2022

The State of Partner Ops and Programs

Market insights on partner operations, programs and strategy based on a survey of over 650 partner professionals and executives

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Methodology:

This survey was conducted online from August 24 to September 23, 2022. 664 professionals who have knowledge of the partnerships or channel function at their organization completed the survey. Responses that did not answer the majority of the questions were not included in the data. The organizations represented employed from 0-50 (37%), 51-200 (19%), 201-500 (14%), 501-2,000 (14%), to 2,001 and over people (16%). 67% were headquartered in NAM, 25% in EMEA, 6% in APAC, and 2% in LATAM. The seniority of the respondents were 13% C-suite, 15% executives, 46% managers, and 26% individual contributors. 64% were in computer software, 21% in services, 7% in media, 4% telecom, 2% in computer hardware, and 4% in other industries.

Acknowledgments:

We'd like to thank the following people and companies for their feedback and for distributing the survey and sending completed referrals. This data was only made possible by the contribution of the community, and we're grateful to everyone who took the survey or shared it with their networks. Thank you to David Brown, Brian Williams and Hockey Stick Advisory, Christina Kay, Adam Pasch, Sara Guappone and Pronto, Denis Rasulev, Samia Moutawakkil and Reveal, Jill Rowley, Morgan Rochofski and Salesloft, Rosalyn Santa Elena, Beatriz Schittino, Rob Rebholz and Superglue, Mary Vue and Syncari, Chip Rodgers and WorkSpan, and Balthasar Wyss.

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Further Resources:

To discover additional content and webinars related to this report, visit the Partnership Leaders' resource page.

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Introduction

Partnerships is a business model undergoing rapid innovation. For decades, the channel has focused on the point of sale and reselling. But newer business models are recognizing that partners impact the entire buyer journey, from creating market demand for particular products, to assisting in the discovery process and through to ongoing education and services that occur post-purchase. Microsoft, for example, recently revamped their entire partner program to better reward partners who are influencing customers outside the point of sale.

These changes are arising because the way businesses are buying products and services has shifted. The typical business's buying journey has become more digital, more referral-based, and less sales-focused. The sales rep only gets 5% of the buyer's time as they go through 28 different touchpoints on their journey. Few of these touchpoints directly involve the vendor.

Touchpoints that do directly involve the vendor are facing additional challenges. Traditional marketing channels are oversaturated. The decline of cookies and an increase in privacy regulations are rendering ads and third party data less viable ways to understand and communicate with audiences. And increasing distrust of sales reps not only gives sales people less time with prospects, it makes it harder to close deals alone.

In addition, with the average company using 254 SaaS apps, buyers in all industries no longer view software or services as standalone solutions. When purchasing, they expect systems to integrate with other systems out of the box.

Ecosystem business models are responding to these market changes by leveraging partners to influence their prospects, help them better understand their audience, and to co-build and co-service integrated solutions. Partners are engaging prospects long before an organization comes into direct contact with a prospect and long after the point of sale.

Partner impact in its myriad forms has transformative economic value. An Accenture survey revealed that 76% of business leaders believe ecosystems will be the main disruptor to current business models. McKinsey predicts that by 2025 it will drive a $60 trillion economy.

But this shift is not seamless. Many organizations are still solely focused on reselling and partner sourced revenue. Other organizations understand the full potential of partners but are encountering significant operational and program challenges in bringing the ecosystem model to life.

To be successful, ecosystems require orchestration and incentivization across a high number of internal and external stakeholders. This requires a powerful tech stack, efficient processes, and well-designed programs.

But the partner tech stack is still a work in progress. Older channel technology was built for the traditional channel. Newer partner technologies are relatively immature products. The category as a whole lacks robust APIs and integrations, which are essential when trying to share data across so many partners and internal departments.

Partner tech is rapidly evolving to try to solve these problems. Last year, $3 billion in private equity funding was invested in building these systems, and in the following few years, there will be more systems, more robust integrations, and more mature products that better meet the needs of the ecosystem.

Programs and processes that optimize ecosystem performance are also still being developed. Organizations are still trying to understand what works.

Partner operations can provide the program, processes and systems orchestration needed to unleash the full potential of ecosystems. More organizations are investing in partner ops, but its maturity still lags behind marketing and sales ops. Companies that do invest in partner ops have stronger ecosystems that drive more revenue and better retain customers.

Building a thriving ecosystem provides companies with a strong moat against the competition. Product features and services can be copied by other companies, but entire networks of partners working together for their joint success cannot be easily replicated or dismantled.

This report contains results from a survey of 664 people familiar with the partnership or channel function at their organization. Most respondents were managers or executives, and 64% were from software companies while 21% were from services organizations.

The survey data identifies what partner types companies are focused on, how partner professionals are metriced, what factors result in more partner driven revenue, how organizations are buying partner technology, and the biggest challenges organizations are facing in partner operations and programs today.

65% of organizations view partnerships as very important to their future.

It also shows a core belief in the value of partnerships. When asked how important partnerships were to their organization's future growth on a scale of 1 to 10, with 10 being very important, the average response was 8.8.

In addition to sharing the survey data, this report contains contributions from executives at leading ecosystems who provide their perspective on the state of the industry and offer their advice on how to successfully scale a partner program in the era of ecosystems.

Market and Data Insights

01

Partner Types

The average number of partner types across all organizations was 3.6. As one would expect, companies with larger partner teams and larger partner ops teams had more partner types.

Even small partner teams are being tasked with juggling multiple partner types. Companies with 0 to 3 employees working in partnerships, for example, had an average of 2.9 partner types. Those with 4 to 10 employees working in partnerships averaged 3.5 partner types.

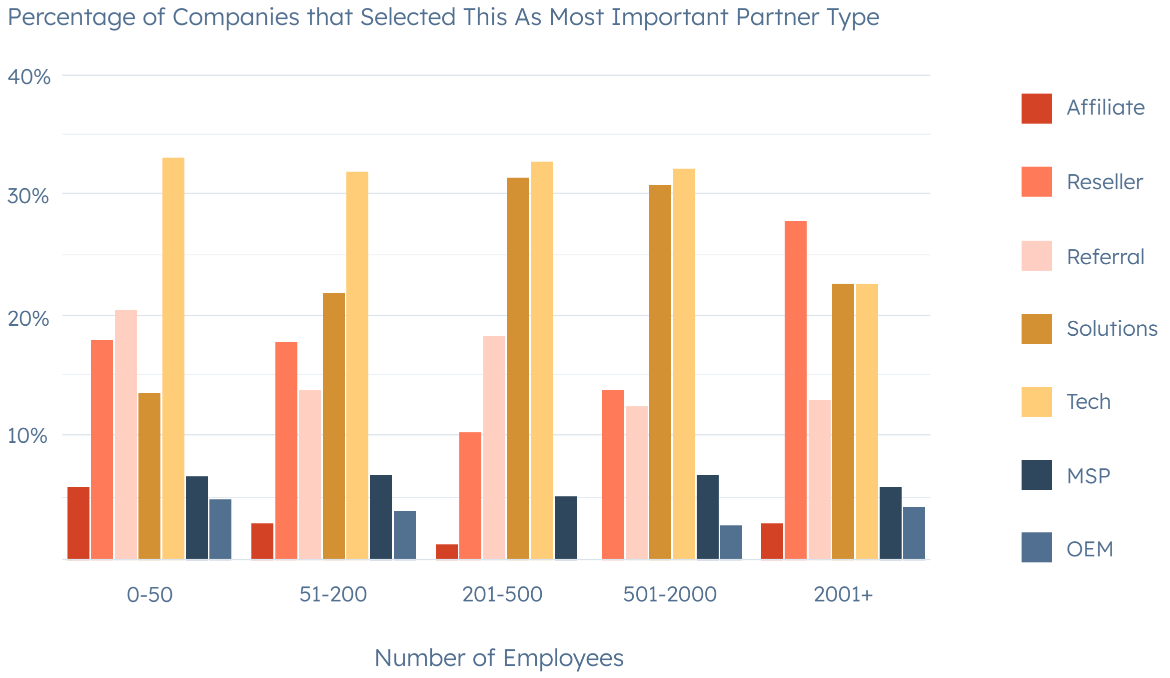
Organizations average **3.6 partner types.**

Organizations are recognizing the importance of an early investment in partners, and not simply partners that are focused on the point of sale.

The number of partner types does not reach over 4 on average until a partner team has 251 or more partner professionals, which means organizations tend to expand their investment in current partner types as they grow rather than expand into engaging new types of partners.

Companies who have a total of 50 or less employees overwhelmingly selected technology partners (also known as ISV or product partners) as their most important type of partner. This was the most important partner type across all responses and in every company size except for companies with 2,001 or more employees, but it was favored even more heavily by smaller companies.

Company Size and Most Important Partner Type



In most software categories, not providing customers with key integrations will lose deals. With the proliferation of SaaS and hundreds if not thousands of best-in-breed solutions in nearly every product category, buyers expect solutions to be interoperable and integrated out of the box.

In martech, for example, [integration is cited as the number one consideration] in evaluating new systems. The survey data in this report shows the same for partner and channel technology: integration capabilities was the single most important factor organizations considered when deciding which partner tech system to purchase.

Similarly, service companies who manage or implement software must consider not just one solution, but the integrated stack their customer needs to meet their business objectives.

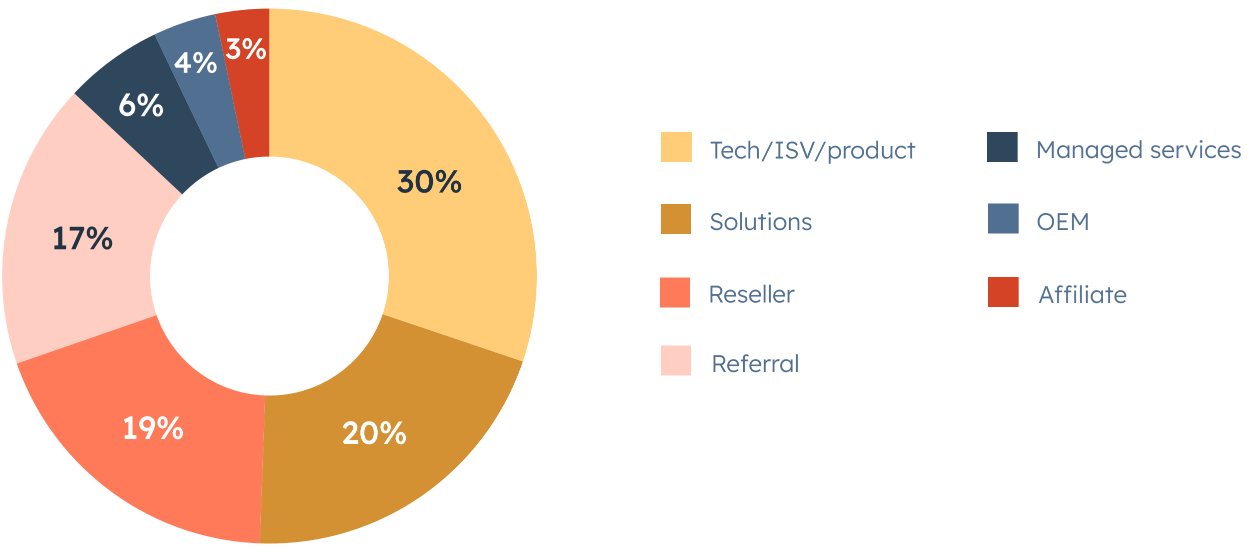
As a result, in most product categories and for many service offerings, organizations that wish to successfully go to market must invest in technology partnerships from the beginning. For companies with 50 or less employees, technology partners are the second most common partner type, with 69% having tech partners and 71.3% having referral partners. Only 52.8% of early stage companies have reseller partners, which is the third most common type of partner for them.

> Technology partners were the most common partner type **with 76.8% of organizations** having them. They were also ranked as the most important partner type.

Across all organizations, technology partners were not only ranked as the most important, they were also the most common, and 76.8% of all organizations reported having them. Referral partners were the second most common at 72.4%.

91% of midmarket companies with between 501 and 2000 employees indicated having technology partners. They also had relatively high rates of reseller, referral, and solution partners (74.4%, 74.4%, and 76.9% respectively). As aligned with the 91% adoption rate, they selected technology partners as their most important partner type.

Which partner type is the most important to your organization?



Enterprise companies evinced less of an ecosystem model than midmarket companies. Resellers were the most common partner type at companies that had 2,001+ employees, with 85.26% of large organizations having them.

Technology partners were the second most common at 81.05%. The drop in tech partner incidence and rise in resellers is a reflection of some large companies still being focused more heavily on the traditional channel. Enterprises also had fewer referral and affiliate partners than midmarket companies.

In addition to being their most common partner type, enterprise companies chose resellers as their most important partners. Technology and solution partners were tied for their second most important types of partners, indicating the ongoing shift toward the ecosystem.

Key Takeaways:

- Technology partners are the most common and most important partner types to all organizations except enterprise companies.
- Enterprise companies value reseller partners most, with technology and solution partners tied for the second most important partner types.
- Organizations invest in partnerships early. Companies with 50 or less employees average 3.16 partner types.
- Enterprise companies average 4.4 partner types, indicating organizations focus more on expanding current partner types over adding new types as they grow. As a result, companies need to implement scalable processes early in their partner program or risk upsetting partners with significant shifts to their benefits and experience.

02

Partner Programs

Partner programs provide a valuable framework for companies to work with and incentivize their partners at scale. Strategic relationships can be managed with a high touch, customized approach where business goals are regularly reviewed, but when organizations have hundreds or thousands of active partners, a program is needed to align and motivate both the organization's employees and the partner organizations.

Organizations recognize that partner programs are necessary to success and they are widely adopted across the market. Overall, 77.6% of organizations report having a partner program. Of companies with a partner program, 56% are using a partner tier model.

> **77.6% of all organizations and 92.6% of enterprise companies** have a partner program.

Only 33% of partner programs allocate most of their resources on a programmatic basis, though. Allocating most resources on a programmatic basis is key to driving more revenue through partners as it provides clarity, transparency, and incentives for the vast majority of partners in a way that is cost-effective at scale.

Implementing a partner program that can allocate resources programmatically at scale requires deep internal alignment in addition to sophisticated partner operations, however, which is why many organizations are struggling with it.

Survey respondents chose implementing a scalable partner program with repeatable processes as the number one factor their organization needs to see improvement on.

This was consistent across all size companies. Early stage companies chose this objective as their core challenge even more frequently than larger organizations, but every size company cited it as their number one focus.

Rank these partner and channel program goals in the order that you think it's most important for your organization to see improvement on, with the goal needing the most improvement being number 1.

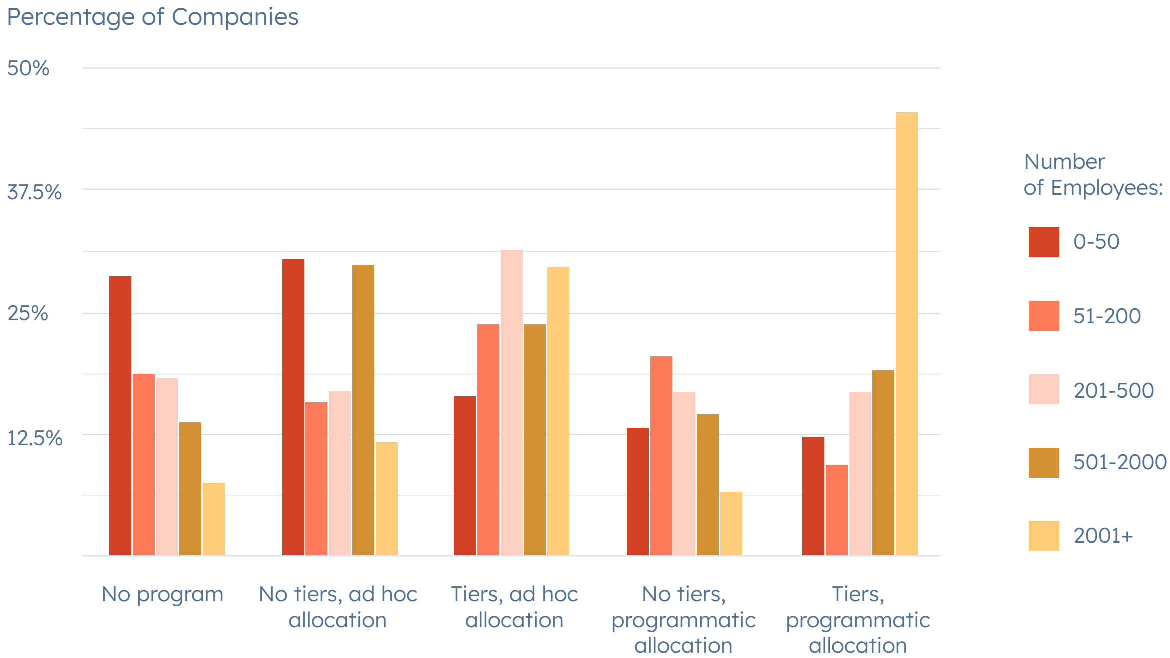
#1	Implementing a scalable partner program with repeatable processes	**#2.92** average
#2	Enabling partner GTM teams	**#3.8** average
#3	Effectively and efficiently communicating with partners	**#4.29** average
#4	Aligning with other internal departments and executives	**#4.4** average
#5	Tracking partner impact on retention and ACV	**#4.55** average
#6	Tracking and assigning a value to partner influence	**#4.64** average
#7	Reducing manual admin work for partner managers	**#5.65** average
#8	Enabling partner developers	**#5.73** average

Enterprise companies are much more program-driven with their partners than their smaller counterparts. Of companies with 2,001 or more employees, 92.6% of companies have a partner program and, following the traditional format, 74.7% have a tiered program.

Enterprise companies are also the most programmatic in their programs. 51.6% of enterprise companies are allocating most of their resources programmatically, which compares to 37.2% for midmarket companies, 33.7% for companies with 201-500 employees, 31.3% for companies with 51-200 employees, and 25.1% for companies with 50 or less employees.

Company Size and Partner Program Type

Do you have a scalable partner program with partner tires and established benefits, requirements, and motions for each tier?



Tiered programs, especially those with programmatic allocation, are much more likely to have a large partner operations team. Partner operations and programs go hand in hand. At scale, one does not work without the other. Organizations that have no partner program are most likely to have zero employees working on partner operations full time, followed by programs that have no tiers and an ad hoc allocation.

In terms of industry, services and media companies were somewhat more likely to have a partner program than software companies. But software companies were slightly more likely to have programs that programmatically allocated their resources.

Programmatic allocation of resources correlates with the percentage of revenue partnerships is driving. For those organizations where partners are driving 25% or less of revenue, no partner program or an ad hoc program is the most common model. For organizations where partners are driving 26% or more of revenue, a programmatic allocation is the most common partner program model implemented.

Organizations driving 26% or more revenue from partners are most likely to have a partner program that programmatically allocates most of their resources. Organizations with programmatic allocations are also most likely to say partnerships are very important to their future.

Organizations with a programmatic allocation of resources are more bullish on partnerships than other organizations. When asked how important partnerships were to the future of their organization, they averaged a 9.1 on a 1 to 10 scale, with 10 being very important, while those with an ad hoc partner program averaged 8.8 and those with no program averaged 8.3.

Key Takeaways:

- Partner programs are implemented at organizations early. 71.6% of companies with 50 or less employees have a partner program.
- 92.6% of enterprise companies have a partner program.
- Implementing a scalable partner program with repeatable processes is organizations' biggest partnerships challenge.
- Enterprise companies are more likely to have partner programs that allocate most of their resources programmatically.
- Companies with a programmatic allocation of resources drive more revenue than those that allocate most of their resources in an ad hoc fashion. These companies also believe partnerships are more important to the future of their organization.
- Tiered programs with programmatic allocations of resources have larger partner ops teams.
- Partner ops is required for successful program design.
- Early stage companies should design their partner program with scalability and repeatable processes in mind or risk facing large operational debts as they grow.

03 Partner Operations

59.6% of organizations reported having at least one employee working full time on partner operations. 39.6% reported having 0 employees dedicated to partner ops full time, indicating the relative immaturity of the field compared to sales and marketing ops.

39.6% of organizations have no employees working on partner ops full time.

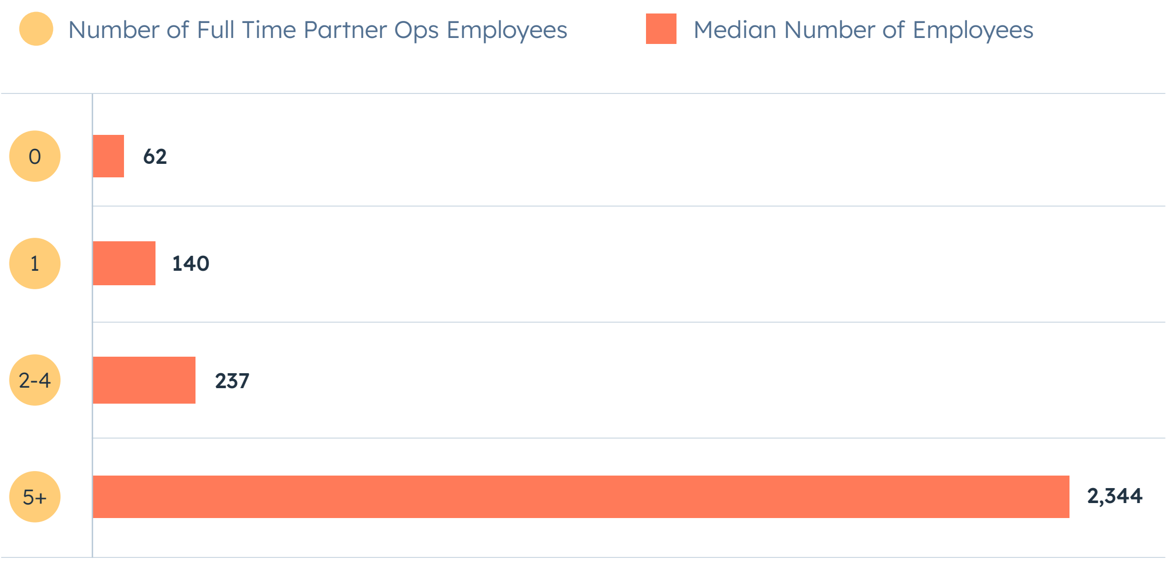
Larger organizations have more advanced partner operations, with 49.8% of organizations with 50 or less employees, 45.4% of organizations with 51-200 employees, 43.4% of organizations with 201-500 employees, 24% of organizations with 501-2,000, and only 11.0% of organizations with 2,001 or more employees having no full time partner ops employee.

Organizations that reported one partner ops person had a median of 140 employees. In contrast, those with 5 or more partner ops employees have a median of 2,344 employees.

While larger organizations have more mature partner ops teams, they are still much less mature than the marketing and sales ops teams at similar size organizations.

Organizations with larger partner ops teams are more able to successfully leverage partnerships to drive business outcomes. They are more likely to drive more revenue from partners, have a partner program with a programmatic allocation of resources, have more partner types, buy partner technology, and rank partnerships as more important to the future of their organization.

Partner Ops Team Size and Company Size



Organizations with 5 or more partner ops employees rated the importance of partnerships to their organization's future as a 9.4 on a 1 to 10 scale, which is higher than organizations with smaller or no partner ops teams, who ranked partnerships' importance as 8.8 (2-4 partner ops employees), 8.8 (1 partner ops employee), and 8.6 (no partner ops employees).

More mature partner ops organizations are more likely to implement an ecosystem model as their partner teams' KPIs reflect a wider range of how partners drive value.

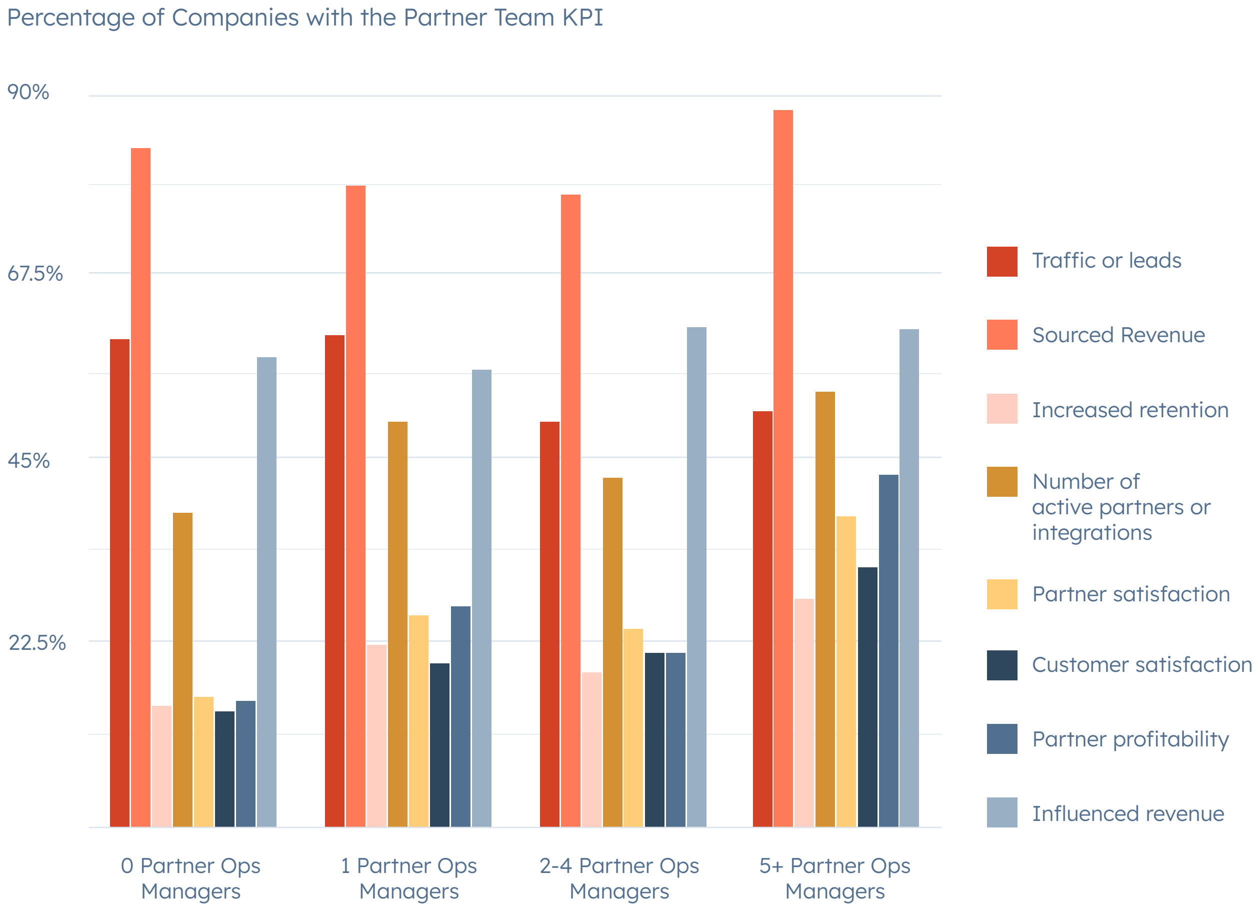
With the exception of a KPI of driving traffic and leads, every KPI was more likely to exist in the most mature partner ops organizations. KPIs that focus on only one point of the customer journey (like the point of sale) fail to incentivize and capture much of the business value partners can drive. Mature partner ops organizations are more likely to recognize this.

Impact on customer retention, for example, was a KPI for 27.9% of organizations with 5 or more partner ops employees but was a KPI only 14.8% of the time for those with no full time partner ops employees.

Influenced revenue is generally recognized as a KPI even by organizations with immature partner ops but it does get slightly more acknowledgement as partner ops teams grow (from 57.2% to 60.8% of organizations).

Mature partner ops organizations also have a deeper recognition that partnerships require reciprocity as they are more likely to KPI their teams on partner satisfaction (16% to 38%) and partner profitability (15.6% to 43%) than organizations without partner ops.

Partner Team KPIs by Size of Partner Ops Team



Organizations with mature partner ops teams are more likely to have partner team KPIs of customer retention (27.9% to 14.8%), partner satisfaction (38% to 16%), and partner profitability (43% to 15.6%).

Mature partner ops organizations are also less likely to cite implementing a partner program with scalable processes as their number one problem. Organizations with zero or one partner ops employee cite this 40.1% and 41.7% of the time as their biggest challenge, while organizations with 2-4 partner ops employees or 5 or more partner ops employees only cite it 32.3% and 31.7% of the time.

Even though mature partner ops organizations put more of an emphasis on improving their partner go-to-market enablement and partner communications, implementing a scalable partner program is still their most frequently cited challenge.

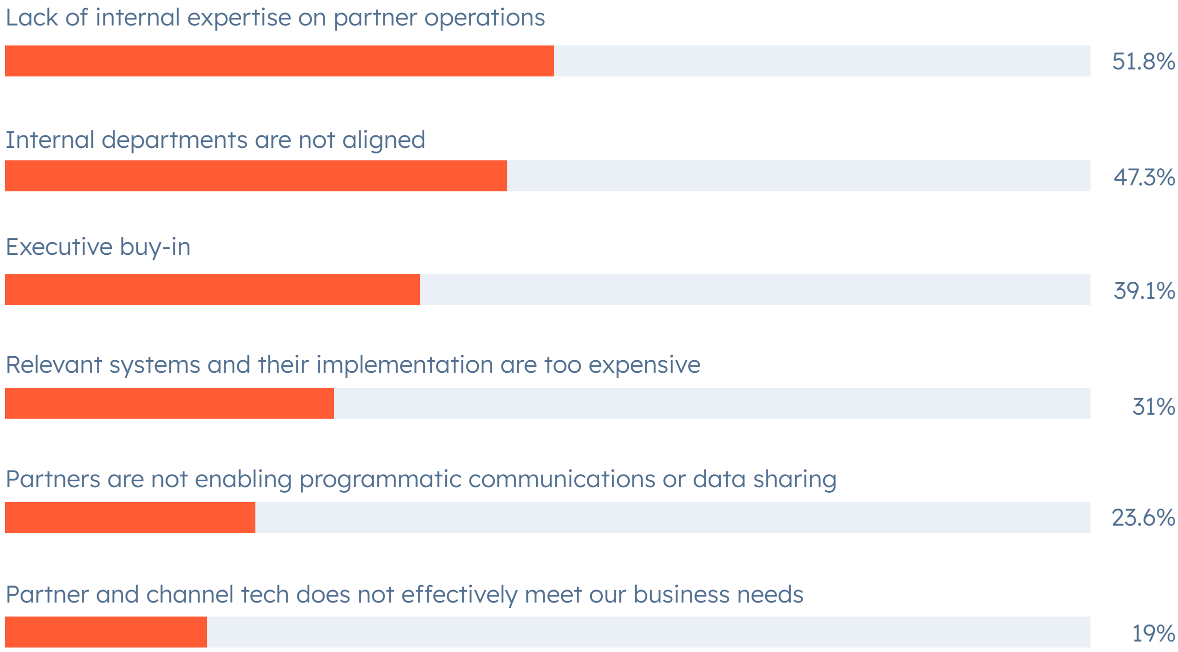
Many large partner ops teams are still facing hurdles in designing and operationalizing their partner program across all their internal and external stakeholders, despite having a more programmatic allocation of resources and more partner technology than less mature organizations.

The biggest blocker to improved partner operations is a lack of internal expertise on partner operations. Because partner operations is a newer function, there is a lack of people who have this expertise, especially at a senior level. Often companies have to move someone who specializes in marketing and sales ops into the role.

The second biggest blocker is lack of internal alignment. Unlike marketing or sales ops, partner ops faces the challenge of needing to move data in and out of multiple departments' systems, including marketing, sales, CS, and product. Without internal alignment, this won't happen and partnerships will be limited in the impact they can have and attribute.

Executive buy-in was the third most cited blocker. Executives who aren't fully bought in on partnerships can create strategic priorities that make aligning with other departments extremely difficult if not impossible. They can also refuse to allocate budget and headcount to implement successful partner operations.

Which factors are blocking your organization from improved partner operations? Check all that apply.



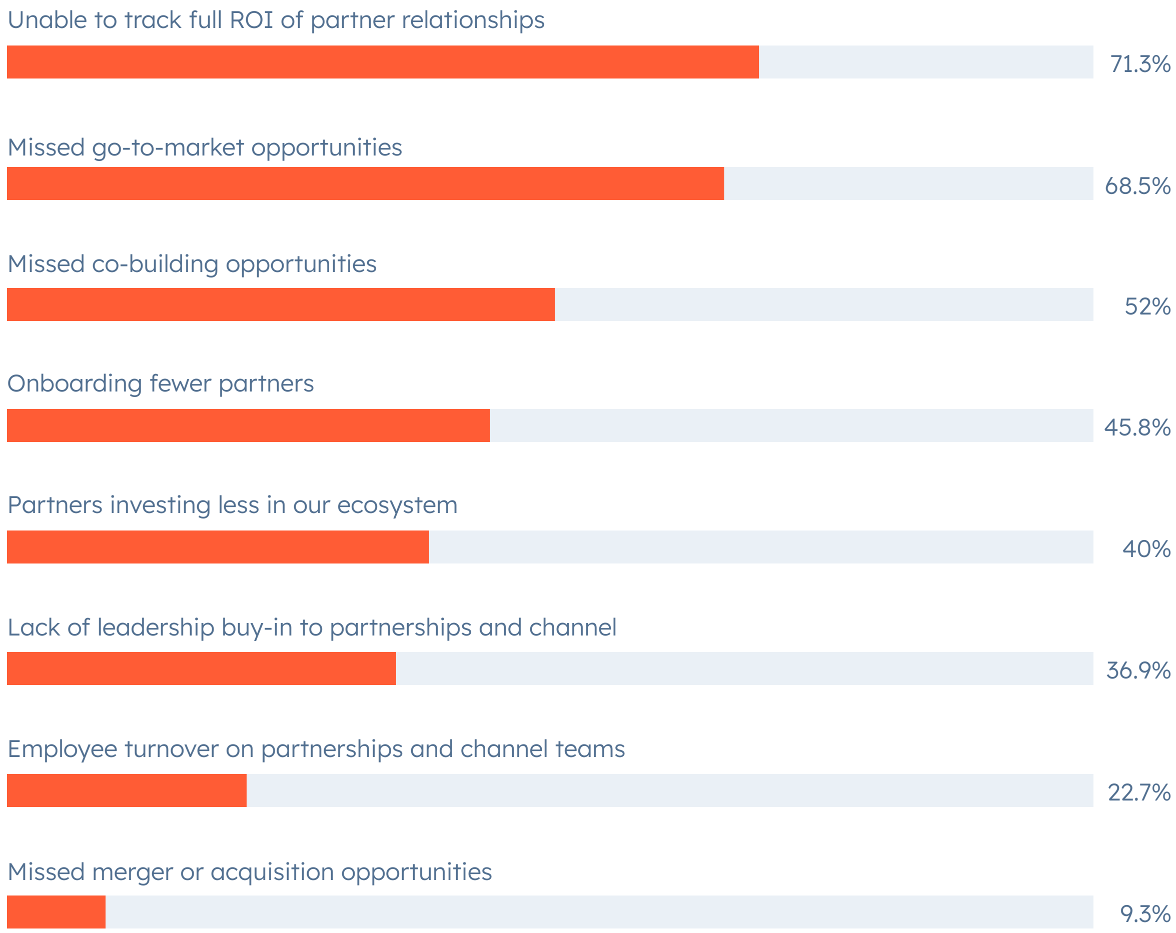
When organizations were asked what the business consequences of their partner ops deficiencies were, organizations with more mature partner ops were more likely to cite partner and channel team employee turnover (33.8% compared to 14.7%) and partners investing less in their ecosystem (48.1% to 33.1%) as the cost of deficient partner ops.

Organizations with less mature partner ops were more likely to cite onboarding fewer partners (49.4% to 33.8%) as a challenge they faced due to partner ops weaknesses.

71.3% of organizations are unable to track the full ROI of partner impact due to partner ops deficiencies.

But the two most commonly cited business outcomes of deficient partner ops were the same across both immature and mature partner ops organizations. Being unable to track the full ROI of partners (71.3%) and missed go-to-market opportunities (68.5%) were the most frequently reported consequences of partner ops failings for both mature and immature partner ops organizations.

Which business implications have you experienced because of partner operation deficiencies? Check all that apply.



More mature partner ops actually cited being unable to track the full ROI slightly more frequently than their less mature counterparts (75.32% to 68.13%). This is likely due to more mature partner ops organizations having more partner types (4.34 compared to 3.15), a higher number of partners, and a greater awareness of the full scope of partner impact.

Showing the full ROI of partners not only requires understanding how the buying journey has shifted from sales – and vendor-focused to a more self-serve, community-based, and digital experience, it requires implementing data collection and reporting across multiple internal departments and hundreds or thousands of external stakeholders.

Neither partner technology nor program design has caught up with the changing buyer's journey. Even best in breed programs are not optimized around these goals and, for their tech stack, they are relying heavily on custom development to efficiently move and track data amongst various stakeholders.

Organizations indicated that they are only moderately programmatically sharing data with their partners, averaging a 4.1 on a 1 to 10 scale, and similarly only moderately programmatically sharing data with other internal teams, averaging a 4.2 on a 1 to 10 scale. Organizations ranked the efficiency and efficacy of their partner communications slightly higher but still mediocre, at 5.5.

The more bespoke and manual partner data sharing and communications, the less an organization can scale going to market with its partners.

The survey responses indicate that the vast majority of organizations, no matter their size, are aware of these problems and understand that, among other negative outcomes, they are failing to capture the full ROI of partners and missing a significant number of go-to-market opportunities due to these challenges.

Key Takeaways:

- Larger organizations have more advanced partner operations, but organizations are starting to invest in this function earlier. 50.2% of organizations with 50 or less employees have 1 full time partner operations employee.
- Organizations with more mature partner ops teams drive more revenue from partners, have more partner types, better design their partner programs, and rank partnerships as more important to the future of their organization.
- Organizations with more mature partner ops teams are more likely to implement an ecosystem model of partnerships.
- The biggest blocker to improved partner ops is a lack of internal expertise. This is followed by a lack of internal alignment and a lack of executive buy-in.
- To achieve internal alignment, partnership leaders have to persuade other departments and executives that partnerships can lower CAC, shorten time to close, acquire new customers, and increase customer retention.
- Organizations with mature and immature partner ops both cite being unable to track the full ROI of partnerships and missed go-to-market opportunities as the biggest costs of partner ops deficiencies.

04

Partner and Channel Technology

Partner and channel technology is undergoing a rapid evolution. The category has gone from 83 systems in 2017 to 223 systems in 2022, representing a 2.7 fold increase. In 2021, investors put $3 billion in private equity into the category.

Despite the increasing level of investment, the partner tech category is still relatively immature. When compared to marketing and sales technology, for example, there are only a fraction of the number of systems available, and many of those products only came to market in the last two to three years.

There are mature partner tech systems that were designed for the traditional channel, some of which are attempting to update their product features and APIs to meet the needs of ecosystems.

Other systems in this category come from mature companies whose main product focuses on a different business function.

Mature companies investing in partnership technology demonstrates its importance, but because these companies have developed core competencies around other business functions, it may take longer for their partner systems to truly meet the needs of the ecosystem.

In addition to traditional channel technology, mature companies with other core competencies moving into the space, much of the partner and channel tech category is composed of newer systems built by companies that were born in the era of ecosystems.

These systems have been designed from the ground-up to meet the needs of a business model that recognizes and seeks to drive a wide range of partner impact. However, these newer tools are not as advanced in their product functionality and in their APIs and integrations as many marketing and sales systems.

Because partnerships must effectively communicate and share data with other internal teams, including sales, marketing, CS, and product, they not only need to consider how their tech stack meets their business needs, but also how it integrates with other departments' tech stacks.

To add more complexity, partner teams need to programmatically share data and communicate with their partners, which presents both security and coordination problems. While newer systems are seeking to become "a single pane of glass" for entire industries of partners, that has yet to occur.

There is an industry wide problem of 1000 partner portals, where unless an organization is the gravitational center of its ecosystem, it faces a core challenge in getting partners – who have hundreds or thousands of their own partners – to log in to and use their partner portal.

Besides the single pane of glass solution of the market converging around one partner system that every organization can use to connect to all their partners, which has yet to occur, integration is another solution to this problem.

With integrated systems, organizations can engage in an initial setup with a partner and then work from whatever systems they are already using and have data and communications programmatically pushed to that system. Some partner tech systems, for example, integrate with CRMs so that sales people and partner sales people can access partner data and communications from within their CRM.

Integration as a solution to the problems of the partner tech stack is still on the horizon, though. Partner tech systems, in general, are investing in more robust APIs and product integrations. At HubSpot, for example, our partner tech partners have grown significantly. But compared to marketing and sales apps, the interoperability of the product category is still being built.

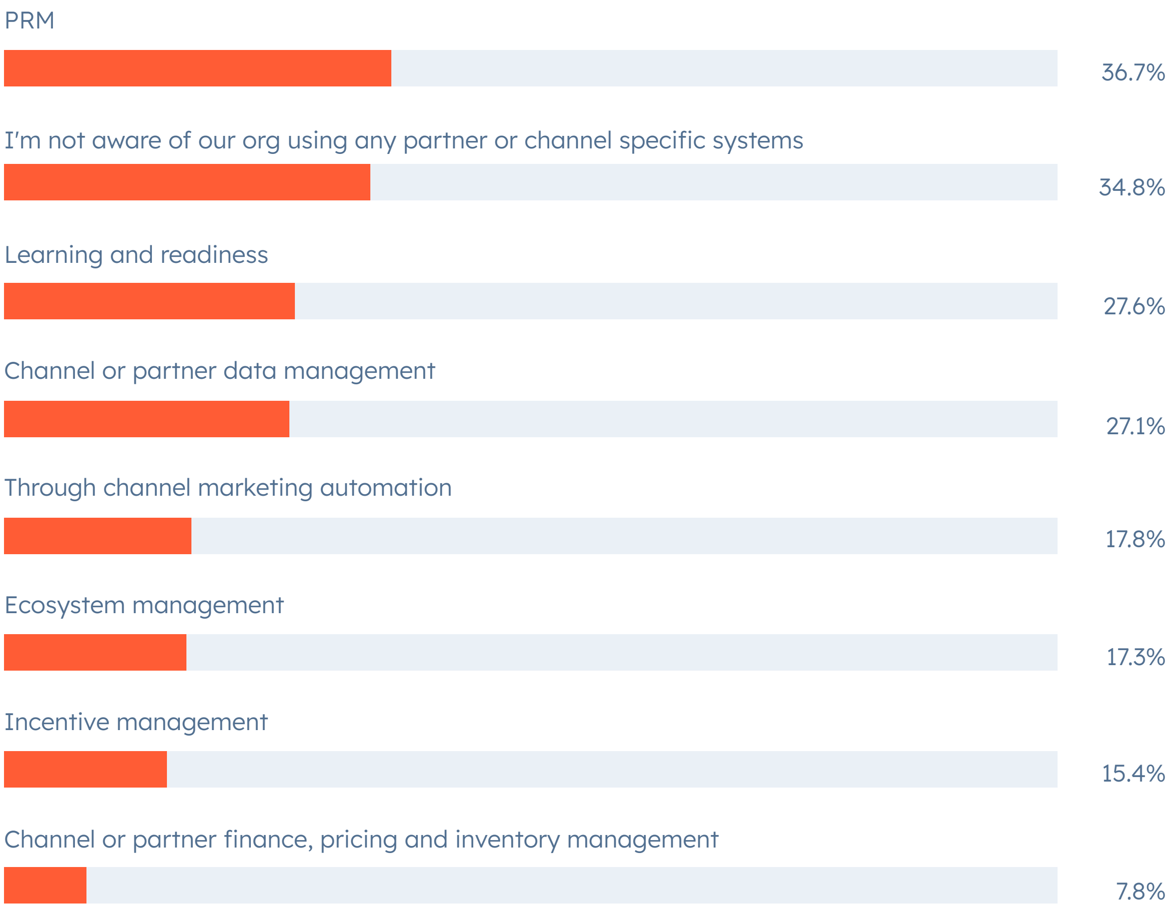
As a result, there is no perfectly elegant partner tech stack. Instead, building a partner tech stack requires carefully assessing trade offs of various stacks and, outside of small partner programs, custom development.

> **65.2% of organization** are using at least one partner tech system. The PRM is the most widely used system, with 36.7% of organizations using one.

65.2% of organizations report using at least one partner tech system. The PRM is the most widely used type of system at 36.7%. Learning and readiness and partner data management tools are the next most common at 27.6% and 27.1%.

Smaller organizations are slightly less likely to use partner technology, with 59.8% of companies with 50 or less employees using at least one partner tech system.

Which of the following partner or channel specific systems are you aware of your partner or channel team using?



Organizations with mature partner ops functions are more likely to buy partner tech, with 85.4% of organizations with 5 or more partner ops employees using partner tech compared to 58.1% for no partner ops employees, 65.7% 1 partner ops employee, and 74.8% for 2-4 partner ops employees.

Integration is the most important factor for buyers purchasing partner technology. 74.2% buyers report that a system's ability to integrate is either a very or extremely important consideration.

When buying partner technology, the ability to integrate with other systems was the single most important factor in the decision. This was followed by security.

Whether an organization's partners were using the technology was the fourth most important criteria, ranked behind integration, security, and ease of use. This suggests that in the current market organizations are leaning more into integration as the solution to the 1000 partner portals problem than the single pane of glass solution.

Integration can additionally solve the problem of sharing data with other internal departments, while the single pane of glass solution only solves coordinating with partners. As a result, even if the market converges on one or two partner systems, integration will likely continue to be an extremely important factor in the decision to buy partner technology.

Organizations who implemented partner technology cited reduced manual work as the biggest benefit they experienced, followed by driving more revenue and improved partner communications.

Reducing manual work was cited as the second least needed area of improvement for organizations so there appears to be a discrepancy between partner teams' most important priorities and the top benefit they are seeing from partner technology.

However, the other major benefits organizations frequently experience after implementing partner tech – driving more revenue and improved partner communications – aligns more closely with organizations' top priorities of implementing a scalable partner program and increasing partner go-to-market opportunities.

When buying partner-specific technology, how important are the following considerations?

	Not at all	Slightly	Moderately	Very	Extremely
Breadth of functionality	2%	13.9%	30.6%	39.9%	13.6%
Depth of functionality	1.5%	8.9%	26.4%	44.2%	19%
Total cost of ownership	1.8%	7.6%	30.5%	34.5%	25.6%
Ability to integrate with other systems	1.5%	6.8%	17.5%	28.4%	45.8%
Whether our partners are using it	5.9%	14.8%	23.9%	28%	27.5%
Ease of use	1%	7.1%	16.6%	36%	39.3%
Quality of customer service	1.3%	11.9%	30.7%	35.2%	20.9%
Company and product vision	2.6%	16.8%	32.9%	35.5%	12.2%
Security and Compliance	0.8%	8.8%	22.9%	26%	41.5%

Overall, organizations saw at least a minor benefit across a wide variety of priorities after implementing partner technology.

Organizations using partner tech were more likely to be programmatically sharing data with partners than those that were not using partner tech, reporting a 4.7 on a 1 to 10 scale compared to a 3.0. They also reported more effective and efficient partner communications at 5.74 to 5.0.

Companies using partner tech also drive more revenue from partners. Of organizations using at least one partner tech system, 54.7% were driving 26% or more revenue from their partners compared to 39.1% for organizations who weren't using partner tech.

How much benefit has your organization observed in meeting the following goals after implementing partner-specific technology?

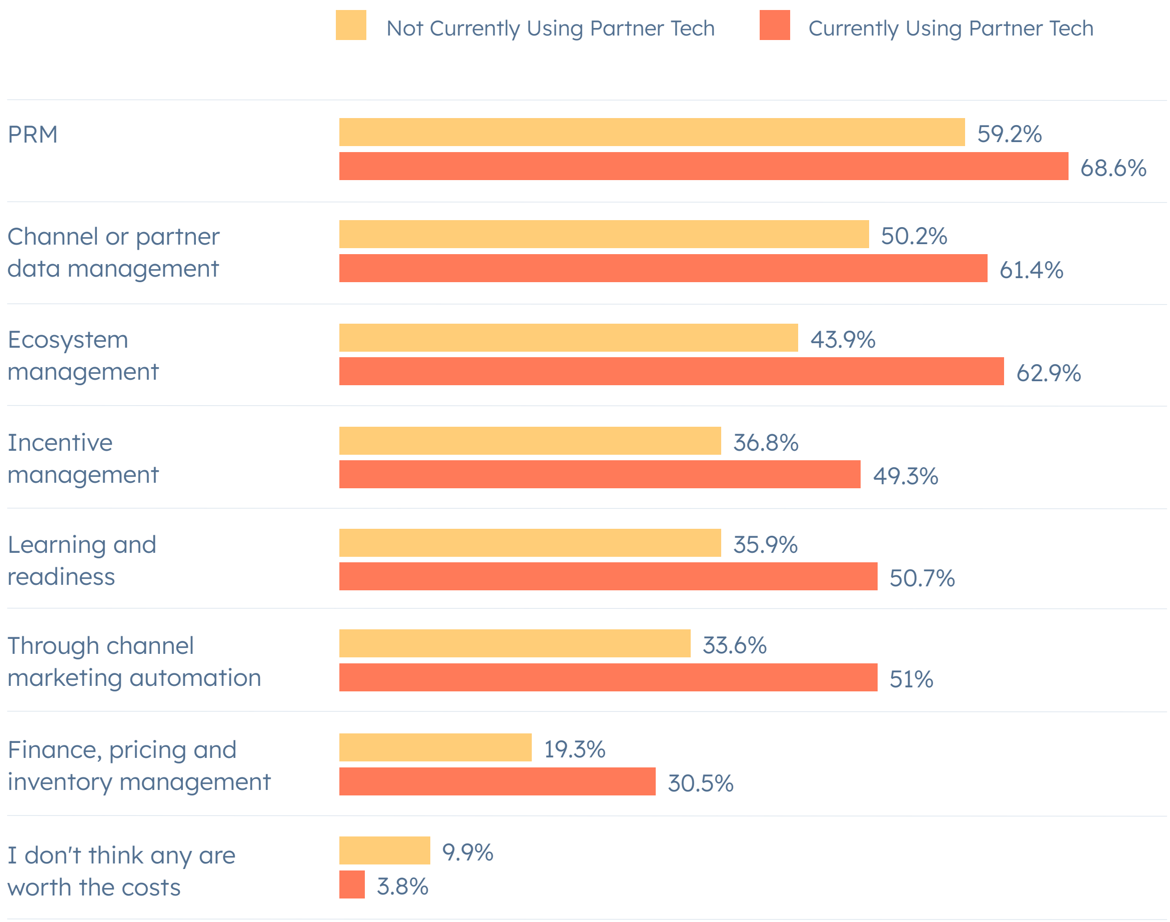
	None	Minor Benefit	Major Benefit
Reduced manual work	11.9%	41.8%	46.4%
Driving partner sourced or influenced revenue	12.2%	45.3%	42.5%
Faster time to close deals	26.4%	42.4%	31.2%
Partner communications	13.9%	43%	43%
Number of partners	25.5%	48.5%	26%
Partner satisfaction	19.6%	48.5%	31.9%
Tracking partner impact	21.1%	42.1%	36.8%
Internal executive buy-in	27.9%	43.7%	28.4%
Customer satisfaction	35.9%	41.2%	22.9%
Partner profitability	32.6%	44.3%	23.1%

96.2% of partner tech users and 90.1% non-users believe their organization should be using partner technology.

When asked whether their organization *should* be using partner technology, respondents overwhelmingly answered in the affirmative. 90.1% of those not currently using partner tech and 96.2% of those using partner technology believe their organization should be using partner technology.

The fact that so many partner tech users believe their organizations should be using it is a testament to the fact that, despite the challenges, partner tech is key to scaling partner programs successfully and represents a significant improvement over trying to build in-house.

Which Systems Respondents Think Their Organizations Should be Using
(Percentage of Responses)



Key Takeaways:

- Due to the rapidly shifting business model around partnerships and the high number of internal and external stakeholders, there is no perfect tech stack. Assembling one requires carefully assessing trade offs and custom development.
- 65.2% of organizations report using at least one partner tech system. The PRM is the most widely used type of system with 36.7% of organizations using one.
- Larger organizations and organizations with more partner ops employees are more likely to purchase partner tech.
- When buying partner technology, the ability to integrate with other systems was the single most important factor in the decision.
- Reducing manual work was the most often cited major benefit of implementing partner tech. The second most cited benefits are driving more revenue and improved partner communications, which align better with organizations' most pressing pain points.
- Companies who use partner tech drive more revenue from partners, programmatically share more data with partners, and have better partner communications.
- 96.2% of partner tech users and 90.1% non users believe their organization should be using partner technology.

05

Partner Driven Revenue

Organizations are attributing a fairly wide range of revenue to partnerships, from 0% to 76% or more. 48% percent reported driving 1% to 25% of revenues. Nearly half (49.4%) of organizations attributed more than 26% of their company's revenue to partners.

12.6% reported driving 51% to 75% of revenue and 8.9% reported driving 76% or more of revenue. Only 2.6% of respondents reported driving no revenue.

49.4% of organizations attribute 26% or more of their revenue to partners.

Most likely, organizations are using different definitions of what counts as partner driven revenue. Some may only be tracking partner sourced revenue, for example, while others may be tracking and attributing partner influenced revenue.

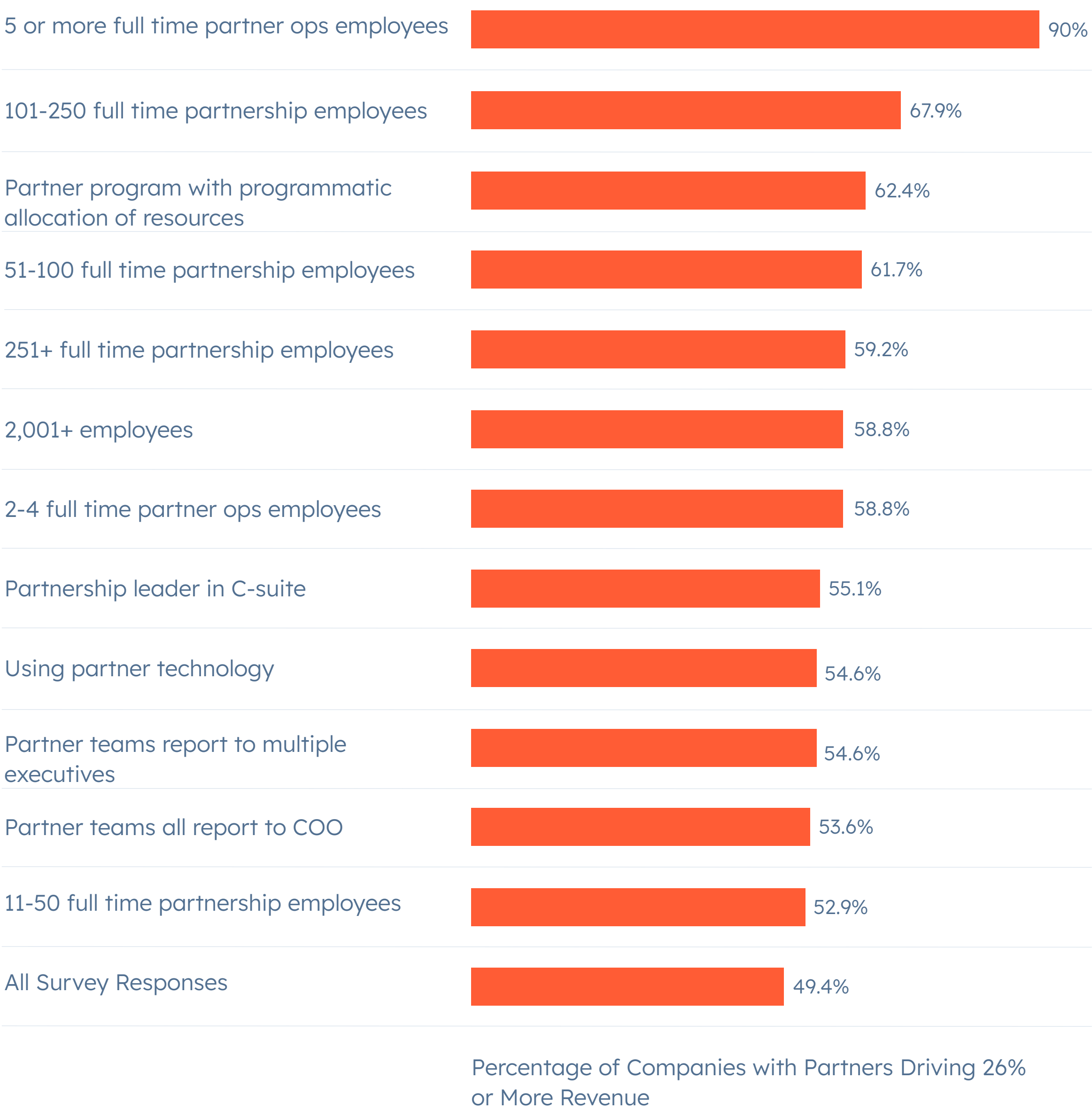
There were a few factors that correlated with driving more of a company's revenue from partners. Both larger companies and larger partner programs drove more revenue than average from partners.

Software and service companies reported similar revenue percentages, with the exception of services companies being somewhat more likely to report driving more than 76% of their revenue from partners.

The most impactful factor in driving 26% or more of the company's revenue from partners was having 5 or more full time partner operations employees. 90% of companies with large partner ops teams had partners driving 26% or more revenue compared to an overall average of 49.4%.

A partner ops team was far more impactful than having 250+ full time partnerships employees so the connection between a more mature partner ops team and revenue is not attributable merely to partner team size. Some very large partner teams still drive a lower percentage of their company's revenue and underinvest in partner ops.

Factors that Impact Organizations Having More Partner Driven Revenue



Large partner ops teams not only drive more revenue by saving partner managers and partners time and improving communications, they open go to market and co-building opportunities by ensuring data is both high quality and actionable. They also surface partner impact through centralized reporting so that it can be recognized by the organization.

Having a partner program that allocated most of its resources programmatically (as opposed to in an ad hoc fashion) also provided a significant increase from average with 62.4% of those organizations driving 26% or more of their company's revenue.

A partner operations team and, relatedly, partner programs that are scalable versus run in an ad hoc basis, are key investments for organizations that intend to drive more revenue from their partners.

Key Takeaways:

- 49.4% of organizations attributed 26% or more of their company's revenue to partners.
- Both larger companies and larger partner programs drive more revenue from partners than average.
- Implementing a partner program with programmatic allocation of resources drives more revenue from partners.
- The most impactful factor in driving 26% or more of the company's revenue from partners was having 5 or more full time partner operations employees.

06

Reporting Structure and Partner Team KPIs

Reporting structure and partner team KPIs should align well with partner program design. If goals for partner employees do not align with partner program incentives, partners and employees may end up working at cross purposes.

There is no widely accepted best practice for partner teams' reporting structure. One model argues a partner leader should be in the C-suite and oversee all partner teams, with partner teams of different types then dotlining to the organizations they are most closely affiliated with. Reseller partner managers, for example, may dotline to the sales organization, while technology partner manager may dotline to the product organization.

Others argue all partner teams should report to a revenue executive, usually the CRO. Others advocate for splitting partner teams, with each reporting to the executive most closely associated with their role in the buying journey. In that case, solution partners and strategic partner managers may report to a revenue executive, while technology partner managers report to product, and implementation and services partner managers report to the head of customer success, for example.

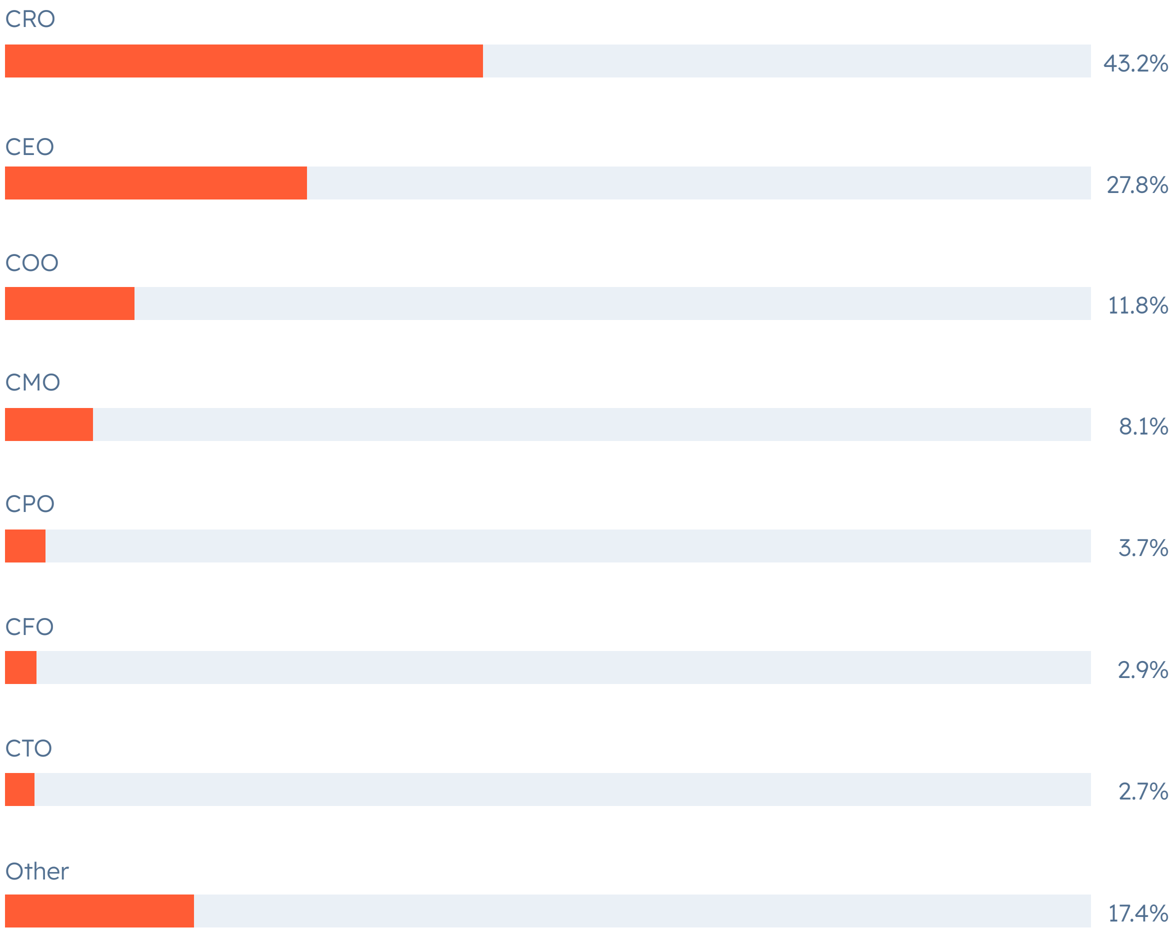
Realistically, there are likely trade-offs for whichever structure is chosen, and, like with the partner tech stack, organizations should carefully assess what the impact of those trade offs are and determine the best way to mitigate the downsides of a particular approach.

Of respondents that did not report having a partner leader in the C-suite, 86.2% of respondents indicated that their partner teams reported to one executive, while 10.3% indicated their partner teams reported to two different executives, and 3.5% indicated their partner teams reported to 3 executives.

In 43.2% of organizations, partnerships reports to the CRO.

The CRO was the most common executive to lead partner teams with 43.2% of organizations citing it. A senior sales leader, such as a VP of Sales, was the most common “other” response. 48.2% of organizations have partner teams either reporting to the CRO or a senior sales leader.

To whom do the highest ranking partnership, ecosystem, or channel leaders in your organization report to? Check all that apply.



The next most common structure was to report to the CEO as 27.8% of organizations indicated partnerships report to the CEO.

There was correlation between reporting structure and driving revenue, with organizations that reported to multiple executives or the COO (54.6% and 53.4%) more likely to be driving 26% or more of revenue from partners than those reporting to the CRO or CEO (40.8% and 32.6%).

Reporting structure did not generally have a notable impact on what partner type the organization considered most important. One exception is those reporting to a senior sales leader were much more likely to rank resellers as the most important partner type, which aligns with sales leaders and resellers' shared focus on the point of sale.

Those reporting to the CRO, in contrast, indicated technology partnerships were their most important partner type.

Reporting structure somewhat impacted partner program type. CEOs were most likely not to have a partner program, which is likely partly accounted for by the fact that partner teams tend to report to CEOs at early stage companies.

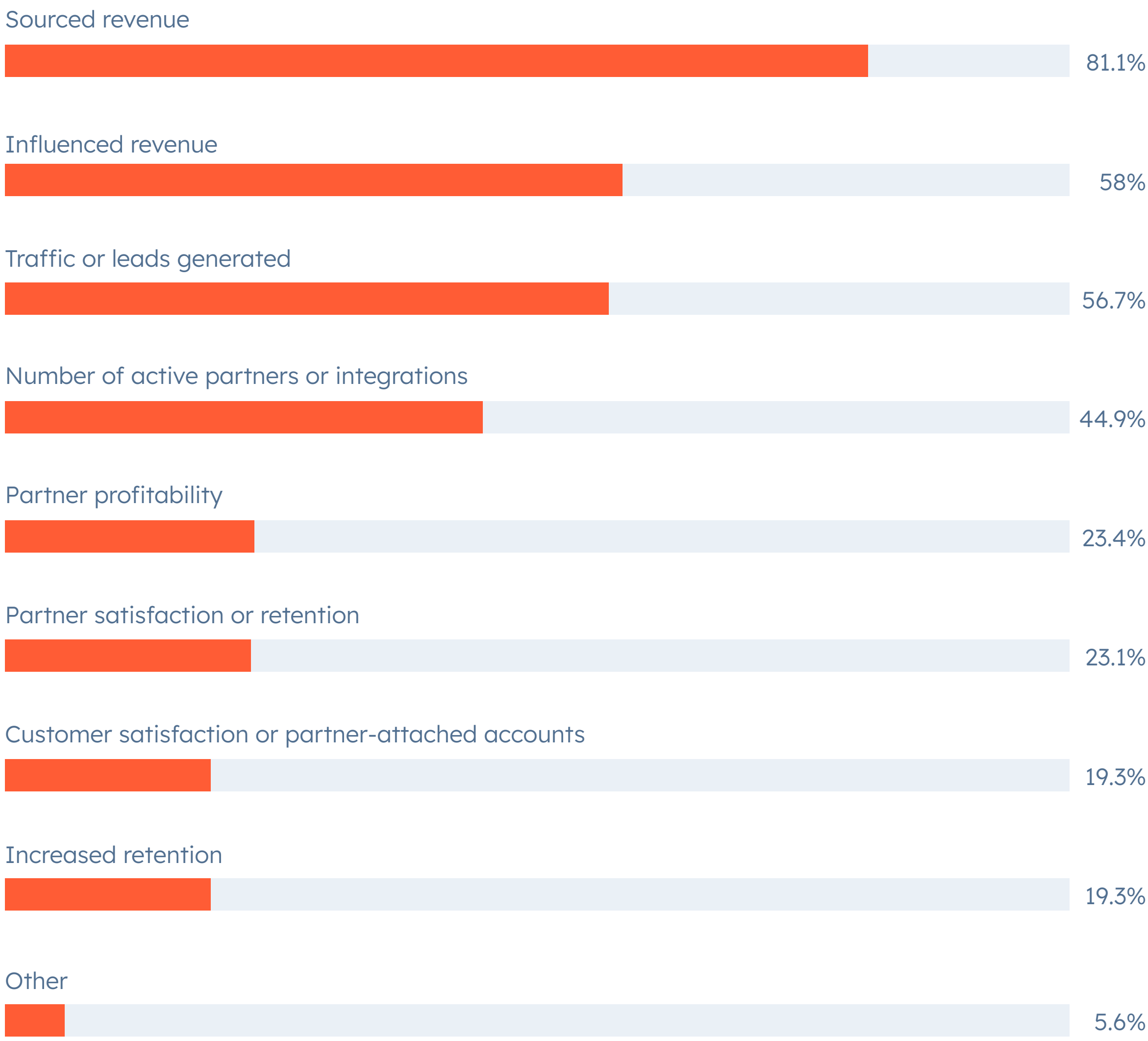
Non-CRO sales leaders were more likely to have programs allocating resources on a programmatic basis which may stem from their increased focus on resellers and deploying a more traditional channel program model.

Reporting structures often impact partner team KPIs as the executive favors the priorities of their larger team. In this survey, for example, CROs, sales leaders and multiple executives were more likely than average to have sourced revenue as a KPI for their teams.

In addition:

- CROs and multiple executives were more likely to have influenced revenue as a KPI.
- COOs were more likely to have retention as a KPI.
- Multiple executives were more likely to have customer and partner satisfaction as KPIs.

Are your partnership and channel teams' performances evaluated on the following metrics? Check all that apply.



Across all organizations, sourced revenue was the most common partner team KPI, followed by influenced revenue.

> **81.1% of organizations** have sourced revenue as a KPI. It is the most common KPI.

Larger organizations were slightly more likely to have more team KPIs, with companies with 50 or less employees reporting an average of 2.5 KPIs and organizations with 2,001 or more employees reporting an average of 2.9 KPIs.

The more significant bump in the number of KPIs was in organizations with mature partner ops. Organizations with 1 partner ops employee, 2 to 4 partner ops and employees, and 5 or more partner ops employees averaged 3.0, 3.4, 3.2, and 3.9 KPIs respectively.

Organizations with a more mature partner ops approach are leaning more heavily into an ecosystem business model that acknowledges a wider range of partner impact and their corresponding partner team KPIs.

Sourced revenue remains the most common KPI, which aligns with the traditional channel model and will continue to be an extremely important motion in the era of ecosystems.

The frequency of other KPIs like retention, influence, and customer satisfaction shows some organizations are still expecting their partners to source revenue, but they are also well on their way to implementing a partnerships business model that recognizes partners can drive value in myriad ways beyond sourcing revenue.

Key Takeaways

- There is no widely accepted reporting structure for partner teams. Organizations should examine the trade offs of different structures and seek to mitigate the downsides of whatever structure they implement.
- Most organizations have partner teams reporting to 1 executive.
- 48.2% of organizations have partner teams either reporting to the CRO or a senior sales leader.
- Reporting structure impacts partner team KPIs, with CROs and senior sales leaders being more likely to use sourced revenue as a KPI.
- Sourced revenue is the most commonly used KPI across all organizations, followed by influenced revenue.
- Larger organizations have more KPIs for their partner teams, but the size of the partner ops team has a much bigger impact on the number of KPIs. Organizations with mature partner ops teams average 3.9 KPIs compared to an average of 2.9 KPIs for enterprise companies.
- Organizations with mature partner ops teams recognize and reward a wider range of partner impact.

Perspectives

With partner ecosystems fast becoming the future business model, having an established and operational program in place is essential for organizations to succeed.

To do this, investment in a partner operations team is vital. They (and their reporting) are the key to unlocking the full potential of your partner program, and will be able to ensure not only its scalability, but its economic success.

Daniel Graff-Radford
CEO, Allbound

07

Implementing a Model that Captures the Full Scope of Partner Impact

By Gilad Zubery

EVP, Global Business Development and Partnerships, Contentsquare

The survey shows 81.1% of organizations have sourced revenue as a KPI for partner managers. Historically, our partnership organization has focused on sourced revenue and that is still where we spend two-thirds of our time. But like a lot of companies who are responding to the changing buyer journey, we are moving our model to focus more on partner impact.

Partnerships' most non-fungible contribution is through influence across the entire customer journey, from awareness to retention. A wide variety of functions and stakeholders can source leads or make introductions. SDRs and AEs, marketing, customers, employees, and investors can all send over leads and referrals.

But those stakeholders can't have the same impact on other elements of the customer journey that partners can.

For example, we did a deal recently that had 6 partners attached, including cloud, tech, and solution partners. This deal would not have closed without those partners being attached. Their influence there was not replaceable.

In contrast, other large deals are sourced by us, where a partner makes the intro and then has no further role in the deal. That is an important contribution, but it's much more likely someone else would have eventually introduced the account to us.

In the previous example, the partners were *required* to close the deal. The ecosystem made an impact that simply can't be replaced. This can be for a lot of reasons: the customer requires an integration to a system, the customer will only transact through a partner, or the customer relies on their agency to recommend the product category, for example.

As an ecosystem leader, that is value I can bring to the table that no one else can. But given the traditional model is focused on the point of sale and sourcing deals, many partnership leaders have to come into an organization and advocate for a business model that recognizes the revenue value of this type of impact.

Advocating Internally to Recognize the Full Scope of Partner Impact

There are two approaches to internal advocacy around implementing a model that goes beyond sourced revenue: bottoms up and top down. At larger companies, top down will not work because one cannot go to the C-suite of a large company and get them to make these types of changes without hard proof.

But at smaller organizations, one has unfettered access to the C-suite. Smaller organizations are more agile in shifting their KPIs and models. In this case, it is worth using market data to persuade the CEO that an ecosystem model will drive the most value for the organization.

At larger companies, a leader has to take the bottoms up approach to changing the model. This means showing team leaders, directors, even VPs of Sales how partners can impact their deals and enable them to close faster, more often, and for larger amounts.

When an AE is BCC'ed on a partner email to the executive decision maker recommending us or receives intel from a partner they can't get anywhere else, for example, that is power. If they are transacting through a partner, they see that.

Influencing accounts and surfacing it to AEs and sales leaders starts a good buzz in the sales org. AEs will talk about how partners helped their deals in sales meetings. Then other AEs will start to ask for partner help.

One of our senior sales leaders at Contentsquare called recently and said he did not want us to source deals anymore, just impact them and help drive the deal to close. Of course this is an exaggeration but it shows they completely understand the value. When the field starts to see the results from partner impact, they will start to advocate for this model to be recognized throughout the business.

In addition to evangelism, tracking needs to be in place. Make sure the partner impact is being tracked somewhere because you need it to both show value internally and to identify where the biggest opportunities are.

We have a partner sales team that helps the sales team and they track any impact on deals, but if you need sales to do it, find a way to make it easy and systemic.

Once enough data is collected, sales leadership can see how many deals were partner-attached and what the impact of that attachment is.

An attachment model can solve for the ambiguity around impact because it will lead to the conclusion that for optimal outcomes some percentage of accounts should be touched by a certain number of partners. It might say, for example, that any deal over $100,000 needs 1 partner attached, any deal over $250,000 needs 3 partners, and any over $500,000 needs 5 partners, for example.

Once the attachment model determines the ideal number of partners per deal size, sales leadership can then implement incentives and processes to ensure the right number of partners are attached to deals.

This can be built into a forecasting tool where everyone in the organization can see how many partners have a relationship with a particular account and how many of those available partners are being engaged with currently.

The partner sales manager can also use the tool to see the ecosystem around the top deals in the system. Companies that appear frequently attached to the top accounts are great for partner sales managers to reach out to and start developing mutually beneficial relationships.

Refining the Granularity of the Model

In the survey, 51.4% of organizations reported having sourced and influenced revenue as KPIs. I would recommend having both. But leaders should leverage data and operations to get more granular than that. For example, certain types of influence may be twice as likely to close deals than other types of influence.

Sourced is a clearer metric to define but it can still be debatable especially on enterprise deals. In general, sourced is defined as leads that come from the partner portal where there is no existing opportunity. Drawing the line on no existing opportunity is a bit of art. For example, if an AE said an opportunity can't progress but it has not gone to closed lost or if a partner submits an RFP on an open opportunity, those could be defined as partner influence or reborn as partner source. Cross-sells are also complicated.

Influence is even tougher to define and it can include:

- co-sell support
- impact of an integration
- sharing information and intel
- support on a RFP
- verbal recommendation on a deal we have open
- identifying key decision makers in the organization we don't know
- co-selling with a joint selling plan and joint calls
- helping with discovery
- development of a POC, prototype or custom demos

Partner operations is key to moving away from feelings and intuitions around what has the biggest impact on driving revenue into developing a nuanced and accurate understanding of how different partner types,

Partner operations is key to moving away from feelings and intuitions around what has the biggest impact on driving revenue into developing a nuanced and accurate understanding of how different partner types, different types of influence, and different times for influence impact the outcomes of deals.

different types of influence, and different times for influence impact the outcomes of deals.

Remember the ultimate goal of whatever model is used is to reveal, track and reward the highest impact actions.

Once a leader collects that information, they should incentivize partner managers, sales, and partners to align around those high impact actions occurring at the right stage of the customer journey.

A common challenge in partnerships is prioritization and deciding where to spend limited time. Data that reveals what is closing deals and what is driving upsells, cross-sells, and retention helps to optimize that prioritization.

For example, if integration installs with a particular vendor drives significantly more retention than average, then we can focus on increasing the installs with the partner and the CS team and not invest in driving installs of an integration that has a minor retention bump.

Organizations need to go a level deeper in connecting the data across the organization and that is why partner ops can transform outcomes and reveal where the real opportunities lie. According to the survey, organizations with more mature partner ops teams drive more revenue from partnerships and that is partly because it enables leaders to focus their team's efforts on the highest impact motions.

Building a Partner Tech Stack

Executing these models effectively requires relying on technology that enables tracking and efficient communications internally and externally.

Partner software is an underdeveloped market and I invest a lot of time in assessing it and building our partner tech stack. We are in the partner business, but vendors are not acting like they are in the partner business because they are not well integrated. The survey showed integration capabilities to be the number one factor in the purchase decision of partner tech. Buyers are clearly searching for a vendor who is doing a better job with integration.

Integrations in the category are limited in their functionality, if they even exist. There are systems for MDFs, for example, but not partner development funds. That is money from referrals that we reinvest. We currently track it in Excel sheets because there is no relevant software that speaks to internal finance systems like Netsuite. And no one knows how to transfer it automatically.

The market needs a real ecosystem management system to connect it all, or the partner tech vendors need to build more integrations. Currently, we are manually integrating almost everything, which is incredibly time consuming.

We use a PRM, ecosystem management, channel data management, and learning systems, which aligns with the more commonly used systems in the survey. Finance software for this space does not exist the way it should, which is probably why only 7.8% of organizations reported using partner tech systems in the category of financing, pricing, and inventory.

Aside from partner ops, which is a rapidly growing field and will be highly impactful in refining models of impact, partner technology is going to be the next big thing that will enable us to partner better. There are no platforms yet, and nobody is truly happy with their partner tech stack.

I recommend choosing the systems that can speak to each other through APIs even if you have to integrate it yourself.

Even with the limitations, you should introduce as many systems and automation as you can early on. Otherwise, one day you wake up and you are almost a 2,000 person company and you will regret not having it in place. Thankfully we introduced it early at Contentsquare. Otherwise it would be a nightmare to put in after the fact.

Just like with marketing, you need to start early with systems, processes, and tracking that will enable you to effectively create accurate models of impact and scale your partner program around those models.

How to Use Data to Launch and Grow a Partner Program

By John Kosturos

Head of Channels and Alliances, ZoomInfo

Building a Partner Program in a Company with a Strong Direct GTM Machine

Leveraging data is essential to building out a scalable partner program regardless of what stage company one is at and how many partners already exist. But the type of data and research required will differ depending on what is already in place.

Today, most companies still build out their direct GTM motion before seriously investing in partners. As a partnership leader coming into a company with a strong GTM motion, the approach will look a bit different than building a partner program from day one in coordination with or even in place of the direct motion.

ZoomInfo, for example, started with a direct sales model and then moved into the channel after they already established their direct marketing and sales motions.

When a leader comes into a company with an already established direct GTM motion, they need to look at the data carefully and understand where partners can drive incremental revenue that isn't going to cannibalize or interfere with the direct motions that are already working.

This has to be a data driven exercise. Identify the industries, verticals, geographies, and product lines that are saturated already. Find the market gaps where it will be the easiest to make a strong impact without causing conflicts.

For example, one might find that the company has no presence in APAC or that certain product lines have not penetrated the healthcare vertical. Discovering markets that are not covered well or at all by the direct GTM machine enables a partner team to drive revenue without getting into turf wars with the CMO or CRO.

Once a partnership leader identifies these openings, they should build a very clear channel plan for entering that market. Partner data sharing and tools like Crossbeam and Reveal can help to refine that plan. For example, one might identify white space in certain geographies where VARs can bring in new business, or industries where the company can effectively co-sell with SIs and agencies.

There might also be openings to drive upsell and cross-sell. At ZoomInfo, many customers have SalesOS, our most common product, for example, but many of them are good prospects for cross-selling our OpsOS, MarketingOS or TalentOS platforms through partners.

Partner data should be layered with first and third party data to give an even more complete picture of the market and the opportunities. Once the market opportunities are clearly understood, figure out a more detailed business plan. Run the numbers and determine that for every $4 spent in this market, the organization will get $50 back, for example. This will make the CFO happy, and it will result in more budget and headcount for the partner team.

From there, execute on the plan and continue to identify new opportunities with partners. Put in place motions that keep customer acquisition costs down. Continually reference the data to understand where partners can add net new customers via sourcing, referrals or co-selling, events, content, and where they can help upsells and cross sells.

Ensure in the plan and the execution that partners are getting value back. One way relationships are not sustainable.

Once results are proven out in newer markets and on a smaller scale, bring those results to the C-suite and get more budget and headcount to expand the scope.

Second Party Data and Agency-SaaS Partnerships

Agencies can be very powerful partners for SaaS companies. In certain categories, like CRMs, marketing automation, and ERPs, these relationships are almost always pursued from day one.

Everyone has a consultant for their CRM, marketing automation and ERP so, in that product category, not forming those agency relationships off the bat would remove a large portion of the available market.

But for most SaaS product categories, the agency-SaaS relationship isn't as obvious. A partner leader has to convince agencies that their app has enough strategic value for the agencies to spend the time to build a practice around it.

Second party data can help with that argument. For example, if 50 percent of an agency's customers are already using an app, then that makes a strong case that the agency's ICP is benefiting from the app and the agency should be building services to support it.

I have had customers spending $40 to 50K a year on my product and after working with an agency partner, went on to spend $5 to 10 million. Agencies can help upsell customers if they build services around the tool that drive more value for the customer, which leads to more app usage.

Second party data not only helps make the argument to the agencies that they should build out a practice around an app, it helps SaaS companies discern which agency partners to invest in.

Agency partners have to be enabled and trained on the app, and they become an extension of the team. These partnerships cost SaaS companies time and labor in addition to co-selling and referral fees. So, for the SaaS company, the relationship has to either lower customer acquisition costs or increase ACV or retention rate.

Agencies will often say they don't care about referral fees because there may be a conflict of interest to recommend a product they are getting paid for when they are supposed to be a neutral party. They are always supposed to recommend what is best for the customer, not what gets them more money.

But the reality is that consultancies have to pick their favorite technologies and become experts in them. That's how they build new service arms. And 75% of SIs are also taking profit share and/or resale license fees.

So offering referral fees are usually part of the SaaS-agency relationship, and it can add up to be a good revenue stream for the agency while also ensuring both sides are invested in maintaining the relationship. Agency-SaaS relationships have to be nurtured over time, as agencies need to stay up to date on product and API changes and SaaS companies should incorporate agency feedback into their customer and product analysis.

Partnerships as Part of an ABM Strategy and Propensity Scores

As a partner program grows, ensuring it becomes embedded in other internal departments like marketing, sales, and CS is key to its success. Partnership data should be part of your overall ABM strategy. The combination of third party firmographic and technographic data, news and intent data, and second party partner data is a powerful combination that can ensure the highest ROI on GTM investments.

Second party data can also be intent data, as data models can discern that when a prospect engages certain partners, this may be a signal they are looking to purchase a particular product type.

Partner data can also help refine the scoring process for how likely an account is to close. For example, if an account is using multiple partners, if a partner can give an intro to key decision maker, or if a partner can

> The combination of third party firmographic and technographic data, news and intent data, and second party partner data **is a powerful combination that can ensure the highest ROI on GTM investments**.

provide valuable intel, this should all raise the propensity for that account to close.

Partner leaders should also understand which partners are the most impactful. In ZoomInfo's case, for example, Salesforce and HubSpot are key systems where we have robust integrations to these critical business systems. If a prospect is using one of these systems, the account is much more likely to close. A more tangential technology partner would have a smaller impact.

This should also be applied to agency partners, including SIs, managed service providers, resellers, and digital agencies. Not all these agency types or particular agencies will have the same impact on deals, and partnership leaders need to use first, second, and third party data to understand what the different levels of impact are.

By determining which types of impact and which partners have the most impact, an organization can assess how much more likely it has an account with those characteristics will close and better allocate GTM resources and better forecast pipeline and revenue.

As the CRO of RingLead, I implemented a model that relied on 50% firmographic and technographic data, 10% intent data, 10% geographic data, and about 15% partner data.

In order to get second party data adopted across GTM teams, partnership leaders need to align with other GTM executives and the C-suite. The partner ops survey found that 47.3% of organizations reported lack of internal alignment is blocking them from implementing better partner operations.

Getting that alignment starts with creating a business plan for attacking white space and then executing on it in a trackable way. Reporting is critical to persuading other GTM executives. Bring data to these conversations showing that partnerships can source and influence revenue, lower CACs, and bring in new markets that the direct GTM motion would not have been able to reach.

Another way to create alignment is to find the biggest opportunities and renewals in the direct pipeline and review those deals for partner overlap. Then go set up as many partner influences and co-selling motions on those deals as possible.

This is a manual process and requires relationship building with AEs and partners, but, if it is successful, it will tie the partner function to the largest deals in the business. From there, one can more successfully argue for alignment around using partner data in propensity models, ABM campaigns, and co-selling.

This is true business development and a partner leader has to be able to influence internally and externally. Ultimately, the only way to operationalize partner influence at scale is to achieve both executive and cross-functional buy-in.

09

How to Decide, Align, and Build Partner Metrics

By Connie Wu

Head of Business Development, Asana

How do you measure the success of your partner ecosystem? What KPIs do you track and report on? These are the questions that every business development leader must think about early on in their partner strategy. In that exercise, one must advocate for what partner success means and identity the metrics that demonstrate business value. I have adopted a framework of "decide, align, and build" when it comes to partner metrics and reporting.

First, **decide** the best metrics for capturing how partners are making an impact on your company's core objectives. To do so, you'd need a clear strategy of how you plan on going to market with partners. Is there a product launch? Co-marketing and demand generation activities? Sales engagement?

Each of these GTM motions will involve a different set of metrics. Some of those will drive direct revenue while others will drive influenced revenue. If it's a product launch, you may care about metrics such as the number of users or engagement data (DAU, completed transactions, etc.). Afterall, those metrics contribute to customer satisfaction, retention, and upgrades. If you are doing any promotions around the launch, then that's a whole different set of KPIs.

Map out these motions so you understand the different categories of data that you will collect. Combined, these categories of data will help you present a more holistic picture of how partners can bring business value across sales, marketing, and product.

Once you have this model worked out, **align** with marketing, sales, and product executives on your strategy and get their buy in. For example, if you plan on doing demand generation campaigns, you will be driving top of the funnel data for marketing: MQLs and MQOs. Talk about these metrics in the context of your partner's GTM strategy.

Remember, now is the time for you to connect strategy to potential outcomes that are measurable and beneficial to your marketing team. Doing this will help them understand the value of partners and get their buy-in.

Another example is co-selling, where partner AEs work together with your AEs on deals. Unless there's a clear path in tracking partner referrals and direct revenue, many of these scenarios tend to drive "influenced revenue."

This is the chaotic world of trying to claim credit for your partners using the fuzzy term "influence." To reduce the fuzz, the BD leader needs to define what partner actions exactly qualify as an influence, for example, and how many such actions must happen in order for it to count as a legitimate partner influenced deal.

Incredible friction can arise between teams if you have partner managers tagging actions as partner influence on a deal that sales does not agree with.

Agree on the model upfront and document it so everyone can refer back to this shared understanding and be held accountable for their role in it.

Finally, after achieving this alignment, you need to figure out how to **build** the metrics and processes into the organization's workflows and systems. This requires cross-functional execution. In the sales example, get sales ops to create fields in your CRM so you can log partner contributions on each deal and attach any evidence if necessary. In the marketing example, ensure you have trackable campaign codes and access to reporting.

Building out the metrics in the organization isn't just limited to systems and workflows. There is also the people component. The wrong commission structure, for example, can undermine even well-designed workflows by demotivating people to engage them properly.

For example, sales people understand that partners can help source and help close deals. But if sales people think they will lose their commissions if they bring in or tag a partner, it may set up conflicting incentives where AEs are motivated to work on deals alone and not involve partners.

The solution may be to double pay commissions to sales and partner teams, or to agree on a partner percentage that sales sees as reflective of partner contribution. Having these conversions in the beginning with your stakeholders will reduce confusion and friction when rubber meets the road.

Hopefully in this scenario, the sales leaders will also recognize that bringing in partners can help individual reps land bigger and close faster – all of which is worth the hassle of figuring out the commission structure.

Partner Team Reporting Structure

Whom you report to in the org will fundamentally shape the partner team's strategy, metrics and their execution.

When you are under the CRO, for example, the mindset will naturally be revenue driven. Hence, a large part of BD will often lean towards direct revenue or building an immediate pipeline for sales. The survey results showed a correlation between reporting executive and partner team KPIs. Teams that reported to the CRO were more likely to have sourced revenue as KPIs.

Focusing on sourcing sales pipeline works well for channel partners. For ISVs (also known as tech or product partners), this structure gets messy. The purpose of ISV partners is largely to help expand your product capabilities and create long term competitive advantages through product differentiation.

If you can create a path for direct revenue through ISV relationships, that's obviously fantastic. There are various examples out there such as embedded licensing, charging for add-ons, or creating a commercial marketplace.

But outside of that, your ISV partners will likely drive influenced revenue through co-marketing and co-selling. And most importantly, they are contributing to customer utility and product stickiness. So it is often difficult to put a quota target on your ISV community. Hence it's important to communicate this to your CRO and help them understand the differences among the various categories of partners and how they each drive business value in different ways.

Certain organizations address the above issue by separating channel partners from ISVs, having them each report up to different executives. Resellers, VARs, and SIs, for example, can report into the CRO while ISVs can report into the COO. That way, one team can focus on short term revenue goals while the other team can focus on more long-term strategic goals.

Whether you combine or separate your partner teams, the most important thing is to recognize that different categories of partners drive business value in different ways. Your job as the business development leader is to help convey this to your leadership.

Help them understand that each partner category serves a different purpose and there's no one-size-fits-all success metric for all of them. Instead, you want to show a 360 view of how each category contributes across the board – from sales, to marketing, to product. Doing so will also help the organization better utilize partners as a force multiplier across various functions.

Partner Program Design

A good partner program is about managing and growing the partner ecosystem at scale.

At the heart of the program is your strategy around attracting, retaining, and growing partner relations. Once you have that nailed, create an infrastructure to operate and manage the program.

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Let's talk about attracting partners. Is there ROI? Do you have the right dev tools? Are you easy to work with? These are fundamental questions that partners consider.

Next is to retain and grow your partners. At scale, you should find ways to incentivize and reward partners for creating value in your ecosystem. Some programs use a point system: the more the partner does with you, the more points they get, and that unlocks more benefits. Partner programs operating at scale typically have these tiered levels and benefits to keep partners invested in their ecosystem.

According to the survey, 33% of organizations are allocating most of their resources programmatically, and over half of enterprise companies are. These companies have partners driving a higher percentage of revenue. So if your partner ecosystem is growing quickly, you'll want to think about using tiering to operate and manage the partner journey.

Such a program should also support some basic analytics that would allow partners to access important data relevant to their relationship with you. If they are a referral partner, they'll want access to the deals they've passed over and how many have closed. If they've built an integration with your product, they'll want data around how many folks installed the integration or visited their tile in your marketplace. Pick and choose what you can and can't share and standardize it across the partners.

Once you have the right program terms, you need to communicate it to partners. This means authoring a narrative about why they should want to invest and then finding channels to distribute that story. Socializing the partner program internally so that the rest of the company evangelizes it externally is likely the most powerful lever you can pull.

Getting your marketing and sales teams to be your evangelists can be a huge force multiplier in driving awareness amongst prospective partners.

Finally, a successful program also requires measuring outcomes to demonstrate its value to senior management.

As mentioned earlier, measuring success for certain partners will be a lot more straightforward. This is particularly true for channel partners as most PRM tools are designed for them. For those partners who are driving business value through co-marketing and product development, there's yet a single software tool out there to capture all of the above.

In fact, 71.3% of survey respondents indicated that they are not able track the full ROI of partner impact due to deficient partner operations. So if you oversee multiple categories of partners, you have to tie it together for your business leaders to show the wide breadth of partner value. It's an art and science project that us BD leaders must take on.

Ultimately, organizations need to recognize the diversity of their eco-system, and build metrics and programs that engage partners based on their distinct objectives. Not all partners have the same goals or will benefit your organization in the same way. It is key to get this right in your organization's own mind so you can get the necessary support to build a thriving ecosystem.

10

Achieving Strategic Alignment with the Lens of Partnerships

By Jeff Reekers

CMO, Aircall

In order for organizations to successfully scale partnerships, they have to be a core strategic priority that influences every individual business function. In an era of ecosystems, partnerships should be a lens that every major company function is seen through.

> In an era of ecosystems, partnerships should be **a lens that every major company function is seen through.**

When executives apply partnerships as a lens across the company, it translates to an open API, ecosystem-friendly product roadmaps, and go-to-market motions that incorporate partners by default, not as an add-on.

However, partnership leaders often find themselves in companies where this lens is not being applied. In the survey, 39.1% of organizations reported that their partner team was being blocked by a lack of executive buy-in.

In organizations where executives do not believe in the value of ecosystems as a first principle, it is the partnership leader's job to make it part of the company storyline.

When doing that internal advocacy, using the phrase "lens of partnerships" highlights that partners should be a part of the entire customer journey. It frames the conversation to lean toward the outcome of partnerships being embedded throughout the company.

In addition to carefully framing the conversation, a partnership leader should understand the company's key strategic goals and examine how partners can further each goal. Hone in on where partners can most move the needle, advocate for that to be a core play to reach the goal, and then execute on it.

The ultimate aim is to flip the position so that partnerships become a strategic lens instead of a line item.

Aircall is an ecosystem-first company, but this wasn't laid out on day one. The ecosystem mentality arose relatively organically as, early on, we saw partnerships as a natural way to provide an incredible customer experience.

Choosing High Impact Partners

In choosing partners to make the most impact on strategic goals, at the basic level, look at the market opportunity and the partnership buy-in. One without the other will not work well.

Especially early on, depth is much better than breadth in partner relationships. Do not try to do too much too fast. The outcome of chasing too many partners before one has the infrastructure and resources to support and enable them will result in subpar integrations, poorly executed marketing campaigns, and a bad partner experience.

Building a partner program on top of partners that are not committed does not work. Integrations, for example, should increase retention and close more deals. But an integration that frequently fails to sync data or does not meet the user's business objective will likely do the exact opposite.

Successful partners feel like an extension of the company. They can add product functionality, qualified leads, marketing assets and campaigns, sales assistance, and ongoing support and implementation. Just like with employees, there has to be a strong alignment on values and working style. At core, they have to see the world the same way.

Even with a great market opportunity, if the partner is not invested or if they have different values, the relationship will remain at best superficial and at worst it will be costly to start without ever getting off the ground. Similarly, without a great market opportunity, partner interest and investment will only be funneling customers to a disjointed experience.

The top right quadrant, where one has both a market opportunity and partner buy-in, is where organizations should put most of their investment.

Product marketing is valuable in assessing the market opportunity of a partnership. They can formulate a deep understanding of integrations or services, the product and API roadmap, and be the voice of the customer.

Partnership leaders should have that knowledge continuously incorporated into how they select and invest in partners, just like they should be systematically collecting knowledge from sales and customer success.

Scaling out a Partner Program

A partner program should be scaled over time, only after there is enough executive buy-in. Start with deeper partnerships that work well, and understand what the characteristics of the partners and communication cadences are that lead to beneficial outcomes. Use those initial wins to spread the partner story throughout the organization and with executives.

Once there is recognition for what partners can add to the organization, request more budget and headcount and find more partners with similar profiles and gradually expand the scope of the program.

If the C-suite has a partnership lens, then it becomes much less important where exactly the partner team sits in the organization. At Aircall, the partner team used to report to Marketing, for example, but now they report to the CRO, which, according to the survey, is the most common executive to lead partner teams, with 43.2% of partner teams reporting to the CRO.

Without the partnership lens, reporting to the CRO runs the risk of focusing too much on transactional partners without a long-term strategic vision. But with the lens, partners will have a strategic impact on every function and collaborate cross-functionally regardless of where they report.

In scaling, partnership leaders need frameworks that focus investment and resources. There are always more potential partners than can be invested in. In addition to the matrix of market opportunity and partner buy-in, I recommend creating a partner framework that emphasizes the co-creation of great product experiences.

Relationships with tech partners and service partners who are focused on a shared product experience can form strong backbones for deeper go-to-market relationships. Products or services that functionally work well together over time are more likely to have greater customer overlaps and be focused on alleviating similar customer pain points.

Collectively enhancing a product experience results in a shared understanding of both products and brands. This can then effectively shape more powerful educational content and awareness campaigns.

It's also much easier to walk away from or neglect a pure co-marketing relationship than it is from one that was built around an integration or services that customers are using.

In the survey, technology partners were both the most common partner type and the most likely to be selected as an organization's most important type of partner. The proliferation of SaaS and best-in-breed solutions has created a strong customer need for simplified product experiences that can only be created through partners.

Put a programmatic focus on partners that co-create good customer experiences, whether it is through integrations or services. Then work backward in the funnel to layer on more components to those relationships and add new partners that may only be able to impact the top of the funnel.

Marketing Through the Lens of Partnerships

In addition to co-building incredible product experiences, the lens of partnerships should create a marketing strategy that is partner first.

We engage in partner co-marketing across all marketing motions, from events, ads, contents, emails to brand. For us, partners add incredible amplification and value to our marketing team. Like building product experiences together, partners can build brands together.

When we first entered the US market, for example, we did not have a known brand. By partnering with companies with strong brands like HubSpot, Pipedrive, and Intercom, we were able to grow our brand much more efficiently and effectively.

Partnering to expand brand recognition can work in new geographies, new verticals, or new ecosystems. In the Shopify ecosystem, for example, many apps start out with zero brand recognition, but quickly build brand equity out by aligning themselves with Shopify. The smaller partner has to do the work in those relationships, but in return they are able to associate themselves with a well-known and well-liked brand.

In terms of co-marketing prioritization, leaders should look at the bigger picture. Trying to measure brand value or revenue from one event, for example, will lose the forest for the trees. Co-marketing should be part of a larger strategy, and, like in marketing in general, repeated campaigns and experiences will build the brand and convert more customers over the long-term.

Develop lasting relationships and partner motions that co-build a brand and connection with the audience over time. It is short sighted to focus too narrowly on the ROI of one webinar or ebook, for example.

Applying the Partnership Lens Across the Organization

This same mentality of having a partner-first marketing strategy can be applied to product, sales, and customer support. Partners can add tremendous value to each of these individual functions, and both the strategic and line item priorities should reflect that.

Product development, for example, will look very different if an organization does not build with a deep understanding of all the other systems the customer is using. APIs will be thinner, and the product features will be redundant to other systems or cease to work well with other systems. In contrast, adopting the partnership lens on Product will focus resources on building the type of interoperability the customer needs and building features that complement the ones they are already happy with in other systems.

By looking at every business function through the lens of partnerships, organizations can fully mobilize their ecosystem and prove out the impact of partners both internally and externally. Over time, it can also shape processes and program requirements that attract the right partners, incentive the go-to-market and co-building motions that work, and enable successful communications at scale.

11

Program Structure for Referral Partners

By Jeff Roth

VP, Strategic Alliances, Avalara

Implementing a scalable partner program with repeatable processes was cited in the survey as the area organizations would most like to improve on. There is not one partner program design for every company or even for every industry. A key component to successfully scaling a partner program is ensuring your partner team structure aligns with both strategic and partner objectives.

Large ecosystems will have a wide variety of partner types. In the survey, companies with more than 251 employees on their partner and channel team, for example, averaged 4.2 different partner types.

When you have multiple partner types, you have to design a way not only for different partner teams to work together effectively but also for other teams relevant to partner success, like sales, marketing, product, and CS, to work effectively with each partner team.

At Avalara, we invested in partnerships early and we have a large ecosystem that drives significant revenue. We have more than 1,000 technology partners, for example. We have implemented processes across multiple internal teams that help our partners succeed and, in turn, bring new customers to Avalara.

I run a large team that focuses on managing relationships with partners who are sending us referrals. In the survey, this was the second most common partner type, with 72.5% of organizations having referral partners. For us, referral partners include accounting firms, VARs, publishers, ecommerce agencies, larger tech partners, ISVs and other channel partners. For the most part, if someone is referring more than just occasional business to us, an alliance manager on my team is managing that relationship.

As a team, our focus is on managing and training partners. It is not to close the customer accounts. Our partners help close deals, but our focus is on enabling them, not actively assisting in closing deals. This partner-centric approach empowers my team to develop strong relationships with partners.

My team has to continually profile and understand the objectives and priorities of our partners. Our referral partners vary in type and size. With accounting firms, for example, we partner with everyone from the Big Four to solo practitioners. Any agency that has clients or an audience generating invoices is a potential partner, as is any software company whose application or platform creates an invoice where there is a possibility of calculating tax.

For channel partners, in general, their number one priority is providing a good product and go-live experience for their customers. The number two is commissions. The third priority is increasing services revenue.

Of course these priorities will change depending on the particular partner profile. A large number of our accounting partners do not take commissions; some simply prefer to remain independent, while others focus on having Avalara provide favorable pricing to their clients. Larger firms that have a state and local tax practice are partly motivated by the fact that they don't want to see us compete with their practice. They want Avalara to be their technology arm, while they are the consultants interfacing with the customer. Smaller accounting firms are not focused on this so when they bring us a deal, they are generally happy if we do everything.

> A strong partner program design must not only properly incentivize partners, **it should also be supported by a company's internal team structure.**

It is the role of the alliance managers to understand these different partner profiles and ensure that the partners are being enabled to accomplish their objectives.

Alliance managers train our partners and educate them on new products. In addition to our core tax automation and tax compliance products, we have 20 others, which have arisen either through acquisition or organically to meet more of our customers' needs. Keeping our partners informed and up to date on new products and product changes ensures they can continue to send us the right business.

Training partners includes helping them to more knowledgeably share our products with their customers. Our team offers tips on the best talk tracks and messaging. Partners are often the first touchpoint for new customers so enabling them with the right messaging ensures a consistent customer experience in addition to making partners more successful by sending us referrals.

Part of the enablement is helping partners understand which of their customers are the best fit for different products. We developed a scoring system that we can apply to a partner's customer list that will identify which customers are the most likely to benefit from purchasing and using Avalara products.

Like 72.9% of respondents to the survey, obtaining a partner's customer list is currently a manual process. Sometimes partners do not wish to share that data. We are close to implementing Crossbeam or Reveal, and, if we do, it will become the alliance manager's responsibility to assist in suggesting partners sign up for those systems.

When a partner refers us to an account, they are not legally obligated to assist in the sales process, although they normally do. If they accept commissions, we will pay them if it closes, regardless. But partners are typically involved in the sale because they want to see the deal close. We also have a subset of about 200 certified implementation partners who are true experts in our primary products and how they work, and they are generally much more engaged in the sales process.

Examining data on partner-attached accounts led us to devote some of our time to attaching partners to deals that come through other non-partner marketing channels to our SDR team. The data revealed that partner-attached deals close at triple the rate of non-partner attached deals; so when we see deals without partners attached, we realize it is a win for sales and a win for partners to involve them.

In cases where the partner did not source the deal, they must be actively involved in the sale to receive the commission. If they are, we provide them the same commission that we give partners who have referred the opportunity to us. If partners bring us less than $50K in revenue a year, they receive 20% of the first year's commissionable revenue for any deals that close. Once they hit $50K, they receive 40% of the first year's commissionable revenue.

Our commissions are generous, but many of our larger partners would prefer recurring commissions and commissions for upsells and cross-sells. We are currently running a small trial and providing a very small number of referral partners, limited recurring revenue and extra partner marketing benefits. We are determining if this motion increases the business they are driving. The jury is still out on whether it does; if the results show a real impact, we might consider implementing it for higher tier partners and determine how we might be able to scale it.

A partner program is never finished. It is important to listen to partner feedback, experiment with new initiatives, and make data-driven decisions on whether program changes are an improvement for partners and your business.

When we receive a viable customer or prospect list from a partner, we might send it to our SDR team to further qualify, or we may send it to an outside firm. Part of good partner program design is ensuring the handoffs to other internal teams or outside firms are seamless, and that whomever you are handing a lead to will be the right person to create a new opportunity.

We have a number of different sales teams that handle partner referrals. Some teams focus solely on some of our larger partners, like NetSuite for example.

For technology partners, we are not the first team they interact with. We have a business development team whose primary focus is to sign up new technology partnerships and then get their connector certified. We designed it this way so we can ensure connectors will work properly and provide a quality experience to the customer.

Then there is a launch team that handles technology partners through their first couple of sales. Starting to activate the business relationship is a critical juncture in the partner journey. Having a team of experts dedicated to optimizing this stage can help ensure partners invest more in your ecosystem.

After a new technology partner has launched, we normally have an emerging sales team that then manages the partnership and obtains referrals from them on an ongoing basis. People on this team generally act as both alliance managers and account executives because, in addition to managing the tech partner, they are closing the referred business themselves.

The largest emerging technology partners have a dedicated alliance manager from my team so the emerging sales team can solely focus on closing their deals, while my alliance manager can handle the partner relationship. This structure makes our program more scalable, as my team can't manage 500 technology partners who may only be sending a few referrals each.

Some of our products are embedded in other partners' applications or platforms. These typically could be "freemium" versions of Avalara products that the customer can use from within their application, and also then choose to upgrade to the more robust version of Avatax, our tax automation calculation offering. Our small business sales teams handle the sales to these accounts.

At Avalara, each team is responsible for their part of the partner or customer journey. While my team's focus is on managing and enabling referral partners, we rely on many other internal teams to ensure our referral partners can be successful and drive revenue for our business. A strong partner program design must not only properly incentivize partners, it should also be supported by a company's internal team structure.

12

Reporting Structure for Tech Partner Leaders

By Bader Hamdan

Regional Vice President, Platform & Technology Partner Ecosystem, Twilio

For technology partner teams, I have seen so many different reporting structures. Here at Twilio, we report to the revenue leader. When I was at Google, we reported to an Alliances organization that was parallel to the Sales organization.

The industry is torn on where the technology partnership leader needs to report, as there are trade offs to different structures. In the survey, 48.2% of respondents indicated a partner team at their organization reported to a CRO or senior sales leader, and another 8.1% reported to the CMO. Ultimately, I believe any partner management function should report to the go-to-market (GTM)/revenue leader, assuming the partner leader is not a peer reporting to the CEO.

Partner managers, even tech partner managers, are there to drive joint revenue for the organization. They are business roles, not product or engineering roles. Engineers can build integrations and product managers can rationalize the integrations as product features that complement or fill gaps in the product experience.

> In the era of ecosystems, the value tech partner teams are uniquely positioned to bring is an additive approach to other teams by focusing on the business model, the GTM relationship, and monetization around integrations. **Monetizing joint co-innovation is ultimately the north star.**

In the era of ecosystems, the value partner teams are uniquely positioned to bring is an additive approach to other teams focusing on the business model, the GTM relationship, and monetization around these integrations. Monetizing joint co-innovation is ultimately the north star.

CPOs will sometimes advocate to own the tech partner team, but the reality is partnerships are a GTM function. Tech partners should be advancing product KPIs with the intent of driving new business. This goes beyond prod/eng buy-in to the actual functions, tools, and processes required to enable sustainable and profitable integrations that serve customer needs.

If tech partner leaders want to make the largest impact and move the entire organization closer to an ecosystem-first mindset, they should report to the GTM function. This also requires having the right functional support and investment by all stakeholders, especially the CPO and product and engineering teams, to empower the partnerships we need to enable.

One of the most important initiatives for partnership leaders in the era of the ecosystem is expanding your organization's understanding of influenced revenue. Doing that requires being part of the revenue engine. Product is not a large part of those conversations, but Partnerships can be the conduit for Product and Engineering into how tech partnerships are monetized inside the revenue engine. You also need to ensure compensation neutrality in these partner motions so that both your sales team and partners are motivated to engage.

Span of control is key to successful execution in driving growth and revenue via partnerships. Functions' KPIs will drift toward the priorities of the org they report to, and reporting to product could limit go-to-market potential of tech partnerships and their ability to truly create synergies in the field.

This does not mean that technology partner leaders shouldn't work closely with the product organization. Compared to referral or reseller partners, technology partners need a much more direct line of communication, support, and constant alignment with product and engineering.

There should be a team dedicated to the technical validations and review of integrations to provide ongoing support to integration partners and developers. I have seen this team report directly to a technology partnership leader, but, unlike the tech partner manager, this team's role is technical so there is a stronger argument to have them report to product or engineering as they actually work on the technical integrations' nuts and bolts with partners.

The partnership leader needs to ensure this support exists and continues to align with this product integration team and product leadership to ensure the standards they are implementing match the business model. Tech partners can drive business value in myriad ways, and the partnership leader has to decide which of these ways best align with customer needs and the strategic priorities of the company.

When it comes to technical review and certifications, for example, many large ecosystems do not implement overly rigorous requirements to be listed on their marketplaces. This leans into an open ecosystem business model, encouraging more partners and more apps at the cost of the customer having to do more due diligence.

These same ecosystems often offer a process for partners to be certified. Certification badges make it easier for customers to locate quality apps and it incentivizes partners to invest more in the technical quality of their app. But because it's mostly optional, it does not turn away smaller partners. Being intentional about the ecosystem and how you empower them to bring forth integrations, validate them, and support them, is critical to tech partner GTM success.

From the GTM side, this structure offers more potential partners to drive new customers to the platform. Stringent technical requirements for all partners shrink the pool of partners and integrations, which limits their go-to-market reach.

As a result, technology partner leaders should be involved with these decisions, even when they are owned by product or engineering. They should also stay aligned with the product roadmap, as tech partners are reliant on growing alongside the product, its APIs, and product strategies.

A whole category of tech partners should not be blindsided by a product developing features that render their apps useless, for example. Even in cases where the impact to the partner business would be less stark, technology partners want to understand the product roadmap so it can inform their own roadmap and they can allocate their developer resources effectively; this drives the right co-innovation.

It is the technology partner leader's role to ensure and drive interlock between the product organization and the tech partner ecosystem, and constant communication and coordination is critical. Ultimately, as a partnership leader you have to be intentional about what type of partners you are trying to bring in and what problems you are trying to solve for your customer. You need to ensure these decisions align with your product and go-to-market organization.

Cross-functional collaboration is the most important part of technology partnerships to nail, and that is true no matter whom you report to. In the survey, internal alignment was cited as a blocker for partner teams more frequently than executive buy-in.

The partnership leader has to mobilize alignment across the company, ensuring the ecosystem is part of everyone's KPIs. This advocacy needs to occur at the executive level but also at a lower level so that VPs, directors and GMs are taking into consideration the ecosystem when they are setting priorities with their executives and teams.

Think about what the customer wants first and foremost. Customer-centricity should inform your partnership strategy and align to your company's strategic priorities, making it the north star that mobilizes all functions in the company. Framing the impact of partners in this light is the best way to align with other departments and executives.

13

Designing the Ideal Partner Experience

By Katherine Smith

COO, Partner Ecosystem, Qualtrics

When partners are a key part of a company's business strategy, it is often remarked that the customer experience starts with the partner experience. For programs with partners that lead the selling motion or programs where a partner is implementing a product or service, a customer's experience may be solely shaped by its interactions with the partner. In some or many instances, the partner is more intimate with your clients than you will ever be. Therefore the experience your partners have working with you is ultimately reflected in your customers' experiences working with your partners.

That's why investing in a strong partner program – one woven into the web of a company's processes, aligned with its business objectives, and stood up with tools that create transparency to build trust – is so important. In my experience working with partner organizations, trust, transparency, and ease of doing business are among the most valued characteristics of a mutually beneficial partnership.

> In my experience working with partner organizations, **trust, transparency, and ease of doing business** are among the most valued characteristics of a mutually beneficial partnership.

A successful partner experience certainly relies on executive level buy-in and a commitment to invest in a partner ecosystem. But top-down support is not enough; it also must integrate well with your company's culture and its employee experience for the partner ecosystem to thrive. In the survey, a lack of internal alignment was the second largest blocker to improved partner operations, with 47.3% of partner teams reporting it was a challenge. This was even more than the 39.1% who reported being stymied by unsupportive executives.

At the core is how people and teams across your organization are aligned to work together cross-functionally; if employees struggle to work together to satisfying and successful ends, it becomes less likely success will be the outcome when introducing partners into the mix.

Let's take an example from the software technology industry: If there is already a natural go-to-market (GTM) motion where product, marketing, and sales teams work cohesively to accomplish shared objectives, your partners should be able to plug into that motion easily.

Partner-specific plays will be a natural extension of existing GTM plays and partners will be seen as additive to achieving successful outcomes, rather than distractions or competition. All stakeholders will see the strategic value partner plays can drive, and dedicate the necessary resources to enable their motions.

In a well-aligned organization that understands technology partners can drive retention and upsells as well as new customers, their various plays can find the support they need to be successful.

If, on the other hand, a stable internal cadence has not yet been established within an organization, there's a good chance that friction will ensue when introducing a partner to work alongside internal teams through these processes, especially if the initiative is not coming directly from the C-Suite.

Effective employee-partner working relationships lay the foundation for trust, but a strong partner program also needs the systems, processes and tools that make it easy and transparent to do business together. It is a reinforcing cycle: partners value transparency, and the more transparency your partner program offers, the easier it is to work together and the better to build trust.

For our partner program and for many programs, tools to communicate effectively, to make data accessible to the partner, to ensure visibility on shared customers and account mapping, to track leads and opportunities, and to get support quickly are all essential to the partner experience.

In the survey, over 60% of respondents were using partner-specific technology and over 90% agreed their organization should be using partner-specific technology, which is an acknowledgement of the widespread demand for systems that are designed to specifically enable the partner experience. But many also reported these systems were too expensive or didn't meet their needs, and over half of organizations indicated they lacked the internal partner operations expertise needed to put together the right tech stack.

In the absence of the ideal tooling, you can still drive transparency through enhanced training and accountability of your internal partner managers and teams who are responsible for a consistent rhythm of engagement with partners, regular leadership communications on topics that matter to partners, and a partner advisory board established to capture input on the direction of and support needed by the partner ecosystem.

Consider these tools and processes "the loom" that weaves the threads of the partner ecosystem into your organization. In ideal situations, this helps to forge alignment from enablement tactics to product or sales plays through to payment, license renewals and partnership expansion.

And when things are not woven together well, you can tap your most important partners to be your beaming light, shining through the experience gaps a company has internally, highlighting where better team or process alignment or improved data architecture or tools are needed to close those gaps.

Identifying those gaps and taking action to address them is my final lever for reinforcing trust, transparency and being easy to work with. Just as with customers, you cannot assume that your company is getting the partner experience right.

Actively solicit feedback across your partner journey, which could include stages such as being recruited, onboarding, completing training and enablement, co-defining offers, establishing a sales motion, delivering products or services, getting paid, and receiving the ongoing support needed to be successful.

Partners are a valuable source of insight, not only into their own experience, but also the customer's experience. Partners will know product needs from a customer perspective. They will be able to identify selling strengths and weaknesses. They can relate resourcing issues or tell you how your program compares to the other organizations they work with. Done well, you can gain immense value from the insights shared by your partners.

None of the above is established overnight, and may go through different iterations until the right combination and structure are settled. Whether starting new, or doing an assessment and evolution of your partner experience efforts, my recommendation is to prioritize the experience of those partners most important to the success of your business objectives.

Build, seek feedback, and refine with them, and then scale across your model to ensure you've got the right executive commitment, alignment with teams and processes, and supportive systems and tools to make it easy and transparent to work together. And then regularly measure and monitor your partner experience to ensure you identify and close gaps to keep partnerships strong and thriving.

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Piping Partnerships into the Rest of the Organization

By Kristopher Lengieza

VP, Global Partnerships and Alliances, Procore

A core challenge that partnership teams face is when to create a unique process and when to fit in with your company's existing systems.

At Procore, I oversee all types of partnerships that we manage – from ISV to channel, industry and association, and nonprofit. I report directly to the Chief Revenue Officer as the VP of Global Partnerships & Alliances (GP&A), the most common executive to report to for partner teams according to the survey.

Since formalizing as an organization, we've had many learnings when it comes to focusing operations.

Learn the Hard Way: Build Your Own Process

At first we thought that we wanted the processes we built to reflect partner needs and the partner journey. So we built a new process from scratch to track partner referrals. Unfortunately this came with some challenges.

My team, the GP&A team, would manually tag partners in our CRM when they sent us leads. However, since we built a separate lead tracking process that used a custom Salesforce object, they weren't incorporated into our Sales and Customer Success workflows properly, which created a disjointed handoff.

Sales and CS weren't always notified to follow up with these partner referrals as qualified leads, and in those cases, the CRM Automation team defaulted to marking them as "Outbound."

This created a situation in which my team was doing the work with their partners, but the qualified referrals they were bringing in were being dropped in the process. We weren't able to properly measure the impact of our partners on revenue, because the numbers were only reflecting a fraction of the referrals that we were entering.

Even though we knew that deals with partners attached closed more often, improper management with Sales stifled the ability of partners to make an impact on our revenue.

Prove Your Value: Plug into Existing Systems

Internal teams are just as important as external partners in creating a true ecosystem.

We realized that we needed to plug our processes and system into Sales and CS's existing workflows if we wanted to be successful. If we wanted our partner leads to be properly actioned and to show our impact to the rest of the organization, we had to fit into their way of working.

Partner Operations Expertise is Hard to Come By

Part of the problem is the complexity of partner operations. Designing the right tech stack and processes for partners requires ops expertise but it also requires an understanding of how partnerships work.

There aren't many employees out there that have depth of knowledge across product, ecosystem, partnerships, and operations. First we tried pulling from Business Development experience, but that didn't work. We also realized that those with marketing or sales operations expertise can have a hard time adapting because they don't understand partner workflows.

This is a hard combination to find. Survey respondents identified a lack of internal expertise on partner operations as their biggest blocker to better operations, with over half of respondents selecting it as a challenge.

Start Small to Head in the Right Direction

To effectively scale processes for partnerships, you need to get data pipes into the rest of the organization. However, you won't be able to do it all at once, even with the perfect partner operations team. I advise trying to tackle one part of the problem at a time, by trying, failing, improving, and applying lessons learned to the next system or process.

The truth is that even when you do get data alignment across the organization and can report on your impact, it doesn't mean people will understand or agree with the value. As a partnership leader, you're the expert on partnerships at your company. It's your role to make sure that the entire company becomes fluent in how to best utilize partnerships.

Unlike a sales leader, a key part of your job is to be out there evangelizing partnerships. You will need to be educating other stakeholders on partners and their impact throughout your entire career.

For example, we've recently brought on senior leaders who understand partners at a high level because they came from companies with large ecosystems. But it's still my role to communicate what partners contributing to growth looks like at the Procore-specific level.

Companies are fluid. New leaders come in, new groups are formed. In my case, I rode ahead with our team alone, pursuing partnerships, and didn't realize the company wasn't still riding with me as their focus had shifted to something else.

Partnership leaders should always remember they can't ride alone. Sometimes this means incorporating your team's systems and workflows into other teams' processes. Other times it means advocating for other teams to make a change to better match the partner experience. Ultimately, it's your job to ensure others in the company are still with you wherever you're trying to go.

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Navigating an Economic Downturn as a Partnerships Leader

By Maureen Little

VP, Technology Partnerships, Okta

In hard economic times, companies are looking for ways to streamline costs and focus the entire organization. Unfortunately, indirect revenue channels are often placed on the "cut" list. This is the wrong decision, as it slows down growth and will end up having a negative financial impact down the road. Indirect channels drive an incredible amount of value, but the reality is that many organizations cannot provide clarity around the impact.

Partnership leaders are responsible for setting the KPIs for their org and then reporting out on them to leadership. That means they must pull together data from a wide variety of systems, manage data gaps, and advocate internally for new models that effectively show the value of partners.

The lack of clean, comprehensive data is frustrating in normal times, but in bad economic headwinds, it can become disastrous as companies look much harder for areas of the business that are perceived to be losing money. Mature partner operations teams that are in lock step with your finance team and sales ops are critical to your success. Tracking and defining partner revenue and influence is hard and most of the systems we are using today were built for direct sales and demand-gen marketing.

For partnership leaders facing a troubled economy, I recommend proactively doing an assessment of the impact your partners are having on your business: what is the revenue attached to partners, the operational costs of your team, and the alignment (or mis-alignment) to the key initiatives your company is prioritizing.

Let's begin by focusing on the financial impact: Everything in your program has to come back to sourced or influenced revenue, revenue retention or customer success. Take integrations, for example. If you have integrations that do not directly drive revenue, you can still correlate them to retention and upsell by tracking customer usage. You should be able to tie any partner or initiative that you are investing in back to a higher order goal. If they don't even meet that bar, you should cut them.

Second, you must be aligned to the company's goals and be understanding that goals may shift during a downturn. To get alignment, you must reach out to your leadership as well as counterparts across the organization to understand how strategic goals and investments at the highest level of the company have shifted.

Partnerships sit at the intersection of so many other business functions; it's not enough to understand the company's strategic priorities, you must learn how other functions are reprioritizing and where they plan to allocate their resources, as their cut programs can impact the efficacy of your team.

Your goal should be to realign with other functions and streamline your own projects in a way that best meets the new strategic objectives. That's how you can survive an economic downturn.

With Product and Engineering, for example, you need to understand how many resources they will be able to allocate to partners and integrations moving forward. When speaking to your Marketing department, you will want to know if budgets have or will be cut and how that could impact partners.

Your sales leaders are your biggest allies - so make sure you know where they may need more support from the partner ecosystem. By having these conversations proactively, you can ensure that any resources they may cut from partners best align to key business outcomes and you just might be able to influence where and what gets put on the back burner.

In my experience, by having these direct and proactive meetings with my product and marketing colleagues I've been able to pull back on some partnerships that weren't delivering as much value to the business which allowed more budget and focus to remain on more strategic and high value work. Where possible, come with data-based insights. If I had not acted proactively, decisions to downgrade engineering would have resulted in less revenue for the business.

By getting ahead of these changes, you can also communicate to your partners allowing them to adjust expectations and internal resources accordingly.

Now that you have a better view of the financial impact your partners are having on the business, the priorities of the company and your critical x-functional departments - it's time to take an honest look at your team and program elements to understand where you can shift resources to make the biggest impact.

In assessing your program, it's important to operate and make decisions with a realistic view of how much **value** your organization ascribes to influenced revenue. It's likely a lot less than sourced, but how much less varies depending on how mature your partner operations and financial models are and how ecosystem-first your executives are.

One simple assessment is to look at what would happen if you moved more resources to the partners, enablement, and motions that can most efficiently bring in direct revenue. Then figure out which of your indirect revenue streams can still have a big impact with lower investment behind them. It is important to look at the costs that go into different indirect revenue streams and not just their upsides.

Building and maintaining a complex integration, for example, may boost retention and upsells but it also may be very costly. Partners influencing deals by providing intel and introductions to key decision makers on open opportunities, on the other hand, may be relatively low cost if you have already implemented the process and systems around it.

When it comes to your team, you should be communicating any shifts or changes in where the partner team should change their focus quickly and clearly. You should have tough conversations with team members who are not hitting their revenue numbers or other KPIs that drive value to the business. In better economic times, employees who focus on bigger picture ideas may be an asset, but in leaner times you will have to be more honed in on the bottom line. Employees may have to be coached from taking a more strategic lens to focusing on driving revenue.

Finally, conflict avoidance is a common Achilles heel in challenging times. Collaborative, data-driven and kind conflict is a key part of improving an organization's health. Conflict avoidance may appear to be a "nicer" approach, but it is often deeply unkind. Avoiding a problem does not solve it. Leaders who shy away from difficult conversations often end up blindsiding employees, partners, and customers with role changes, salary reductions, or layoffs that feel completely out of nowhere.

Avoiding conflict also means you will miss opportunities for feedback and growth. It's foolish to assume every conclusion you have is accurate. By being direct and open, even when the content of the message is negative or disappointing, you open the door for the other person to share facts and perspectives that you hadn't considered. No leader is right all the time.

Transparency, directness, and a willingness to be in conflict are characteristics of good leadership, and they are more important to have even in good economic times. People do not want to be blindsided, and they don't want to be strung along. They want to have an opportunity to make the case for their role or initiative or propose a new one.

Businesses need to survive through market fluctuations and they should be leveraging data to make the hard decisions. As a partnerships leader, you have to rearrange your program to enable strategic priorities and ensure you can demonstrate your impact. Be direct and open with employees and partners who are impacted by these changes and remember not to take things personally.

When a function or role within a team isn't working (especially in troubled economic times) it is your job to pivot your plan and communicate swiftly. By doing this, you can survive any shift in the market and come out the other side leaner and more effective at driving revenue.

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The Importance of Partners for Community Led Growth

By Chris O'Neill

Chief Growth Officer, Xero

When I joined Xero earlier this year, there were a few things in particular that stood out in terms of the company's values and goals. It was the mission to help small businesses thrive, worldwide. It was the vibrant team and culture that Xero had become synonymous with. And it was the Xero platform and open ecosystem that ultimately benefits small businesses and partners alike.

Xero was founded with a default to open public APIs and an open ecosystem of partners. We want our partners – whether it's accountants and bookkeepers or app developers – to contribute to a holistic ecosystem which supports small businesses.

A business ecosystem is akin to an engine, with gears that work together to drive reliable performance and rapid innovation on behalf of customers.

The spark that drives your engine is your company vision – your dream and true north. This vision creates a shared sense of purpose throughout your company and with your customers and community.

Marketing is the starter gear that makes prospects aware of your company and product. Partnerships can turbo-charge your growth by expanding your customer value proposition, reducing time to market, and increasing retention. Sales is the power gear in the engine. Customer Success keeps the engine humming, ensuring that your customers achieve the best possible outcome using your product or service.

This survey provides an excellent opportunity to really ask yourself – how well is your partnership gearing really working?

Positively, 65% of survey respondents said partnerships were 'very important' to an organization's future growth, with over 80% of respondents stating that their partnerships teams are measured on the sourced revenue they generate. This shows the financial value that partnerships are already driving.

At Xero, our ecosystem now consists of over 1,000 connected apps. Each of these apps helps to create a bespoke experience for small businesses, so they can curate software to suit how their teams work.

So how are we thinking about the future at Xero and the growth of our platform? We believe the next wave for enduring companies centers on community-led growth.

You've likely heard of product-led growth (or PLG) – the philosophy that product is the largest source of sustainable business growth, so you use it as your central means to attract and retain customers. Indeed, Xero is a product-led growth company.

Like PLG, our community is a force at every stage of our funnel. Our community builds awareness and educates small businesses on the power of cloud accounting, co-creates a product that delights and converts more SMBs to Xero, and empowers and enables SMBs on how to use Xero to improve their business in meaningful ways.

Ultimately, this vibrant community turns Xero customers into fanatics, and fanatics tell their friends.

Our philosophy is that there is never going to be a single vendor or product that works for every single customer. A healthy community is what's needed to serve businesses of the future. A healthy community provides value to all members and we want to ensure that our joint customers, our partners and Xero, all see value.

This is why partnerships with like-minded businesses are so crucial for Xero. The key to success is community-led growth, built around co-creating solutions that delight small businesses.

> **The key to success is community-led growth,** built around co-creating solutions that delight small businesses.

While organizations need the right structure and systems in place for partner operations – more than 90% of survey respondents said their organization should be using a partner tech system – the right technology is just one part of developing a thriving 'community of partners.'

Using PRM or channel data management tools provides the granular insights to effectively leverage leads and conversions, but creating this community allows us to understand the 'how' and 'why' our partners are engaged with us. More importantly, it builds trust and a sense of shared purpose that keeps partners engaged and retained over time.

We want to ensure that our partners are recognized as part of Xero's growth path and that their engagement is entwined in as many facets of a business as possible.

What does this look like?

We are creating a global business platform, and it's important to support and leverage our partners' innovations to solve unique customer challenges. We know we can't solve all our customers' problems alone.

As an example, we worked closely with HubSpot to develop and manage a direct integration between the HubSpot CRM and Xero. This enables HubSpot and Xero customers to streamline their workflows and accomplish more as their HubSpot contacts and invoices sync to both systems. And like with all our partnerships, we are continuing to investigate more ways to simplify how our shared customers can automate data flows between platforms, saving our customers and their advisors even more valuable time.

Working holistically with teams across Xero – from sales, marketing, customer experience – to create what we call #human connection points with our partners is very important. We run events like our regional roadshows to stay in touch with our partners like HubSpot across the world.

And while Xero's Developer events like XD23 are important for engaging with our developer community, behind them is the granddaddy of them all – Xerocon – where everyone is involved in updating all our audiences (especially our customers) on the Xero vision for the next year. Being open about your vision fosters a sense of purpose across your community and spurs growth alongside your partners.

These survey findings are invaluable for understanding how partnerships can fuel a business engine that powers community-led growth. Thanks to HubSpot for getting us involved.

Conclusion

Organizations are bullish on partnerships and understand their importance to future growth. Yet partner operations and programs are still not in a place of maturity for the vast majority of organizations. In the coming years, organizations who are able to successfully optimize their partner operations and programs will be able to build a thriving ecosystem that serves as a powerful moat to the competition.

To access more resources related to the report, visit Partnership Leaders' report page. If you work in the marketing, sales, websites, or customer support verticals for a software or services company and are not yet a HubSpot partner, visit our program page to learn more about our ecosystem and how we might be able to work together to drive business impact.

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