



HPE Partner Marketing

Hewlett Packard Enterprise (HPE) was founded on November 1, 2015 after HP split into two companies. In 2011, following the short-lived tenure of former CEO Leo Apotheker, Meg Whitman was appointed as CEO to turn the company around. The split would benefit HP, she argued:

“The decision to separate into two market-leading companies underscores our commitment to the turnaround plan. It will provide each new company with the independence, focus, financial resources, and flexibility they need to adapt quickly to market and customer dynamics, while generating long-term value for shareholders.”

Part of the reason for separating the enterprise business into HPE was to have a company that could focus on the specific needs of value added resellers, which were referred to as “partners” by the company. These partners were responsible for 75% of HPE’s revenue and were thus crucial for the growth of HPE.

Whitman had chosen to become the CEO of the newly formed HPE and was excited about the opportunities that lay ahead. However, she knew that large corporate restructurings were often viewed with skepticism. She would need to quickly prove that the split was not just good for shareholders but that it would also benefit HPE’s customers and partners. Of particular concern was to get partners on board---HPE would only succeed with the support of this crucial channel. Said Whitman: “We will rely heavily on partners to lead customers to the *New Style of Business*,” HPE’s name for the four key principles that would govern the company.

Prior to the split HP had provided very limited marketing support to partners. Not only were the budgets to co-market with partners small, HP had also understaffed the partner marketing function. As a result, each partner marketer was overcommitted and could not provide the world-class support that high-performing partners deserved.

The solution was clear: HPE would significantly ramp up budget and staffing in partner marketing, referred to as the “**P-Engage**” initiative. To respond to the needs of partners in different regions, the individual field organizations would be in charge of implementing P-Engage.

HPE Canada

When Jack White, HPE's Director of Partner Marketing in Canada, had first learned about P-Engage, he thought this could finally ensure the high-quality, consistent partner experience and support he had been trying to implement in Canada for the last few years.

At the moment, Jack had a total of 5 marketers supporting the 148 strategic partners (henceforth "**Partners**") in Canada, resources he considered woefully inadequate. When Jack received a detailed briefing on P-Engage, he was thrilled with the increase in resources: he was allocated an **additional 10 staff positions** and his Partner **co-marketing budget was tripled**. But soon he also realized that he would have to make some tough calls---P-Engage had a catch: HPE corporate was concerned that the additional resources would be spent without leading to structural changes in Partner marketing. As a result, the mandate from corporate was that all P-Engage resources for Canada should be spent on **only 50 of the 148 Partners in Canada**. The purpose of this restriction (and similar ones in other geographies) was to force field organizations to "go big" in redefining what P-Engage looked like.

Jack's immediate challenge was to select the 50 Partners on which the P-Engage resources should be lavished (so-called "P-Engage Partners"). The plan was to evaluate the performance of these 50 P-Engage Partners during an initial 2-year period before deciding whether to extend P-Engage to any other of the 148 Partners. Jack was particularly concerned whether P-Engage would be most effective for Partners where HPE had a relatively low share of wallet (0-50%), a medium share of wallet (50%-80%), or a high share of wallet (80%-100%).

In choosing which 50 of the 148 possible Partners to select, Jack knew he had to follow **two objectives**:

1. P-Engage Partners had to be picked so that they would yield the **largest incremental HPE-related Partner revenues** (the key metric used by HPE to evaluate success).
2. The selection of P-Engage Partners had to ensure that HPE could **measure the performance of P-Engage** to "**course-correct**" in 2018. Specifically, HPE was willing to extend P-Engage to all partners of a particular share of wallet category (low, medium, or high), as long as the average incremental increase in HPE-related Partner revenue units exceeded 15% on average for share of wallet category.

The data

To make his decision Jack reviewed HPE-related Partner revenues for all 148 possible Partners for each of the last 4 years (2012-2015). HPE-related Partner revenues referred to revenues made by a Partner of any product or service from HPE. The data allowed Jack to assess how HPE-related Partner revenues varied across Partners, as well as calculate the growth rates (2012 to 2015 CAGR) of HPE-related Partner revenues for each Partner. In addition, Jack had an estimate of HPE's share of wallet at that Partner. He bucketed partners into three categories: those in whom HPE had a relatively low share of wallet (0-50%), a medium share of wallet (50%-80%), and a high share of wallet (80%-100%). The data also contained the provinces where the Partners were located.

Jack considered how he would measure the performance of P-Engage when the decision to potentially extend or discontinue P-Engage came up in early 2018. He realized that the 2016 data would be a mess – P-Engage would occur sometime during the calendar year and each Partner

Put yourself in Jack White's shoes. The simulation exercise is split into two parts and recreates the decisions Jack must make.

Table 1:

partnerID	province	revunits12	revunits13	revunits14	revunits15	CAGR (12-15)	hpsbare15	sharecat15	revunits17	hpsbare17	p-engage	measurement
1	Ontario	6458	6971	7210	7881	6.9%	77%	[50-80%]	Not yet known	Not yet known	0	1
2	Ontario	4435	4606	4778	5058	4.5%	69%	[50-80%]	Not yet known	Not yet known	1	1
3	Quebec	3563	3767	3796	3966	3.6%	66%	[50-80%]	Not yet known	Not yet known	1	1
4	Quebec	2280	2298	2182	2208	-1.1%	72%	[50-80%]	Not yet known	Not yet known	0	1
5	Alberta	1990	1957	1864	1901	-1.5%	35%	[0-50%]	Not yet known	Not yet known	0	1
6	Ontario	991	1001	968	979	-0.4%	25%	[0-50%]	Not yet known	Not yet known	1	1
7	Alberta	3664	3819	3824	3916	2.2%	61%	[50-80%]	Not yet known	Not yet known	1	1
8	Quebec	3360	3451	3416	3497	1.3%	74%	[50-80%]	Not yet known	Not yet known	0	1
9	Alberta	839	852	828	825	-0.6%	18%	[0-50%]	Not yet known	Not yet known	0	1
10	Manitoba	929	939	905	905	-0.9%	26%	[0-50%]	Not yet known	Not yet known	1	1
11	British Columbia	1627	1610	1544	1533	-2.0%	39%	[0-50%]	Not yet known	Not yet known	0	1
12	Manitoba	3261	3240	3151	3171	-0.9%	62%	[50-80%]	Not yet known	Not yet known	0	1
13	Alberta	2083	2076	2024	2093	0.2%	33%	[0-50%]	Not yet known	Not yet known	0	1

Part 2 is set in 2018 and asks you to decide for which share category of partners to extend or discontinue the P-Engage initiative. You move from part 1 to part 2 by clicking a button in Excel (see Table 2) that commits you to your initial P-Engage Partner decisions and in return reports HPE-related Partner revenue units for 2017 based on your choices.

	A	B	C	D	E	F	G	H
1	Click below on the "Fast-forward to 2018" button below when you are done picking P-Engage Partners.							
2								
3								
4	Please keep in mind that once you click on the button below you cannot change your							
5	choices of which Partners are selected for P-Engage!							
6								
7	Hence, please make sure that you have typed a "1" in the "p-engage" column for each							
8	Partner you would like to pick for P-Engage.							
9								
10	Your choice of "0" or "1" in the "measurement" column (i.e. whether to use a Partner for							
11	measurement purposes) can always be changed later.							
12								
13								
14								
15	Fast-forward to 2018							
16								

Table 3 shows you an example of how the spreadsheet might look after you clicked on “Fast-forward to 2018.”

Table 3:

partnerid	province	revunits12	revunits13	revunits14	revunits15	CAGR (12-15)	hpeshare15	sharecat15	revunits17	hpeshare17	p-engage	measurement
1	Ontario	6458	6971	7210	7881	6.9%	77%	[50-80%]	9566	79%	0	1
2	Ontario	4435	4606	4778	5058	4.5%	69%	[50-80%]	7095	74%	1	1
3	Quebec	3563	3767	3796	3966	3.6%	66%	[50-80%]	5292	70%	1	1
4	Quebec	2280	2298	2182	2208	-1.1%	72%	[50-80%]	2232	71%	0	1
5	Alberta	1990	1957	1864	1901	-1.5%	35%	[0-50%]	1993	35%	0	1
6	Ontario	991	1001	968	979	-0.4%	25%	[0-50%]	1095	26%	1	1
7	Alberta	3664	3819	3824	3916	2.2%	61%	[50-80%]	4945	63%	1	1
8	Quebec	3360	3451	3416	3497	1.3%	74%	[50-80%]	3724	73%	0	1
9	Alberta	839	852	828	825	-0.6%	18%	[0-50%]	801	17%	0	1
10	Manitoba	929	939	905	905	-0.9%	26%	[0-50%]	1013	28%	1	1
11	British Columbia	1627	1610	1544	1533	-2.0%	39%	[0-50%]	1488	38%	0	1
12	Manitoba	3261	3240	3151	3171	-0.9%	62%	[50-80%]	3349	62%	0	1
13	Alberta	2083	2076	2024	2093	0.2%	33%	[0-50%]	2302	34%	0	1

Of course, the 2017 data will reflect the choices that you made in 2016: For example, notice that this example shows you having chosen Partner #7 for P-Engage. The resulting revenue units in 2017 reflects that this Partner benefited from P-Engage in 2017. Similarly, notice that this example shows you not having chosen Partner #8 for P-Engage. The resulting revenue units in 2017 reflects that this Partner did not benefit from P-Engage in 2017.

Moving from part 1 to part 2 also creates a summary spreadsheet (labeled “Results,” see Table 4) that reports the average revenue units for all P-Engage Partners (labeled Group “1” in Table 4) and for those you did not choose for P-Engage (labeled Group “0” in Table 4). An average is reported for both 2015 (before P-Engage existed) and 2017 (after Group “1” Partners were chosen for P-Engage.)

To facilitate the renewal decision the table reports these numbers separately for partners of low (0-50%), medium (50-80%), and high (80-100%) HPE share.

Table 4: Example of results tab (numbers in example are not representative)

Low-Share Partners 0-50%	Group "0" Partners (No P-Engage)		Group "1" Partners (P-Engage starting in 2016)		Projected 2017 RU of P-Engage Partners had they not received P-Engage (apply group "0" organic growth to group "1" 2015 RU)
	2015	2017	2015	2017	
					<-> 1982
	Group "0" Partner Organic Growth		Incremental Effect of P-Engage (in units):		260
	5.1%		Incremental Effect of P-Engage (in percent):		[PLEASE CALCULATE]
			Decision (extend or discontinue):		[PLEASE TYPE: Extend or Discontinue]
Medium-Share Partners 50–80%	Group "0" Partners (No P-Engage)		Group "1" Partners (P-Engage starting in 2016)		Projected 2017 RU of P-Engage Partners had they not received P-Engage (apply group "0" organic growth to group "1" 2015 RU)
	2015	2017	2015	2017	
					<-> 5037
	Group "0" Partner Organic Growth		Incremental Effect of P-Engage (in units):		956
	12.1%		Incremental Effect of P-Engage (in percent):		[PLEASE CALCULATE]
			Decision (extend or discontinue):		[PLEASE TYPE: Extend or Discontinue]
High-Share Partners 80-100%	Group "0" Partners (No P-Engage)		Group "1" Partners (P-Engage starting in 2016)		Projected 2017 RU of P-Engage Partners had they not received P-Engage (apply group "0" organic growth to group "1" 2015 RU)
	2015	2017	2015	2017	
					<-> 6646
	Group "0" Partner Organic Growth		Incremental Effect of P-Engage (in units):		787
	15.6%		Incremental Effect of P-Engage (in percent):		[PLEASE CALCULATE]
			Decision (extend or discontinue):		[PLEASE TYPE: Extend or Discontinue]

[Submit Decisions](#)

For each share of wallet category, the results tab facilitates your decision making by calculating:

- *Group "0" partners organic growth*
- *Projected 2017 RU of P-Engage Partners had they not received P-Engage (apply group "0" organic growth to group "1" 2015 RU)*
- *Estimated Incremental effect of P-Engage (in units)*

Your job is to:

- Calculate the *incremental effect of P-Engage (in percent)*
- Decide whether to *extend* or *discontinue* P-Engage going forward.
Please extend if the *incremental effect of P-Engage (in percent)* exceeds 15% and discontinue otherwise.

To assist you in measuring the performance of P-Engage, you may restrict yourself to a subset of the Partners to make the comparison between P-Engage Partners and those who did not get chosen for P-Engage. To exclude a Partner from the "Results" summary spreadsheet, simply type a "0" in the "measurement" column shown in Table 3. You may change the "measurement" column any time---while you choose which Partners to pick for P-Engage (part 1), or after the P-Engage decision has been made (part 2). In other words, while you cannot change which Partners got chosen for P-Engage once you are in part 2 of the simulation, you can always change the set of Partners you want to consider for measurement.

Once you are confident about your calculation and decision, please click on "Submit Decision." After you submit you will be provided with a chart that compares the true incremental effect of P-Engage with your measured effect.

How the simulation exercise will proceed:

1. **Part 1:** The simulation starts in early 2016 with your decision about which Partners to pick for P-Engage. Together with this case you will have received an Excel file called “HPE P-Engage Partner Decision.xlsm”

When you open the file, please click to [enable macros](#).

The file contains two sheets. The first is “Data” and the second is “Evaluate.” Select the “Data” sheet; it will look like Table 1 above.

Your task is to:

- type a “1” in the “p-engage” column for 50 Partners. This means that you pick these Partners for P-Engage.

If you want to do so (you can also do this in part 2 of the simulation), you can:

- type a “1” (the default) in the “measurement” column. This means that this Partner will be used in the calculations in Table 4 to measure the performance of P-Engage (once you get to part 2 of the simulation).
- type a “0” in the “measurement” column. This means that this Partner will be excluded from the calculations in Table 4.

2. **Part 2:** Next, the simulation moves to early 2018 and your decision for what type of partners (if any) to renew P-Engage in Canada. To make this decision you will be given the 2017 revenue units data based on your choices (see Table 3 for an example) as well as a table that summarizes revenue units for Partners in 2015 and 2017 for those Partners that you marked with a “1” in the measurement column (see Table 4 for an example).

To **obtain these data** please select the “Evaluate” sheet. Read the instructions on the sheet and click on the [Fast-forward to 2018](#) button (see Table 2).

While you cannot change which Partners you chose for P-Engage (i.e. you cannot change cells with a “1” in the “p-engage” column), you can change the set of Partners you want to use for measurement, i.e. you can change a “1” (use the Partner for measurement) to a “0” (do not use the Partner for measurement) and vice versa.

Jack is optimistic about the potential of P-Engage. However, he knows that if the incremental increase in HPE-related Partner revenue units at P-Engage Partners is less than 15% on average for any type of partner, it will not be profitable for HPE to use P-Engage for that type. *Based on this criterion please decide for which type of partners to discontinue or extend P-Engage after the initial 2-year period.*

Click on [Submit Decisions](#) once you are done.

3. Please **e-mail** the saved spreadsheet to analyticscase@gmail.com. Alternatively, if you are working on a shared computer in a study group room, please **save** the spreadsheet on the shared drive. If neither works, please **fill out** the form on the next page using the table of results in the “Final Results” tab that appears after you click on “Submit Decision,” tear off the page, and hand it back to the instructor.

HPE Practice Case Results

Team number/room: _____

Members:

_____	_____
_____	_____
_____	_____
_____	_____

Results:

Share	Your Measurement	True Incremental Effect
[0-50%)		
[50-80%)		
[80-100%]		
Incremental Revenue Units from P-Engage:		
Difference b/w 2017 and 2015 Revenue Units:		