2023

The State of Partner Led Growth

Market insights on leveraging partners to drive revenue based on a survey of over 200 marketing and sales leaders

By Kathleen Booth, Scott Brinker, Asher Mathew, and Kelly Sarabyn

HubSpot PARTNERSHIP LEADERS Pavilion

Methodology:

This survey was conducted online between March 6 and April 10, 2023, garnering 204 responses. Respondents were marketing (37%) and sales (63%) leaders, defined as those with job titles at the manager level or higher. Of the respondents, 67% worked at SaaS or technology companies, and nearly 19% of respondents worked in services and consulting. The remaining respondents came from a variety of industries, including banking, media, wellness, healthcare, and food and beverage.

About the Report

This report was created in collaboration with Partnership Leaders and Pavilion.

Partnership Leaders is the leading industry association for partnership, channel and business development leaders. It empowers partner teams through an online community of over 1,300 professionals worldwide. Members actively engage in physical and virtual events, peer-to-peer insight sharing, and knowledge sharing to drive personal and professional success. For more information about Partnership Leaders or how to become a member, please visit their website.

Pavilion was founded in 2016 as a support network for revenue leaders. Since then, it has grown into a 10,000+ member international community of go-to-market leaders. Through structured training in Pavilion University, private, moderated peer groups, and in-person events, Pavilion delivers on its mission to help revenue leaders unlock and achieve their full professional potential. For more information about Pavilion or to become a member, please visit their website.

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Introduction

McKinsey predicts the ecosystem business model will grow to $60 trillion by 2025, representing 30% of the total global economy. Part of the reason for this transformation, according to Accenture, is that customers are increasingly demanding an orchestrated customer experience that spans across different vendors, services, and providers.

Yet, some organizations continue to primarily focus on direct marketing and sales playbooks, layering in partners as an afterthought.

We conducted a survey of 204 marketing and sales leaders to better understand how revenue leaders are viewing partners today.

The results of the survey show that most marketing and sales leaders believe their partners have a positive impact across the entire customer journey, from driving awareness to servicing products.

Go-to-market leaders believe partners improve outcomes across a variety of metrics.

They believe partner leads and partner-attached deals are more likely to close. Co-marketing campaigns have higher conversion rates. Trusted agencies, vendors, and consultants are understood to have the second largest impact on a prospect's purchase decision both before and after a prospect is speaking to sales.

Despite this positive view of partners' ability to drive marketing and sales objectives, organizations do not yet appear to be fully leveraging partners.

Most revenue leaders report less than 10% of their leads are coming from partners. Many say they would allocate 10-25% of their own budgets to partnerships, suggesting that, from their perspective, their organizations are currently underinvesting in the partner motion.

More than half of marketing and sales leaders report some degree of misalignment with their partnerships team. There is also a perception gap between marketing and sales leaders who primarily work with partners and those who do not.

More than 43% of the people who took the survey have partners involved in at least half of their full time role. This includes people leading partner marketing, partnerships and marketing, or channel partnerships.

These partner marketing and partner sales leaders were more bullish on the value of partners than non-partner marketing and sales leaders.

Across a number of metrics, non-partner marketing and sales leaders rate partners as more effective than other strategies. But partner marketing and sales leaders view the partner boost as even larger and more significant than their counterparts.

For example, when asked if partners are becoming a more or less effective channel for reaching audiences, partner marketing and sales leaders were twice as likely to say 'significantly more effective' than non-partner marketing and sales leaders.

Nearly 35% of non-partner marketing and sales leaders believe partners are becoming significantly more effective as a channel, indicating a strong view of partners' value. But partner marketing and sales leaders hold an even stronger view, with 67.4% seeing the channel as becoming significantly more effective.

Less than 6% of non-partner leaders and less than 2% of partner marketing and sales leaders report that partners are becoming less effective. The vast majority of both groups think the channel is becoming more effective; there is just a divergence on how much more effective.

This perception gap is consistent across the survey questions, highlighting a lack of alignment amongst partner teams and non-partner teams, even when they all report to marketing or sales.

In order for organizations to better operationalize and integrate their partner motions into their go-to-market strategy, more work needs to be done to align partner teams with non-partner teams and to align partner strategies with direct go-to-market motions.

Over 95% of marketing and sales leaders — whether they primarily work with partners or not — want their organization to invest in partners. The question is whether organizations will be able to overcome alignment and operational challenges to effectively invest in partners at scale.

In addition to sharing the survey data, this report contains contributions from executives at leading companies who provide their perspective on leveraging partners, including common obstacles. They also delineate their advice for incorporating partners into a successful go-to-market strategy.

Market and Data Insights

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Marketing and Sales Leaders See the Value of Partners

Marketing and sales leaders see the value of partnerships as a channel. Over 98% of sales leaders and 95.9% of marketing leaders voice that they would like their organizations to invest in partnerships.

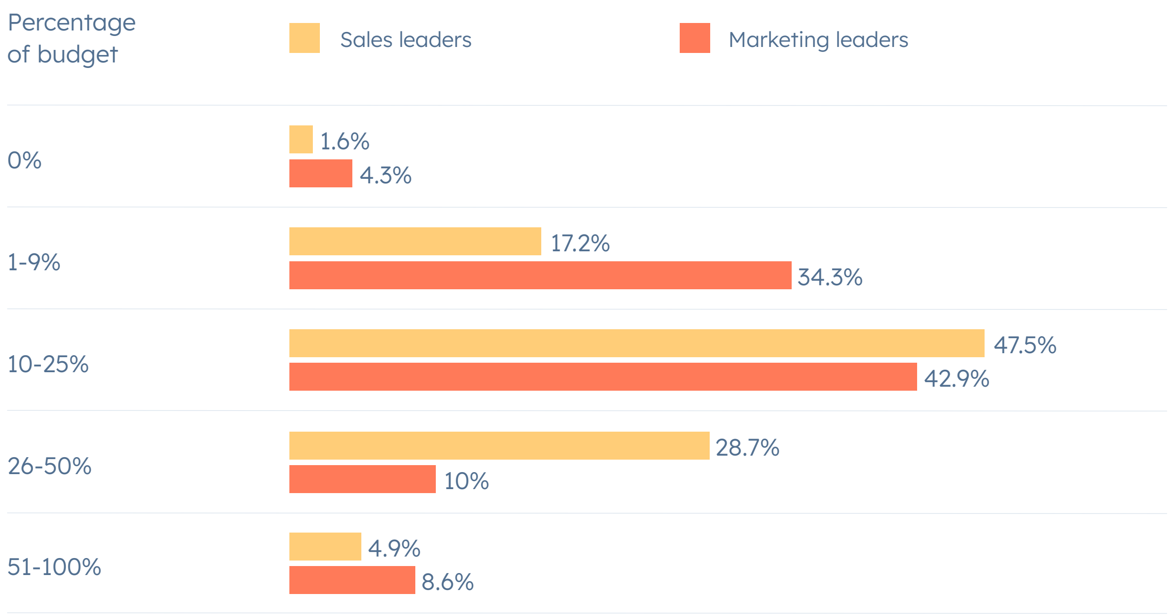
Even removing the revenue leaders who are primarily focused on partnerships from the survey results, 95.5% of go-to-market leaders want their organizations to invest in partnerships.

> Over 42% of marketing and sales leaders — whether their primary focus is partnerships or not — say they would give **10-25% of their budget** to partnerships.

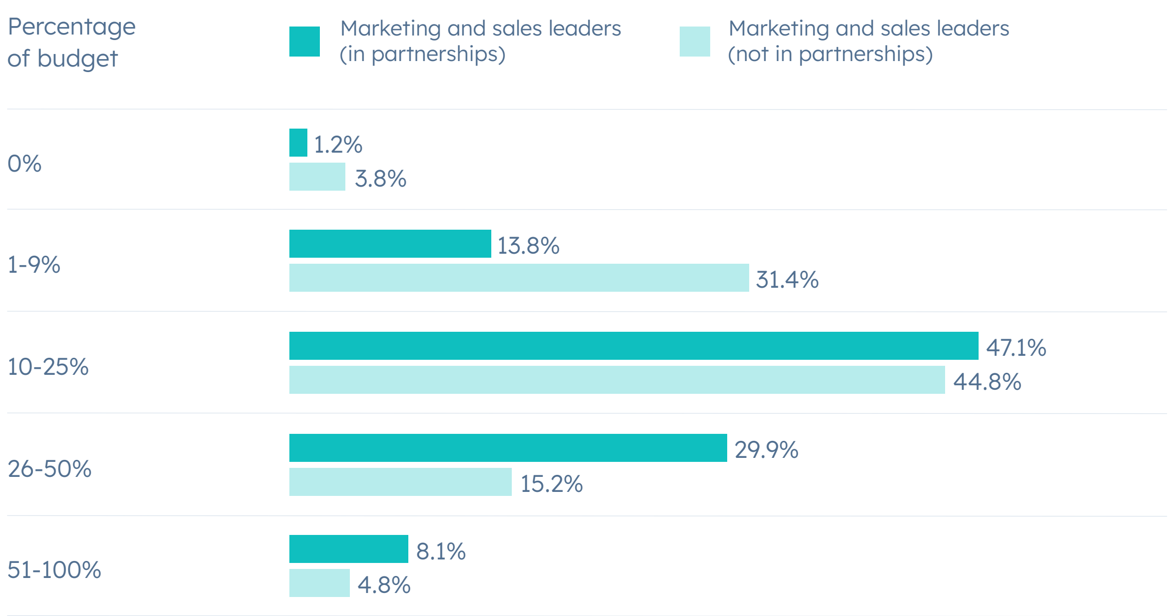
Moreover, most marketing and sales leaders would allocate more of their own budgets to partnerships. The most common answer for how much of their budget revenue leaders would give to partnerships — whether those leaders are primarily focused on partnerships or not — is 10-25%.

For revenue leaders who are primarily focused on partnerships, the second most common answer is 26-50%, while revenue leaders who are not primarily focused on partnerships select 1-9% as their second most frequent answer.

What percentage of your budget would you give to your partner team?



What percentage of your budget would you give to your partner team?



This shift in emphasis could be because those primarily focused on partnerships see the value firsthand in terms of leveraging partners to lower customer acquisition cost (CAC) and drive more revenue. Or it could be because they are biased to their own function and they do not have clear insight into how partnerships as a channel compares to other channels.

Either way, the fact that revenue leaders who are not primarily focused on partnerships most frequently say they would allocate 10-25% of their own budget to partnerships suggests a movement amongst revenue leaders of seeing increased value in leveraging partners to meet their objectives.

When broken down by company size, organizations that had fewer than 1,000 employees and those that had more than 1,000 employees both most commonly selected 10-25% as the percentage of their budget they would like to give to partnerships.

However, companies under 1,000 employees were more likely to want to give even more of their budgets to partnerships. This suggests earlier stage startups are slightly more bought into the value of partners, whether that is because they believe in the business model or because they see partnerships as a more cost effective way to extend their more limited resources.

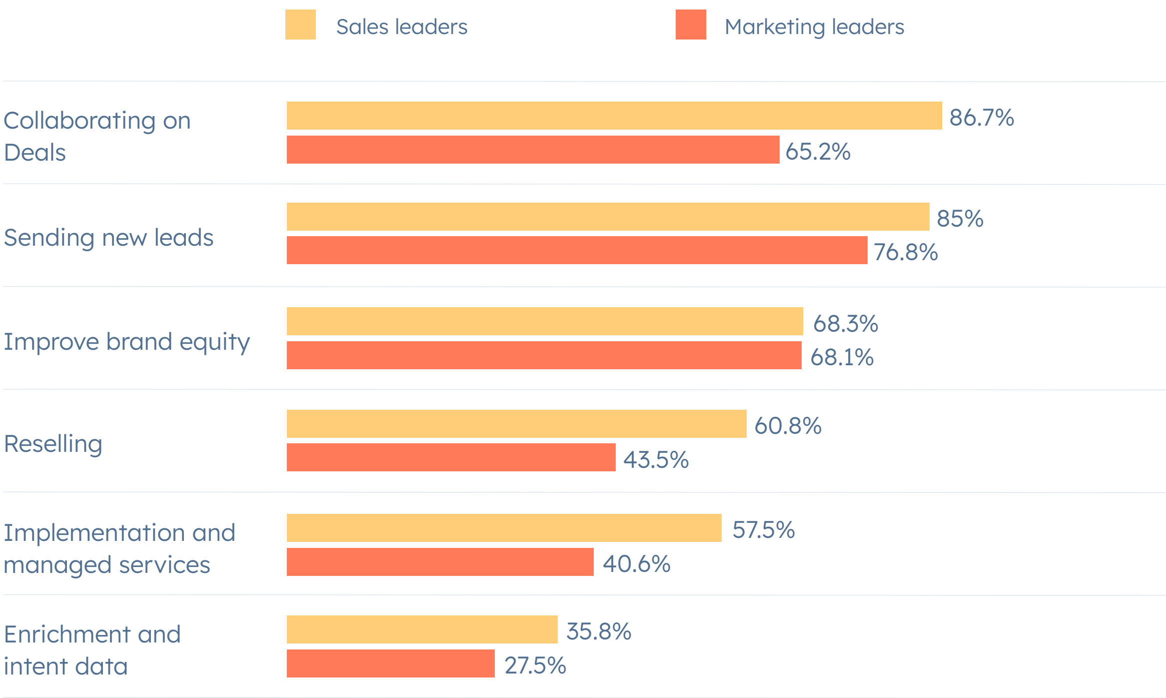
Over 57% of sales leaders and over 40% of marketing leaders report seeing the impact of partners across the entire revenue funnel, from increasing brand equity to implementing and managing the product.

> **Over 57% of sales leaders and over 40% of marketing leaders** report seeing the impact of partners across the entire revenue funnel, from increasing brand equity to implementing and managing the product.

Partnership teams most frequently report to a sales leader, with 48.2% of partner teams reporting to the CRO or senior sales leader. Only 8.1% report to marketing.

But when asked whom partner teams should report to, the most common answer for sales leaders is sales (54.1% of responses) and the most common answer for marketing leaders is marketing (40.3% of responses).

What ways do partners have an impact at your organization?



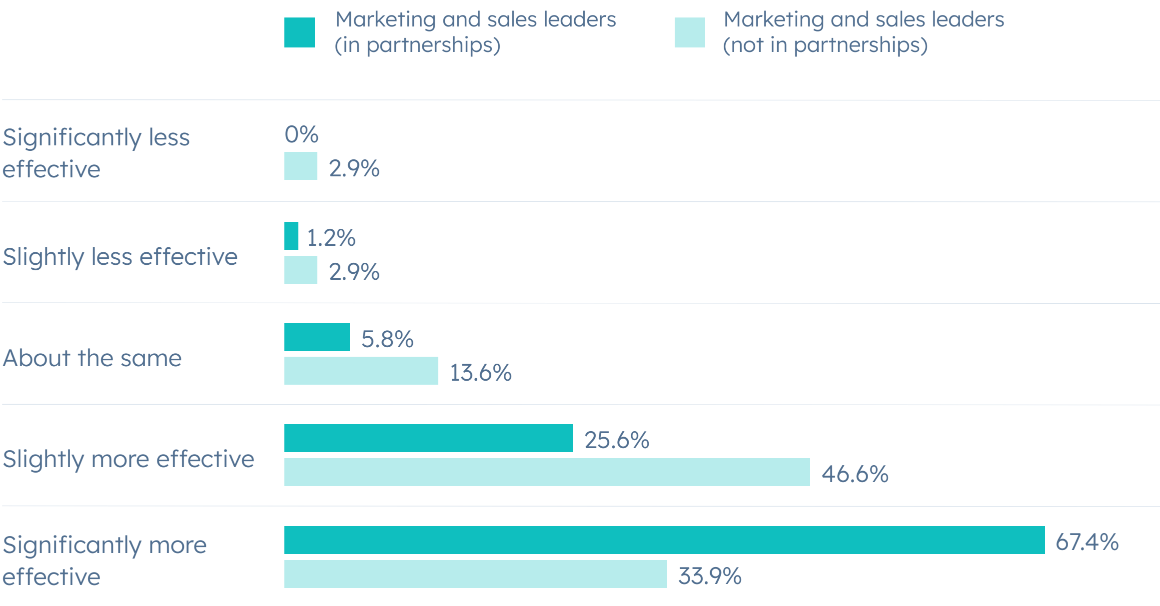
The fact that both sales leaders and marketing leaders would like partner teams to report to their function is a testament to their perception that partners can help them meet their functional objectives.

More broadly, the vast majority of revenue leaders — 93% of marketing and sales leaders primarily focused on partnerships and 80.5% of marketing and sales leaders not primarily focused on partnerships — believe partners are becoming a slightly or significantly more effective way to reach their target audience.

The majority of revenue leaders focused on partnerships and a third of those not focused on partnerships state partners are becoming significantly more effective as a way to reach their target audiences.

Marketing and sales leaders also believe partner leads are more valuable than average leads, partner-attached deals are more likely to close, and partners have a strong impact before and after a prospect starts speaking to sales.

Do you think partners are becoming less or more effective as a channel in reaching your audience?



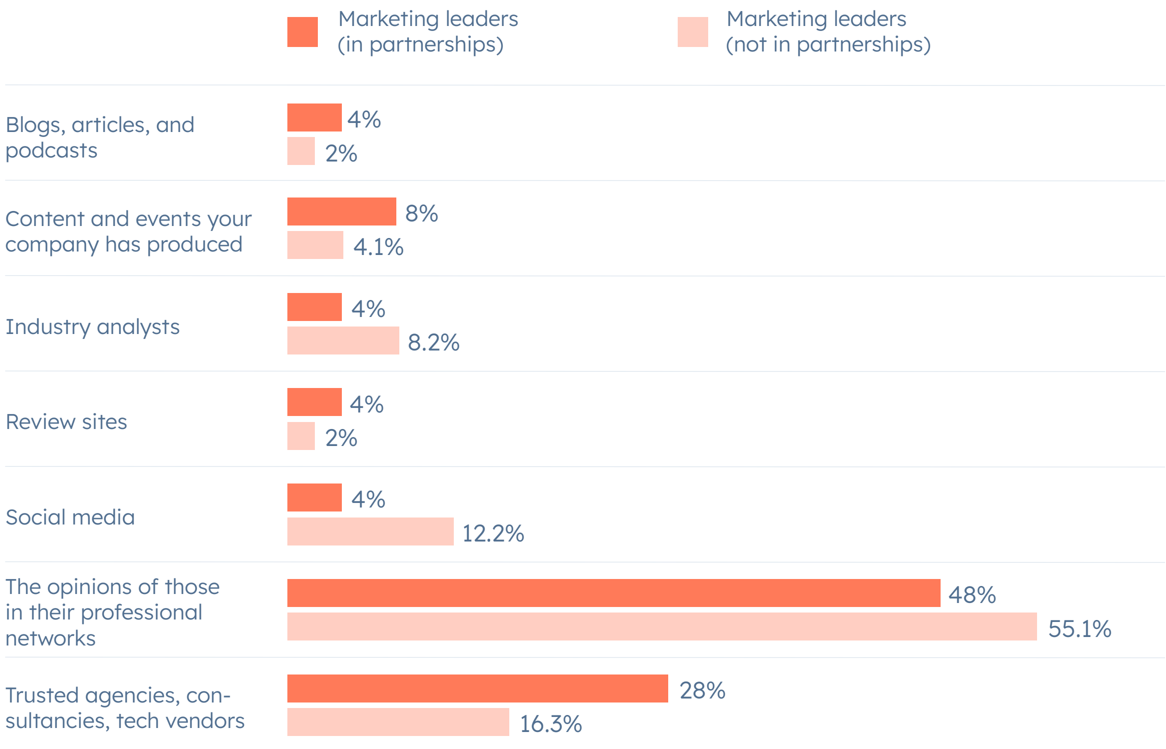
Key Takeaways

- Over 98% of sales leaders and 95.9% of marketing leaders voice that they would like their organizations to invest in partnerships.
- Over 42% of marketing and sales leaders — whether their primary focus is partnerships or not — say they would give 10-25% of their budget to partnerships.
- The vast majority of revenue leaders — 93% of marketing and sales leaders primarily focused on partnerships and 80.5% of marketing and sales leaders not primarily focused on partnerships — believe partners are becoming slightly or significantly more effective for reaching their target audience.
- Over 57% of sales leaders and over 40% of marketing leaders report seeing the impact of partners across the entire revenue funnel, from increasing brand equity to implementing and managing the product.

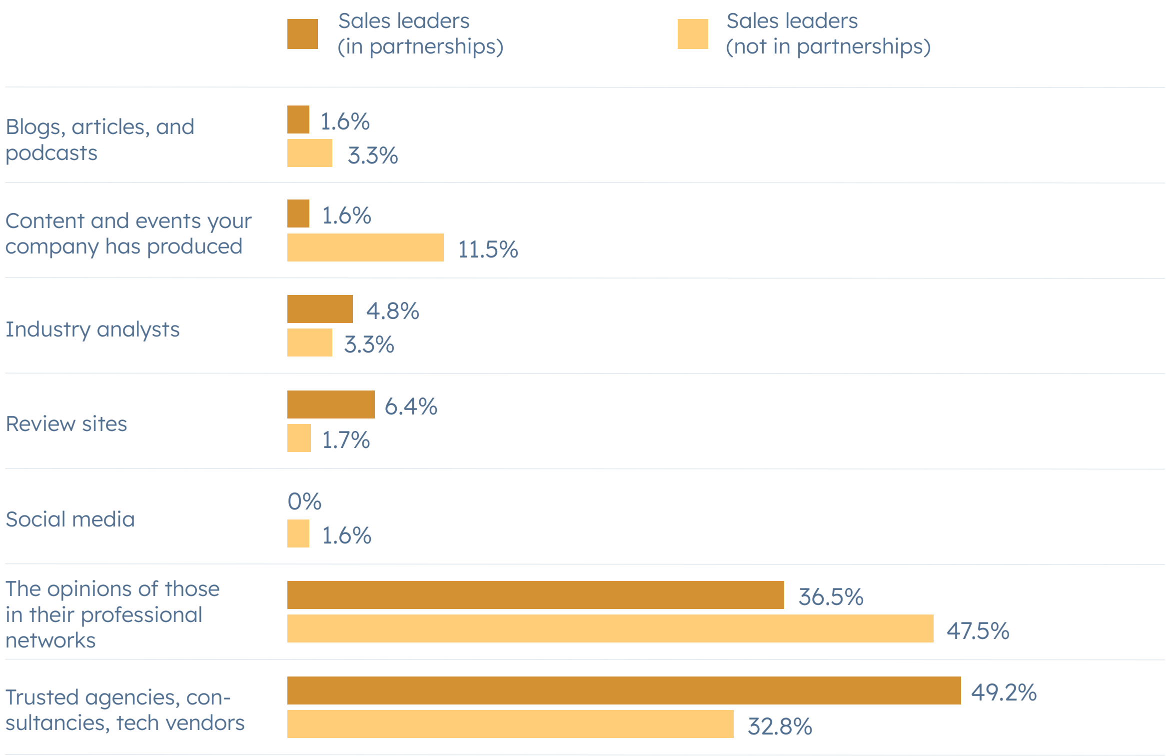
Marketing with Partners

When asked what has the biggest impact on the purchase decision prior to a prospect speaking to sales, marketing and sales leaders both select trusted agencies, vendors, and consultancies as the second most important factor, only behind those in a prospect's professional networks.

Prior to speaking to your sales team, which factor has the biggest impact on the purchase decision?



Prior to speaking to your sales team, which factor has the biggest impact on the purchase decision?



Overall, revenue leaders — whether they are focused on partnerships or not — have a strong consensus that prior to talking to sales, prospects are most impacted by people they know, whether that is their professional networks or trusted companies.

> Revenue leaders — whether they are focused on partnerships or not — have a strong consensus that prior to talking to sales, prospects are most impacted by **people in their professional networks and the companies they work with.**

The majority of marketers see value in running co-marketing campaigns to attract and engage prospects. Only 5.6% of organizations report not running marketing campaigns with partners.

Three quarters of marketing leaders have a dedicated partner marketing team, and 39.4% report that in addition to the partner marketing team collaborating with partners, other teams, like product marketers, demand generation, and social media, also work with partners to meet their objectives.

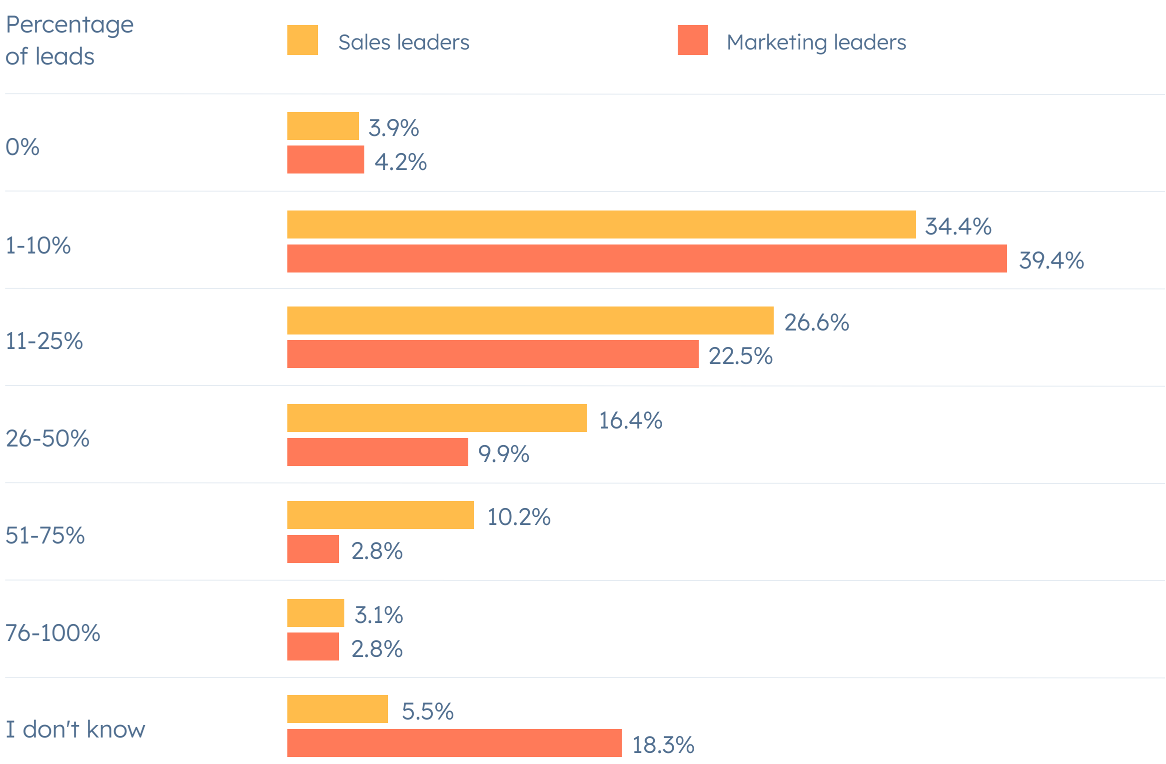
Around 84% of marketers say that leads that result from partner-involved marketing campaigns get attributed to partners in their CRM. Nearly 56% compile a report to see the impact of all partner-attributed leads as a channel.

Just 18.3% of marketing leaders do not know how many new leads are sourced from partners, indicating that the vast majority of marketing leaders at organizations that are tracking partner involvement are also aware of the channel's performance.

Partner-sourced Leads

When asked what percentage of new leads come from partners, the most common response is 1-10%, with 39.4% of marketing leaders selecting that option. Over 22% of respondents identify the percentage as between 11 and 25%, the second most popular answer.

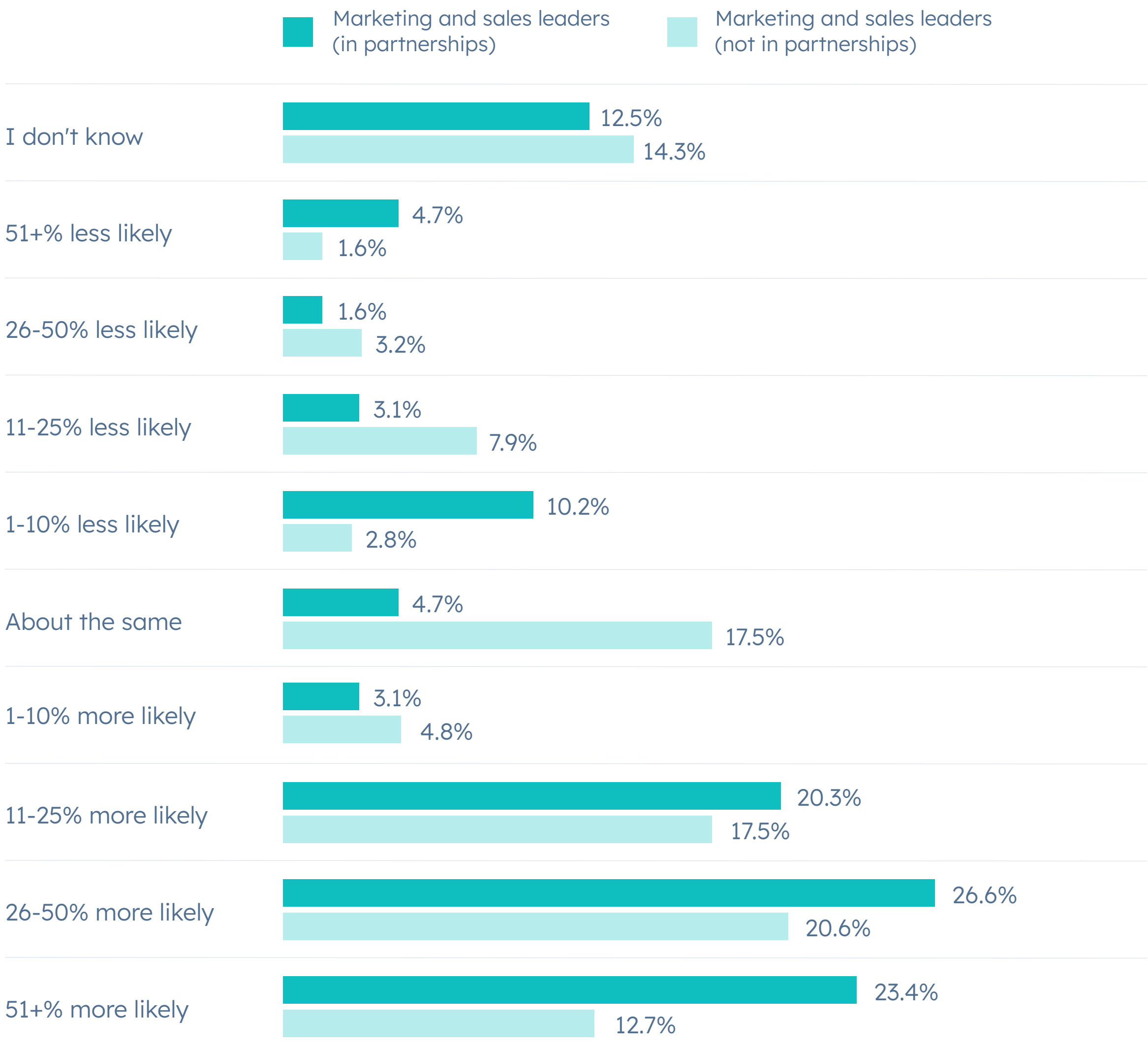
What percentage of new leads are sourced from your company's partners?



Sales leaders answer fairly similarly, though they report a higher percentage of leads coming from partners. Fewer sales leaders report not knowing what percentage of leads come from partners.

This indicates that nearly a quarter of organizations are seeing partners as a fairly significant lead source, with partners driving 11-25% of all their leads. Around 10% of organizations rely on partners to drive between 26% and half of their new leads.

Do partner-sourced lead close at a different rate than the average lead?



Marketing and sales leaders - whether focused on partnerships or not - most commonly select that partner leads **are 26% to 50% more likely to close than average.**

Both marketing and sales leaders state that the quality of partner leads are higher than average. The most popular selection — and this is true whether the leader is primarily focused on partnerships or not — is that partner leads are 26-50% more likely to close than the average lead.

Co-marketing Campaigns

These leads may come from marketing campaigns or from partner referrals. When it comes specifically to co-marketing campaigns, a majority of marketing leaders report that, overall, those campaigns perform better than average, with 60.3% indicating they convert better than an average campaign.

Marketing leaders find that co-marketing campaigns either do slightly or significantly better than a typical campaign in terms of: positive brand awareness, engagement, conversions, the quality of the leads, and the lifetime value (LTV) of the leads. Slightly more effective was the most frequently selected response.

A significant minority of marketing leaders, however, see co-marketing campaigns as performing the same or worse in those dimensions, with more selecting that they perform about the same as other campaigns.

When it comes to CAC, the most popular response (31.8%) is that co-marketing campaigns perform about the same as other campaigns.

But 28.1% of respondents (the second most popular answer) say they perform slightly worse. And 17.2% of leaders indicate they perform significantly worse on CAC. One reason for this could be that the CAC takes into account the cost of running co-marketing campaigns.

For marketing leaders, time spent coordinating is the biggest impediment to effectively running co-marketing campaigns with 29.9% ranking it as the top reason and 23.9% ranking it as the second biggest factor preventing them from engaging in co-marketing campaigns.

When you compare co-marketing campaigns to a typical marketing campaign, how do they compare on the following criteria?

	Significantly lower	Slightly lower	About the Same	Slightly Higher	Significantly Higher
Customer Acquisition Cost (CAC)	17.2%	28.1%	31.2%	18.8%	4.7%
Positive brand awareness	3.1%	4.7%	23.4%	50%	18.8%
Engagement rates	0%	10.9%	25%	43.8%	20.3%
Conversion rates	1.6%	9.5%	28.6%	44.4%	15.9%
Quality leads	3.1%	7.7%	24.6%	41.5%	23.1%
Lifetime value (LTV) of the leads	3.1%	4.7%	35.9%	39.1%	17.2%

When assessing CAC around co-marketing, marketing leaders may see the added back-and-forth with the partner organization as driving up their costs through the additional hours spent on creating, running, and tracking campaigns.

After time spent coordinating, concerns around brand misalignment are the second biggest reason co-marketing campaigns never get off the ground (23.9% and 26.9% of marketers view this as the top blocker and second biggest blocker respectively).

Lack of suitable technology to share and track campaigns and lack of trust that the partner will follow through on their part of the campaign are mild blockers, while legal and compliance hurdles are seen as minor obstacles to co-marketing.

Leveraging Second Party Data

A newer way CMOs are collaborating with their partners is by exchanging account data to enrich their customer profiles and to better target their marketing campaigns. With new account mapping tools like Reveal, Crossbeam, and PartnerTap, organizations can more easily leverage their partners' data at scale.

These tools enable organizations to securely share their prospect and customer account names, which can then be used for technographic data to segment marketing campaigns or to build audiences to target.

When building audiences with second party data, organizations can then develop campaigns that tie into a joint value proposition with the partner.

For example, a CRM company might partner with a sales data enrichment company to target the enrichment company's customers who are the CRM company's prospects or open opportunities. This campaign could focus on how pulling the enriched data into the CRM enables sales teams to better customize their outreach.

About 68% of marketing leaders report they are using partner data in their marketing campaigns. Half of those only do so in the context of co-marketing campaigns, while the other half (34.2% of all respondents) report using partner data in other marketing campaigns as well.

Outside of co-marketing campaigns, second party data can be used to better target and customize campaigns based on the prospect's tech stack (if the data is from a technology partner) or their services (if the data is from an agency partner).

The efficacy of using second party data in marketing campaigns was mixed. While the most common response was that these campaigns were slightly more effective (31.8% of responses) and an additional 13.6% stated they were significantly more effective in driving conversions, 28.8% reported that campaigns using second party data had a slightly or significantly lower conversion rate than normal.

The responses may be because marketers are not optimizing their use of second party data or it may be that the campaigns around the data are not resonating with prospects or customers. Leveraging second party data in marketing is a newer motion than co-marketing in general, so it is unclear whether most organizations have sufficient expertise on its usage.

> 60.3% of marketing leaders report co-marketing campaigns have **a slightly or significantly higher conversion rate.**

When asked about co-marketing campaigns more broadly, 60.3% of marketing leaders report they have a slightly or significantly higher conversion rate, while only 11.1% reported a lower conversion rate.

Marketing leaders are relying on partners to engage in co-marketing campaigns and drive new leads. For many organizations, though, it is still a relatively small part of their marketing playbook, with 1-10% of leads coming from partners.

With marketing leaders rating co-marketing campaigns as better across a number of dimensions, such as engagement, conversion, and LTV, and assessing it as a channel growing in efficacy, marketing leaders will likely begin to invest more in optimizing their collaborations with partners.

Key Takeaways

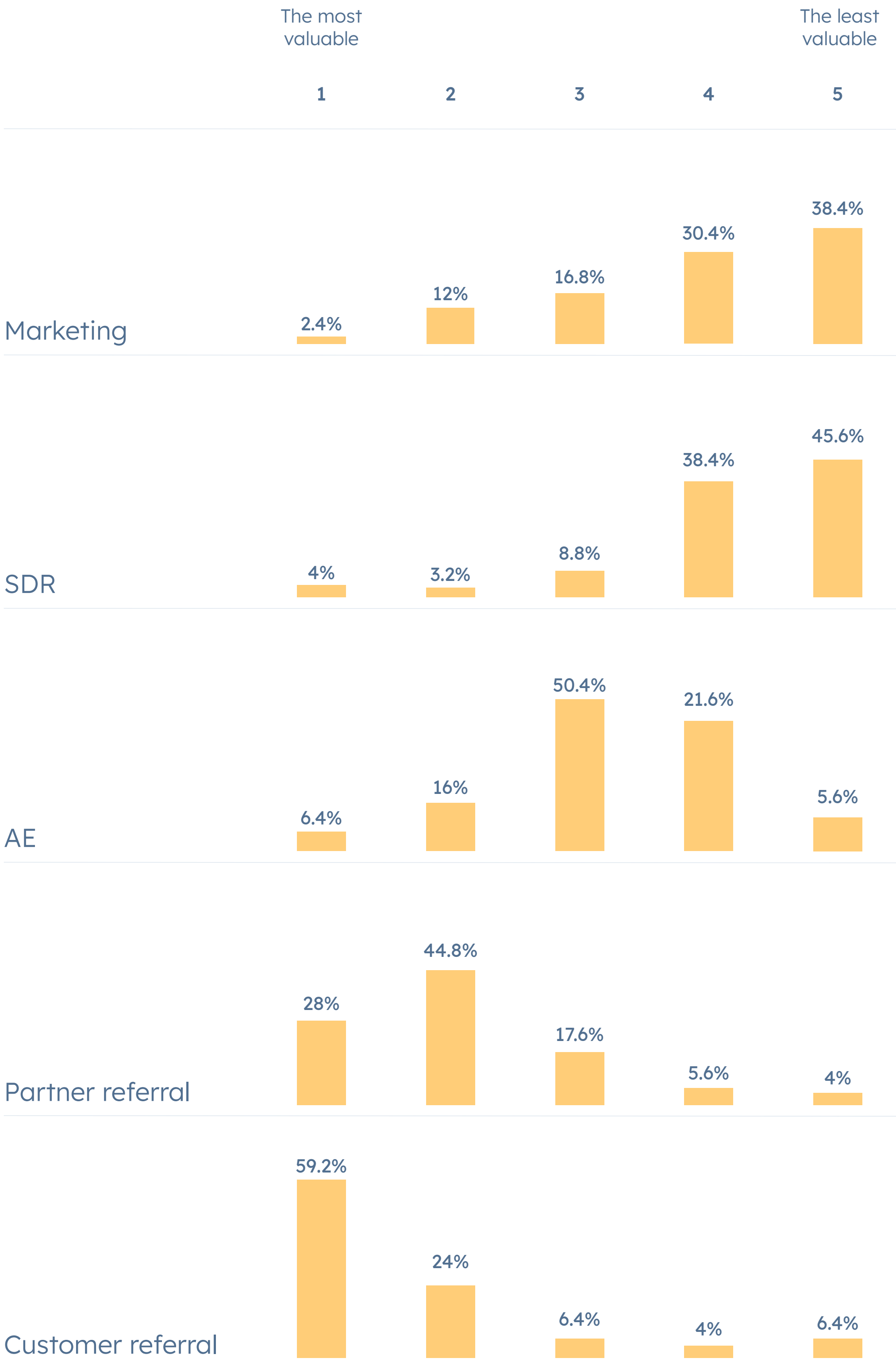
- Marketing and sales leaders both view trusted agencies, vendors, and consultancies as having a significant impact on a prospect's purchase decision prior to speaking to sales, second only to those in a prospect's professional networks.
- A little more than 39% of marketing leaders report that 1-10% of their new leads come from partners, while 22.5% of respondents identify the percentage as between 11% and 25%.
- Marketing and sales leaders — whether focused on partnerships or not — most commonly believe that partner leads are 26% to 50% more likely to close than average.
- Marketing leaders find that co-marketing campaigns either do slightly or significantly better than a typical campaign in terms of: positive brand awareness, engagement, conversions, the quality of the leads, and the LTV of the leads.
- The biggest blocker to launching co-marketing campaigns is the cost of planning and coordinating with another organization. 45.3% of marketing leaders believe co-marketing campaigns have a worse CAC than average.
- Around 64% of marketing leaders report they are using partner data in their marketing campaigns, but there is no consensus on whether this data improves campaign performance. Nearly 29% say they perform worse and 45.4% say they perform better.

Selling with Partners

Sales leaders view partner referrals as valuable leads. They rank them as the second most valuable lead type, in front of marketing, SDR, and AE-sourced leads. Only customer referrals are assessed as more valuable in terms of likelihood to close and LTV.

Sales leaders also rated partner leads as more likely to close than typical leads. Nearly 65% responded that they were more likely to close than average, with just under 42% reporting an increase of 26% or more over average.

Rank the following lead sources on how valuable you think they would be to your organization in terms of their likelihood to close and Lifetime Value (LTV), with 1 being the most valuable and 5 being the least valuable.



Leveraging Second Party Data

Meanwhile, 72.7% of sales leaders report using partner data in prospecting with 51.6% of those finding it to be slightly more accurate than third party data and 39.7% finding it to be significantly more accurate.

> 51.6% of sales leaders using partner data in prospecting find it to be slightly more accurate than third party data and 39.7% find it to be **significantly more accurate.**

For those not using it, there were a variety of reasons why with 28.6% selecting "other" and 25.7% selecting legal and compliance as the primary reason. As for the other reasons, 17.1% cited not having enough partners to make it valuable, 11.4% have never considered it, and 20% selected that they were unaware of technology that would make this scalable or would meet their needs or budget.

Sales leaders also cite partners as having a strong influence on prospects before they connect with them, with non-partner sales leaders selecting partners as the second most impactful factor only behind professional networks. Partner sales leaders report partners as the most impactful factor.

Co-selling with Partners

Just about 93% percent of sales leaders report that their reps are collaborating with partners to close deals. However, 11.8% say that while their reps collaborate with partners, they are not tracking the impact.

For the 81.1% of organizations tracking the impact of partner-attached deals, most report these deals are more likely to be won. This is true of both of sales leaders not primarily focused on partners (70.9%) and of sales leaders focused on partners (85.5%).

> 92.9% of sales leaders report that their reps are collaborating with partners to close deals. Most leaders believe that partner-attached deals are **at least 26-50% more likely to be won than average.**

Amongst sales leaders not primarily focused on partnerships, partner-attached deals being 26-50% more likely to close was the most common answer. For partner sales leaders, it was 11-25% more likely.

This is because a quarter of partner sales leaders report seeing a 50% or more increase on partner-attached deals, while only 8.3% of non-partner sales leaders select that option.

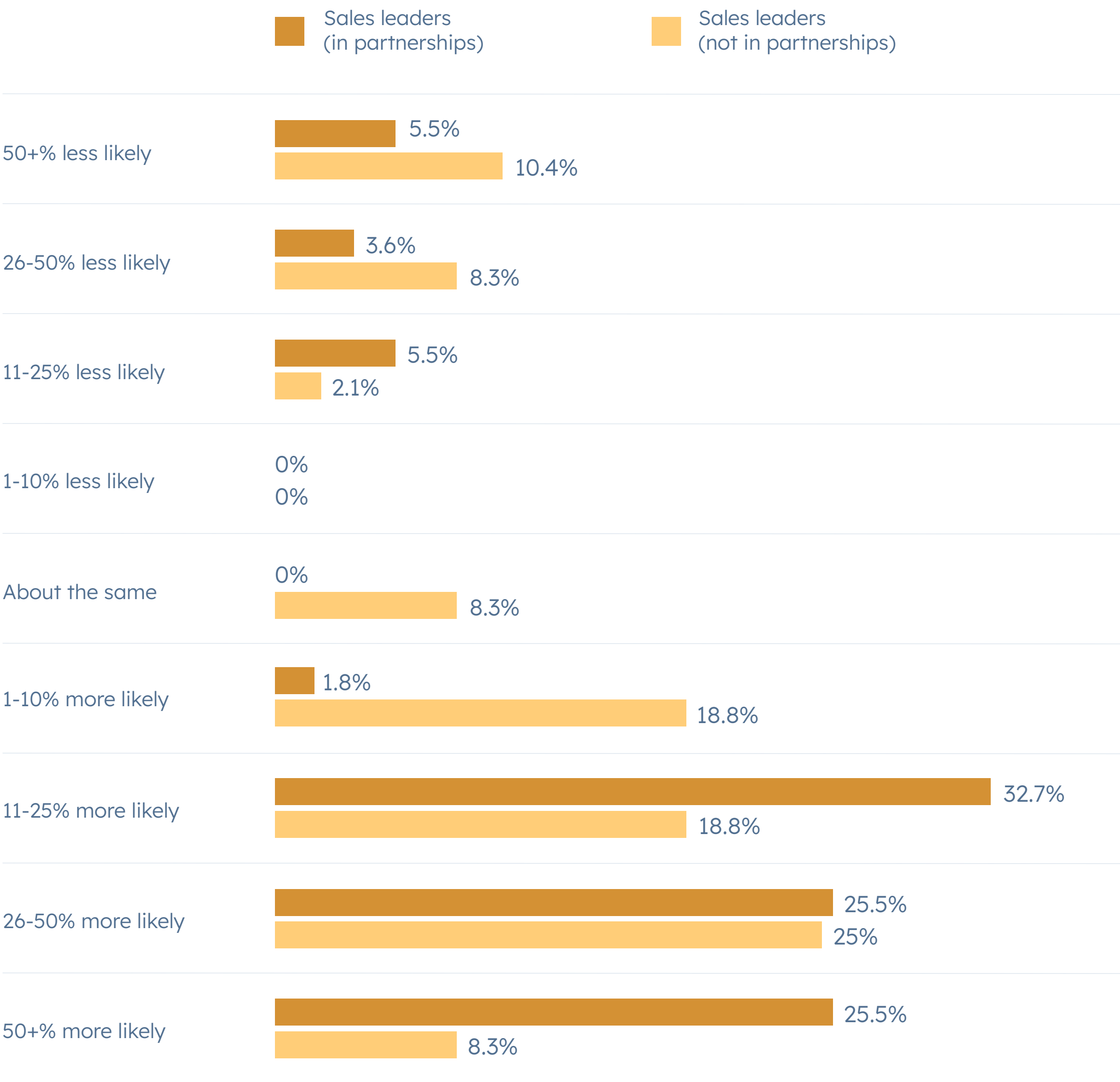
In general, sales leaders did not report that partner-attached deals were less likely to close, though 20.8% of non-partner sales leaders and 14.6% of partner sales leaders did. This indicates that most organizations have been able to develop successful co-selling relationships with some subset of partners.

This is true even though 60.9% of organizations report that they do not provide financial incentives or KPIs for their reps to work with partners.

About a third of organizations do try to incentivize AEs collaborating with partners: 21.1% provide compensation or quota relief for working with partners and another 10.9% have it as a non-comped KPI.

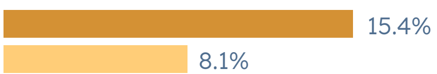
On the other side, 7% of organizations financially penalize their reps for working with partners.

If you track sales collaborations with partners, do partner-attached deals close at a different rate than the average deal?



Percentage of all respondents who do not have AEs collaborate with partners

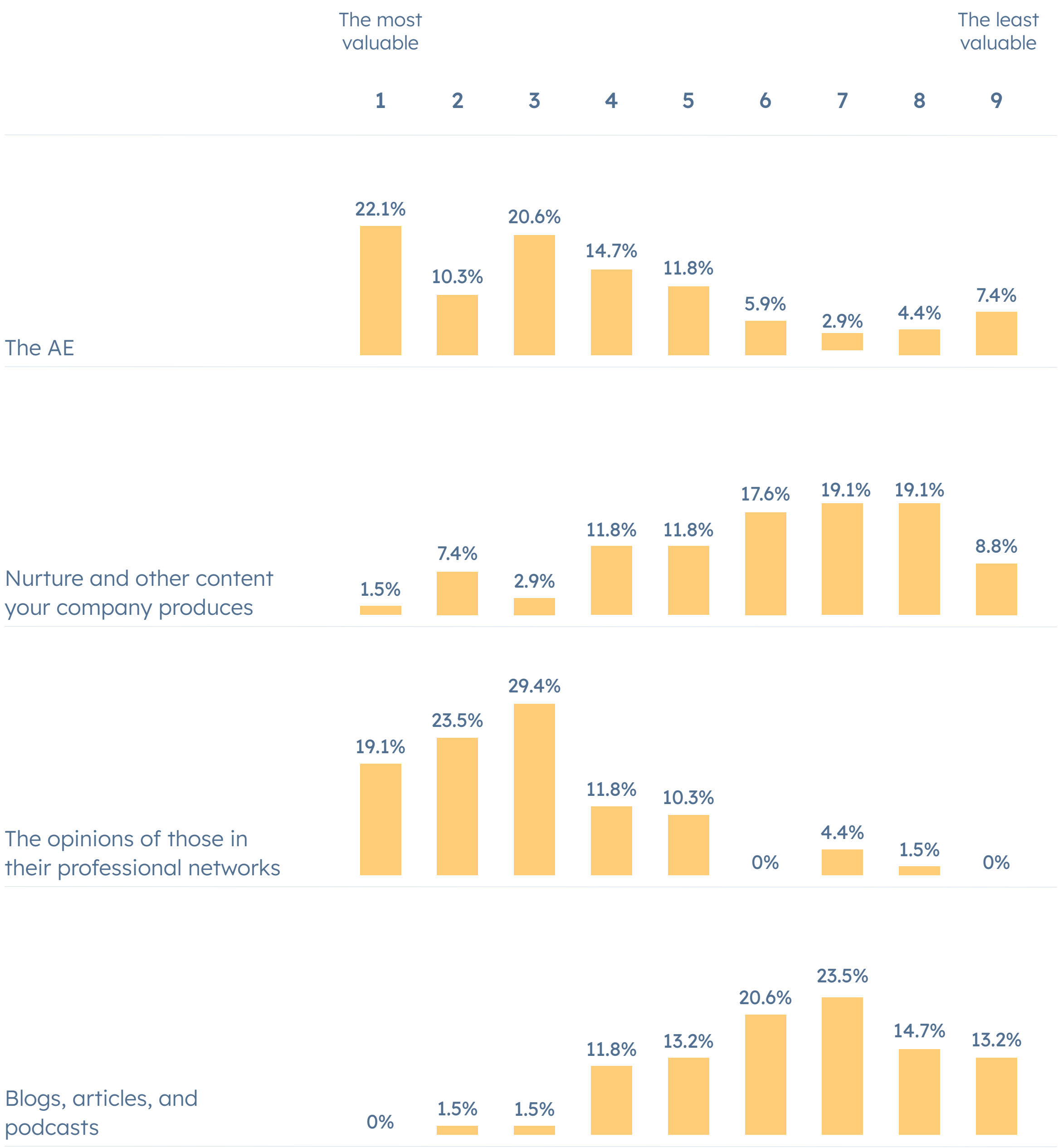
Percentage of all respondents who have AEs collaborations with partners, but don't track

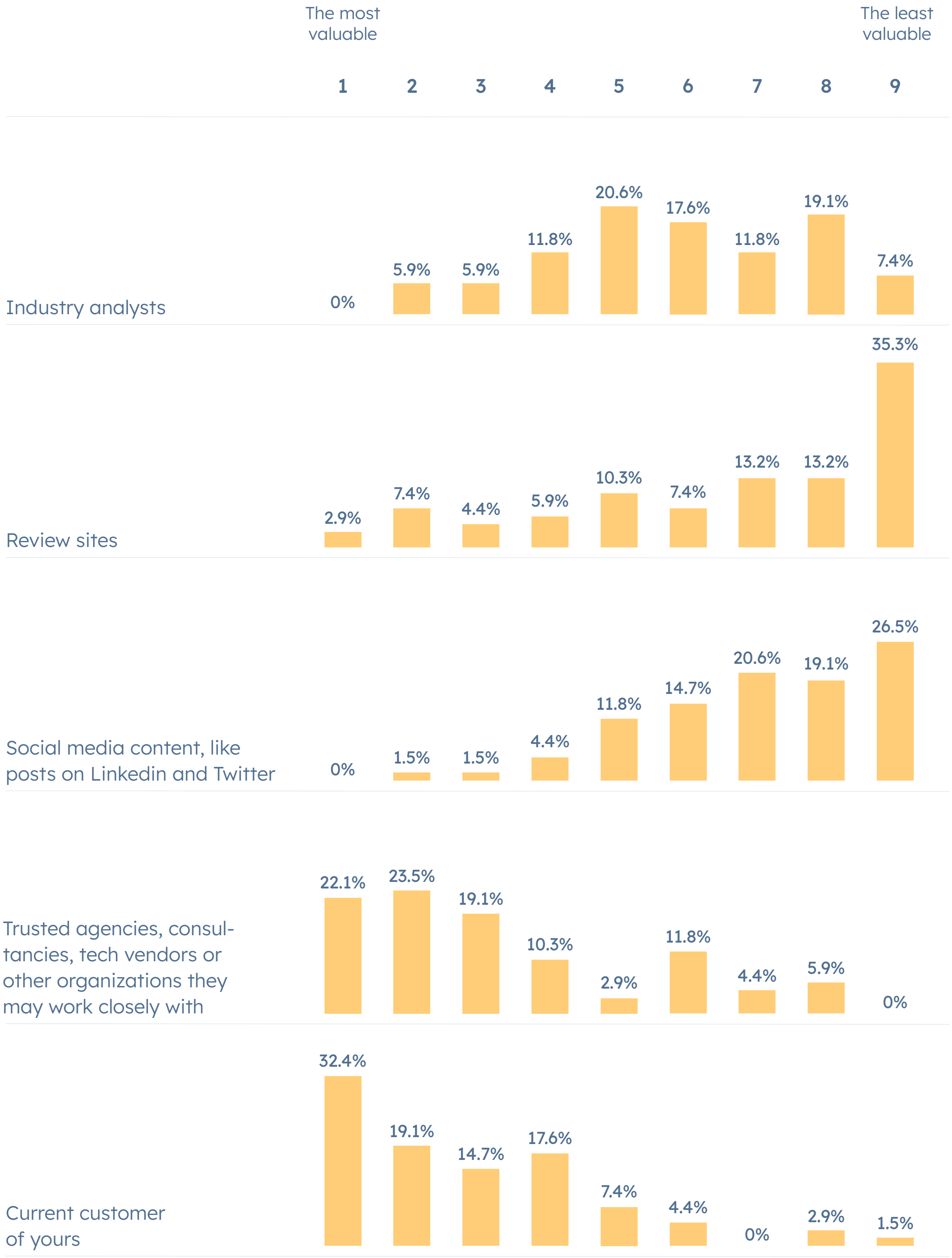


Partners Influencing Deals

Even beyond direct collaborations, sales leaders believe that partners have a significant impact on a prospect's purchasing decision.

Once your prospect is speaking to your sales team, rank which sources of information have the biggest impact on their purchase decision.




The most valuable
The least valuable
1
2
3
4
5
6
7
8
9
Industry analysts
0%
5.9%
5.9%
11.8%
20.6%
17.6%
11.8%
19.1%
7.4%
Review sites
2.9%
7.4%
4.4%
5.9%
10.3%
7.4%
13.2%
13.2%
35.3%
Social media content, like posts on Linkedin and Twitter
0%
1.5%
1.5%
4.4%
11.8%
14.7%
20.6%
19.1%
26.5%
Trusted agencies, consul-tancies, tech vendors or other organizations they may work closely with
22.1%
23.5%
19.1%
10.3%
2.9%
11.8%
4.4%
5.9%
0%
Current customer of yours
32.4%
19.1%
14.7%
17.6%
7.4%
4.4%
0%
2.9%
1.5%

Sales leaders view current customers as the most impactful, followed by trusted companies the prospect works with. The AE and the prospect's professional networks are also viewed as having a strong impact.

Sales leaders see partners as impactful throughout the whole sales process, from sourcing leads to closing the deal. This is true whether the sales leader works primarily with partners or they do not.

Key Takeaways

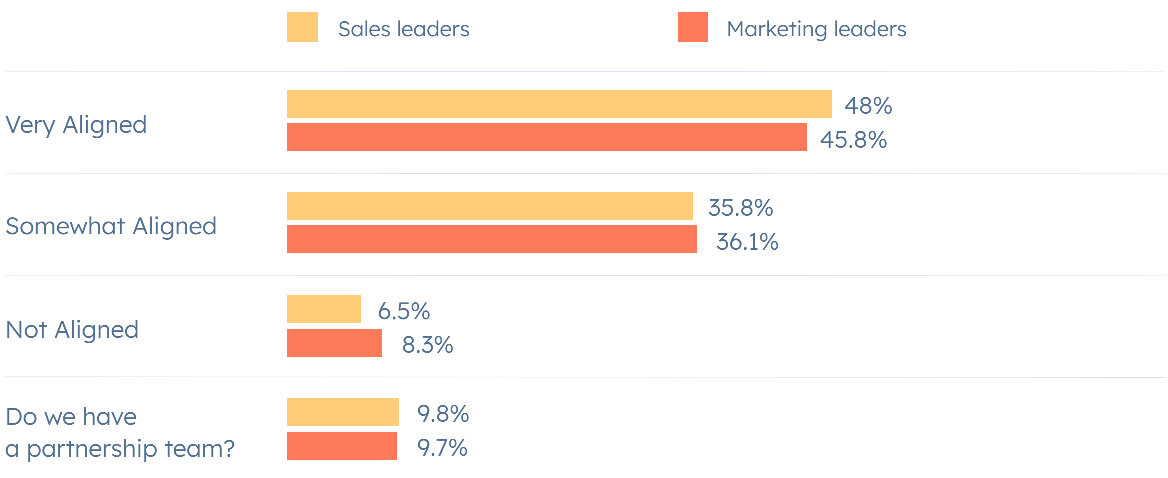
- Sales leaders rank partner-sent leads as more valuable than marketing, SDR, and AE-sourced leads, and less valuable than customer referrals in terms of their likelihood to close and LTV.
- Nearly 73% percent of sales leaders report using partner data in prospecting with 51.6% of those finding it to be slightly more accurate and 39.7% finding it to be significantly more accurate than third party data.
- Almost 93% percent of sales leaders report that their reps are collaborating with partners to close deals. Most leaders believe that partner-attached deals are at least 26-50% more likely to be won than average.
- Around 61% of organizations report that they do not provide financial incentives or KPIs for their reps to work with partners.
- Once an AE is speaking to a prospect, sales leaders view current customers as having the most impact on the prospect's decision, followed by trusted companies the prospect works with.

Marketing and Sales Alignment with Partnerships

Nearly half of marketing and sales leaders report being very aligned to partnerships. This is true whether it is marketing or sales leaders, and whether the respondent works primarily with partners or they do not.

Between 45% and 49% of these different segments report that marketing or sales is "very aligned" with partnerships, which makes it the most popular answer across the board.

How aligned is your partnership team with your function at your organization?



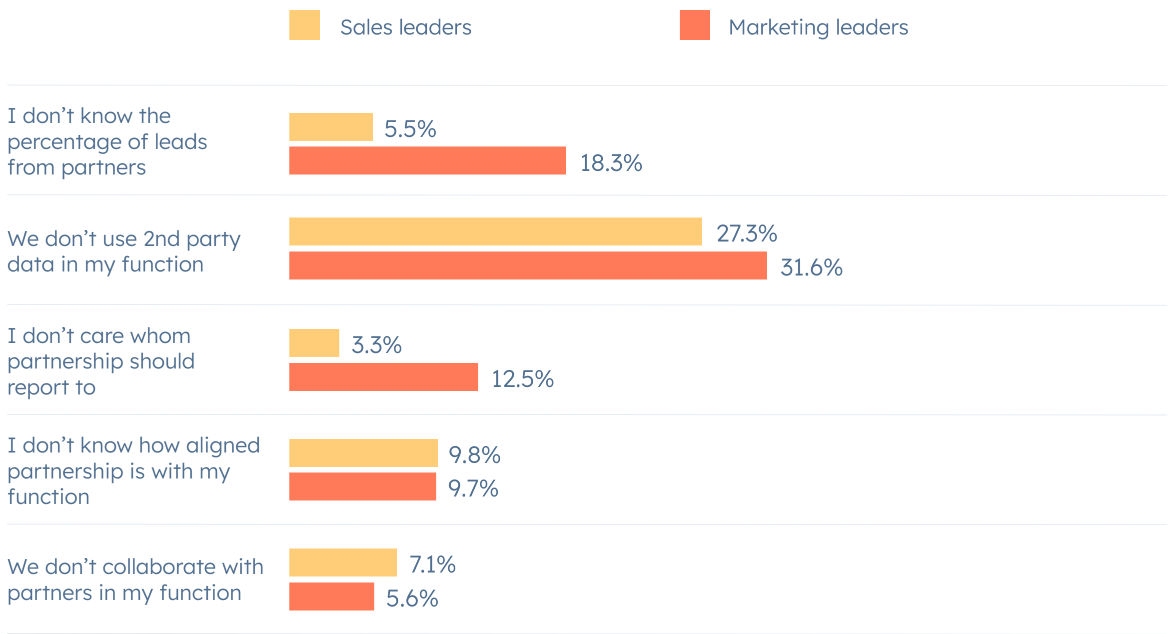
Despite the most common answer being that marketing and sales are very aligned with partnerships, over a third of organizations are only somewhat aligned.

Between 45% and 48.9% of marketing and sales leader report that marketing or sales is "very aligned" with partnerships at their organization.

Even further, 17.8% of marketing and sales leaders who do not work primarily with partners report not knowing if there was a partnership team. A little over 10% of partner marketing and sales leaders report they are not aligned with marketing and sales, which compares to 4.7% of non-partner marketing and sales leaders who report they are not aligned.

In general, marketing is somewhat less aligned or involved with partnerships than sales. This may be because partner teams are most likely to report to a sales leader, resulting in better alignment and awareness.

Marketing and Sales Lack of Involvement with Partnerships



Comparing all the responses of the marketing and sales leaders who primarily work with partners to the responses of the marketing and sales leaders who do not primarily work with partners, there is clearly a perception gap in the efficacy and effectiveness of relying on partners to go to market.

Partner marketing and partner sales leaders are more bullish on partners than non-partner marketing and sales leaders. But this difference is one of emphasis.

For example, when asked if partners are becoming a more or less effective channel for reaching audiences, partner marketing and sales leaders and non-partner marketing and sales leaders both report that it is. Fewer than 6% of non-partner leaders and fewer than 2% of partner marketing and sales leaders report that partners are becoming a less effective channel.

> Nearly 47% of non-partner marketing and sales leaders believe partners are becoming a slightly more effective channel, and nearly 34% believe it is becoming **significantly more effective.**

But partner marketing and sales leaders are twice as likely to say 'significantly more effective' than non-partner marketing and sales leaders with 33.9% of non-partner sales and marketing leaders reporting they are becoming significantly more effective while 67.4% of partner sales and marketing leaders report that sentiment.

Non-partner marketing and sales leaders most frequently select that partners as a channel are becoming slightly more effective, with 46.6% of them selecting that option. This compares to 25.6% of the time for partner marketing and sales leaders.

Most marketing and sales leaders think the partner channel is becoming more effective, that partner-attached deals are more likely to be won, that partners are in the top two impacts on prospects prior to talking to sales, and that partner-sourced leads are more valuable than average.

But there is a divergence on how much more effective partners are when comparing those who primarily work with partners and those who do not.

To fully leverage the value of the partner channel, organizations will have to close this perception gap and build greater alignment and transparency across marketing, sales, and partnerships.

In addition, despite partner leads and campaigns being seen as more valuable than average, many organizations still only source a relatively small amount of leads and allocate a small percentage of their budget to partners. Increasing alignment and investing in scalable practices around partners will likely help organizations see better returns from partners.

Key Takeaways

- Between 45% and 49% of marketing and sales leaders report that marketing or sales is very aligned with partnerships at their organization.
- A substantial minority of marketing and sales organizations are only somewhat or not aligned with partnerships.
- Most marketing and sales leaders agree partners are becoming more effective as a channel and partner leads, deals, and campaigns perform better than average. But those who primarily work with partners see the increase in results from working with partners as more significant while those marketing and sales leaders who do not primarily work with partners see it as more slight.

Perspectives

05

Building Alignment and Leveraging Data to Drive Growth with Partners

Interview with Giancarlo Lionetti, CRO, Zapier

As a former CMO, what do you believe are some of the ways that other CMOs can get partners more effectively marketing on their behalf?

As a former CMO, I understand the importance of leveraging partners to drive brand, reach, and revenue. In today's ever-changing landscape, marketing organizations must view partners as a crucial component to their many marketing efforts.

To effectively get partners to market on your behalf, CMOs need to focus on building solid relationships with partners by understanding their partners' business goals and providing them with necessary resources, such as sales and marketing collateral, training, and data analytics.

I'd also recommend creating a feedback loop where partners' needs are heard and addressed is essential for building trust and loyalty. CMOs can leverage partners as a critical marketing channel to drive brand, reach, and revenue by providing the right resources, content, and incentives.

Is there a good framework for selecting partners that are the most beneficial to creating demand with?

The most important thing is to be clear on WHY you want to use your partner network as a channel. When you understand this overall goal, you can be able to find the right partner fit, reach, expertise, value, and performance.

What are the most effective ways for partners to assist a direct sales team?

Partners can become a logical extension of your sales organization. I like to call it "Sales at Scale," and if done right it can be a huge success.

In practice, it can take shape in several different ways, like partners referring potential customers to the direct sales team through targeted marketing campaigns or customer referrals, working with direct sales teams to co-sell products, providing marketing support, and most importantly providing direct customer feedback to the partner to help improve the sales process, user experience and much more.

Is there a framework for deciding at what growth stage an organization should incorporate partners into their sales motion?

There is a framework that I have used in the past called partnership readiness model. This model works, but the most important thing to recognize is this framework could work differently across organizations and products as it really focuses on the maturity of the product, maturity of the go-to-market programs and target audience.

How do different partner types help accelerate direct sales? Which are most important in B2B SaaS?

The different types of partners that can help accelerate direct sales will vary depending on the organization's sales strategy and the products or services being sold. In B2B SaaS, several partner types are typically used to accelerate direct sales — alliance, tech, implementation, referral, and reseller partners.

In my opinion, the two most important partners are alliance partners, which can develop joint go-to-market strategies and co-selling opportunities and are effective for targeting large enterprise customers or complex sales environments, and tech partners, which can offer native integrations into the organization's products or services, making it easier for customers to use and adopt them.

The other types of partnerships I believe can get results, and are extremely practical, are implementation partners, those that can provide implementation and integration services to ensure a smooth customer experience, referral partners, which focus on getting potential customers to the direct sales team, and reseller partners, which can sell the organization's products or services to their customers — making them particularly effective for targeting markets or regions where the organization does not have a strong presence.

How can you use data and technology to optimize the collaboration between direct sales teams and partners?

Three areas come to mind when thinking about using tech to optimize partner and sales relationships. First, organizations can leverage data analytics tools to identify potential partners based on their fit with the organization's products, services, and target market.

This can ensure that the organization is partnering with the right companies and individuals who can provide the most value.

Second, data analytics tools can also be used to track the performance of partners and direct sales teams, and to analyze sales data to identify areas for improvement. This can optimize sales strategies, refine sales processes, and increase sales effectiveness.

Lastly, collaborative platforms such as CRM software or partner portals can be used to facilitate communication and collaboration between direct sales teams and partners.

At Zapier, we have a unique advantage because every customer uses our partners' products integrated within automated workflows. We collect data on which integrations are popular, growing, and how customers find value within use cases.

We use this data to inform our sales teams and help prospective customers find success using our partners' products and Zapier. This data is fundamental to our sales team as they use it to understand how our partners' products work and where customers find the most value in their automation.

We also use this information to identify knowledge gaps and we'll then work directly with our partners to address those issues. The reverse is also true for ensuring that partner sales teams know how to answer customer questions about Zapier and when to send them our way.

What are some best practices for creating alignment across direct sales teams, partner teams, and partner organizations?

The area I see most people get tripped up is by failing to create alignment across direct sales teams, partner teams, and partner organizations.

At Zapier, our north star for product partnerships is to expand partners' product utility through Zapier's integration ecosystem, which in turn will ultimately increase the value for our shared customers.

To ensure this, we provide training and resources to partners and direct sales teams so that everyone has the necessary knowledge and skills for success. This type of alignment creates a shared incentive to grow Zapier adoption, driving goal-setting, prioritization, and investment within the partnership.

06

A Partner Strategy for SaaS Resellers and Services Partners

By Channing Ferrer, Chief Sales Officer, Semrush

When formulating a partner strategy, consider that different partner types will help meet different business objectives. Services partners differ from resellers as resellers own the end-to-end customer experience, while the services partner model allows a SaaS company to remain connected to the customer through the direct sales and customer success teams.

There are use cases for both these models, and understanding how resellers and service partners contribute to a SaaS company's objectives can ensure that these relationships drive growth over the long term.

Resellers as a Secondary Go to Market Strategy

For SaaS companies, the primary challenge with resellers is they own the whole customer experience. This makes a SaaS company very dependent on third parties in a way that can be complex to successfully manage. But resellers' end-to-end involvement can also be an opportunity. With resellers, a SaaS company can invest their selling and support resources elsewhere and rely on resellers to navigate and own a particular market.

When the end-to-end customer experience is outsourced, a SaaS company loses the ability to respond to negative customer experiences or to sell to renewal and upsells. They also become farther removed from customer feedback, which can undermine the long-term growth of the company if the right processes are not put in place to collect and respond to customer feedback.

In key markets, SaaS companies will often wish to retain a higher level of control of the customer experience.

In my experience, the best place to leverage resellers is when you are trying to sell in different geographies, specifically certain countries that may require unique GTM strategies that do not overlap or countries that have challenging payment standards and/or tax policies. If you are based in North America, for example, standing up a direct sales team in a number of different countries can be operationally difficult and, in some cases, incredibly, if not prohibitively, expensive.

Internationally, you see a wide variety of languages, business practices, priorities, tax policies and laws. The same direct sales approach you are using in North America can not simply be duplicated in Japan and India, for example.

And nor can one take an approach that works in Japan and apply it to India. Buyers in Japan are usually prioritizing enterprise-proven products with longer term relationships, for example, while buyers in India are prioritizing lower costs and will more frequently explore new solutions.

Resellers in those regions often understand the nuances of their local markets extremely well and better than a company based in North America would be able to.

There can also be significant financial and tax challenges selling internationally that relying on resellers can alleviate. Brazil, for example, has complicated tax regulations. Resellers are familiar with these regulations and how to best navigate them.

Co-selling with Services Partners

In order to be successful with partner co-selling, a company needs to understand where the partner fits in the customer lifecycle. The economic reality is many partners do not see commissions as a sufficient revenue stream to justify co-selling with SaaS companies.

Service partners are often motivated by the professional services that they can build around a SaaS product, from implementation to ongoing services. Different partners will offer varying types of services and price points.

SaaS companies need to understand which partners are motivated by which objectives and what part of the customer lifecycle they should be active in. Define what a good partner looks like for the customer and then determine how to connect them with the customer at the right time. It is important to feed partners with services opportunities or else these partners may leave your ecosystem and focus on competitive SaaS products.

Operationalizing co-sell relationships can be challenging. The commission structure of the direct sales team, for example, can undermine any partner relationship if it is set up the wrong way. If you want partner co-sell to work, direct sales people should not be penalized financially for bringing partners into a deal.

Ideally there should be an overlay with direct sales teams where they can bring in a partner whenever it benefits the customer. Direct sales teams should get paid the same way whether they bring in a partner or not. This limits conflicts and removes incentives that ultimately undermine the customer experience.

Aligning Services Partners with Customer Success and Professional Services

Customer success can also benefit from service partners and their KPIs should be aligned with leveraging partners when it benefits the customer. Partners who provide quality services to customers should lead to stickier customers who are doing more with the SaaS product. This often leads to upsells or cross-sells and the SaaS product becoming more deeply embedded in the customer's tech stack.

SaaS companies should also align their professional services teams with their partners. In-house services teams have the deepest knowledge of the product and should be dedicated to a company's largest, most strategic accounts. They should not be viewed as competitive to the partner, rather complimentary.

This gives the SaaS company complete control over the customer experience for those key accounts; they can ensure that the customer is satisfied and the relationship between the account and the company is strong.

But for the vast majority of customers, partners are a better choice to provide services. SaaS companies do not have expertise in running services so attempting to scale that function from within a product company is difficult.

The Customer Success Manager still needs to remain involved in the account to keep close to the customer. The partner can serve as the primary account manager, but the CSM should be the conduit back to the company on the customer feedback and health.

CSMs should work with partners collectively as a team, keeping their goals aligned around the customer. The CSM can also provide a second layer of support when negative experiences do occur.

While the SaaS loses some degree of control over the experience in this model, they still have a direct relationship and visibility into the account. A reseller, in contrast, might approach a customer at risk very differently than the SaaS company would and the SaaS may never even know about it. With services partners, the CSM would still have the contract and be aware of the status.

Enabling Revenue Teams and Partners to Build Trust

One of the most important components to direct revenue teams working with partners is trust. In the sales motion, the rep has to feel confident that the partner has aligned goals.

Sales might be hesitant to bring a partner in, for example, because the additional cost could slow down the deal. A 10k a month bill might go to 20k a month and the prospect has to go find that additional budget.

Reps need to understand the value to take on that risk. A SaaS company has to do the enablement work to ensure reps see the benefit.

The right incentive structure can also help. In organizations where reps are only incentivized to close the deal, they are going to be less likely to bring in a partner whose primary value is implementing and optimizing the use of the product post-purchase.

Setting up direct sales reps' incentives to include upsells for the lifetime of the account provides motivation for reps to bring in partners when it will help the customer be retained and grow.

The other side of the equation is partners have to be enabled on the importance of speed to close. They need help to run their sales process with an aligned timeframe. Partners that are good at selling will lead to direct sales teams including them more often in deals.

Enabling partners can help create more trust with reps as they see partners are not slowing down or taking over their deal. A good partner directory with reviews from customers can provide another way for reps to feel more confident about bringing partners in.

Direct sales reps will often get comfortable with certain partners and default to them. This can become a problem when the partner they know is not the best partner for a particular account.

Internal partner advocates should work with the sales reps to counteract this tendency. Ensure sales reps are made aware of different partners and the customer reviews of those partners, and help them to match use cases with the right partners. A vetted partner program and directory can help as a filter, and SPIFFs can be offered for sales reps who bring in new partners.

By providing the right enablement and incentive structure, SaaS companies can leverage partners to drive long-term revenues and retention. Partners are not a one size fits all strategy and before investing heavily in partners, a SaaS company should understand where different partner types can accelerate their north star metrics in addition to how to enable the relationships.

This strategic framework ensures that a SaaS company will retain the right amount of control over the customer experience but can still capture new markets and connect the customer with valuable services they are not equipped to provide themselves at scale.

07

The Planning Tax and Partner Campaigns in a Box

Interview with Jon Miller, CMO, Demandbase

What are the best ways to leverage partners in marketing?

For reaching marketing objectives, partners are best for co-marketing and sharing budgets.

Co-marketing is a great way to cross-pollinate your lists. It is the single most cost effective way to get quality new opt-in contacts in your databases. And, if you're at an early stage company, it is a viable solution to the cold start problem.

By pooling budgets, you can do more interesting things. Say you wanted a well-known speaker for an event. By teaming up with three other partners, it is much easier to foot that bill.

When co-marketing, I look for companies with similar ICPs who are not competitive. For example, we built the ABM Leadership Alliance, which is a consortium of companies that co-market around topics of interest related to account-based marketing (ABM).

We teamed up with eight other companies who have complementary solutions to create events and share content.

These programs become part of "campaigns in a box" that each company in the alliance promotes quarterly. Every organization also kicks in a committed budget for the year that goes to creating and promoting the content.

We all share the leads so end up with many more leads than if we had run the same campaign on our own.

Are the traditional marketing playbooks becoming less effective?

The traditional marketing playbook where prospects download content and then the business gets leads and nurtures them to conversion is becoming less effective. Prospects have become indifferent to a lot of the traditional tactics.

This is causing the pendulum to swing back towards brand building and ungated content. It is not as measurable as the traditional playbook but it is potentially more effective.

How important is partner marketing to your marketing priorities?

We have 40 to 50 OKRs and only one is specifically about partner marketing and that is focused on a specific partner. Partner marketing gets only a small portion of the marketing budget. That's not to say it's not important — it is — but it sits amongst a lot of other priorities as well.

What are some of the challenges that prevent you from investing more in partner marketing?

Part of the challenge to leveraging partners is the "planning tax." The coordination with partners ends up taking a lot of time and energy, especially since we already have our own campaigns lined up months in advance.

Once you want to do more than a one-off webinar, your priorities need to line up strategically. Otherwise, you can't create a reliable calendar of joint activities that will meet both of your goals.

That presents a problem as the likelihood that our priorities are the same as a partner's at any given time is low. This year, we are trying to do more with fewer partners as a way to reduce the planning tax.

Another challenge is alignment between partner marketing and business development. Alignment between these two teams usually varies from not great to not bad. Business development teams usually have revenue goals so it is tough to get seamless alignment when you are being judged on different metrics.

Leveraging partner data in marketing is logistically challenging to control and manage. The use case is better for sales. With marketing, data sharing would have to occur in the context of a deep and strategic relationship.

What do you think would make partner marketing more critical to CMOs?

Marketers are always looking for a silver bullet. For a while, it was content and then it was ABM. If partner marketing starts to become a meme in the marketing world in the same way, that is when it would take off and become more of a core tactic.

08

Creating Enablement and Building Relationships to Go to Market with Partners

Interview with Meagen Eisenberg, Lacework, CMO

Where does partner marketing live in your organization?

A strong partner ecosystem is one of the greatest advantages and differentiators for Lacework. Strategically, we reinforce partner marketing from two areas of focus: partner marketing with an emphasis on enabling our partners to shared success with the other focused on traditional Field Marketing and co-marketing activity.

What is the partner enablement team focused on?

Partner enablement is needed much like sales enablement. Within our product marketing organization, we have a partner marketing leader. Partners need great assets to both understand and tell the "better together" story, so we enable teams with kits and packages to empower their selling motions. They need to be trained in the product and to understand how to differentiate it from competitors.

We also provide a pitch deck, FAQs, one pagers, and anything they need to sell the solution. This team is on the sales enablement team because the messaging and brand partners bring to market about our product should be the same message sales is bringing.

This extends to international markets, too. Partnership can be a great way to scale to new geographical markets. It takes a long time to learn the nuances in different international markets so if you rely on partners, you can use their localized knowledge, relationships, and headcount to scale faster. They know the region and how it works and can plug your solution into that market.

Partner marketers should be enabling these international partners to keep the story on brand. They can provide logos, assets, and messaging that is localized for the region. The core brand story should be global even when it is localized for a particular geography.

What do field and co-marketing partner marketers in your organization work on?

Our co-marketing meets potential customers where they are–whether it be field or virtual events, email, or social. Co-marketing is a great way to work with partners who share a similar ICP and pool leads.

A typical format might be three or four partners team up to put on an event together and each partner invites their relevant network and database. This drives registration and then each partner gets their brand in front of the event attendees as well as access to the list of registrants.

As long as you collaborate with partners where there is a strong better together story, co-marketing can be a cost effective way to attract and engage prospects.

What are some other ways partners can help marketing's core objectives?

Startups can partner with larger companies to grow brand equity and awareness. If you partner with AWS, for example, it can lend you immense credibility as a startup.

To foster successful partnerships with larger companies, you have to be a good partner. There has to be something in it for the larger partner. Bringing new customers and new usage will often be the most compelling thing you can offer. When I was at MongoDB, for example, partnering with large cloud providers, we were the most popular database being downloaded and brought a high volume of customer demand.

We also had a strong “better together” story. If your product is adding something key to the larger partner’s offering or platform that others do not have and customers want, that is another way to accelerate your growth.

How else can startups get larger partners’ attention?

Hiring people who are experienced in a particular ecosystem can go a long way to driving results. There are partner leaders with 20 years experience and longstanding relationships built on trust. It takes time to build trust so if you hire someone without experience in an ecosystem, it’s going to be a longer process. The person with existing relationships will be able to reach the right people and get their company prioritized.

In marketing, more companies are looking at owned communities and media as a way to grow. How do partners fit into those plays?

Partners can participate in both community and media strategies. With owned media, the most important objective is that people want and consume your well laid out content. There is a lot of noise out there now so you have to make it easy to find and digest. Partners can be a great resource for creating engaging content that resonates with your ICP.

With communities, partners can be active participants in an owned community. At Navan (formerly TripActions), for example, we had a community related to travel and expense management with our partners, who were airline and hotel suppliers. They would help answer questions in the community. This made the community stronger and enabled them to form better connections with our customers.

What is your advice for optimizing app marketplaces as a channel?

Marketplaces are increasingly valuable as a channel. If you can get featured in an app marketplace, it can drive a large number of leads and brand awareness. To convert those leads, automate the follow up. If the leads go to your sales team, make sure the hand off is seamless and there is an SLA around their follow up time.

Getting featured in a marketplace is often relationship and story driven. Some apps will be there just because of volume, but if you develop relationships in that ecosystem and are seeing early signs of hypergrowth, it can result in your app being featured even when you are relatively small. We were fortunate to have this at DocuSign in Apple's app store.

In a business's growth journey, when should they consider investing more in partners?

Partners can be a successful way to scale a business. Organizations may invest in partnerships if they have a small sales team, want to go global, or enter new industries or verticals. Partners understand and have relationships with the buyers in particular geographies and verticals so it can accelerate your growth much more quickly to rely on partners for these types of market expansions.

Another time to invest is if your buyer is an enterprise who will only purchase on partner paper or through credits in a marketplace. You will need to build the marketplace relationships and structure the terms.

Be upfront about where you are on the product lifecycle and product market fit. If your product is at a very early stage, find partners who are happy to experiment or have a high risk tolerance for new, innovative products.

What is the best way to prioritize which partners to invest in?

Ultimately, you should select the partners who are going to bring you the most revenue. To figure that out, look at their funnel and who they are serving, and understand how it overlaps with your business. They should have their own attribution and sourcing defined. Conduct due diligence to understand the quality of their work and their reputation in the industry.

Once you launch a partnership, make sure everything is being tracked through the funnel so you can understand how much revenue each partner is bringing in.

What advice would you give organizations looking to grow their partner program?

Partners need to be watered and fed. You have to invest in their enablement and growth or it won't work. Some people think partnerships should only take 6 months to show results, but that is not realistic. It takes time to enable partners and to ramp up the motion, usually 12 to 18 months. You have to invest in partnerships and then measure. If you get it right, you can scale fast.

You should also have clear rules of engagement so partners and sales do not have channel conflict. Set up processes and rules so that it is easy for everyone to align on targets and find the green space.

09

The Importance of Alignment and Enablement

Interview with Keith Rabkin, CRO, PandaDoc

What are the most effective ways for partners to assist a direct sales team?

There are two that come to mind, co-selling and direct lead funnel. Co-selling can be fantastic when there are strong relationships, strong incentives, and product market fit connections. Lead funnel works when partners have existing customer interactions and can drive them to the direct sales team for lead close and better information.

How are the type of partners and the type of value partners are bringing to the sales process changing?

I think we are seeing more specialization around tech stack, vertical, or platform. As an example we see MSPs that focus specifically on Azure or agency partners that work predominantly with HubSpot. These means there is more opportunity for deeper engagement on specific tech stack solutions or more vertical expertise that can be developed.

Is there a framework for deciding at what growth stage an organization should incorporate partners into their sales motion?

We use Zones To Win. It's a very intuitive framework and easy to implement. For us that means you still bring in partners early but keep them ring-fenced until it is repeatable and scalable.

What are some of the best practices to ensure that partner-sourced referrals are high quality and fully leveraged?

I believe in strong partner enablement. You have to make sure your partners know what type of customers your solution works for. There is a desire to open the funnel broadly since you're investing in a partner, but if you jam through sub-par prospects it doesn't do the partner or you any good. Start specific and let them know who the best fit is - will also help you find the right partners.

How do you enable sales teams to effectively attach partners to their deals?

Internal enablement, make the systems easy, clean data. Clean data is usually the problem I have seen. Also make sure the left hand talks to the right - the partner team needs to understand sales and over communicate. Set up win-wins so teams can benefit together.

How do different partner types help accelerate direct sales? Which are most important in B2B SaaS?

I think it's hard to generalize here. Different types are more ideal for different selling motions, complexity, target markets. Some will depend on the specific type of B2B software too.

How can you use data and technology to optimize the collaboration between direct sales teams and partners?

We haven't found a good way. This feels like it could be an area for a smart startup.

What are some best practices for creating alignment across direct sales teams, partner teams, and partner organizations?

Shared OKRs is my favorite.

What are the best ways partners can help accelerate a low or no touch sales process?

To me this is two fold, if they understand the ICP they can drive high quality traffic that closes through self-serve.

On a more complex scale, I think a reseller model is highly effective. I have seen this in previous companies where they closed the deals for us, making it extremely low touch for the company itself.

10

Partnerships' Impact and Internal Alignment

By Karan Singh, Partner, Revenue Excellence, Sapphire Ventures

How has partnerships as a business model changed in the last five years?

A partnership strategy has become more and more relevant. Organizations are partnering in a variety of different ways to drive value and efficiency.

Resellers, for example, are great for entering new geographic markets where it would be too expensive to learn and tackle the local markets and laws. SI and service partners help to drive retention without the company having to spin up an expensive professional services team. Technology partnerships and marketplaces drive retention and upsells.

There is a lot of organizational efficiency in pursuing a partner strategy, and, in this economy, the number one thing people care about is efficient growth.

Partnerships has acquired more discipline as a function and it has a bigger role in the C-suite now. But it is still proving out its value in terms of how it can not just source revenue, but also influence it.

Ten years ago, marketing was in a similar place. Most organizations did not understand the idea of marketing influencing buyers along their journey. They just looked at sourced leads.

But now organizations understand multi-touch attribution and how marketing can influence prospects and customers, not just source them.

Partnerships is having the same conversation in terms of demonstrating partners influence the customer - they are just much earlier in the journey.

Do you see a Chief Partnership Officer joining the C-suite soon?

I do not foresee a Chief Partnership Officer in the C-suite any time soon. Instead, the CRO will listen more carefully to the leaders who are running partnerships and channels. They will have a seat at the table and its importance and its remit is only continuing to elevate.

Laura Padilla was at Zoom running their entire business development and she articulated it as being a GM. She owned the entire indirect motion and that is equivalent to being a CEO of a company with 600 million in revenue.

But CROs typically come from a sales background, and I do not see that many coming from partnerships. The CRO will continue to be a mile wide and an inch deep, and the partner leader will be a trusted voice, but not a peer.

And when there is not a strong partnership leader at an organization, CROs will often just go direct because that is what they know.

Are marketplaces becoming a stronger GTM channel?

Marketplaces are a force multiplier. Either you are the platform with the marketplace or you are building to the platform. You need to know which you are trying to be. If you're the platform, you need a strong partner strategy to get developers building on top of it.

At Procore, the marketplace was a competitive moat. Customers could find all the solutions and workflows to extend the core platform and to keep their data with Procore. It becomes really hard to migrate off a platform when you have dozens of integrated apps and workflows.

How can organizations improve their current GTM strategies?

The best GTM strategy does not need big innovation; it requires doing many small things really well. The two big areas of opportunity are in handoffs and measurements.

We have sales led growth, product led growth, partner led growth. We have marketing and customer success. All these should be part of a GTM strategy. You should understand all the horsemen of GTM.

But there can't be giant brick walls between the different functions. You need to build seamless handoffs. A partner lead registration should automatically go to sales, and sales should diligently follow up, for example. Users on a freemium product should not encounter friction if they need to speak to sales in order to upgrade.

To build these seamless handoffs, you have to understand the customer journey. You should align with how customers want to buy, not how you want them to buy.

By understanding what your customer wants, you can layer these different motions in the right place.

The second area is measurement - really nailing attribution and tracking. That is the only way to know what is working, especially at scale.

This is oversimplified, but few companies successfully build frictionless handoffs across the customer journey and measure it effectively. Doing those two things can drive tremendous GTM success.

How should partner leaders measure their program's impact?

It is a common challenge for partner leaders not to know how to measure success. The C-suite may come to them for results and they will say they sourced 1 million dollars in deals and influenced 50 million. The C-suite will say 'well what does that mean that you influenced 50 million?'

As a partner leader, you should be very intentional about how you measure and attribute success and communicate that within your organization. Most people do not know what partners do.

You need to get buy-in and alignment early - do not want to wait until you are reporting results or the C-suite is looking to cut programs to try to make the case. Go on an internal roadshow and explain how partners both source and influence revenue. Lay out the cost savings around operational efficiencies versus doing everything direct.

Everyone's sourced revenue is going down because of the economy. Being aligned around influence and cost savings can protect the function.

Ultimately, as a partnership leader you need to be able to articulate the vision of how partners drive value and how that is measured if you want to be a core part of the GTM strategy.

11

Partnerships in the GTM Engine—Optimizing Revenue and Avoiding the Pitfalls

By Matthew Ward, Managing Director and Partner, and Stephen D'Angelo, Partner and Associate Director, Boston Consulting Group

Partnerships have become increasingly important for software as a service (SaaS) companies in recent years. In the highly competitive world of SaaS, partnerships offer a way to expand market reach, diversify revenue streams, and enhance product offerings.

A significant benefit of partnerships is their ability to extend the reach of a SaaS company's product or service. Partnering with complementary companies that share similar target customers provides an opportunity to market to a larger audience, which can help drive sales and increase revenue. By leveraging each other's customer bases, both companies benefit from increased visibility and market share.

Go-to-market (GTM) partnerships come in several forms, including reseller, co-sell, and referral, and they must be executed with best practice playbooks to achieve the desired results. In this article, we will highlight our experience in building very successful partnership ecosystems, and some of the challenges and risks your GTM team may experience. Partnerships offer the opportunity for companies to diversify their revenue streams. By diversifying revenue, SaaS companies can better manage risk and ensure a more stable business.

In SaaS GTM, the relationship between marketing and sales is well established. At times, the relationship can be contentious, but both functions exist in a broadly accepted framework where marketing owns the top of the funnel and passes leads on to sales. When sales and marketing leaders commit to building a relationship and best practices are enabled, revenue optimization occurs and everyone wins. The same dynamic exists within the partnerships and customer success functions. In the past, neither was taken seriously as a GTM enabler, but over the last several years, companies have recognized the significance of both to a successful business. Today, experienced executives lead these teams with the goal of aligning with sales leadership to meet revenue objectives.

A challenge when creating a high performing partnerships program within a successful GTM engine is that many GTM leaders don't want to interfere with the established playbook. They see risk in altering the current successful sales motion.

This problem exists in startups and large companies alike. In large companies, the problem is more significant because it can impede the introduction of new GTM models. But, when executed properly, partnerships can help SaaS companies create a more robust ecosystem around their product.

By partnering with other companies, SaaS companies can create a more interconnected network of solutions that better addresses the needs of their customers. This is more attractive to potential customers and builds brand recognition and trust.

To overcome perceived risk, GTM organizations and potential partners can agree to run a pilot to confirm they can prove out significant value. Once data exists to show the motion works, it can be scaled out.

For companies born in the cloud, the GTM focus starts with direct sales and marketing and then migrates to partnerships. In hardware and legacy tech companies, the partnership framework is typically created with resellers and distributors. These hardware companies are now building cloud arms and often try to take the reseller framework to the cloud.

For example, communications, telephone systems, and video conferencing companies had been run by hardware and on-premises software. They now are attempting to shift to SaaS, but tend to directly extend the old reseller and distributor programs and find that these programs do not translate to the modern SaaS business model.

Entrenched players in hardware and traditional on-prem software often misjudge their partner strategy and execution. They believe they have the partner playbooks and motions optimized, but they have not effectively updated them.

Companies that are accustomed to going to market through demand generation and direct sales may encounter channel conflict when they try to introduce partner referrals to those motions. An example of this is conflict as to who sourced a lead or deal opportunity.

Companies that aren't diligent on process and rigor can find deal registration to be sparse. Sales can be skeptical of partner leads and their quality, because proper checks and balances are often not put in place. At its most simple level, when a lead is delivered, there should be an SLA on speed and frequency of follow-up. For partner leads, one expects a warmer hand off, but optimization of the direct sales team time requires rigor around qualifying the lead and following up.

A best practice that companies often fail to follow is determining SLAs. If they do, they often fail to ensure that the partner and the company are each adhering to them. If the data shows that the leads are not high quality, a company can either coach the partner or consider terminating them from the program.

Another pitfall is a lack of diligence in maintaining your CRM. If your CRM is not well maintained and has "dirty data," it is very difficult to determine the effectiveness of your partner execution. For example, the system can flag a lead as new when it is in fact already being pursued, or can reject a partner lead as already owned when it is not.

This results in disputes between partners, partner teams, and direct sellers. A partner team might accept a lead, not knowing the seller is already working on the opportunity. The culprit could be a rep's failure to log the meetings or “dirty data” in the CRM, but overall, the lack of rigor breeds distrust. These types of disputes lead to conflicts that lack jointly accepted resolutions. Effective processes can avoid this situation and help your partnership program prosper.

System Integrators (SIs) and Implementation Partners

Many larger companies are beginning to consider bringing SI’s services back in house. The core challenge, especially around more complex systems like CRMs or ERPs, is that an SI introduces a game of telephone. The direct sales team may sell one project which the SI then implements differently.

When these problems occur, SaaS companies have in-house teams to address and resolve them. Ultimately, the in-house teams have a stronger interest in customers capturing value from the product than SIs do. In-house services teams give organizations more control over the remedy when a discrepancy occurs between what sales promised to the customer, and the customer’s own budget or timeline. They have vested interest in satisfying the customer.

One possible solution is to introduce the SI earlier in the sales cycle. There have been multimillion dollar implementations during which the SI was not involved until late in the cycle and the SaaS salesperson had already set the customer’s expectations.

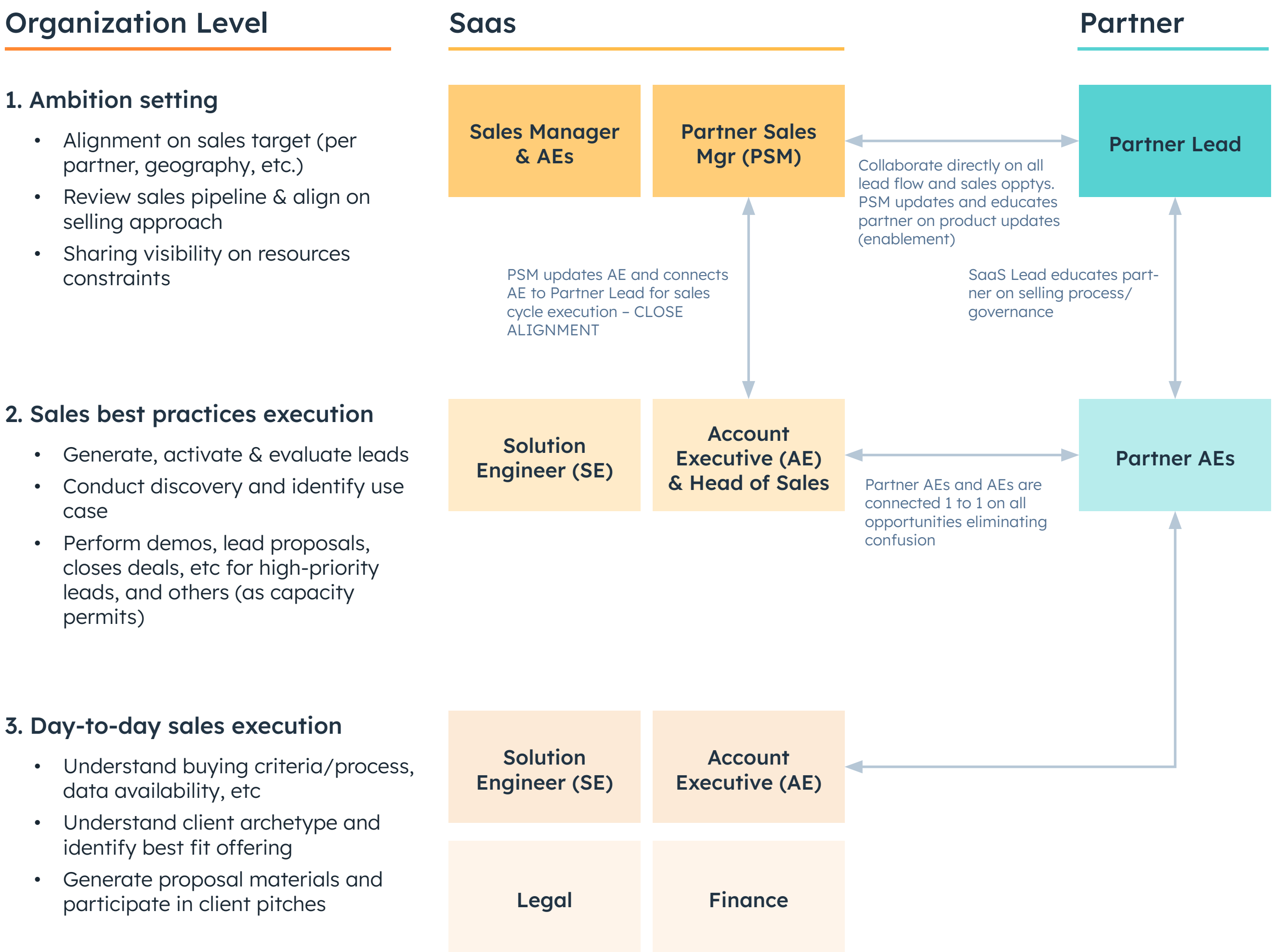
Another approach is to hold SIs accountable for value capture. This gives them a vested interest in ensuring the customer hits milestones and sees value out of the product. With a traditional SOP, SIs may only be incentivized to add very costly services. Making agreements milestone-based can avoid this problem. Here, the SI must demonstrate achievement of the milestones in order to achieve full compensation. Value capture payments could also be added, which is a win for the customer, the SI, and the SaaS company.

Putting the right incentives on the direct sales team can also better align a company’s interests with their Sis and implementation partners. Financially rewarding sellers when their accounts are successful after 30, 60, or 90 days prevents them from overselling. It holds them accountable to quality results. This reduces potential disputes between the customer, the organization, and the SI implementing the customer's system.

As we work with our clients, a strong correlation emerges between well-defined processes and a successful partner program.

For example, this illustration shows how a SaaS company and a partner created responsibilities together to ensure 100% clarity around what drives success. This responsibility setting was agreed upon by the GTM executives of both organizations.

In the short-term, target sales organization consists of a three-level organization with Partner and SaaS.



The next step they took was to define the responsibilities of each of the field sales teams, first as they pursued an opportunity and then during implementation. As the illustration demonstrates, much diligence went into defining the proper process.

SaaS & Partner collaborate closely at each step in the sales process.

Process	Stage	Step	Description	Involved	
	Stage 0	Ambition setting	Align on sales target (# clients, etc.) and follow-up on commercial progress – Marketing Leads	SaaS Partner	
Sales process*	Stage 0	Idea/prospect qualification & basic discovery call	Identify prospect and conduct exploratory call – Obtains answers to important project questions	Partner	**Focus of Commercial** Operational routine on sales process ("Weekly sales review")
Sales process*	Stage 1	Lead qualification & deep need discovery	• Provide basic qualifying info on the prospect • Conduct discovery call to clarify client need & use case • Understand buying criteria / process	SaaS Partner	
Sales process*	Stage 2	Evaluation & Demos	Validate data availability, demo specifically to prospect needs	SaaS Partner	
Sales process*	Stage 3	Proposal	Present proposal, ROI, and follow up demos	SaaS Partner	
Sales process*	Stage 4	Agreement/ negotiation	Finalize scope, timeline, budget, and legal contract – Legal team engagement	SaaS Partner	
Delivery process		Set-up data integration, matching EF	• Setup • Data ingestion • Map activities to activities and all set up steps	SaaS Partner	Operational routines on delivery process ("delivery touchpoints")
Delivery process		Decision-making tools	Abatement levers setup, Simulation...	SaaS Partner	
Delivery process		Consultancy delivery	Deliver strategy consulting services according to scope of the project sold	Partner SaaS	
		KAM, Upselling & cross-selling, Support	Nurture client relationship with regular check-ins, especially to identify upsell opportunities	SaaS Partner	

*Sales process stages are tracked in our CRM so pipeline reports reflect accurate status of all sales cycles and partner engagement

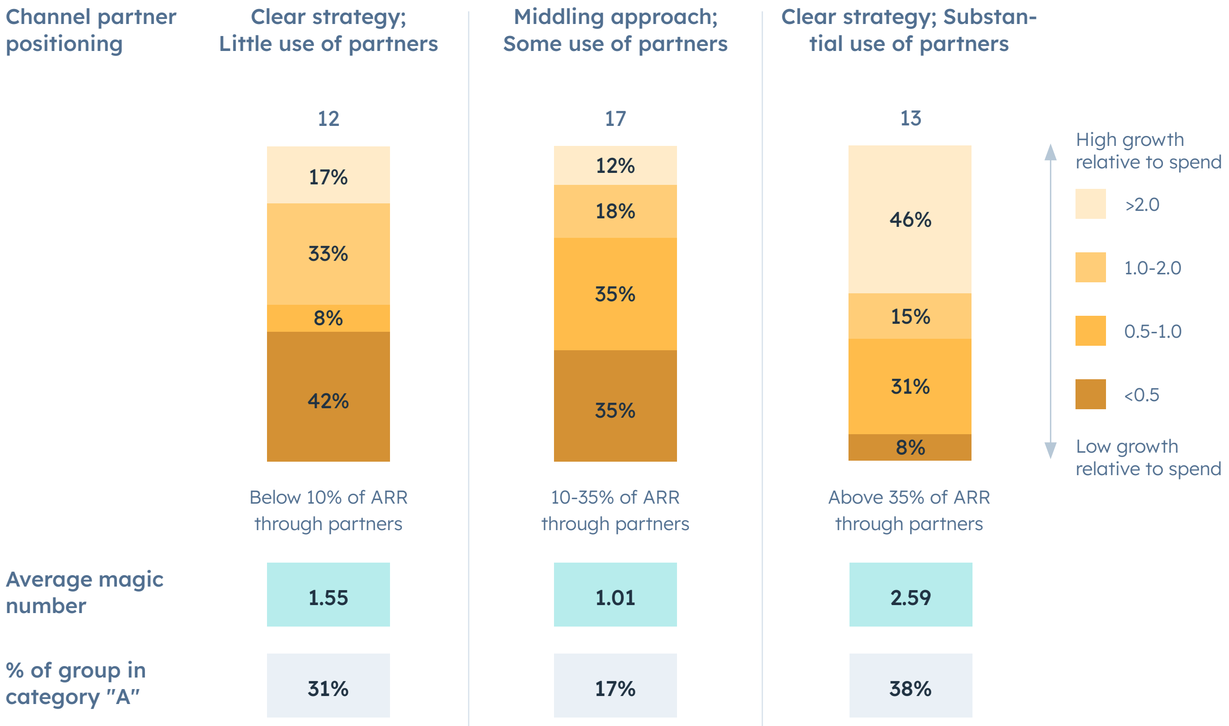
Our analysis found that a clear strategy and well-defined processes are essential for maximizing the benefits of channel partnerships.

As shown below, companies that held a firm position of barely using partners (relying on them for less than 10% of sales) and companies that chose to drive significant sales through partners (relying on them for over 35% of sales) had higher magic numbers than software outfits that have adopted the middling, halfway in and halfway out approach. The best approaches to channel partnerships carefully consider adjusting costs of sales with returns, while also prioritizing value capture, because margins can suffer if sales incentives and agreements are misaligned or poorly managed.

A higher use of channel partners reported higher magic number than other survey respondents.

Magic number vs share of ARR fully transacted or influenced by partners

Q: Approximately, what percentage of the [company/unit]'s ARR came through the following channels over the LTM? [Direct, ecommerce, with partners, fully through partners]



Note 1: Magic Number calculated as LTM incremental ARR divided by LTM S&M Spend
Note 2: ARR through partners includes ARR fully transacted by partner end-to-end and ARR influenced by partners

In conclusion, partnerships have become essential to the SaaS business model. They allow SaaS companies to expand their market reach, diversify revenue streams, and enhance product offerings. By partnering with complementary companies, SaaS companies can create a more comprehensive solution for their customers, which benefits both the individual companies and the wider ecosystem.

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The Challenge and Opportunity of Partnerships

By Doug Landis, Growth Partner, Emergence Capital

You invested in Impartner, a leading PRM, over 5 years ago. Why did you invest in that solution?

Our thesis around Impartner is that partners drive a tremendous amount of revenue for organizations but they have always been secondary in the go-to-market strategy.

They have been considered icing on the cake or the cherry on top, but not core. As someone who has worked in sales, I know partnerships are super valuable but they are also incredibly complex.

Partners can provide a tremendous amount of reach and growth, but with that comes a ton of complications and processes. Companies need to figure out how to keep partners on message about the product. They need to align expectations with partners and keep them aligned over time. This is much more challenging when the person is not down the hall from you.

This problem is wildly underserved. If organizations can better coordinate and align with partners through technology, it unlocks a tremendous amount of revenue. That is why we invested in Impartner.

What are some of the other challenges to leveraging partners to go to market?

When you are on the direct side of business, partners can be great to get you into an account and they can also be a pain. A direct sales person may have worked a deal for months and then the partner comes in at the end and it turns out they were working the same account and they want to process the transaction on their paper.

Channel conflict is a very real thing. And you don't often think of it until you are in the middle of a conflict. When I was a prior SaaS company, we signed a huge deal with a large tech company to resell our product. They were given a great deal to offer our SaaS at a lower price.

What ended up happening is the moment they found out our direct sales team were in a deal, they would swoop in and offer the lower price. This kind of cannibalization is demoralizing for the direct sales team and partners are just closing deals that would have been closed anyway at a lower price.

In order to leverage partners successfully, organizations have to figure out how to control incentives and prevent channel conflicts.

How will the current economic challenges impact the partner motion?

When the economy is frothy, partners are considered bonus revenue. The direct team is crushing it. Technology partners are different because they are adding product value and that is evergreen. But if you are a partner selling, then you won't get a lot of attention when the economy is strong.

When the economy is bad, resellers get a ton of attention because everyone is trying to cut costs. They need to expand their reach without adding headcount. If managed and approached properly, partners can help you grow quickly. You can double and triple your revenue much more quickly if you have partners selling for you.

Why does leaning into partners during troubling economic times not last when the economy recovers?

In good times, the VP of Sales or CRO pulls back from this because they want to maintain control. Direct teams can be controlled much more easily than partners can. They can be trusted because they are there in the same office every day. You can keep tabs on what they are doing and you can control their incentives.

Partners have their own goals and incentives, and you can't control them. You may not even know when they change.

Over the last 5 years, partner enablement and engagement has gotten 10 times better. So the trust gap has shrunken. But sales leaders like to control their own density and so they over-index on maintaining control.

When partners are bringing in revenue and closing deals, everyone loves them. But if one thing goes wrong - a bad deal, a messy implementation - sales leadership is much more critical of partners than they would be if their own team did the same thing. They are very quick to judge and that is because it plays into their fears about lack of control.

At what stage do you see organizations investing in partner led growth?

Most of our Series A companies are not thinking about partners. They are selling direct. What we've seen is it's around mid to late Series B where they have capacity and a need to think about ways partners might add both revenue and reach for the business.

There are exceptions. For example: we have a Series A company that built a data transformation product. They built it for several big data companies and as a result knew they needed a partnership team to manage these strategic relationships, right out of the gate.

In general, we do not look to invest in companies that are built solely on another SaaS platform. The reason for that is that it has an incredible amount of dependency. The platform company can render you obsolete with code changes, and they can force you to sell to them at a lower price. Which if you are successful, they are apt to want to do.

There are some verticals that are dominated by partner selling even early on in their growth. Security products, for example, are generally sold through the channel. Direct sales teams are small and companies mostly have channel managers.

Partners should be more commonplace, more part of the core DNA of the go-to-market strategy. But you need leaders to manage and enable partners. It has a lot of complex operational, process, and trust challenges and to overcome those, you need an experienced leader who can execute on a strategy.

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