



The Power of Marketing in the Alliance Ecosystem

Case Study: The Participation of APC by Schneider Electric in the Cisco Data Center of the Future

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Listen up – alliance marketing has arrived.

In 2009 the tables turned. Traditionally, alliance marketing has been in the business of leveraging internal resources for the benefit of our alliance partnerships, but due to the prevailing economic climate, alliance marketing is now mainstream. We are no longer in the precarious position of requesting that last tiny space in the email newsletter or begging for one small blurb on the corporate website. Oh no. Corporate executives are now coming to us asking, “How can we work with alliance partners to get more value from our marketing investment?” This is a dramatic change in strategy and it is a validation of the partner ecosystem as an economic force.

In 2009, we saw substantial activity in partner ecosystems in the IT industry such as:

- IBM’s Green Sigma Coalition, focused on sustainability
- Cisco’s Virtual Computing Environment (VCE) alliance with EMC and VMware, around virtualization
- Strengthening of established industry eco-systems such as The Green Grid
- Cisco’s Data Center of the Future partner ecosystem, which delivers a holistic data center architecture value proposition to customers

These new ecosystems and the strengthening of existing ecosystems is evidence that the partner ecosystem has evolved into a sustainable business model with powerful benefits for all parties involved. Alliance marketers have responded to this shift in emphasis by finding new go-to-market strategies and potential synergies for marketing in the partner ecosystem.

Let’s examine why this shift occurred and how alliance marketing has become an essential contributor to the sales and marketing mix – and to a healthy corporate bottom line.

The Shift to the Partner Ecosystem

2008 and 2009 were unprecedented years for our economy. In Q3 of 2008, US Average Annual Growth Rate shrank to almost -3% and in Q1 of 2009 it had fallen to below -6%. According to eMarketer.com, media spend in the U.S. slid steeply, trending a few months behind the economy bottoming out and currently not projected to come out of the slump until early 2011.



Never before have belts been tightened so quickly. Companies like APC by Schneider Electric and our alliance partners had to look for new ways to do business, faster and cheaper than ever before.

For marketers, that meant finding ways to improve return on investment - to squeeze more out of each marketing dollar. Facing budget cuts and executive scrutiny of marketing plans, marketers were forced to ask themselves some critical questions:

- How do we do more with less?
- How do we gain market share as spending in our categories declines?
- How can we get people to our events when attendees are facing travel budget cuts?
- How do we leverage low cost solutions such as the Web and social media to get our messages out?

Marketers are creative by nature, so this challenging economic climate brought out the best in us. It inspired us to try new things. From an alliance marketing standpoint, we began to look at joint value propositions and common targets with our partner, and the light bulbs began to go off – yes, green, energy-efficient ones!

Suddenly:

- Companies realized they could leverage the resources of the partner ecosystem to maximize market opportunities.
- Partner value propositions became even more attractive because of their joint economic value for both companies.
- The partner ecosystem became sustainable and attractive to marketers.
- Competitors were willing to co-exist in the same ecosystem.
- Alliance marketers had more power in their organizations to get their corporate messages out.

So how does that translate into how alliance marketing is transforming business today? A good example is the participation of APC by Schneider Electric in Cisco's Data Center of the Future.

Collaborating in the Ecosystem – Cisco's Data Center of the Future

You are probably familiar with Cisco, the number one provider of networking solutions for the internet, and innovator of technologies such as unified communications, telepresence and solutions that are transforming the make-up of today and tomorrow's data centers.



You may be less familiar with APC by Schneider Electric. As the IT business unit of Schneider Electric, APC is a leading global provider of energy management solutions. We provide data center physical infrastructure (DCPI) which encompasses racks, power distribution, battery backup power, cooling cabling and management of physical infrastructure. Our solutions provide the healthy physical environment that IT equipment in data centers need to run efficiently and reliably.

The Cisco Data Center of the Future (DCoF) program is a global ecosystem of data center thought-leaders united to deliver a holistic data center architecture value proposition to customers. It features solutions centered on business continuity, energy efficiency, infrastructure consolidation, cloud computing and workforce productivity.

Theory vs. Reality

To become a lasting player in these economic times, we have to deliver significant value to our customers, value that is often beyond the scope of what any one player can deliver – even a market leader like Cisco. Rather than evaluating and choosing solutions based on point products, customers are now looking to optimize the whole and that means integrated solutions that cross brands and category boundaries.

When Cisco approached APC about joining their Data Center of the Future (DCoF), we immediately saw the potential in their idea. We were looking to get our story out and demonstrate our alignment with key leaders in our industry - alignment that would ultimately result in higher ROI on our marketing investment and create additional value for our customers.

But we were also aware of the risks. Some of the participants were our direct competitors which posed logistical problems with lead dissemination, branding of joint marketing materials, and sharing of information in group settings prior to major shows and joint events. Like our partners in DCoF, we realized that like it or not, we needed each other to achieve marketing economies of scale and to see our common vision of propelling the data center into the next wave of technology evolution come to fruition. We all moved forward with these common goals in mind.

Using our value proposition as our competitive weapon of choice, we signed on. Rather than focus on what the competition was doing within the eco-system, we stayed true to our value proposition and used it to gain competitive advantage in the areas where we believed we added the most value to the customer. This tactic allowed us to stay focused on our mission and minimize the distractions when competitors announced a new initiative within the ecosystem.

Other best practices we adopted were to stay on a regular cadence with Cisco and to constantly communicate our capabilities and key areas of synergy. When it came time to align partners with topics for marketing opportunities, Cisco knew where we would fit best and there was rarely any disappointment over the final product.



Sticky situations did arise, however. In one instance, we were on-site setting up for an event and a competitive product had been spec'd into the design – and was due to be bolted onto the top of one of our key product displays.

We had prepared for just this type of awkward situation by creating Rules of Engagement for our on-site teams. Through pre-briefings, we made our extended teams aware that unexpected situations might come up, and we advised them on the most diplomatic way of dealing with them. In the end, we were able to accommodate the needs of the greater ecosystem, but we avoided competitive branding being displayed on our equipment.

Operating Principles – Do's and Don'ts

What has emerged over the course of our participation in the DCoF are operating principles that can be applied to participation in any partner ecosystem, especially related to go-to-market initiatives like DCoF:

Do

- Look for synergies in your messages or targets that you can attack together.
- Pursue joint activities to leverage marketing funds and brand power.
- Over-communicate your value proposition with your alliance partners.
- Stay on cadence. For active ecosystems, bi-weekly cadence is recommended. Team social media sites can be very beneficial for file sharing and quick polling of team members on key initiatives.
- Prepare your execution teams with competitive rules of engagement. Make sure that these rules are discussed before any major in-person or online marketing activities.
- Establish relationships at the local and regional level with your marketing counterparts at your key alliances. While much of the program development is done at the global level, the local and regional teams can take programs to new heights by leveraging content for local activities.
- Measure ROI and compare with non-alliance marketing activities to ensure you are achieving the economies of the leveraged funding.

Don't

- Don't publish anything with an alliance partner's name or logo without first reading it through their lens....put yourself in their shoes.
- Don't decline participation in an alliance program just because competitors are also involved.

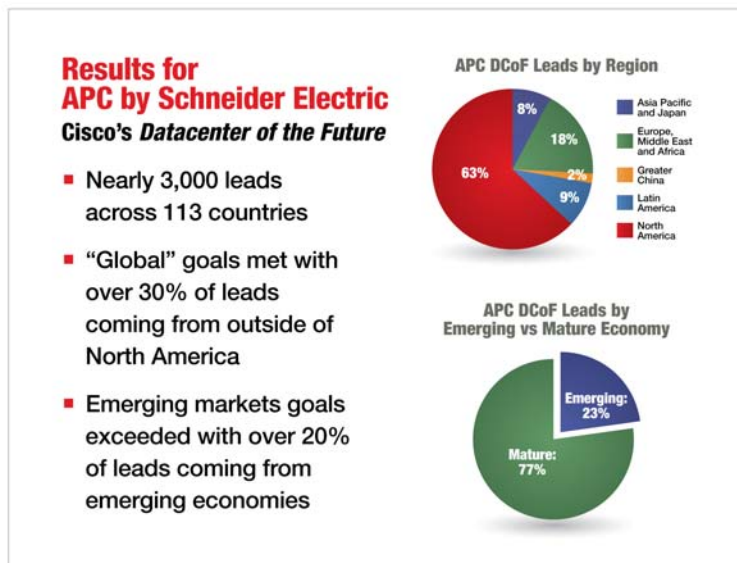


- Don't behave aggressively against competitors in your partner ecosystem. This will only hurt your partnering reputation within the ecosystem.

The Payoff

One of the most significant aspects of DCoF is that each participant was able to craft and present their own, specific value proposition and to place it clearly in the context of the DCoF as a whole. We each had our own signage for events and our own messaging on the DCoF Website, in videos, on presentations and during speaking opportunities. For example, you can check out the DCoF video on YouTube at <http://www.youtube.com/watch?v=iAaUyNjdUcg>

APC by Schneider Electric exponentially increased our exposure to prospects by participating in DCoF. In 2009, we participated in multiple Webcasts, two virtual tradeshow, the DCoF program microsite and several road shows across the globe, gaining us access to thousands of prospects from every major region of the world. This exposure not only helped solidify our position in our mature markets, but exposed us to many new opportunities in emerging economies around the world.



Results: APC DCoF Leads by Region and by Emerging vs. Mature Economy

We also participated in Cisco Live in the United States, Spain and Dubai, as part of a 20+ rack data center simulation demonstration showcasing a complete suite of Data Center partner solutions in a simulated data center environment, where we saw 6000+ attendees/badge scans.



Summary: The Value of the Cisco Data Center of the Future

Value to APC by Schneider Electric

- 20% Higher ROI than “going it alone”
- Leveraged impact of the partner ecosystem
- Partner ecosystem itself generated interest
- Leads resulted from work other partners were doing
- APC invited to participate in marketing activities of ecosystem partners
- Closer relationship with Cisco

Value to Cisco

- Provided their customers with an end-to-end vision and sources to implement their next generation data centers
- Cost reductions

Value to Customer

- One stop shop for the their end-to-end data center needs
- Peace of mind that the solutions would integrate and work well together

The Transformation of Alliance Marketing

Just as the internet forever changed the landscape of business – from increasing the speed of communication to vastly expanding our access to information – the partner ecosystem has forever changed the ways that we go-to-market.

No longer are we islands unto ourselves. The world we live and work in is becoming more and more complex, not only for ourselves, but for our customers. That’s why it’s essential that the partner ecosystem not only deliver our products to the customer – but that it communicates a clear customer value proposition. That’s what Cisco’s Data Center of the Future accomplishes.

The opportunities are endless. Let’s work together.