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## Achieving Success in the Vibrant Small to Medium Business Sector

### Situation Analysis

VirtualPBX is a hosted communications service company providing telephone features and functions through a pay-as-you-go service model rather than a traditional purchase model. VirtualPBX has been in business since 1997 and has a very loyal customer base. The company has pioneered the application category for VirtualPBX and has exceptional technology and a very rich feature set. The original founders were developers and had hired professional management to help expand the business. The management team was determined to grow the business operationally rather than through outside capital investment. The company's service was highly attractive to small and medium businesses, particularly those with a distributed workforce. Most of the company's new business came from web searches and word of mouth.

### Solution

VirtualPBX had many requests for affinity relationships and viewed partnering as an effective avenue to drive business expansion in the highly dispersed and diversified small to medium business sector. Since the company was small, they needed a simple and manageable program that could grow over time and could take advantage of the economies of scale realizable using the internet. The company adopted two levels of affinity business partnership to recognize the differing levels of influence that partners could exert in bringing new customers to the company.



The base level created visibility for the company and increased the effectiveness of customer web searches by requiring partners to post a VirtualPBX web banner/button on their site. This was very valuable because these links elevate a company's position in web searches. Prospects that clicked on the banner would be directed to VirtualPBX and asked to enter contact information. The contact form would automatically tag the lead with the partner's referral ID, making it possible to track leads and assign revenue share back to the partner company. VirtualPBX



### Experts in collaborative business relationships

We help companies achieve profitable results through their strategic alliances, channels and partner programs.

PhoenixCG brings together seasoned consultants with practical experience to help you accelerate revenue, tap new sources of innovation or open new markets through effective partnerships.



would call, qualify and close prospects and provide services. The partner would be paid a percentage of the resulting revenue. This was positioned as a low investment option for the partner to gain incremental revenue from their current customer base.

The premium level partnership offered greater earnings for the partner and in return required a more active commitment to selling, marketing, and promoting the company's services. Premium partnership required the partner to train their sales people on the basic features and benefits of VirtualPBX, launch email marketing campaigns introducing the service to their existing customers and prospects, and to use the service themselves so they were in a position to provide first person endorsements and a practical user perspective on the value of the services.

## Results

The program was designed and developed in early calendar year 2003 and after 6 months, the company had built up a robust community of forty partners. New prospects were finding the VirtualPBX banner on partner sites, building company visibility, and partner referrals grew to constitute 30% of the company's new business, fueling an aggressive growth in revenue.

While today's strategy is consolidating VirtualPBX presence in the U.S. domestic market, technology licensing partners in the future will provide the company a means of expanding into international markets.

While referral programs have been around for years, their application to hosted service business models is a fairly recent phenomenon and an innovation in partnering. Private labeling is also a new twist to a traditional OEM model. VirtualPBX has found the risk of pioneering highly rewarding.

Key benefits realized by VirtualPBX through early adoption of a partner centric culture:

- Rapid and scalable business expansion without external investment and loss of owner control.
- Diversification of service offering into niche markets for example i.e. construction, hospitality.
- Extension of geographic sales coverage.
- Reinforcement of dominant ranking in web searches, a key source of leads.



*"Our success with our business partner program illustrates just how effective these types of alliances can be, especially for growing companies like Virtual PBX," said VirtualPBX CEO Paul Hammond.*

*"Our phenomenal growth and increased visibility over the past year is, in large part, due to the success of this program and the strength of the partnerships that have been formed."*