

PEER2PEER INSIGHT



8 Hottest Industry Trends for Building a Successful Ecosystem Program

PEER2PEER PARTNERS

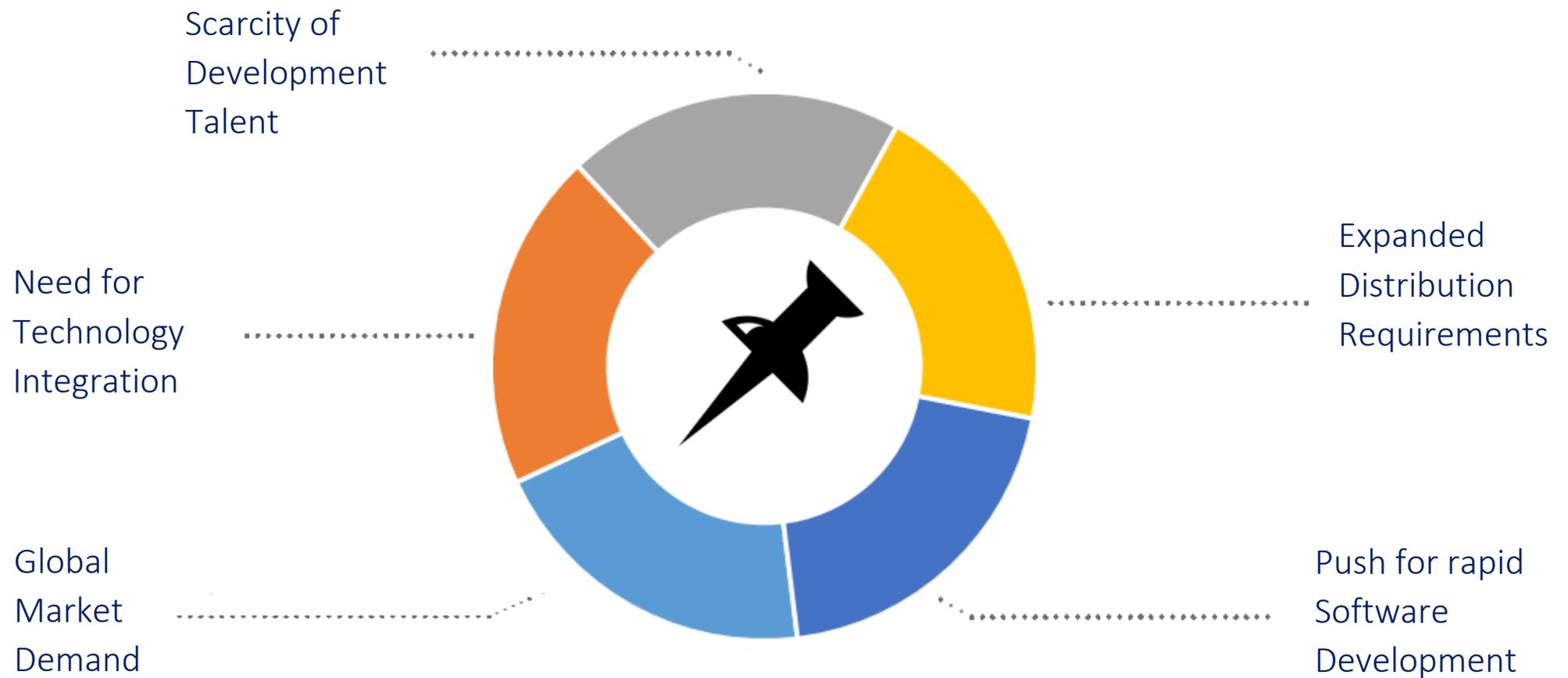
EXECUTIVE SUMMARY

Like all business strategies, ecosystem programs are trying to solve one or many

Pain Points Experienced by ISV's

In this report, we researched and compiled the 8 hottest trends when building a successful Ecosystem Program as reported by leaders in the software industry. To be taken seriously, software companies must have an Ecosystem/Partner Program in place. As a result, more and more ISV's are venturing into this business strategy. In the first quarter of 2017 Peer2Peer Partners researched and interviewed ISV Business leaders and this report is the result of that work.

PAIN POINTS EXPERIENCED BY ISVs



Companies like Gartner talk about the “Mesh Theme” which they define as “connections between an expanding set of people and businesses as well as devices, content, and services to deliver digital business outcomes”. Simply put it is and will become harder for software companies to sell as a standalone solution, a reliance on a robust Ecosystem and Platform that supports Integration, Rapid Development, Distribution and Marketing is the key to growth.

Further, Software Companies are not addressing the business aspect of their partnerships to the same extent they are the product side. Over 50% of the respondents to our survey have not documented the initial investment made in a new Partner, the time to recoup the initial investment and an ROI projection over time.

HOTTEST TRENDS

**IN ALLIANCE &
ECO-SYSTEM
MANAGEMENT**

TREND #1



THOUGHT

We learned that most ISV's don't determine the structure of their alliance prior to entering a relationship. Therefore, when designing your Ecosystem Program, defining the partner requirements is key.



ACTION

Create a Partner Requirements Document.
Take into consideration:

- 1 Life Cycle – emerging-growth-mature?
- 2 Companies Competitive Advantage
- 3 Relationship with your Competitors
- 4 What Mindshare can you expect?



Companies must sell their application(s) as a solution



Rashmi Gopinath

Partner at Microsoft Ventures.



RECOMMENDATION

Have your Partner create an application that binds their product to yours. The ISV certifies it, and both parties can distribute it. Revenue can offset costs incurred by both parties.

TREND #2



THOUGHT

ISV's are aware that not all potential partners have the "technical chops" to sell and support their products and services. Focusing on those partners that are already selling to your customers, in your space will lead to more profitable relationships, avoid costly restarts and overruns in Partner Development.



ACTION

The development of your "MVP" (most valuable partner) acquisition program is required. The best design currently being used by top marketers looks like this:

- 1 Create Traffic with an Opt-In Page and the use of ALL social media platforms
- 2 Repurpose a single piece of content for all platforms
- 3 Use 3 types of campaigns; a) Low Hanging Fruit b) Mid – Level c) Cold.
- 4 Develop an irresistibly intriguing offer
- 5 Engage and close



Companies that are selling to the same enterprise decision makers as us are prime targets for great ecosystem partners.

Rod Hamlin

Redislabs



RECOMMENDATION

The use of technology such as customer portals, direct response marketing applications allow for the streamlining of campaigns that profile and target the ideal Partner.

TREND #3



THOUGHT

We have learned that 70-80% of Technology Alliances involving the creation of a solution to a well-defined problem ended up with a winning competitive advantage, and increased the chances of success in solving the technology problem. This acquisition of knowledge that did not exist within the Vendors organization provided the GLUE and the GREASE to enable the relationship to flourish.



ACTION

- 1 Have a Readiness Assessment created for your organization.
- 2 Answer the questions: 1) what do your customers really need from you 2) what can your Ecosystem best deliver, 3) divide your partners by industry percentage 4) ask your potential partners for their goals and ensure you are aligned
- 3 Map out your Ecosystem Platform so you can enable integrators to build new code



Legacy Software Code is an uncalculated killer and an albatross around the neck of ISVs. A well-constructed Ecosystem can help solve this problem.



Heather Dawson

**VP Sales and Partnerships
Sort Financial.**



RECOMMENDATION

Once a development need is defined around Legacy Code or API development, use the developer communities to seek out partners. Stack Overflow, Subreddit, Hackernews, Slashdot are all good places where interested individuals and companies hang out.

Develop or Co-Develop a Starter Kit that your Technical Partners can take and run with to create new code. The ISV owns the Platform (Heart and Lungs), your Partners will own the Appendages (Arms and Legs).

TREND #4



THOUGHT

The entire organization must buy into the Ecosystem Program.

The Ecosystem is like a PIE  with many pieces making up the whole. If you think of your partners as the end to a means you will not be successful. Instead think of the members of your Ecosystem as an alternative to hiring and building out resources yourself. We see the successful programs coming out of those organizations with visionary leadership, well thought out/long term commitments, and superior systems in place to track metrics.



ACTION

Have a Channel Management Checklist created, assess your Channel Management Personnel, identify your Partner Buyer Personas, provide your organization with agreed upon metrics that your Ecosystem Partner Program is measured against. Programs like the Siebel – Accenture Program are historic and can be modeled.



The nuts and bolts of the Partner Program require it to be an integrated part of the overall Business Development and Sales Organization.

Krishnan

Parasuraman VP Sales

Splice Machine



RECOMMENDATION

ORGANIZATION UNIT	METRIC
TECHNOLOGY	Number of Partner Program Members
	Number of Certified Integrators
	Revenue generated via Referrals
	Revenue Influenced
BUSINESS DEVELOPMENT	Number of Partner Program Members
	Number of Certified Integrators
	Revenue generated via Referrals
	Revenue Influenced

TREND #5



THOUGHT

Once the organization has signed off on the structure of the Alliance Program from top to bottom it then falls on the 3 pillars (Program Management, Technical Team, and Marketing) to execute on the strategy. Challenges exist, some organizations are telling us that the team lacks attention to detail and that processes have run amok with insufficient reporting.



ACTION

Make your Analytics GREAT!

Alliance Program Lead must be responsible for the creation and delivery of great analytics. Part of the challenge facing leaders of Alliance programs is the lack of measurement of success. Great Visualization (VIZ) and consistent reporting can help overcome this. Drilling into your Alliances by; Universe, Area, Individual Manager is critical.



Alliance Program Structure is required, Program Management, Technical Resources and Marketing all have roles to play in a successful program.



Senior VP Alliances
Big Data



RECOMMENDATION

METRIC	AREA METRIC FOCUSES ON	Develop VIZ Of your Data (will help OVERCOME PERCEPTION OF A LACK OF VALUE)
Revenue/person	Headcount Productivity	X
Margin\$ / Person	Headcount Productivity	X
Contribution \$/Person	Headcount Productivity	X
ASP (Average Selling Price)	Overall Productivity	X
Margin expressed as \$/Unit	Overall Productivity	X
Profit expressed as \$/Unit	Overall Productivity	X
Revenue/Expenses	Overall Productivity	X
Accounts Receivable/ Revenue	Credit Quality	
Revenue/ partner	Measures Growth	X
Margin/ partner	Measures Growth	X
Level of Certification	Measures Investment	

TREND #6



Sometimes it's best to look for quick wins, smaller organizations need to be agile and cannot afford years of discussions and planning and studying the possibilities. Get your partner agreement in place, get quick wins, gain momentum, ask if your major Strategic Partnerships make sense? Those Partners that are looking for a check box need not apply.



Separate your partners into four types, depending on your business type, these could be: 1. ISV Integrators

2. Platforms, and
3. Ecosystem.

Then based on Type, track:

1. Revenue
 - a) Direct
 - b) Influenced.
2. Qualified
3. Leads from SI's
4. Number of Projects
5. Cost of Sale
6. Deal Velocity
7. Joint Marketing

“ Centralized partner organizations cause more confusion and make it more difficult to measure productivity and results. ”

Chris Selland
VP Strategic Growth Unifi
Software



Profile the best: Look to other successful programs in your industry and profile them for your use.

<u>PRINCIPALS</u>	
Open Communication	Develop Trust with your Partners
Linear Arrangement	Agree on each goal. Here is where are. Here is where we want to be. Here are the milestones along the way.
Things Go South	Usually caused by: Lack of Trust, Lack of Team Skill, Lack of clear agreement on objectives, Lack of Alignment on both sides.
Legal Documentation	Protect each other's' IP and agree up front on any requirements for legal Docs
Build a Beta Program	When possible, Beta your program first

TREND #7



THOUGHT

Build your Partner and Alliance Program in a way that is integrated with Product Management but Reports into Business Development and Sales.



ACTION

Document your potential Partner Categories, accumulate the company names that COULD fill each category, list your Competitors and determine in a grid how many of them have relationships with your “potential” list. That’s your starting point.



The Shark and Remora, think about which one you are with each of your Partners both up and down your Ecosystem stack

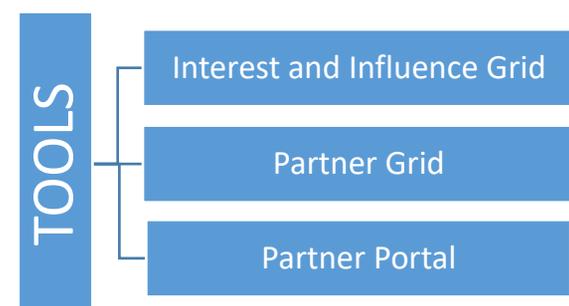


Paul Vasquez

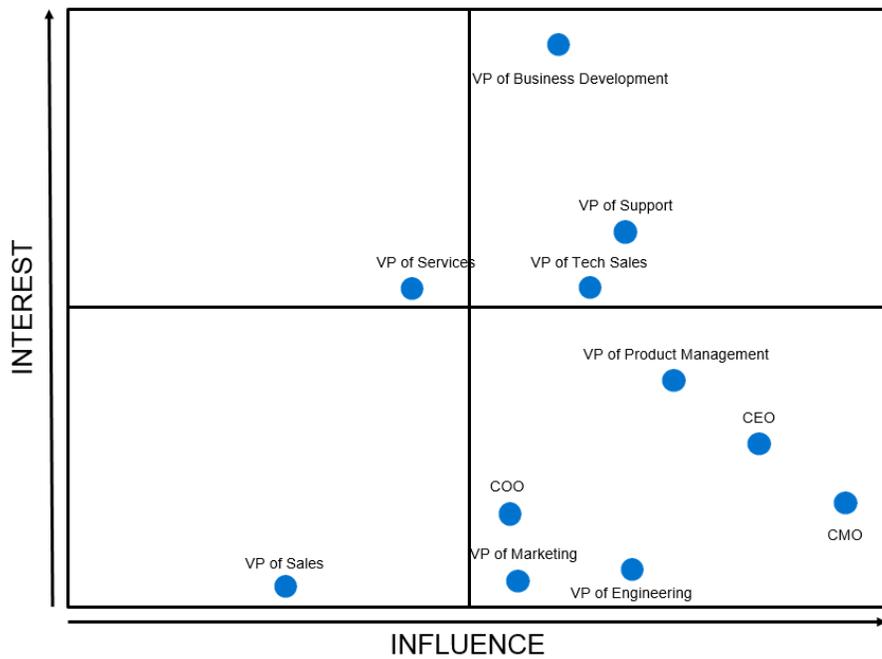
Partner and Alliance Executive



RECOMMENDATION



1 Interest and Influence Grid



2 Partner Grid

Partner	Our Software	Version	Their Application/Service	Version	Program Revenue %
XYZ Software Co	Greatest ERP	1.1	Greater Database	5.0	7
123 Consulting	Greatest ERP	1.1	Professional Services	Contact via Accounting	4

3 Partner Portal

- Your partner portal becomes the “Angie’s List” for your ecosystem.
- This kind of application will help organizations of all sizes streamline their Partner Management. For larger organizations, they need to have multiple points of contact and ensure synchronization of conversations.
- Consider Outsourcing the management of the program.
- Mandate Partners take your training, and Vice Versa.

TREND #8



Effective communication with Partners requires that you understand your target audience and the distinct roles held within your Partners organizations. Creation of messaging that clearly communicates the pain they are feeling now, the pleasure they will experience as a Partner of your organization and then measure the heck out of each communication.



RECOMMENDATION

As you build out your Partner communication, determine if your potential partners are driven by Value or Transactions.

1 Value Based

- What are the Value-Added aspects of your partner's relationship with you?
- Does your potential partner understand the business as well or better than you do, "Domain Experts"?
- Can this potential partner meet the value needs and still create the net profit and cash flow?
- Solutions work best. Can this partner be a catalyst for the creation of a Solution Bundle?
- Once "Biggest Problem" is determined model your response.

“ Think about buyer personas when establishing your partner program. Your personas should be based on your research and your understanding of your market place ”

**VP Sales Cloud Based
Database Company**

2 Transaction Based.

- Personas at high volume fulfillment houses will look quite different
- Aim high in the org chart
- Understand your targets motivation. Make \$ per transaction, customer service for large customers etc.
- Determine the most streamlined method of communication, automate everything. No time for long lunches.
- Create a report card for Transaction Partners, use the results of those to create Personas



ACTION

1

Create a map for yourself that shows the steps that your Partner takes as they become engaged with you, from unknown – to an enthusiastic advocate. Gain this knowledge from research within all parts of your sales, marketing and support organization.

- Unknown - Visitor - Lead - Partner - Advocate
- Then list the media you will use at each stage to deliver your message.
- Create a map for Value and Transaction Partners.

2

Create a map for each partner that communicates the issue they have, where they are today and where they want to be.

- List each step, as small as it may be so your Partner is confident that everything will be handled. Remember, YOU understand what needs to be done, they may not.

3

Choose your tools. CRM, Marketing Automation, Direct Response Tools, Survey Tools, Partner Portals

- Each line above is a milestone, as each milestone is reached, trust and confidence is gained in your relationship and program. This avoids overwhelm and getting bogged down.

SUMMARY

This report after speaking to and interviewing some 20 executives across all size and types of software companies is complete. These conversations were held in person, by telephone and in some cases email over the last several months with executives who are currently managing their own programs and or have vast experience with Partner Programs in their careers.

A standard set of questions were used to illicit a response and provide data on the current state of their Ecosystem and Partner Programs. In many cases the questions were a starting point and the conversations quickly turned to a more holistic view of the business

What was measured:

- What Metrics are used to manage your Ecosystem/ Alliance Partner Program.
 - What in this program is working;
 - What is not working;
 - Do you have a stated Business Plan for this Program?
- What Resources do you have assigned to your program; a) Human b) Tech
 - As part of your Ecosystem Program have you ever or would you consider selling a low-cost Entry Package of Software and or Services to your Ecosystem Partners
 - Do you have or have you ever considered how to measure the mind share you have with your Partners;
 - Do you review the relationships your partners have with your competitors?

This report has pulled some of the best and most important responses to the questions. The THOUGHTS, ACTIONS, RECOMENDATIONS come from a summary of data gathered and consensus on a particular issue.

We think the results are significant and the Actions and Recommendations gleaned from the participants can be used by other organizations when managing their programs.