

Alliance Excellence Awards Honor Most Compelling Alliances of 2010

By Jon Lavietes

Honorees Bring Creativity and Innovation to Get Results from Alliance Management

LATE LAST DECADE, IBM launched its *Smarter Planet* campaign, an ambitious initiative to utilize information technology to tackle societal challenges in almost every aspect of today's world. Problems in transportation, retail, oil and gas, banking, government, health care, and other industries were to be addressed by infusing everyday items with intelligent systems and processes.

IBM's SmartCamps Connect Start-ups with Vital Resources

Executing a bold program like Smarter Planet obviously could not be done alone, and Big Blue knew it would need its highly successful \$35 billion revenue business partner operation to achieve its goals. However, a company that for decades had achieved tremendous success partnering with large and mid-sized companies across many industries was about to be confronted with a new challenge: cultivating the start-up community.

In 2010, IBM embarked on its Global Entrepreneur program, which set up several events around the globe dubbed SmartCamps that connected hundreds of start-ups with investment firms, serial entrepreneurs, academics, and tech experts that can help accelerate their solutions.

Fast forward one year, and Big Blue is now engaged with more than 1,000 start-ups, including SmartCamp competition winners like traffic and parking solution company Streetline and drug counterfeiting solution company Sproxil, who parlayed their SmartCamp victories into national exposure in outlets like *USA Today* and *The Wall Street Journal* and additional rounds of venture capital funding. In addition, hundreds of other SmartCamp runners-up were referred to IBM's Innovation Centers.



IBM was one of five companies recognized by the Association of Strategic Alliance Professionals (ASAP) as a 2011 Alliance Excellence Award winner at ASAP's 2011 Global Summit in Atlanta, along with SAP, HP, Ipsen, and Inspiration Pharmaceuticals. As is the case with all of the four award categories, the Global Entrepreneur program earned ASAP's Alliance Program Excellence Award for reasons that go well beyond the end results.

"These awards don't just honor great outcomes such as bottom-line revenue growth. Although net results are certainly important factors in our award selections, the Alliance Excellence Awards also recognize the process as much as the endgame. The creativity that goes into how alliance success is obtained is as important as the results eventually achieved by these programs," said ASAP president and CEO **Art Canter**.

In a short time, IBM had to evaluate which of its core alliance management skills would work with this revenue segment that was new to them, then develop new systems and processes to fill in knowledge gaps. IBM found that three main principles were just as true partnering with small businesses as with larger ones:

1) start with your partner's end goals and work from there, 2) help connect them with clients to grow their customer base, and 3) let partners leverage IBM's extensive resources and ecosystem.

"When you put those three focus areas or principles together, whether you are working at a small company or a large one, those apply as critical elements that will make sure you're going to be successful," said **Mike Riegel**, vice president of marketing for ISV and developer relations at IBM.

The key differences in working with these new companies? Their narrow focus on immediate-term objectives and the blazing pace at which they work, both of which according to Riegel are needed for survival.

"When you're at a start-up company the culture is such that you are very focused on a very short set of milestones. You are either trying to get the design finished, you have a beta discussion with a customer or prototype, or you are focused on the right business design elements or value proposition elements to



Mike Riegel, vice president of marketing for ISV and developer relations at IBM. Riegel spearheaded IBM's Global Entrepreneur program, which earned ASAP's Alliance Program Excellence Award for 2011.

discuss at your VC meeting next week."

Whatever near-term goal a SmartCamp participant happened to be honed in on at the moment always required urgency.

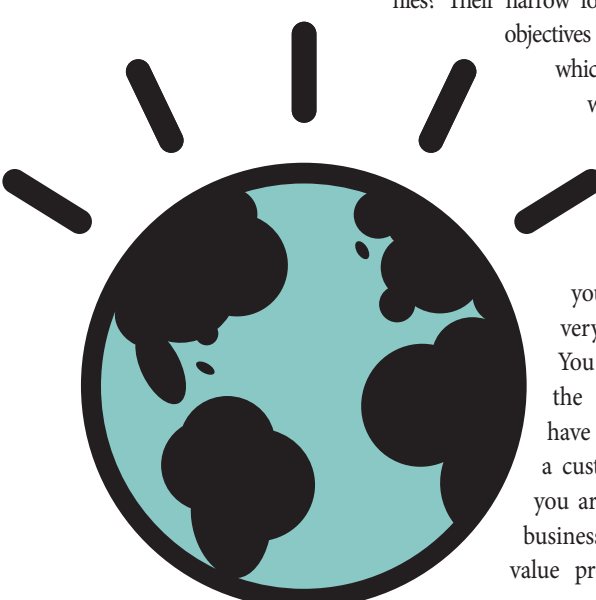
"They work at a very quick speed and they want an answer quickly," said Riegel.

This, of course, can be a major obstacle at a company as large as IBM, whose valuable services and expertise are scattered throughout dozens of offices around the world. Navigating the internal protocols and red tape to find the right person or group can be tricky, especially for outsiders.

IBM remedied the situation by designating a single contact for each start-up, responsible for obtaining the requisite piece of information or contact person in the vast world of IBM. Now, with one phone number SmartCamp participants had prompt access to IBM Research, Global Services, product capabilities, or specific knowledge related to the myriad of industries or vertical markets IBM has excelled in for its 100 years of existence.

With Big Blue's new partners now making a significant impact on Smarter Planet initiatives, IBM is expanding the number of countries that host SmartCamp competitions, adding China, Brazil, and India among other countries to the program.

"It's really stretching globally to capture all of the innovation and the investment happening all around the world," said Riegel. ■



WHILE QUANTIFYING THE BOTTOM-LINE contributions of an alliance program to the C-level has been an age-old challenge for alliance managers, measuring the effectiveness of alliance professionals and teams is an even trickier science. Tech giant HP did not just want to accomplish the latter objective, it wanted the means to illustrate the efficacy of specific alliance elements on the fly. Thus, substandard aspects of a partnership could be adjusted before it cost the company down the road, while successful facets could be duplicated in other alliances in its portfolio.

HP unveiled its RIPE program, designed to illuminate specific areas of the partner sales engagement process. The RIPE program consisted of four categories:

- 1) Relationships,
- 2) Innovation,
- 3) Price, and
- 4) Engineering support provided by HP and the engaged partner in each sales assignment. Each category was rated on a 0–3 scale, and the results of this 12-point Engagement Index were tabulated and analyzed on a monthly basis to expose weaknesses in the partner sales process as they developed, not just in individual alliances but in the alliance program structure as a whole. Now the managers within HP Enterprise Services' Agility Alliance program—the company's formal partnership program that includes Microsoft, KPMG, SAP, and Symantec in its ecosystem—could measure RFP performances across regions, individuals, or alliances, enabling the company to make critical modifications with unprecedented swiftness.

“We have several metrics in place that measure the impact of the Agility Alliance Program [as a whole] in terms of revenue generated, in terms of win ratio, [and] how it improved our probability to win the deal. So what we did with RIPE was to take this one step further and measure the intangible benefits of how we engage,” said

IN THE LONG-ESTABLISHED ALLIANCE CATEGORY, ASAP honored IBM and SAP for reinvigorating one of the world's most successful alliances after the global recession of 2009 exposed warts in the relationship that had not been fully acknowledged in better times.

For 35 years, the two companies had gone to market jointly to package SAP's software with IBM's, hardware, middleware, and consulting services. Both companies contributed a lion's share of the other's alliance revenues in that time. And while global market forces can be blamed for much of the precipitous drop-off in IBM-SAP alliance revenues, both companies rec-

HP Finds RIPE Improvement in Measurement of Its Alliances

Patrik Strebel, director of global alliances for HP's Enterprise Services division.

The new insights gleaned from RIPE helped HP dramatically improve the quality of the sales engagements it embarked on with its partners. In 2010, the value of HP's partner engagements in North America exceeded estimates by 185 percent, while the company won 50 percent more sales engagements when formally engaging with partners despite a slowly recovering economy.

For successfully grappling with the quantification of its alliance program and the individual attributes of each partnership's sales engagements, ASAP bestowed the Innovative Alliance Practice award on HP's RIPE program. ■

IBM and SAP Revitalize Longstanding Partnership

ognized that it might also be time to fine-tune their partnership approach.

Thus, it was back to basics. SAP and IBM alliance

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personnel had to recommit to understanding their partner's value propositions. Each company's EMEA teams began the process by increasing the level of engagements at the country level and looking for truly synergistic sales opportunities. IBM personnel had to truly think about how to differentiate SAP's

application software, while SAP had to in a sense relearn how to differentiate IBM from the other system integrators.

While neither company will offer specific figures, both confirm that revenue growth accelerated once again in 2010. This comes in stark contrast to the fates of other high-profile IT alliances last year as market forces compelled HP and Cisco to end their longstanding alliance while Oracle and HP continue to squabble publicly amid rumors of an end to their partnership. ■

ONE ALLIANCE IN IPSEN'S SUCCESSFUL PORTFOLIO (see cover story of BioPharma Special Focus p. 32) involved the formation of a new hemophilia drug "franchise" with biotech company Inspiration Pharmaceuticals. Ipsen added its innovative phase III (late-stage development just prior to submission for approval) OBI-1 compound to Inspiration's portfolio, which included the promising IB1001 product also in phase III. Inspiration brought extensive hemophilia drug experience, while Ipsen brought its alliance management expertise and financial resources to ensure continued development.

Ipsen and Inspiration Create Hemophilia Drug Franchise

In their financial arrangement, Ipsen licensed OBI-1 to Inspiration and invested \$85 million up front and in return got a 20 percent stake in Inspiration and 27.5 percent royalty on future sales of OBI-1. If Inspiration reaches certain clinical milestone events Ipsen would pay further milestones which would continue to fund the company and in return would get notes that could be

converted into further ownership of Inspiration. When the partnership reaches a certain set of milestones, Ipsen would have the option of buying the rest of Inspiration, thus bringing into Ipsen a fully functioning business with both expertise and income. This agreement was patterned on a previous deal Ipsen made with endocrinology biotech company Tercica. Ipsen bought a 20 percent interest in Tercica as part of a transaction in which the latter licensed an Ipsen compound in America, while Ipsen did the same for a Tercica drug globally.

"We ended up buying [Tercica] out, and they became our commercial platform for entry into the United States, but [unlike the Inspiration deal] the buyout was not contractually planned when the deal was formed," said **Sean McKercher**, senior vice president of corporate business development at Ipsen.

The Tercica deal worked so well, Ipsen decided to simulate it in the Inspiration agreement. The creativity of Ipsen and Inspiration's hemophilia franchise netted them ASAP's Emerging Alliance award. ■

ASAP Chapter Awards

Recognizing Individual Chapters' Contributions to Increasing Membership and Raising Awareness of Our Profession

ASAP Hands Out Chapter Awards

Major companies were not the only entities taking home awards at ASAP's Global Summit. The organization also handed out awards recognizing the contributions its individual chapters made in 2010 to increasing membership and raising awareness of ASAP and the alliance management profession.

ASAP bestowed the **Membership Award** on the new **Asia Collaborative Business Community**, which was formed over a lunch meeting between ASAP leadership, prominent ASAP members, and prospective Asia members from Australia, Japan, New Zealand, and Singapore at the 2010 Summit. Through an aggressive LinkedIn campaign and a survey aimed at assessing the needs of potential members, the new ASAP community cultivated heavy interest in, and attendance at, a series of webinars and two in-person skills development workshops in Singapore and Australia, respectively. In less than a year, the Asia Collaborative Business Community has grown to 230 members and represents more than a dozen countries.

Best Practices Award

The **California chapter** was honored with the **Best Practices Award** for implementing its new Alliance Partner Program to create and expand relationships with professional organizations and educational institutions that have heavy involvement with alliance management. The chapter held joint events with the



From left to right: Russ Buchanan, CA-AM, vice president of worldwide alliances at Xerox Corporation and chairman of the board for ASAP; Phil Sack, CA-AM, (accepting ASAP's Membership award), president of ASAP Asia Collaborative Business Community; Art Canter, president and CEO of ASAP.

Silicon Valley Product Management Association (SVPMA), Silicon Valley American Marketing Association (SVAMA), and Women In Consulting (WIC) and had signed five other organizations: the East Bay Innovation Group (EBIG), Association of Strategic Planning (ASP), University of Santa Cruz Extension, Business Marketing Association (BMA), and Silicon Valley Association of Startup Entrepreneurs (SVASE).

Innovation Award

With a wide geography that spans Wisconsin, Illinois, Indiana, and Ohio among other states, the **Midwest chapter** has always been challenged to put together events convenient and accessible for its entire member base. The chapter remedied this by coupling its Executive Breakfast and chapter meeting in Chicago on back-to-back September days so that members could more easily justify attendance. A "Shameless Self-Promotion"

presentation highlighted the chapter meeting. The following day 25 executives ruminated on "Collaborative Innovation for Alliances" as part of the Executive Breakfast. Both events exceeded attendance figures of past meetings by a wide margin, earning the Midwest chapter the **Innovation Award**.

Program Award

The **Midwest and California chapters** split **Program Award** honors. California's Skills Mastery Series consisted of five webinars and three in-person events that touched on a wide variety of areas including social media, metrics and governance, partner ecosystems, collaborative innovation, joint business planning, and short-term alliances. The Midwest Chapter was recognized for the creation of its **Minnesota Satellite Community** that is now regularly drawing 30-plus attendees to its events. ■