



# TRAJECTORY:

# ECOSYSTEMS

## The New Partner Imperative

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### AUTHOR

**Kristine Stewart** is founder and CEO of The Lexington Group, a full-service boutique

consulting firm operating in the fast-paced ecosystem GTM space. With 25 plus years of experience, Stewart is known as a partnering thought leader in today's service-driven, consumption economy. She has held executive level roles in partner, sales, business development and marketing organizations and has run global teams for companies such as Cisco Systems, Western Digital and Hitachi. Stewart focuses her work on understanding the in-depth needs of her clients' customers to deliver personalized partnership strategies that power top performing teams.

As a self-proclaimed "partner nerd," Stewart encourages questions and conversations around this piece to be forwarded to [stewartlexgroup@gmail.com](mailto:stewartlexgroup@gmail.com) or messaged to her on [LinkedIn](#).



# The New Partner Ecosystem

In the partner community we are inundated with news and content every day. It's hard to keep up. In recent months, one of the top trending topics we are seeing everywhere now is *ecosystems*. Hype? Old news? What's the "buzz" all about?

Think back to your biology class and your ecosystems lesson. Bees need flowers so they can make more bees. Flowers need bees so they can make more flowers. Over millennia, bees and flowers evolved, continuously readjusting to make themselves more attractive to the other while tightening up their interdependence. In short, this also describes today's B2B ecosystems, where partners and other players have the opportunity to take part in a sustainable win-win scenario.

This ecosystem focus has been steadily gaining momentum over the last 12-18 months. To get a pulse on the major factors driving one of the biggest movements to hit the partner community in decades, we reached out to a few of the top thought leaders in this space:



**Jared Fuller** (Chief Ecosystem Officer, PartnerHacker)



**Allan Adler** (Senior Partner, Digital Bridge Partners)



**Jay McBain** (Principal Analyst, Canalys)



**Chris Samila** (VP of Partnerships, Crossbeam)



**Cassandra Gholston** (CEO, Partnertap)

So why now? In recent years, companies have developed a laser-like focus on customer experience (CX), responding to audiences with consumer grade expectations. Customers anticipate end-to-end, integrated, tailored experiences – they expect sellers to have a deep understanding of their desired business outcomes. They want to extend the existing investments they have made with the exact technology they desire precisely when they need it.

The buying journey they take can be very complex and the world is moving to a cloud and consumption economy to service it. Even as we experience a bit of a slow down with the uncertainty of recent months' events, new ecosystem applications are surfacing everywhere. Ecosystems are crossing industries and companies are realizing they need to build their solutions from day one with complimentary solutions and services surrounding them.

The movement to a Product Lead Growth (PLG) model in recent years supports this philosophy of designing solutions built with the end user experience in mind – to the point that products will be "bought, not sold." Customers will demand them at the place and time they need to engage with them. And when they are delighted with the experience, they will evangelize them to others and companies will begin to build "communities" of loyalists.

This is where we can see the ecosystem "flywheel" in effect. The ecosystem flywheel provides for both growth and innovation. This flywheel is created by the momentum of a great customer experience driving additional customer acquisition.

The analytics the ecosystem companies get back from those end users enables adaptations and even further refined solutions. It also drives repeat customers and new referrals. And off it spins.

# An Era of Trust



// The number one hospitality brand in the world is Airbnb. Ecosystem company, full stop. Number one marketing tech company, Hubspot. Ecosystem, period. We can keep going with Amazon, Salesforce, Uber. Data points show us the clear leaders in every category. Unidirectional closed system businesses will no longer work.

—Jared

This past April, Jared and the PartnerHacker team released an enticing publication entitled **The PartnerHacker Manifesto**. In it he referenced the *Cluetrain Manifesto* written by Clive Humby in 1999, which (at the time) made a controversial claim: markets are not an engagement between providers and demographic sectors. The manifesto was a reaction to the status quo of corporations treating customers as commodities and his bottom line was “data is the new oil.”

Now Jared’s position took this concept to its next evolution. With all that’s happening in today’s world with digital transformation, the new customer journey, cybercrime and data leaks, we can’t base our foundation for commerce solely on data, we must base it upon trust. Humans trust humans, not corporations. They seek a hyper-personalized human conversation. Thus, his bottom line: **“Trust is the new data.”**

And customers aren’t alone. Partners of all shapes and sizes have the same evolutionary instinct and the same expectation for an unmatched experience.

A **2020 Accenture study** found that 77 percent of partners surveyed stated they have more options than ever. Providers no longer hold the balance of power and must win the competition for partner mindshare. In its purest form it’s an understanding that ecosystems are not all about you – they are based on reciprocity. Be willing to look at all forms of partnering, even with previously perceived competitors.

Cassandra has acknowledged the movement to this approach, stating *“The shift to the cloud served as the catalyst for ecosystems. Take a company like Microsoft looking to get their partners to collaborate to drive cloud consumption. Previously they had partner A competing with partner B. Today it’s partners A, B and C all working together for the benefit of the customer. They have really figured out the partner-to-partner motion and, in particular, data sharing.”*

Additional studies and the acceleration of new business models have validated this paradigm shift. The Accenture study indicated that 84 percent of executives say ecosystems are important to their strategy of disruption, and a majority believe

leveraging ecosystems can increase revenue growth and open access to new markets and new customers. And the phenomenal growth in application and cloud marketplace models (think Hubspot, Salesforce, Slack) are absolute embodiments of ecosystems.

**IBM’s Institute for Business Value surveyed more than 3,000 CEOs (2021) at high-performing companies and found that building new ecosystems and partnerships was their top priority for enhancing customer experience and building trust over the next 2 to 3 years.**

**And for good reason. According to Ernest and Young, high-performing ecosystems drive, on average, 1.5 times the cost reduction and generate 2.1 times the incremental revenue growth.**

So, the question is, are you ready to embrace the new partner ecosystem model? Let’s dig in further.





# The New Partner Model

**//** We have two categories of partnerships: technology partners, which are typically other SaaS companies. Then we have solutions partners, a broad bucket that includes agencies, consultants, systems integrators, basically anyone who builds services around our go-to-market tooling. In some ways we could even include venture capital partners - anyone who can help Crossbeam get to market faster and make our customers successful."

—Chris

It's no surprise that ecosystems have a variety of participants depending on the solution. One thing is clear. To build your ecosystem, you start with the customer and work your way out from there.

**Ernst & Young** defined a business ecosystem as "a purposeful business arrangement between two or more entities to create and share in collective value for a common set of customers. Every business ecosystem has participants, and at least one member acts as the orchestrator of the participants." These participants will include the various partners that serve this system and the communities with a shared professional interest.

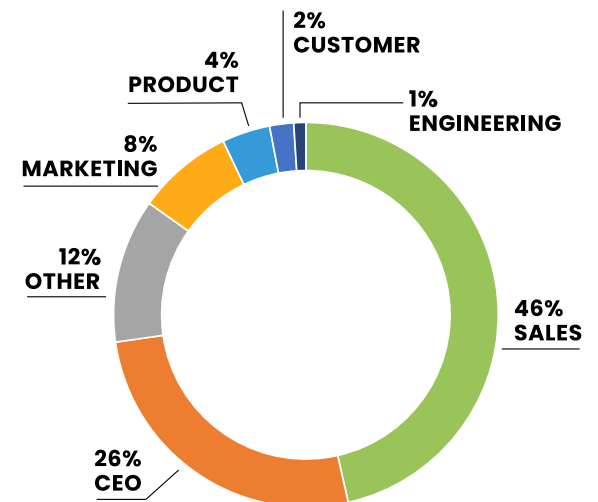
In 2020, Jay introduced the concept of the "**trifurcation of the channel**," which includes the influencer channel, the transactional channel, and the retention channel. Traditionally, providers have focused on the transactional channel, but

**McBain's analysis** revealed that in the age of trust, the overwhelming majority of the weight is carried by non-transactional channels. In other words, by a partner ecosystem.

In the last few years most partner teams have begun to look at this new partner go-to-market (GTM) model and its impact on the partner portfolio. Jay shared: "It isn't that complicated to comprehend this evolution. The word channel is synonymous with 'transactional resell motions, and alliances with big, complicated, low-success, hard-to-measure activity. In comparison, ecosystems encompass six different partnering roles: including tech, alliance (strategic and business), influencer, transactional, transaction-assist, and retention channels."

With all this new research and a growing understanding that we have hit the tipping point for what has now become the *decade of ecosystems*, companies are rethinking their organizational models to elevate the ownership of the ecosystem strategy across their operations.

Reflecting that shift, a **2022 Crossbeam report** asked who the partnership organization reports to:





# The New Partner Model

CONTINUED...

**Ernst & Young concluded** that the strategic importance of ecosystems warrants giving the ecosystem organization a seat on the executive team: “an individual at the highest level in the organization who can move ecosystems from a silo to an enterprise-wide growth and value-creation strategy.”

And we are seeing an emerging profile for the executives coming in as these new ecosystem leaders. Jay observed: “The new ecosystem chiefs in places like Microsoft, Google, AWS, and IBM are not being filled by traditional channel leaders. They are coming from Ivy League schools and top consultancy pedigrees, like McKinsey and Bain. Folks that truly understand P&L. They are reporting to the CEO in some cases and have their teams embedded across the company – in partner organizations, lines of business, customer success, marketing, and sales. Simply put, ecosystem permeates.”

But, make no mistake, ecosystem roles are not just arriving at the leadership level, they are popping up in entry-level and mid-range positions as well. Jay also noted: “More than 12,000 people on LinkedIn have “ecosystem” in their job title and 697,000 use it to explain what they do.”

In discussing the key role required in these complex structures, Allan (who coined the term #gotoecosystem) states, “An ecosystem orchestrator is a cross-functional C-suite executive who sees across the entire ecosystem, overseeing tech partners, strategic partners, channel partners, communities, developers, all of it. That’s the first key role, one that has never existed before. General manager and business development experience will be more important than channel experience, because at this level, understanding routes to market is important. Because, if you have an ecosystem and product roadmap, you will have to create, for the very first time, ecosystem-mediated solutions.”

“ Organizations that treat partners and communities as siloed appendages will not survive. To pull this off, they need an ecosystem chief at CEO level with the power to mandate alignment.

—Allan

Ecosystem organizations are being built out across the partner landscape today, with some companies much further advanced in their development. The key element is the executive and company recognition of the absolute importance of their mission and enabling their success.

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**Bottomline: there are some new sheriffs in town.**



# The New Partner Platform

“Today most account mapping is done on spreadsheets, which is a total nightmare, and channel managers make one-off introductions to reps which doesn’t scale. Now we have the capabilities to make account mapping, pipeline sharing, and sales connections instantaneous so managers can focus on expanding the partner relationships while allowing sales reps to focus on closing more deals with their peers.”

—Cassandra

As ecosystems have influenced innovation within organizational structures and GTM strategies, they have also affected the technology stack these teams rely upon. Partner organizations now handle larger and more complex relationships than ever before. In response, channel technology is growing to solve for human inefficiencies while delivering enhanced partner experiences.

A **2021 Accenture study** on the future of partner relationships found that when partners look for a provider, their top priorities are:

- a digital platform that removes friction from the process
- positive and valuable experiences when working with the provider
- monetary benefits that drive innovation
- analytics capabilities that share data and insights

Another key enabler desired was the use of artificial intelligence to enable scale, collaboration, and growth.

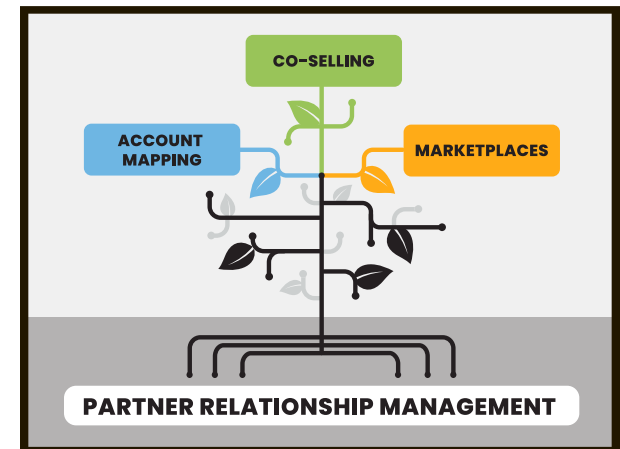
Thus, a new partner technology framework has emerged. In fact, this shift has driven a whole new category. An indicator of the recent acceleration in this space is G2 creating a new software category they have defined – *partner ecosystem platform*

(PEP). From the **Canalys perspective**, a new channel ecosystem landscape has emerged. These solutions (including existing channel management features) can cover a wide range of capabilities which include:

- account mapping
- co-marketing (TCMA) and content management
- incentive management
- learning and enablement systems
- portals
- marketplaces
- order management systems
- data analysis and visualization tools
- partner recruitment
- collaboration
- revenue attribution

Where certain partner organizations may only require a single new capability, others may require adding a full portfolio. In this advanced approach, extensibility becomes a critical component to scale and success. As teams orchestrate the perfect framework for their ecosystem; ease of use, data accessibility, and built-in intelligence all come into play while designing the ultimate partner toolkit and environment.

With no two ecosystems being identical, there is no “all in one” platform in this new movement.



In the new model, partner teams layer solutions together to create their own unique framework where partner relationship management functions (like deal registration, partner training, pipeline management and others) are the entry point and foundation. This foundation enables the key interaction capabilities required for full company and partner collaboration.

However, what remains common across all models, and for all to get the most out of partnerships, cross integration is foundational. To eliminate friction from the partnership, channel organizations must prioritize a technology model that enables teams without introducing barriers.



# The New Partner Metrics

A **Forrester report** shared that, traditionally, most partner compensation programs have been aligned to a product sales channel using metrics based solely on revenue. This approach ignores all the other touchpoints in the customer journey where partners add value (i.e., non-transactional partners). These new GTM models include innovative ways to incentivize this broader portfolio of players. Also, the new platforms are gearing up to measure and reward under this model.

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The **2021 Accenture study** noted that the incentive structure for ecosystems is shifting from the approaches used by the traditional partner model of marketing development funds, co-marketing, and pre-sale discounts and credits over to innovation funds, services or consumption funds, and non-financial incentives, including advanced support levels.

In the *era of the ecosystem*, providers and partners are discovering new approaches, going beyond customer acquisition to include retention and expansion or impact on customer adoption and total lifetime value. And they're **going even further** to reward partners bringing innovation by investing in horizontal and vertical solutions that expand the value of the platform, or those who support solution enablement through training sales and support teams.

Key to getting support for your ecosystem organization and GTM approach will be proving the ROI of your efforts. Allan observed, "*Partner influenced/assisted/attached co-selling is the most important KPI of all, because it's where the rubber meets the road. If it doesn't land, if you're*

*not actually measuring and monitoring it, then the whole impact of the ecosystem is lost.*" You can use a mix of traditional KPIs like close rates, partner pipeline, retention and renewal rates, deal size (ACV) and others while adding ones like new co-innovated solutions, partner recruitment and partner driven ARR.

Numbers are now beginning to show that ecosystem opportunities are closing faster and at a higher average sale. Chris pointed out, "*many traditional executives think that the job of the partner team is to find more source deals. But the data is starting to show that it's incredibly valuable to get the influence revenue – maybe even more valuable. If the partner gets involved, and they bring in another partner, it's going to close faster and at a larger deal size. And it will be stickier because service partners and tech partners are helping that client with adoption and upsell activities.*"

Our thought leaders still caution companies against attempting to measure ecosystem efforts too quickly based on traditional methods. Jared shared that, "*It's complex but composed of all things that great SaaS companies strive to be great at. Complex, but not difficult. The challenge is that our ecosystem is not on payroll. The impact won't easily flow through financial models and spit out into clean forecasts. That's not to say we won't look to leading and lagging indicators of success or projections/analyses of investment, profit, and loss, but the investments and contributions require a different lens and model to create and understand its impact.*"

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Ultimately, patience will be required while the technology catches up with strategy and the desired analytics.

**||** *Microsoft's going to start paying through ecosystems teams. They're going to push those teams through attribution, through data sharing and escrow services, through the tech stack, they're going to be paying them to recognize value by partner at the point of value instead of the point of sale."*

**—Jay**



# Conclusions & Next Steps



So, what do you do next? First of all, realize that looking at your GTM strategy in this way is a business imperative. Depending on where your company is today, you may have already started down this path. And also understand it will take time.

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Company culture, costs required, and platform capabilities to support are evolving every day. No matter what your solutions and where your model stands today, you need to move in this direction and quickly. For larger companies, this pivot will be more of a disruption to your business.

Here are a few critical considerations for your next steps:

- Work with your executive team to understand the importance of building an ecosystem culture – specifically the product P&L owners
- Form a cross-organizational team to begin building your ecosystem model
- Approach your ecosystems from the customer viewpoint
- Do an assessment of where you are today – today's products vs. future roadmaps – design your customer journeys with ecosystem partners mapped out
- Build a list of desired partners and compare their offerings to your current portfolio
- Define the shared value model for each partner
- Be very clear on your role and your potential partners' roles before approaching them
- Look at your tech stack requirements and match them to your current capabilities, keeping in mind your partner relationship management platform may be best positioned as the front door to your ecosystem technology portfolio.
- Develop a long-term business plan with budgets, organizational parameters, metrics, etc.

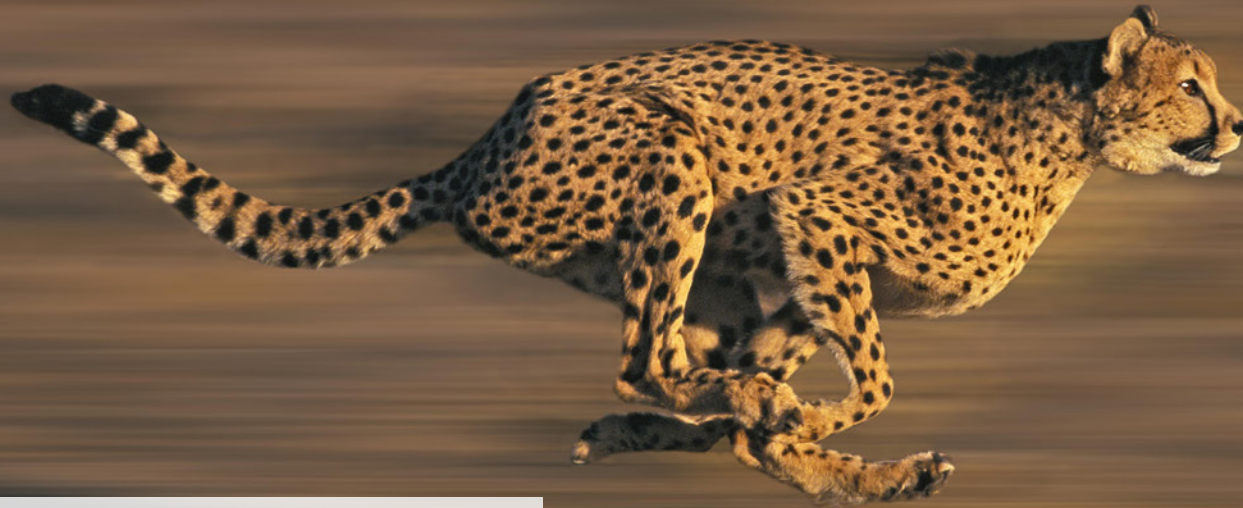
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This is clearly a journey, but like any, waiting too long may result in your competition getting even further down the road. It's go time!

**||** *These are universal truths to some extent. I think it will hold true that the most successful companies for the next decade are going to be the ones who understand this on every level: GTM motion, tech development, sales and marketing, customer success. All through an outside facing lens."*

**—Chris**





# Additional Resources

[Canalys](#)

[Cloud Software Association](#)

[Crossbeam](#)

[Digital Bridge Partners](#)

[Forrester](#)

[Partnership Leaders](#)

[PartnerHacker](#)

[Partnertap](#)

## PODCASTS:

[PartnerUp](#)

[Partnered](#)

[EcosystemAces](#)

[Platform Journey](#)



**“** It’s not a question, all companies will make the pivot. But who will do it fastest.?That remains to be seen. In my opinion, there will be more disruption than innovation. The partner led growth companies will accelerate and move faster than the legacy ones.”

**—Jared**