cumbersome, workflows are stunted and mistakes are all too frequent. And that's just for the sales you're already making. If you're spending all your time stumbling over these roadblocks, when will you be able to take a step back, look at the big picture and optimize for greater profitability and growth?

Having all of your information on one platform isn't simply convenient; it's actually vital to the success of your business. When your quote tool is built on your SCM, Sales can give quotes based on accurate pricing and preferred suppliers, eliminating costly mistakes that are time-consuming to fix. Manually updating spreadsheets becomes a thing of the past, saving your company precious man-hours while eliminating duplicate, inaccurate and stale pricing information. Meanwhile, your SCM and Professional Services Automation (PSA) integrate with your billing app, ensuring accurate, consolidated and timely billing of goods and services - as well as faster payments.

### 3

## Keep your customers coming back for more

It's rarely enough for a VAR to simply meet customer expectations – these days, you need to exceed them. But in a world where the B2C customer experience has raised the bar significantly, exceeding expectations is harder than it used to be. Customers have come to expect speed, accuracy and transparency from the companies they do business with. For example, when they buy a product in the B2C space, they receive prompt emails acknowledging the purchase, notifying them that payment has been received and informing them when the product has shipped. Why should they expect any less from their VAR?

But for a VAR that uses spreadsheets or stand-alone tools to manage its processes, these seemingly simple customer expectations are actually pretty hard to deliver on. Communicating with the customer throughout the quote-to-cash process takes a mountain of manpower and resources to execute, since the required information resides in multiple places. Quotes are often based on stale information, which can lead to mistakes and billing confusion. And limited visibility makes it hard to see the customer's full story, making it difficult to proactively reach out to clients when there are opportunities to upsell and cross-sell based on their account history.

With an all-in-one SCM app that's integrated with your billing platform, it's easy to make your customer feel supported. You can immediately send order acknowledgments to catch errors on the front-end, rather than wait for everything to be delivered to find out something is wrong. A 360 degree customer view makes it simple to track order history down to the serial number, giving Sales the opportunity for further outreach - for example, when products are discontinued. And quotes and invoices always match, building customer confidence and trust.



# 4

## Prioritize internal and external collaboration

With so many moving parts in the procure-to-pay and quote-to-cash processes, it's essential that all the players are on the same page - from your suppliers to your sales reps to your billing department, and everyone in between.

But internal and external collaboration is nearly impossible when you use spreadsheets or disparate tools to manage your SCM, billing and quoting processes. Without access to an online supplier catalog, Sales has to rely on stale data or making multiple phone calls to confirm inventory and pricing, increasing the chances of mistakes and botched deals. The warehouse has limited information about customer importance and open orders, making it impossible to prioritize. And internal departments can't easily monitor things like past orders and current order status, which makes them repeatedly miss out on customer service opportunities.

With an all-in-one SCM/Billing/PSA platform, your company and your suppliers all benefit from a full 360 degree view of each customer. Everyone from the warehouse to Sales to Accounts Receivable understands the importance of each client and can prioritize accordingly. Not only are sales reps and suppliers looking at the same information, the supplier catalog is giving them the most up-to-date view. Sales can give better quotes and suppliers can better handle fulfillment, while unnecessary conversations are eliminated. And a better view into profit margins makes it easier to dictate future business strategy.

# 5

## Make compliance a non-issue

To say that the VAR compliance situation is complex is an understatement. Managing taxes and revenue recognition for various goods and services is difficult under the best of circumstances, but when it's done using spreadsheets, it can quickly become a nightmare. Quotes and sales can be thousands of line items, making it time-consuming to track and too easy to get wrong – potentially leading to costly penalties or even legal issues.



Compliance is too complex – and too important - to be managed using a manual process. With thousands of sales tax jurisdictions and taxability rules, it's key to have your SCM system integrate with an app that is designed to keep track of it all. And when that app talks to your billing system, you can rest assured that tax and compliance will be streamlined and accurate.

# Supply Chain Management

When every misstep means missed opportunities for revenue and repeat business, it's crucial for VARs to be firing on all cylinders. Clearly, this is not happening when you're using spreadsheets and stand-alone tools to manage the procure-to-pay and quote-to-cash processes.

But when your quoting, billing and SCM processes are all managed on the same platform, extraordinary things start to happen. Every individual from procurement to billing has the same view of customer accounts, pricing, inventory and billing information. Costly errors are eliminated, time-consuming manual processes become a thing of the past and your company finally has time to focus on the big picture. Best of all, customers love to do business with you again and again.

That's where FinancialForce Supply Chain Management (SCM) comes in. Built on the Salesforce platform, FinancialForce SCM allows you to manage your entire supply chain process from order to procurement and back to inventory – all in one system with real-time visibility. This powerful application boosts your efficiency in acquiring, managing and selling your goods and services, all the while giving you comprehensive views into what's going on at every stage of the supply chain lifecycle.

With a system that allows Sales to quote directly from supplier catalogs, maximizing margins – and minimizing errors – is the new normal. Also, since FinancialForce SCM integrates with AvaTax from Avalara, you can be confident that sales taxation and compliance are being managed accurately and efficiently. And because FinancialForce is a subscription-based service, it's available to VARs of any size and effectively allows smaller companies to act like the big guys – and compete with them, as well.

**FinancialForce Supply Chain Management** helps you manage your entire supply chain processes from order to procurement and back to inventory - in a single closed loop process. This powerful application is engineered to boost your efficiency in acquiring, managing and selling your goods and services. You will get comprehensive views into what's going on at every stage of the supply chain lifecycle. You will gain unprecedented efficiency through pre-defined processes and automation and have total control across each aspect of the logistics and order fulfillment processes.

For more information on FinancialForce SCM, please visit:

<http://www.financialforce.com/products/supply-chain-management/overview/>



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