

# Assessing Value In Partner Ecosystems

Visualize value and risk in modern Partner ecosystems to drive data-led Partner and program investment decisions.

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# The fallacy of segmentation

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Most Channel ecosystems are complicated, highly matrixed and diverse. They increasingly mirror the variation with which technology is bought, sold and serviced.

Equally, one of the main values of Channel is its ability to scale businesses beyond the geographies, capability and capacity of their own employees.

The mixture of requirement for scale in a complex environment means that most Channel ecosystems have some form of segmentation; tier of partner or type – frequently both.

The challenge with most segmentation is that evaluation of resource or investment is almost entirely related to revenue generated and often, the partners with highest potential growth are under-supported.

In this report, we demonstrate a model and tool to identify groups of Partners, irrespective of tier and type, with the highest growth potential. The model furthers understanding of which program elements are driving success and where investment should be applied to drive incremental revenue.

# Ecosystem Segmentation is Evolving

**In combination with revenue-based tiers, tech Vendors are looking at new ways to group their ecosystems.**

## 64% Go-to-market

Most Vendors use go-to-market segmentation based around the business model of the Partner, common examples include System Integrator and Reseller

## 11% Product Specific

Some of the Vendors segment their Partners based on the solution or product they sell and service – this was typically where the Vendor's own offering was highly defined

## 18% Purpose-based

An emerging theme from large Vendors segments Partners based on their purpose, how they solve customers needs (e.g. Build, Serve, Sell). This allows for Partners who may change offering depending on the client.

## 7% Open/ None

A small number of Vendors have no obviously define segments – although they may use some for internal Channel operations. Typically, these Vendors allow Partners to entirely self-select how they interact with the program based on their unique requirements.

*We evaluated over 100 >\$0.5bn annual revenue/recurring revenue tech Vendors to see how they segment their Partners. The average number of categories across the analysis was 4, with some Vendors having as many as 8 or 9 types.*

Despite evolving Partner ecosystem models, true Partner value can be a genuine blind spot for the Channel business.

For example, not all of a supplier's current top performers are equipped and/or have the desire to grow sales of the Vendors' offering, which leads suppliers to focus on and invest in the wrong Partners. Conversely, underperforming Partners with high potential are often unidentified, underserved and/or ignored, leaving the door open for competitors.

Vendors should segment Partners according to their long-term potential value by simultaneously analyzing and segmenting Partners by past performance and future growth potential.

## Value Segmentation

**Vendors should be adding a method of segmentation that allows suppliers to identify and concentrate their resources, money, time and effort on high-performing profitable Partners with the potential to grow revenue and value.**



## 1 Visualize

Creates the ability to visualise the make-up of your channel Partners to facilitate creating a case for channel investment and how to apply investment for incremental growth

## 3 Identify

Enables easy identification of opportunities for incremental revenue growth and identification of gaps in the Partner ecosystem prior to recruitment

## 2 Inform

Allows investment decisions to be based around data of sales performance and Partner potential. Repeatable process to increase internal accountability and performance measurement

## 4 Insight

Calibrate and create to a repeatable measurement framework which extends beyond tiering/ simple revenue metrics which impact ROI

# Assessing Ecosystems for Partner Value

**Value-based assessment can understand how well aligned your Partners are to your Channel objectives and where your opportunities for growth lie.**

# Partner Assessment Process

A process to effectively measure performance and potential regardless of Vendor industry, size, coverage and solution types

**1**

## Objectives

Formalize the functional objectives of Partners and determine value criteria

**2**

## Data & Calibration

Understand data sources (PRM, CRM, Survey) and calibrate to match value criteria

**3**

## Analyze & Segment

Group partners in segments according to **potential** and **performance** criteria

**4**

## Plan & Execute

Use the analysis to define investment and resource strategy and communicate across program

**5**

## Optimize & Repeat

Repeat assessment every 6-months and optimize strategy based on results

# Actionable Data

## Grouping Partners based on individual performance and potential

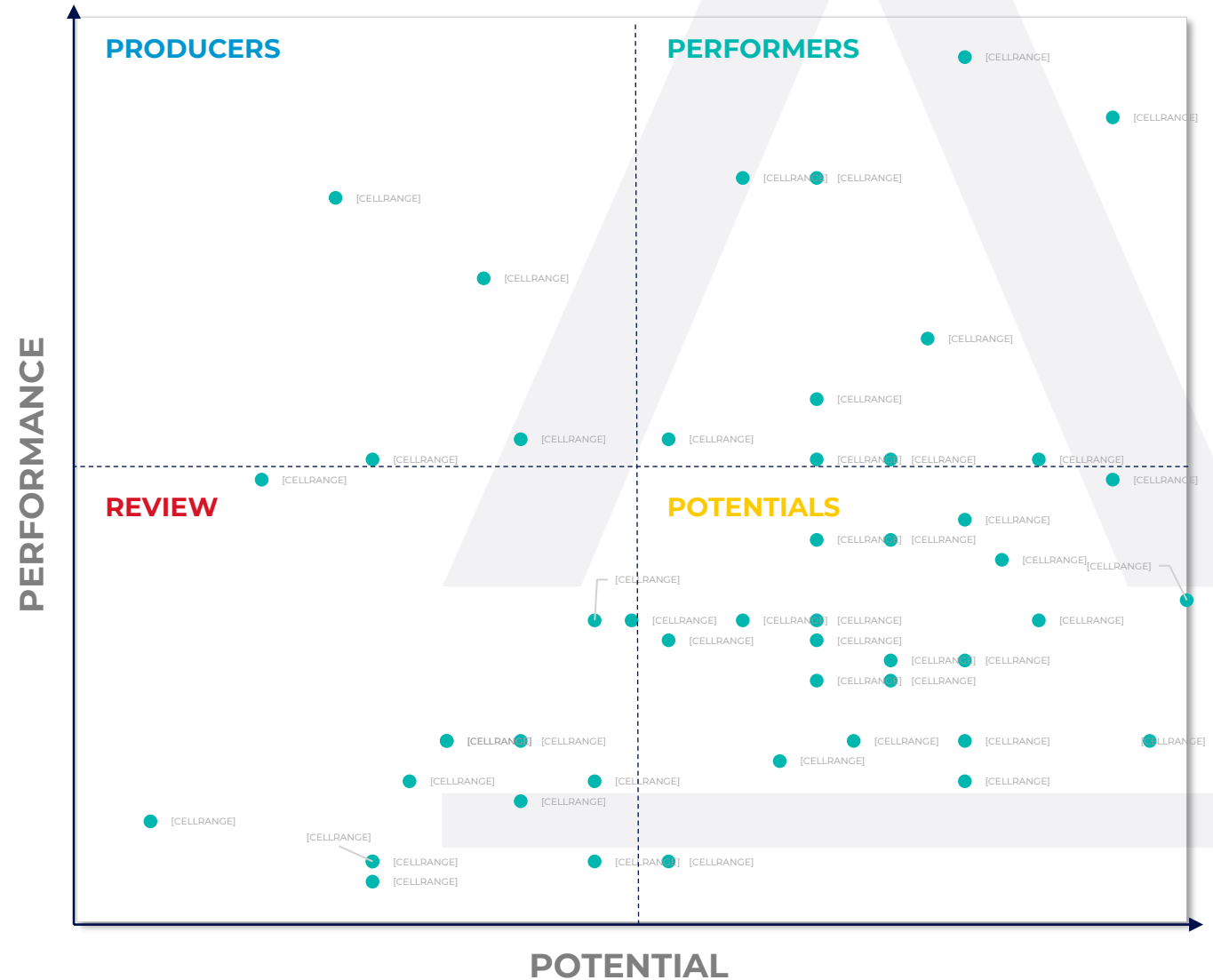
Each group functions as a description of a different Partner category, but also describes an appropriate engagement, development and investment strategy for those Partners.

**PERFORMERS** Ideal partner state. Invest in strong partnerships and support with customised training, marketing or solutions

**PRODUCERS** Historically larger Partners, but show lower growth potential. Selectively invest on the basis of current volume maintenance

**POTENTIALS** Highest potential for incremental growth. Determine cause of low performance and invest in building partnership

**REVIEW** Disengaged or never fully engaged. Consider performance review plan and minimize investment or replacement



**Measure and monitor.** Vendors should constantly monitor the selected competencies and metrics to ensure they are measuring the right things.

**Evolve.** As a Vendor grows and changes it is important to re-evaluate Partners after 6 to 12 months to see if they are on track or if things have changed.

**Feedback.** The success of this process relies on the collective channel team, particularly the partner account managers. Therefore, it is essential to facilitate open communication and elicit constant feedback to ensure they feel vested in the process and outcomes and maintain continuous improvement.

**Automation.** Best practice is to streamline and automate as much of the evaluation and segmentation processes as possible. A key example is automating the scorecarding process, so that collecting the required data is as easy as possible.

## Driving Long-term Success

Evaluation and segmentation are ongoing initiatives that require continuous improvement





# Final Remarks

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When used correctly with the right data a Partner Assessment initiative is a powerful tool for helping Vendors identify, develop and invest in the right Partners.

It is an important tool to facilitate an open and honest discussion with Partners and internal teams around performance and potential before any conclusions or investments are decided upon. It is just as important to remember that potential does not necessarily mean readiness. Addressing any open enablement issues is a critical precursor to Partner investment.

## Sherpa

Sherpa is a specialist, global, award-winning channel agency. We support technology Vendors by transforming their channel in order to drive more growth and revenue.

Contact us to learn more about how a Partner Assessment can increase channel budget effectiveness and drive incremental growth.

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