

The Next Outsourcing Trend in the Technology Industry...

By ChannelVission Inc.

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"In the technology arena, the outsourcing of sales functions has largely been absent from traditional outsourcing offerings until recently". Aman Sehgal CEO/President ChannelVission Inc.

Outsourcing various business functions has become popular as more businesses choose to focus on core competencies versus building internal infrastructure to support ancillary business processes. Historically, processes which have been popular to outsource include customer care, human resources, financial, legal and administration resources. In the technology arena, the outsourcing of sales functions has largely been absent from traditional outsourcing offerings until recently. Now this market is poised to grow at over 20% CAGR according to a recent article published by Selling Power magazine. The article goes on to say that, "research shows that outsourcing (or supplementing) a sales force with the right partner can boost sales while cutting costs".

Technology companies look to sales outsourcing companies for various reasons. Chief among them are new market entry, increased market coverage, lack of internal resources and generation of incremental revenue.

Market entrance to new areas – in many cases an outsourced company can add value through existing relationships and market presence in geographies where a company may not have a direct presence or untapped market share. Through leveraged compensation plans, sales people are geared to produce results. By nature, salespersons will go after low-hanging fruit, leaving much of the addressable market exposed to competition. Outsourcing additional sales resources is a low cost solution to gain additional market coverage, since in most cases; these resources are available at a lower cost than most companies' SG&A.

One of the main reasons companies are adopting sales outsourcing is that it is a prudent business decision for launching new products outside of a company's traditional product set. "For example, a company which has historically focused in layer 2 networking devices, may want to outsource sales of its new layer 3 networking devices since the company has historically not competed in this market. Instead of using its own sales force to sell this new product, a better option might be to contract with a sales outsourcing company that has a track record in selling layer 3 networking devices. In this way, the company reduces its risk by hiring sales experts in the layer 3 networking market," said Aman Sehgal, CEO/President of ChannelVission Inc.

Furthermore, for start-up companies or companies wishing to establish themselves in new geographies, outsourcing sales make good business sense. Companies can partner with a sales outsourcing organization to help them get a foothold in a new geography through established business contacts with potential customers and business partners. This reduces sales expenditure and speeds time to market since local knowledge of market nuances is critical to sales success.

Perhaps the most compelling reason to outsource or supplement an existing sales team through outsourcing is generating net new incremental revenue. Let us assume that sales resources are maximized within an organization. In other words, the sales force a company has in place today can generate only marginal gains over its quota. In order to significantly increase revenue would mean the requirement of more internal resources. Significant gains in revenue, not only require additional sales resources, but also require additional sales support resources in the form of marketing, management and administration. By virtue of its low-cost, low-risk and speed-to-market characteristics, adding sales resources by outsourcing to gain net new incremental revenue is a very attractive option for companies that are looking to significantly "move the needle" in revenue generation.

ChannelVission Inc. is a global business development company composed of experts specializing in channel sales and marketing services. We specialize in offering outsourced channel sales & marketing

expertise for the information technology industry. Our highly trained, results-oriented professionals serve clients in the Americas, Asia-Pacific, Europe and the Middle East. For more information email ChannelVission at info@channelvission.com

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