

A large blue rounded square graphic with a white outline of a speech bubble. Inside the speech bubble, the text "IT Partnership Survey 2017" is written in white. The background of the graphic has a gradient from dark blue at the top to light blue at the bottom.

IT Partnership Survey 2017

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Foreword

Today, John Donne's famous quote 'no man is an island' could easily be re-phrased as 'no company is an island'. Very few can thrive by themselves. Finding the right partners and working with them effectively is essential for business success.

This is as true for the IT sector as any other industry. Yet, partnering remains a challenge for the hardware and software vendor communities as well as resellers, ISVs, VARs and distributors. It is difficult to identify potential companies to work with and to fully collaborate with them to maximise the relationship once in place.

As marketplaces become increasingly global and product lifecycles shrink, all IT companies need the agility and flexibility to continually refine their existing partner communities and create brand new partner networks to meet emerging business opportunities. This situation drives an increasing focus on partnering activities within the IT industry. When asked, most senior executives understand the importance of partnering but few IT organisations feel they partner in the most effective way.

Part of the issue has been the internal focus of traditional business operations; IT companies, (especially in the reseller and distributor communities), have been more concerned about competition than they have about cooperation.

In our new world where collaboration and social business is essential, partnering will increasingly benefit from external structures – such as independent, online portals – where all companies within the IT industry can come together to securely engage with each other.

Anne Lambton
Co-Founder
Channeliser

Executive Summary

During November and December 2016, Channeliser conducted a research survey of the current state of partnering with the IT industry. The goal of the survey was gain insight into the latest trends and perceived business value associated with partnering.

Respondents from over 250 IT companies worldwide completed the questionnaire and the following are some of the key findings from their responses:

Demand for partnering is growing rapidly

- Almost all IT companies are actively looking for new partners with 85% of respondents expecting to find new partners within the next two years. In fact, 60% of respondents will be looking for new partners in the next six months.
- Of the IT resellers and service providers surveyed, over 80% stated customer engagements increasingly require them to find new products and partners.

Current partnering recruitment approaches will struggle to cope

- As the need to identify and engage with new partners grows, all IT companies continue to take an internal focus to recruitment with over 70% of both ISVs and resellers relying on their own business network as the primary source of identifying potential new partners.
- External resources, such as online portals, are only used by around 25% of respondents. The limitations of this approach are clear when entering solution areas, markets or geographies where the company does not already have a presence or a network of contacts.

Trust is the most important part of any partner relationship

Trust is perceived as, by far, the most important factor in a good partner relationship. Almost two thirds of respondents felt that trust was the most important part of partner-to-partner collaboration – dwarfing complementary technology (27%) in second place and cultural fit (16%) in third.

IT companies are getting better at collaboration

Although competition remains a concern, responses to the survey suggest that IT companies are becoming more comfortable with collaborating. When asked, over 60% of IT companies felt their partners were good at collaborating with each other. Resellers were also able to work well together with almost 63% saying their partnering experiences were positive. Tellingly, not one company surveyed stated they had an extremely poor experience of collaboration with partners.

IT partners perform well technically...

The survey showed that around 60% of respondents were happy with the technical delivery they received from 40% or more of their partners. However, not all respondents were so impressed. Nearly one in five felt that less than 10% delivered what was expected in terms of technical implementation. While 15% felt that less than 10% of partners provided acceptable technical support.

...but there's room for improvement on business goals

The picture was less promising when the survey looked at how well their partners were meeting more business focused objectives for the respondents. Over 81% of respondents thought that less than 50% of their partners provided adequate marketing support – with almost 30% putting the figure under 10%. More importantly, only 21% of respondents felt that over 50% of their business partners were achieving the expected revenue targets.

Profile of Participating Companies

Respondents from over 250 companies completed an online questionnaire and the following shows some general information about the participating companies.

Business Operations

Most respondents operate in either Europe or North America but in addition, a significant proportion of respondents had worldwide operations (21%) or were active within the Asian markets (20%). The wide geographical spread allowed the survey to gain an insight to the global nature of trends within IT partnering.

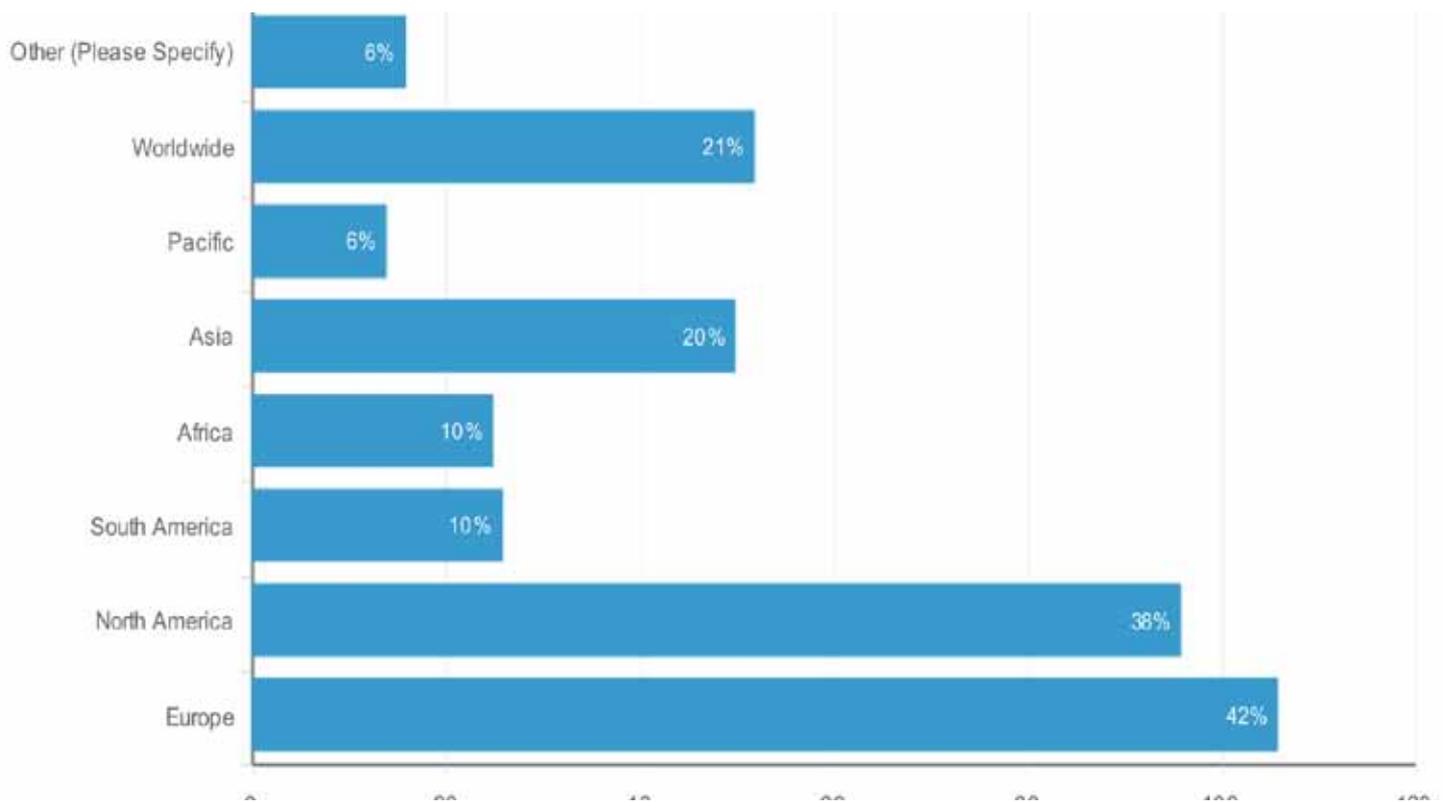


Figure 1: In which territories does your business operate?

Company Size

The survey reached respondents from a wide range of company sizes. Mirroring the industry as a whole, the majority of respondents worked for small to medium sized organisations of under 250 employees. However, over 10% of respondents worked for large organisations with over 2500, providing insight into the range of experiences across company size.

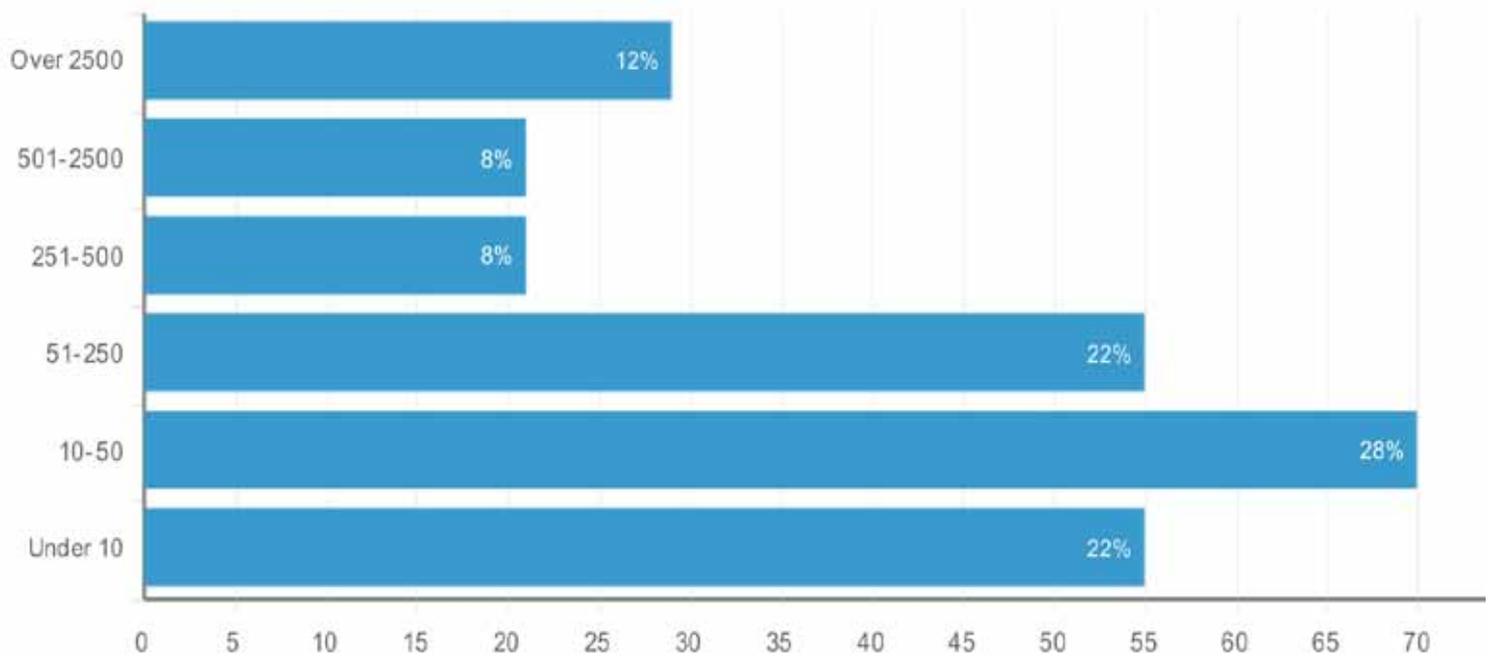


Figure 2: How many employees are there within your business?

Business Activity

The survey looked at the different issues and challenges for two main sectors of the IT industry: software and hardware vendors as well as the reseller, VAR and service provider communities. In total, the vendor community represented just over 20% of respondents with resellers and service providers representing over 70% of surveys completed.

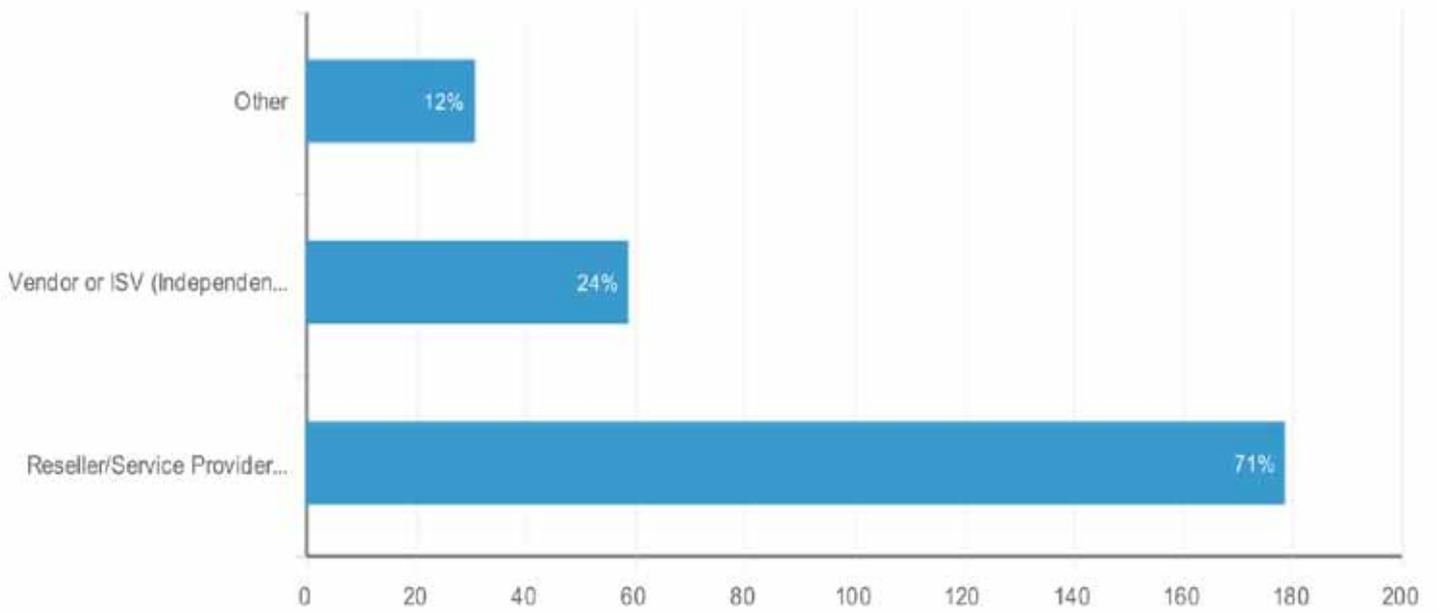


Figure 3: What is your primary type of business activity?

Partner Identification and Management

As IT companies need to efficiently grow and exploit their partner networks, the ability to quickly identify the right partner organisations is crucial.

Most of the companies surveyed already had an established partner community. Just under 80% of respondents stated that they already worked with partners with less than 10% preferring to operate alone. It is interesting to note that almost 20% of respondents were currently considering introducing partnering as part of their business model.

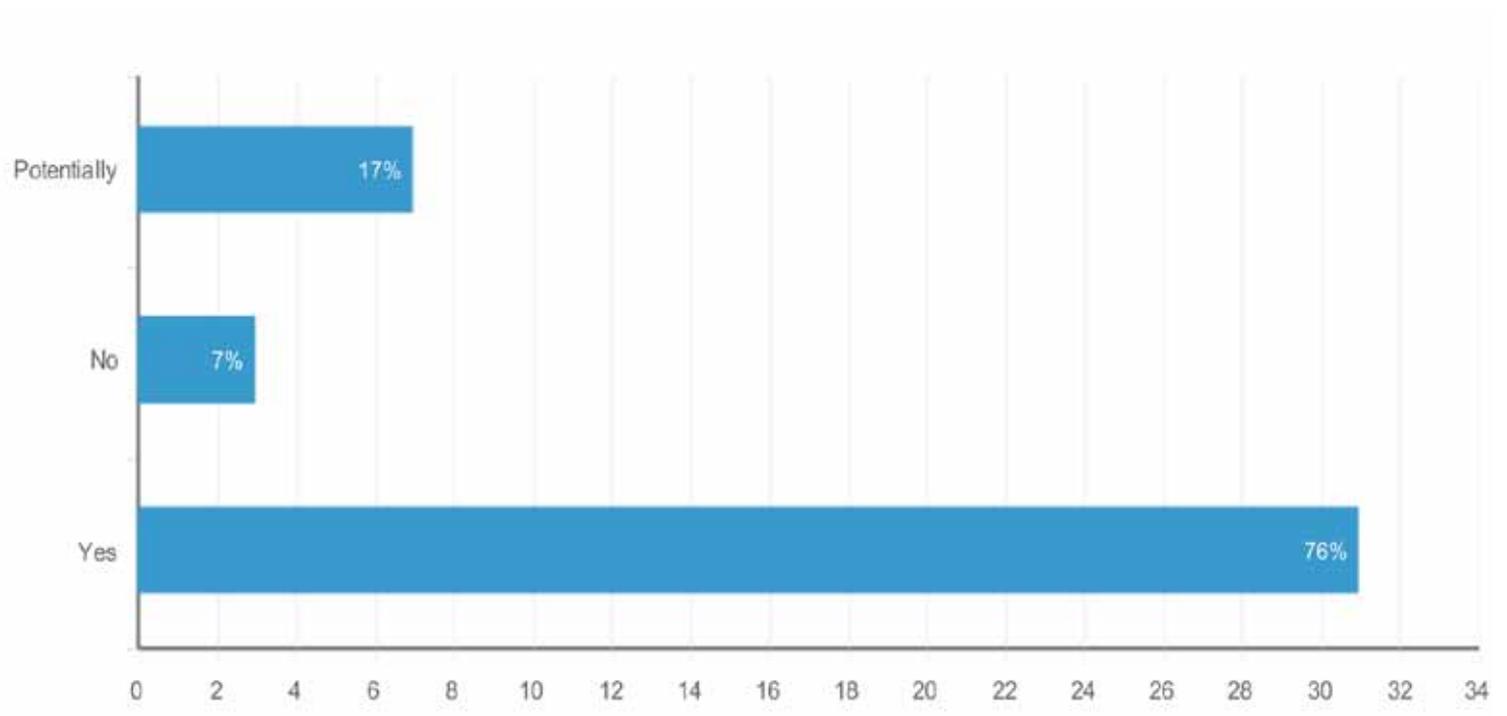


Figure 4: Do you have a downstream, indirect channel of partners reselling your solutions, or partners with whom you work to deliver services?

The survey showed that this embracing of the partnering model within IT companies is leading to a great demand for organisations to attract new partners. Only 12% of companies surveyed did not think that they would increase the number of partners. A full 85% of companies said that they were currently looking for new partners- and the vast majority (61%) planned to find new partners in the next six months.

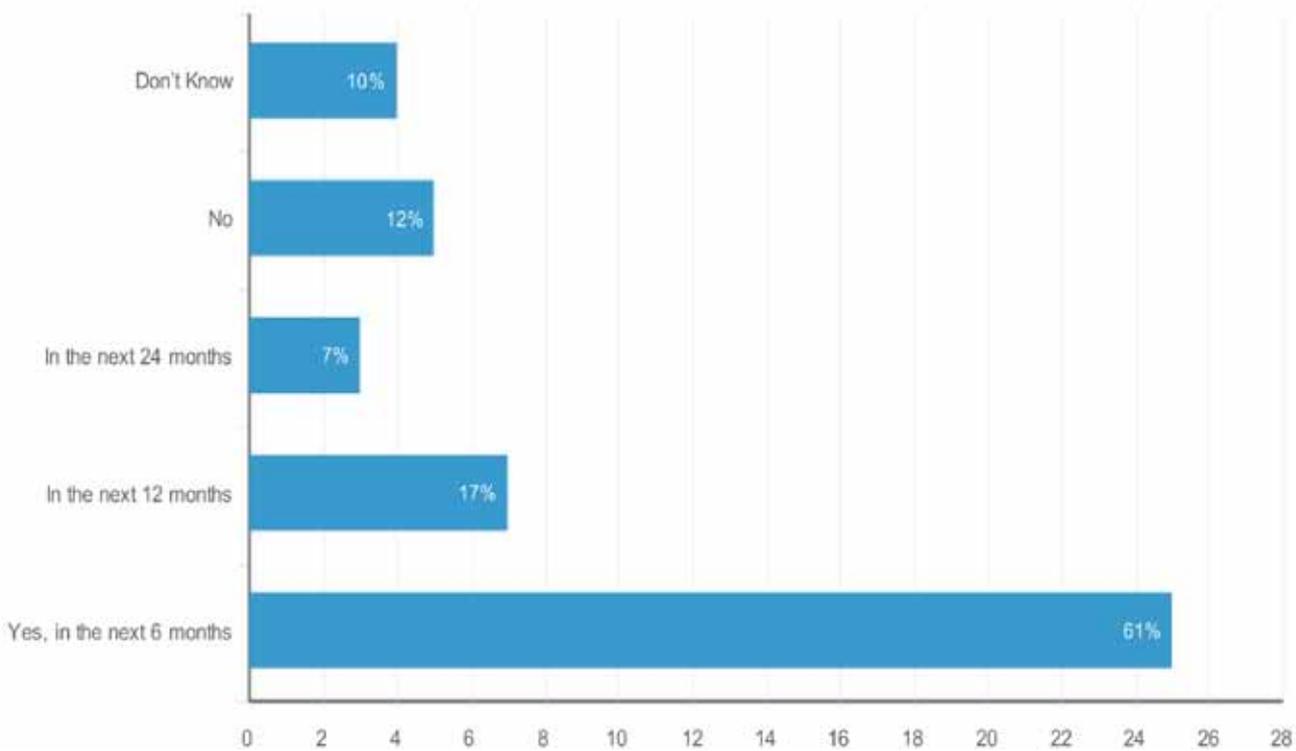


Figure 5: Are you actively seeking new partners?

The need to attract new partners places the spotlight on how effectively organisations can locate new partners when required. When asked what methods they currently used to identify potential partners, the responses from both the vendor and reseller communities were remarkably similar. In both cases, the companies relied primarily on contacts within their own business network – 73% and 75% respectively. This was followed by peer recommendation (51% and 58%) and desk research (48% and 43%).

Interestingly, the reseller community was almost twice as likely to use online platforms and resources than the vendor community, (43% to 27%), which may reflect their experiences with vendor partner portals.

***“It’s just time-consuming
and manual labour!”***

However, there was a feeling that partner identification remains a costly and time-consuming process. It can also be a heavily manual process. While this approach may be sufficient when working with a small number of partners, it has limitations as a partner network grows. For companies looking to enter new markets or geographies, recruiting new partners by this “old mechanism” is likely to inhibit the business agility required to maximise market opportunities.

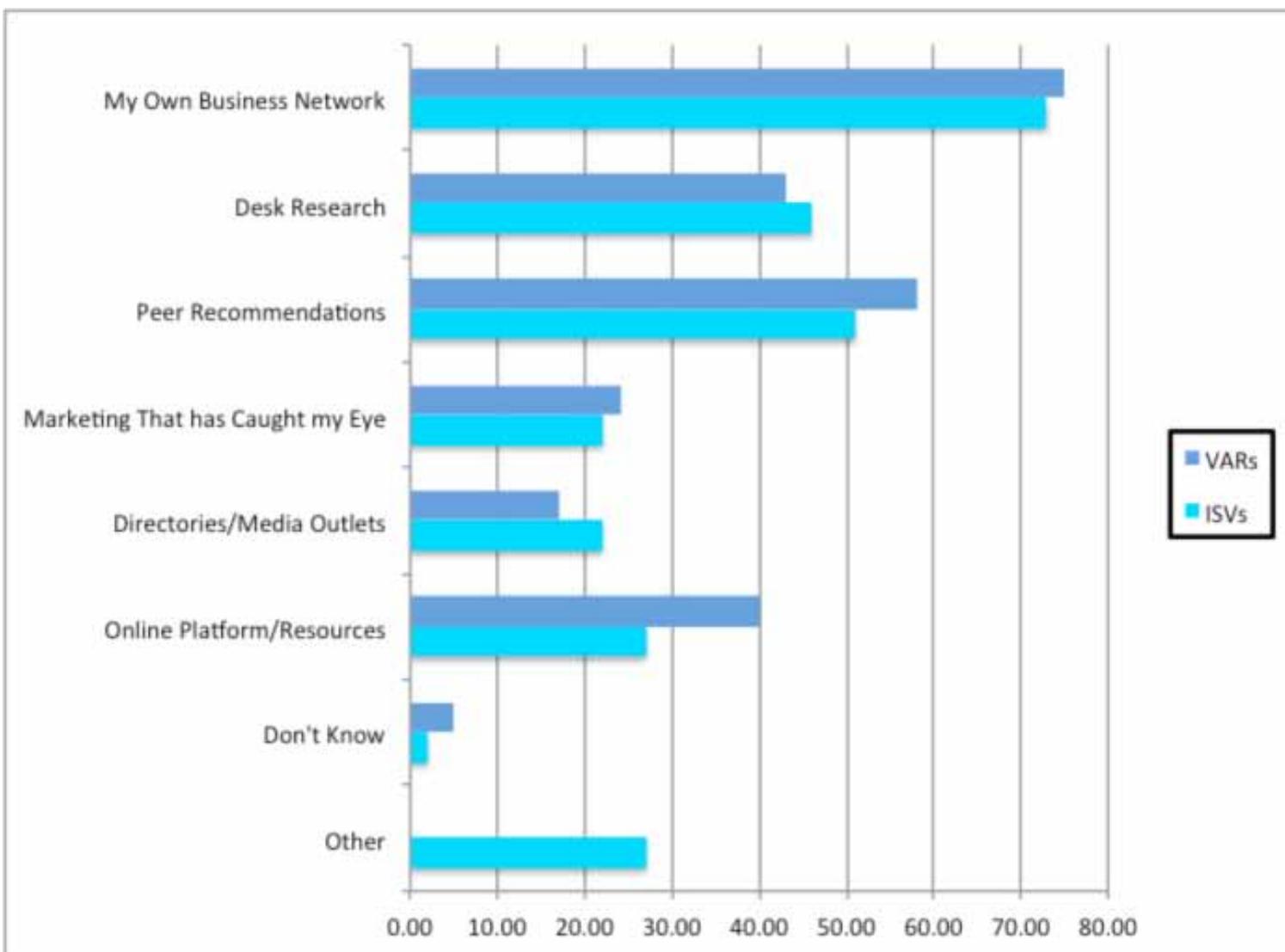


Figure 6: How do you currently search for and locate partners to support your sales efforts?

The survey found that this may already be an issue for some companies. Over half the respondents stated that finding new partners consistently took longer than expected. In fact, less than 10% of companies found it took less time. There is a clear need for companies to be able to move outside their own established networks and business circles when looking to locate partners.

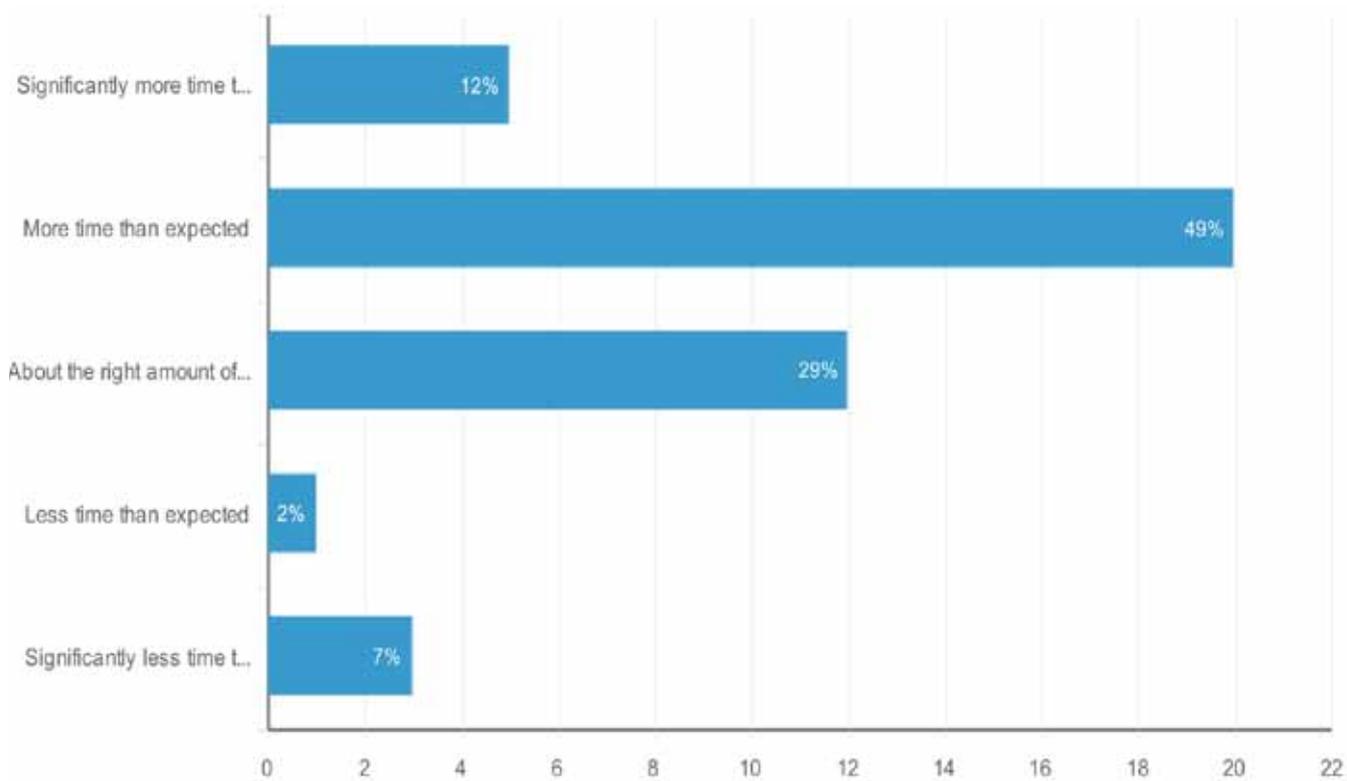


Figure 7: Does the time taken to locate and approach partners take longer or shorter than expected?

Equally concerning is the finding that the act of “partner management” is also largely a manual process for most IT companies. Again, the results from the vendor and reseller communities were broadly similar. Both rely on a dedicated manager for partner relationships, (66% and 67% respectively).

However, vendors are more advanced in automating the partner management process with more than half of respondents using both a partner portal and CRM system for communication, collaboration and management.

Currently less than half of the reseller community surveyed participate on a vendor’s partner portal and just 26% have their own CRM system to help automate the process. Again, a manual process may be sufficient, (albeit inefficient), while a partner community is small but, as it grows, organisations need to investigate new ways to automate the way they cooperate and collaborate with partners.

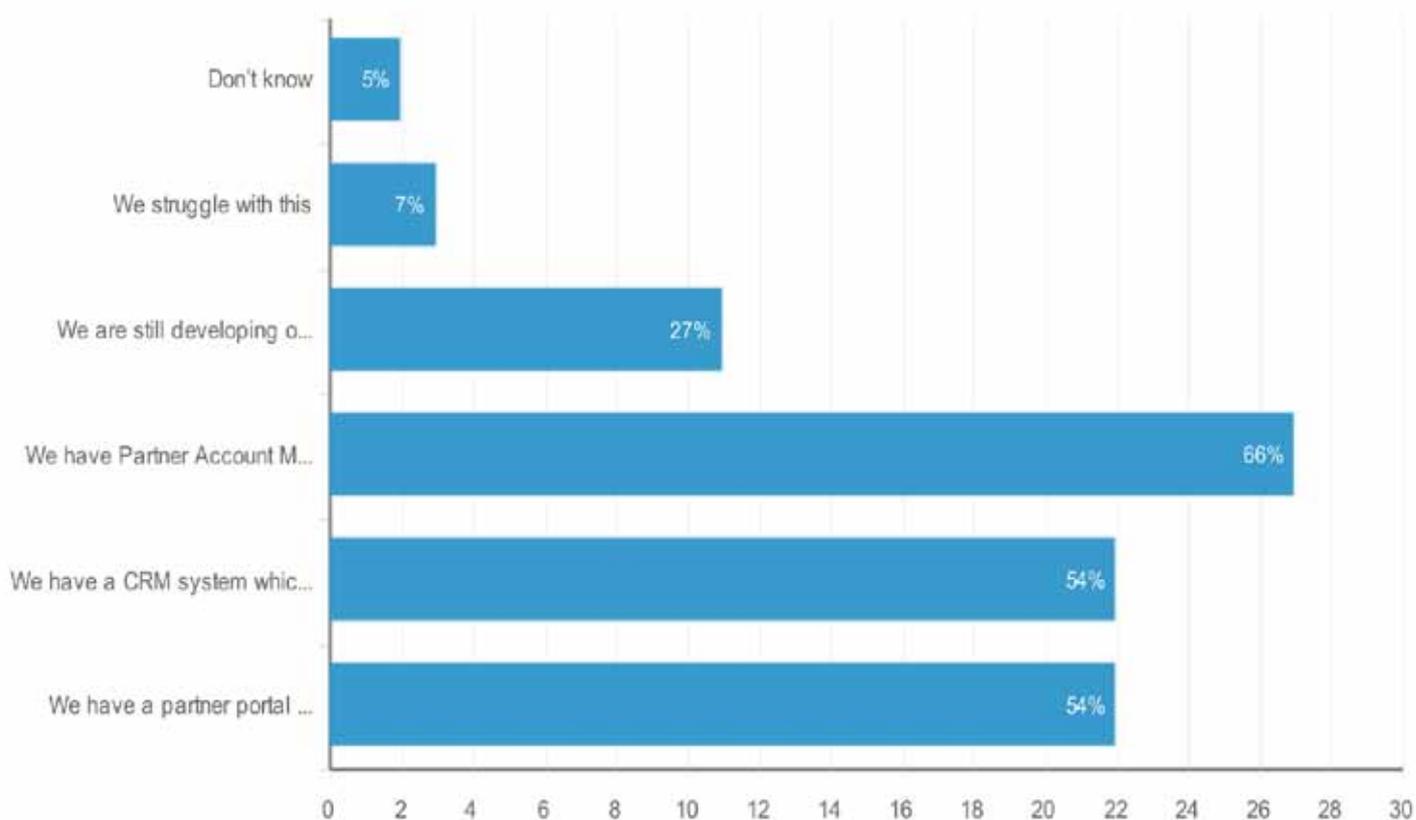


Figure 8: How do you manage your current partner relationships?

“Our portal doesn’t give easy access to collateral and programs specific to partner requirements. It should be able to introduce specialist partner programs with reduced revenue level.”

It is interesting to note that over a quarter of vendors (26%) say that they are still developing their partner management offering. For those that have, the results have not been as positive as they had hoped. When asked, only one in five said their partner portal completely met the needs of their partners. Common reasons stated for this were a lack of functionality and poor ease of use.

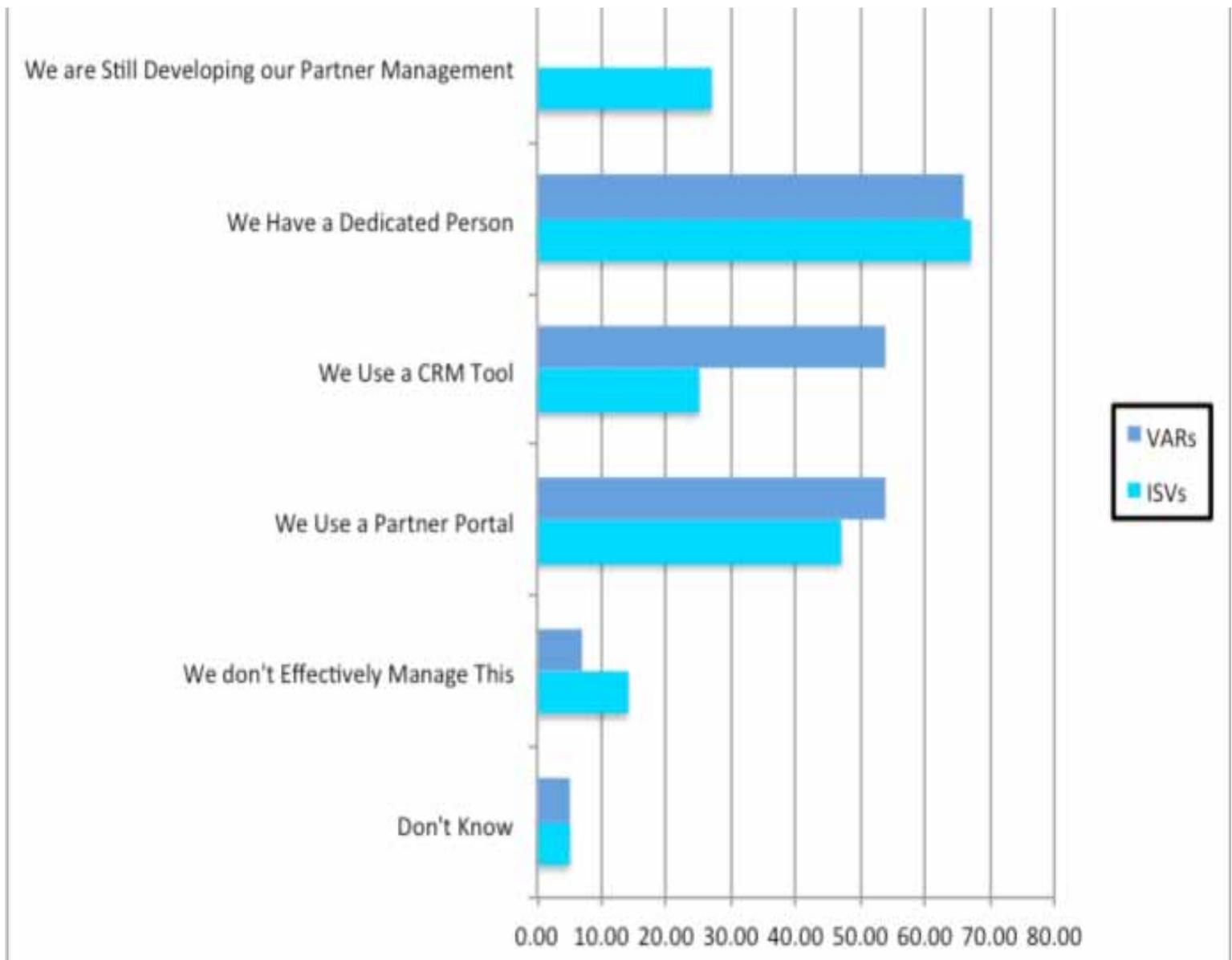


Figure 9: Do you feel your current partner portal meets the needs of your partners?

It appears that IT companies understand the need to automate their partner management and collaboration capabilities but there is still a good deal of work required to achieve this goals.

Partner Collaboration and Cooperation

It is simple to state that the best partnering relationships are built around good communication, cooperation and collaboration. Yet, this is often easier said than done.

From a technical perspective – as seen in the previous section – the platform or infrastructure may not support these efforts. However, the key stumbling block appear to be a reliance on more traditional business models that focus on retaining internal control due to a perceived threat and wariness that potential partners are also potential competitors.

In this situation, trust becomes the most important factor in successful partner relationships. This was certainly demonstrated through the survey findings where 66% of respondents put trust at the top of their list. In truth, it dwarfed all other factors with complementary technology coming a distant second on 27% and cultural fit registering only 16% in third.

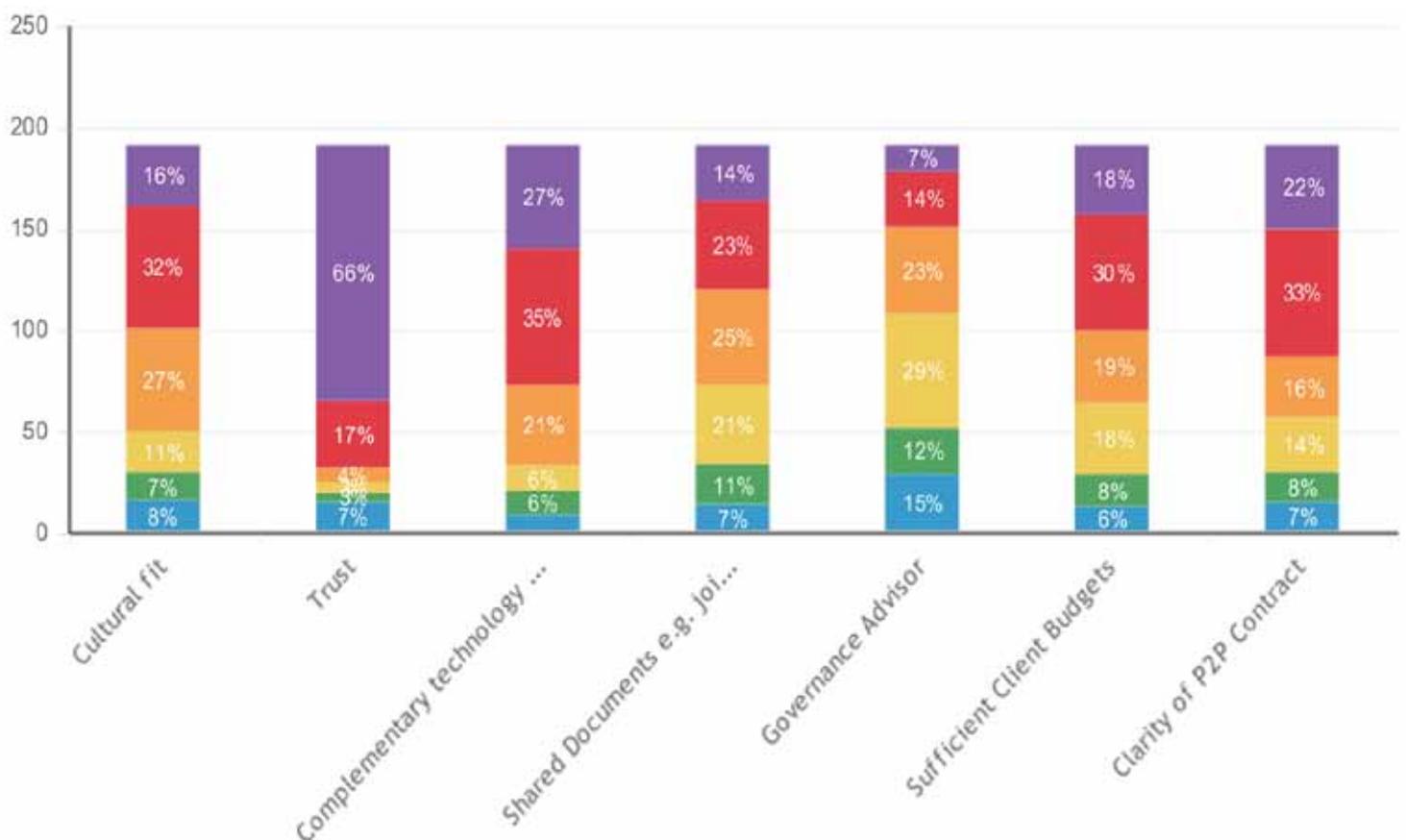


Figure 10: In your view, what are the most important elements of a successful P2P (Partner to Partner) collaboration?

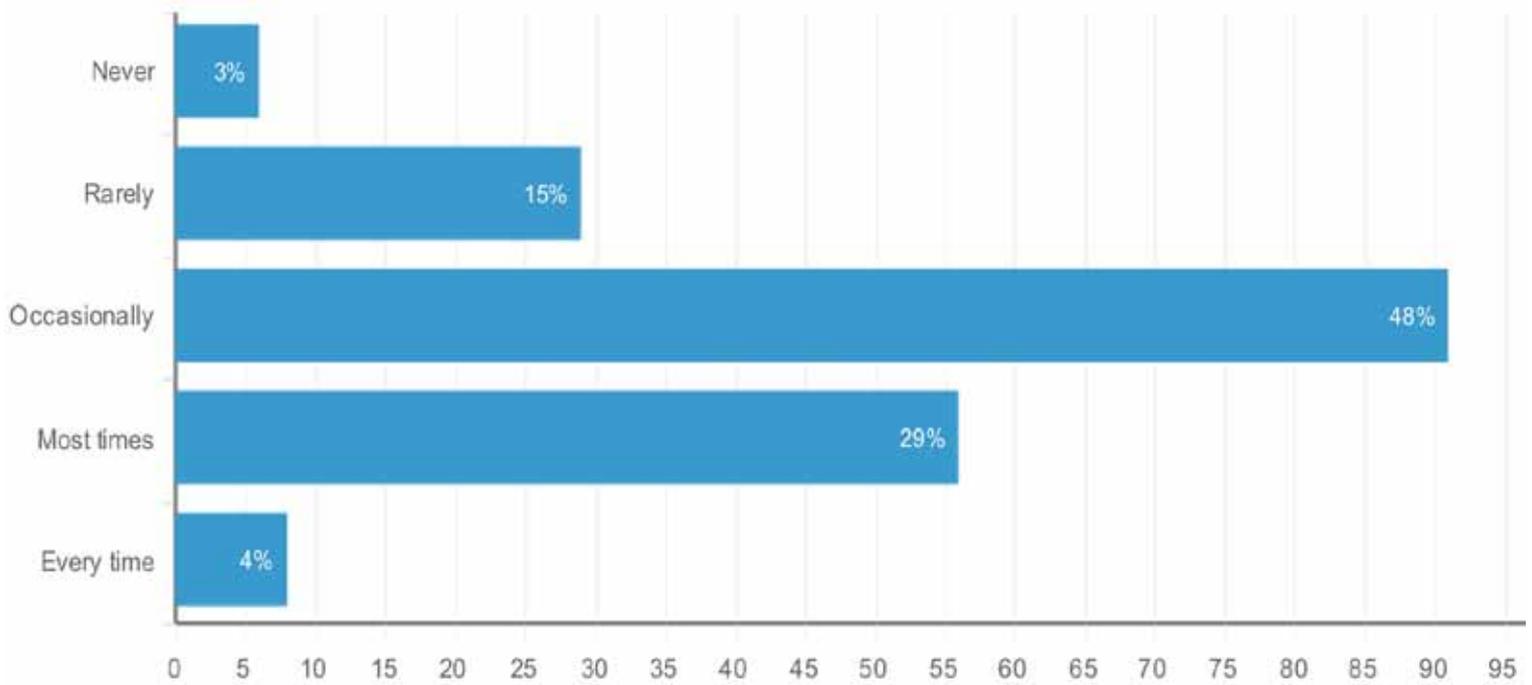


Figure 11: In customer engagements, do you increasingly find they require solutions for which you need to reach out and find new products and services?

This need for collaboration is growing. Resellers are being asked by customers to expand the range of solutions they offer. This means continually reaching out for new partners, solutions and services. In all, 82% of respondents regularly had to expand their solution ability to meet customer demand – with a third of respondents having to do this on almost every assignment.

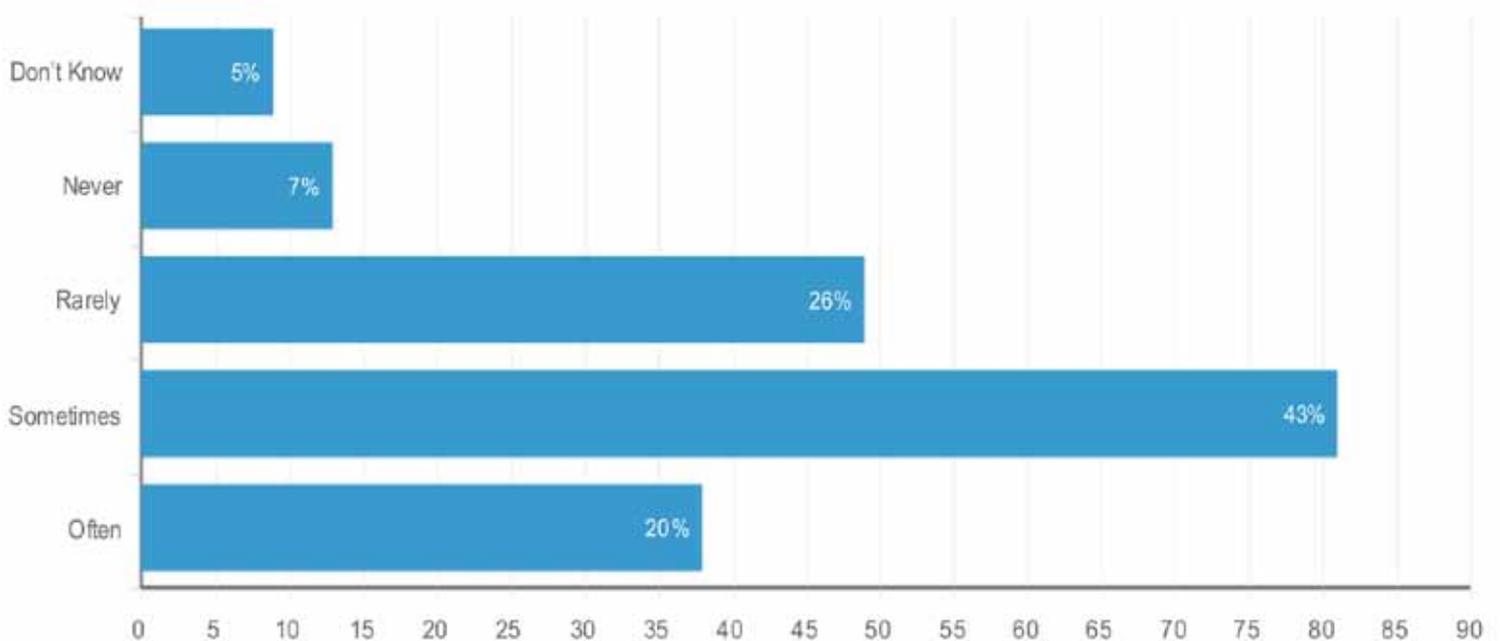


Figure 12: How often do you work with other VARS or service companies to deliver a specific technology to a client or prospect?

In addition, respondents from the reseller community stated that they increasingly must work in collaboration with complementary organisations to deliver a customer assignment. In fact, less than 10% of respondents said that they never worked with other companies on customer assignments compared to the one in five where it was a common occurrence.

The good news from the survey is that IT companies are good at collaboration. The questionnaire looked at the experiences of IT companies when working with other IT partners. Over 80% of the companies surveyed found working with others to be a positive experience. In fact, not one company surveyed had a very negative experience of working with others.

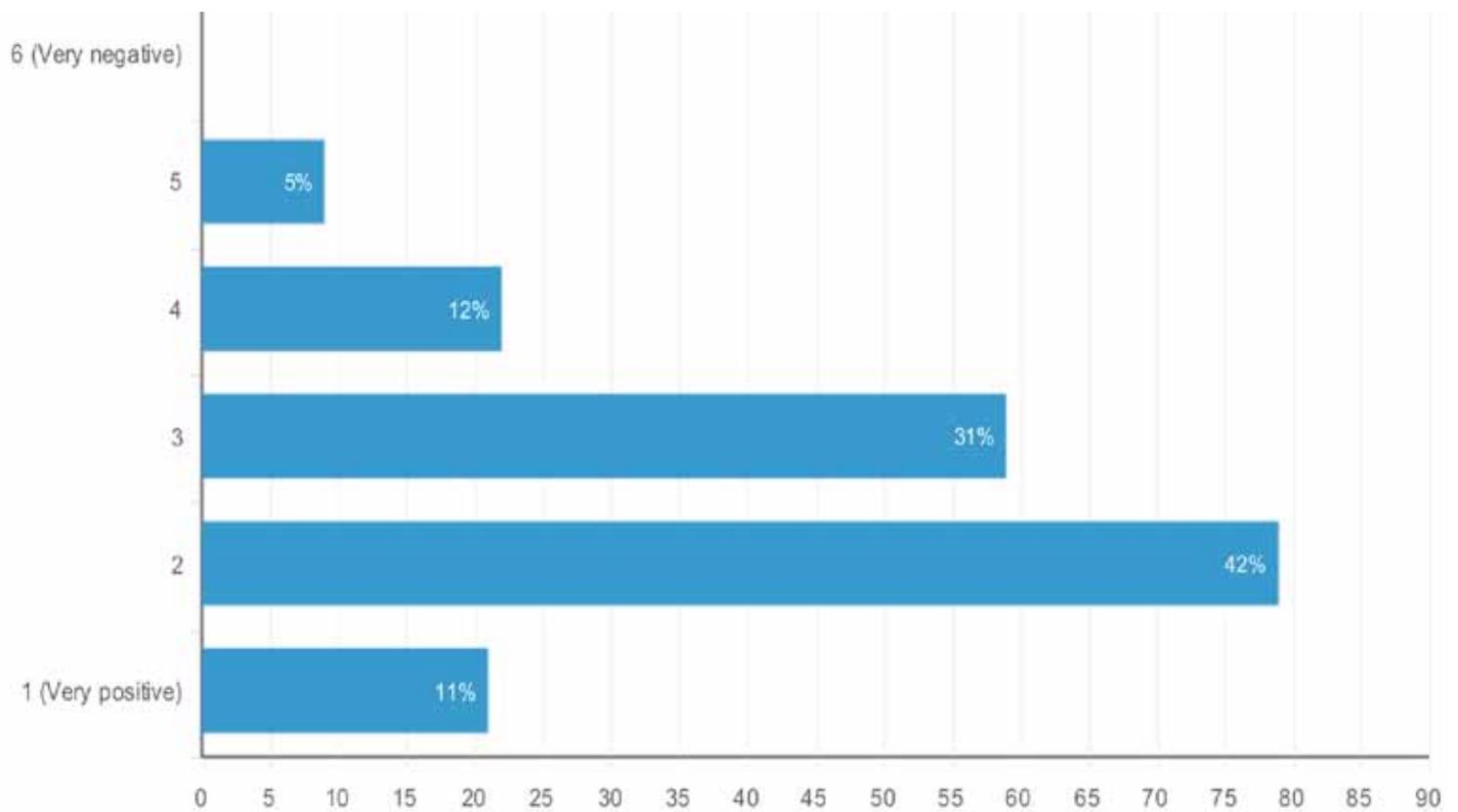


Figure 13: In your past collaboration with other VARS or Service companies, how positive have you felt about these engagements?

It is interesting to note that most vendors agree that their partner communities tend to work well together. Over 60% of vendors agreed that their current channel partners could interact and collaborate well in order to meet customer needs.

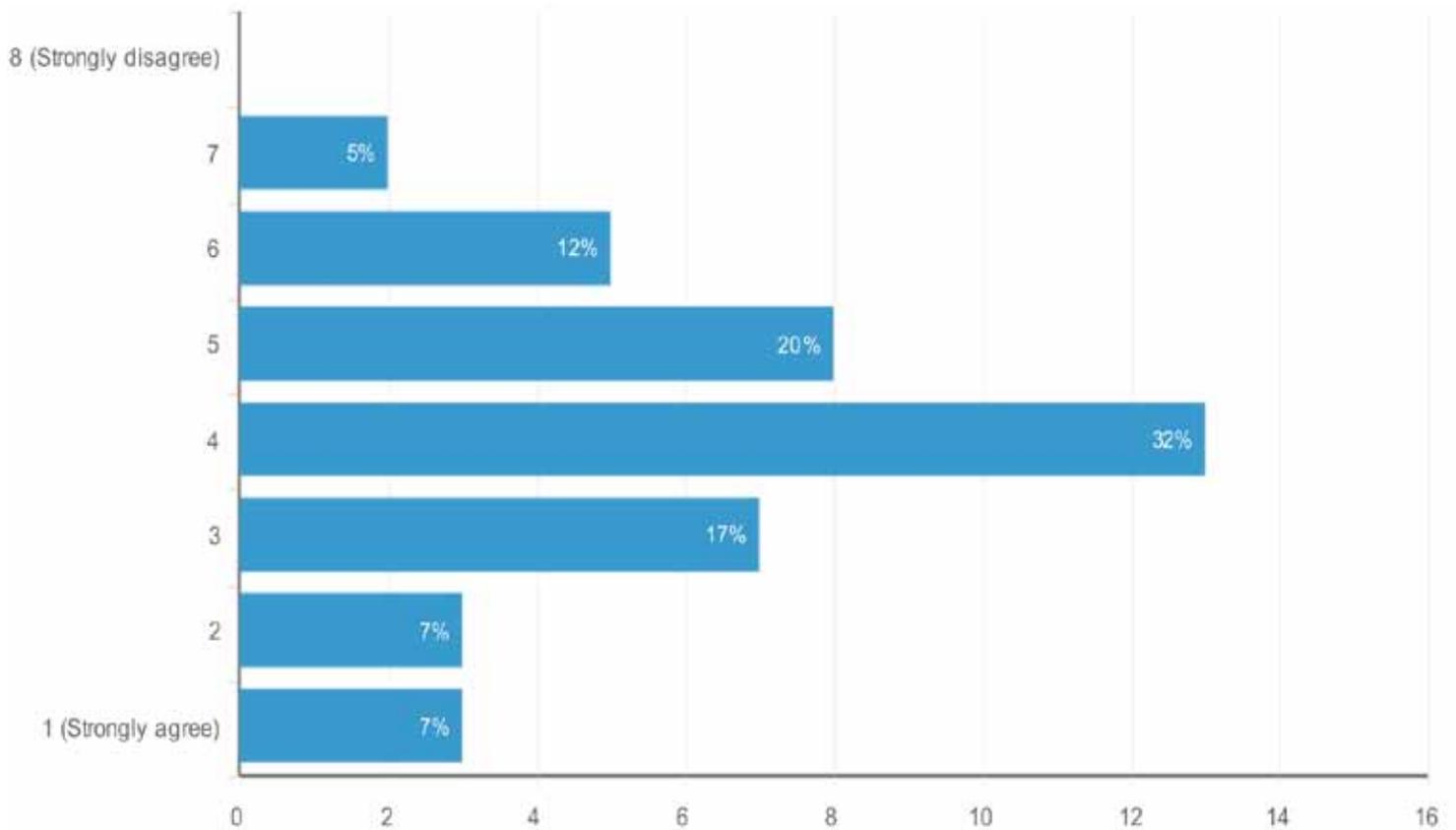


Figure 14: Do you agree or disagree that your current channel partners are good at collaborating and interacting effectively between themselves, always with the customer in mind?

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“Collaboration is often inhibited by the competition concerns of our partners”

Partner Performance for ISVs and Vendors

The final set of questions within the questionnaire set out to examine how well the existing channel of reselling partners of IT vendors were performing against expectations. The results were mixed with partner companies performing more strongly in the technical aspects of the relationship than in the business areas.

The results suggest a misconception of the goals or a misalignment of targets when the initial partnership was defined. Learnings here could improve engagement by adopting an improved on-boarding process where these potential barriers are addressed.

It is not surprising that partners tend to perform at their best in the technical categories. Within technical implementation, 65% of respondents felt that over 40% of their partners met their requirements. In fact, an impressive 12% thought that over 90% of the partners they worked with achieved this level.

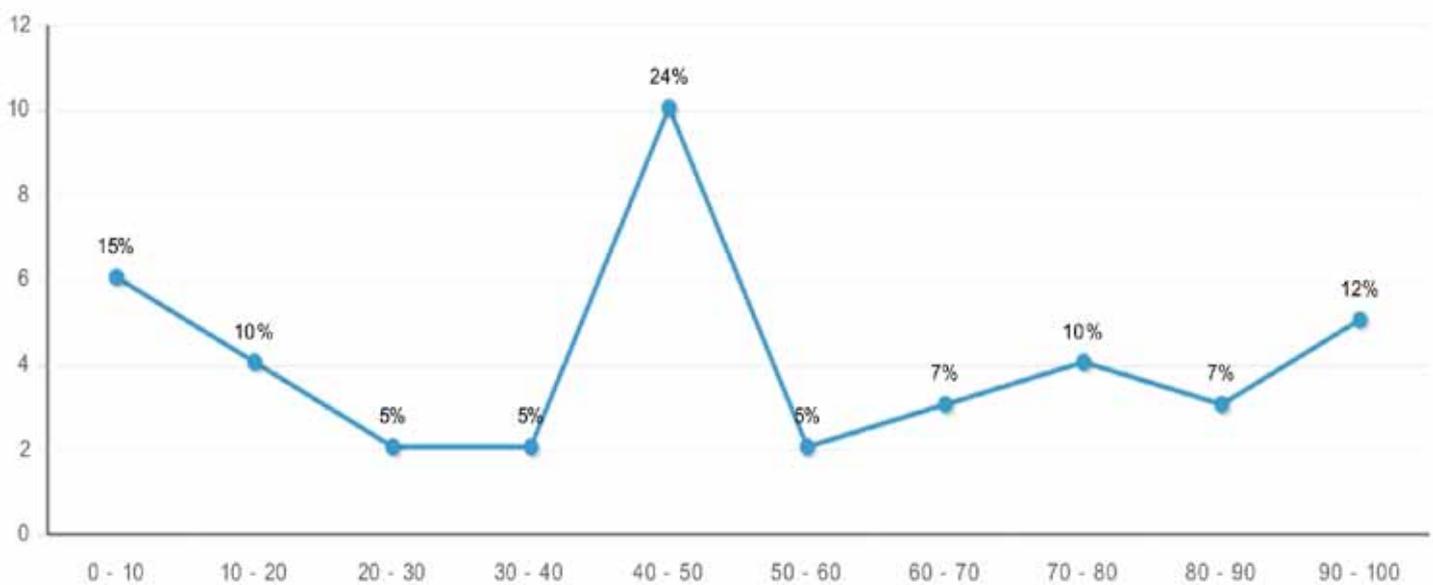


Figure 15: What percentage of your partners deliver what you expect in terms of technical implementation?

The results were slightly lower when looking at technical support. The figure of 63% for companies believing that over 40% of their partners provided good technical support remains high although it is concerning that almost 20% of respondents felt that less than 10% of their partners came up to expectations.

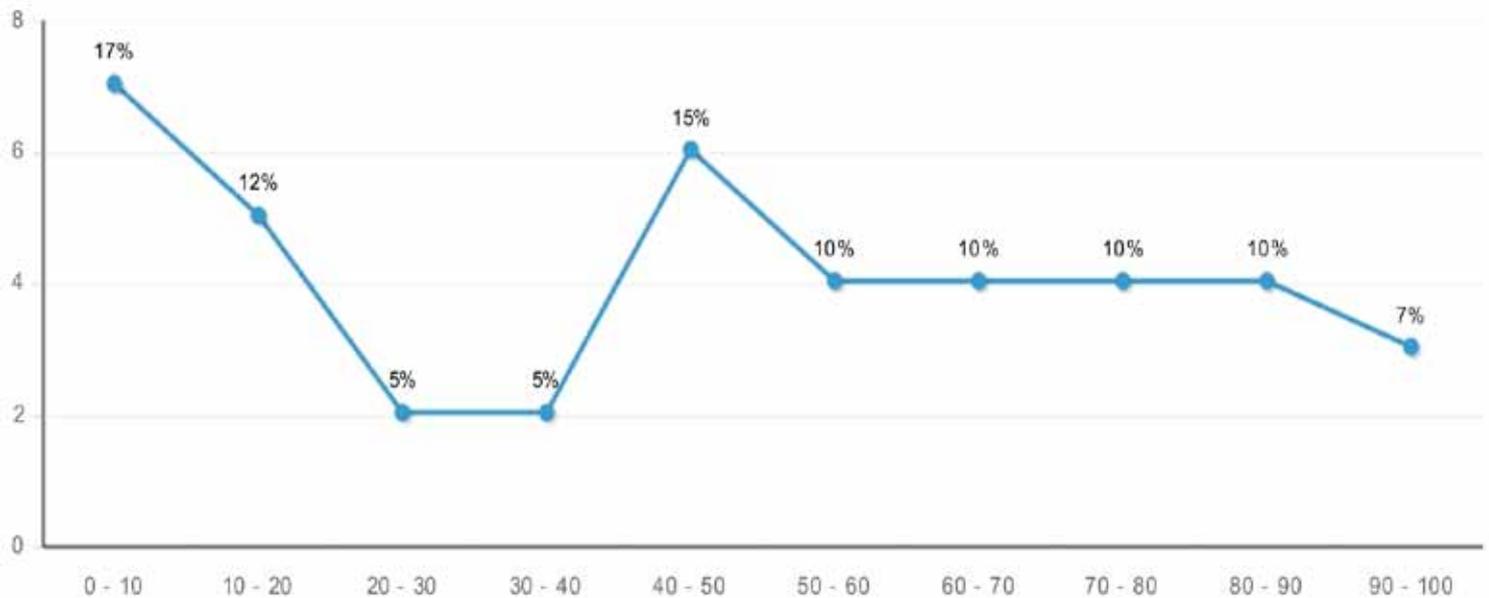


Figure 16: What percentage of your partners deliver what you expect in terms of technical support?

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While results for technical capabilities were good, the survey respondents were much less complimentary about their partners on a business level. An example of this is when looking at how well partners delivered against expectations on marketing support. Here only 30% of respondents felt that 40% or more of their partners were meeting expectations – a figure that is nearly equaled by respondents who felt that less than 10% of partners were performing well in this category.

The overall finding for whether respondents felt that their partners were delivering against revenue targets is initially promising. There were 53% of respondents that stated 40% or more of their partners were reaching these goals.

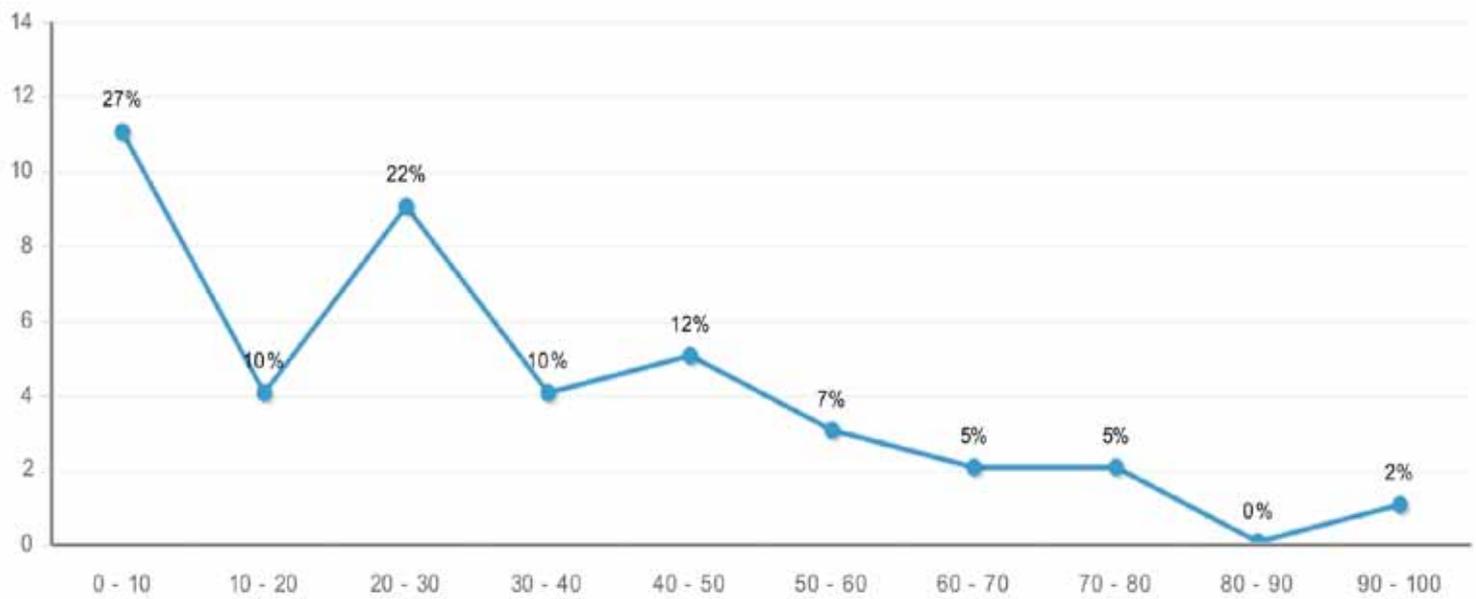


Figure 17: What percentage of your partners deliver what you expect in terms of marketing?

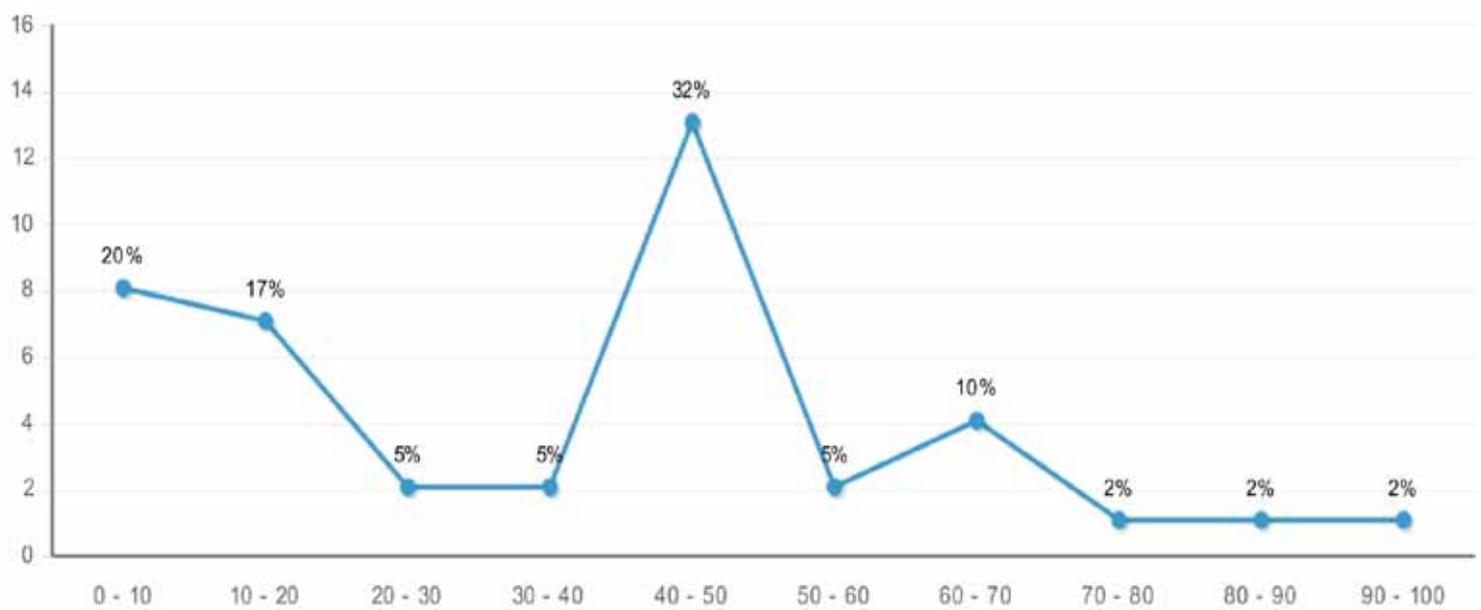


Figure 18: What percentage of your partners deliver what you expect in terms of revenue?

But, the figure drops incredibly sharply when we get above 50% of partners. In fact, there were only 6% of respondents able to say that over 70% of their partners were delivering on revenue. When compared with the one in five that felt that less than 10% of their partners were reaching revenue targets; clearly there is a good deal of work to be done if current partnerships are to succeed in the most important category of all – revenue.

Conclusions

Partnering is not a new concept and the IT channel have been around for along as the industry itself. However, the complexity of customer needs and the increasingly global nature of market opportunities, increase the need for collaboration with a growing number of partners and this has become a part of daily operations for every IT company.

The Channeliser IT Partnership Survey 2017 showed that respondents are looking to grow their partner networks quickly. This is leading to challenges around how new partners are identified, engaged and managed. Both the vendor and reseller communities still prefer to use their own business networks to find new partners. This limits the ability to move quickly into completely new markets and geographies.

Few vendors have created truly interactive portals to manage and engage with their partner communities. Of those who have invested in a portal, only one in five are completely happy that it meets the needs of their partners. Most vendors and resellers rely on the capabilities of a dedicated partner manager to manage their communities. Again, the highly manual nature of this approach is hampering the scalability and flexibility required to meet the needs of rapidly expanding partner networks.

As IT companies become more trusting and comfortable with the level of cooperation and collaboration necessary to gain full value from their partnering relationships, this survey suggests that they will increasingly benefit from seeking out secure, online platforms where they can easily collaborate and share the content they need to work seamlessly together.

About Channeliser

Channeliser is the only service, designed specifically for the IT industry, that facilitates the identification and engagement of prospective IT partners anywhere in the world.

It provides a wide range of easy-to-use functionality that addresses all elements of managing a partner relationship

- search, connect, collaborate and engage – including:

- Advanced search functionality to quickly identify and contact the exact right-fit potential partners.
- Tools and channels to build and maintain those partner relationships
- Private group capabilities to facilitate secure collaboration for closed partner networks
- Public interest groups, blogs and forums for effective knowledge transfer
- Comprehensive asset management to enable the uploading, storage and sharing of content such as marketing materials, videos and sales presentations
- Promotional and advertising features to reach highly targeted IT audiences

Channeliser enables companies to locate and engage with complementary IT companies around the world, becoming more agile and responsive to the needs of the customer, as they form partnerships to deliver today's innovative and complex IT solutions.

Find out more: www.channeliser.com



Using Channeliser

Double click image to watch this short tutorial video and learn how easy it is to get the most from being a member of Channeliser.

www.channeliser.com

