

Channel Partner Ecosystems



Accelerating
Channel Sales
Through Platform
Marketplaces



PRM – Partner Relationship Management: Building Blocks for Partner Ecosystems

The implementation of ecosystems for channel partner programs is achieved through applying the Platform Business Model to the sector.

This is a trend that has underpinning digital transformation across many other industries, first pioneered by the the sharing economy digital giants.

Massive new startups like Uber taxis, Airbnb and [many more](#) are pioneering the 'On Demand Economy', implementing a Cloud-based [On Demand Business Framework](#) which overlays a 'digital mesh' across a marketplace of vendors, such as taxi drivers or travel accommodation.

The repeatable secret sauce is the [Platform Business Model](#), described in detail through academic literature and popular business books. For example the MIT book '[Platform Revolution](#)' describes these hyper-scale disruptors like Netflix, Uber, Airbnb, Facebook, Twitter et al, as the book describes:

"Facebook, PayPal, Alibaba, Uber-these seemingly disparate companies have upended entire industries by harnessing a single phenomenon: the platform business model."

"A "Network platform" is defined by the subset of components used in common across a suite of products (Boudreau, 2006) that also exhibit network effects. Value is exchanged among a triangular set of relationships including users, component suppliers (co-developers), and platform firms."

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To date ecosystems have mainly been defined in terms of specific business models, industries and technology domains. For example as McKinsey offer in [this detailed special guide](#), typical scenarios are digital banking and the IoT.

Applying the concept to the public sector is defined as 'GaaP' – Government as a Platform. Tim O'Reilly coined the concept in [this presentation](#) and documented in [this book section](#), describing how traditional IT for government should become more like Facebook, Twitter and the other Internet pioneers who have been harnessing the evolution of the Cloud to become 'platforms', doing so for government would enable a shared infrastructure that enables more rapid digital transformations.

In the feature video and [this article](#) Bernard Marr explains platform businesses and provides ten examples spanning car hire and parking through software development and testing, highlighting that the ten most valuable companies in the world today are platform businesses: Apple, Alphabet, Amazon, Facebook, Tencent, and Alibaba.

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Channel Partner Ecosystems build upon and extend the traditional channel management model to integrate partners directly into the core product itself through app marketplaces.

It is an approach with massive strategic impact, not only achieving the route to market accelerators that channel programs are used for, but furthermore they simultaneously expand the core product capabilities, making the combined effort much more attractive to potential customers.

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There are a multitude of case study examples that demonstrate the same core principle, from Zoom through Shopify to Atlassian, each offers a marketplace where third parties can list their own modules that plug in to the core product to enhance it in various ways.

The functionality offered differs to suit the customer base and use cases being addressed.

For example Zoom has [over 1,000 apps](#) in their marketplace that enhance meeting functionality, such as Calendaring and Scheduling, Collaboration, Transcription and EdTech, integrated into the video conferencing service by utilizing the core enabling mechanic of the app marketplace, [the SDK](#).

As just one example is [Faye](#), who enables the ability to schedule and launch a Zoom meeting from within Zendesk and also save and access meeting recordings within Zendesk. Animaker provides a list of the [Top 10 Zoom apps for Startups](#).

This dynamic is extremely powerful for both parties. It greatly enhances the core product and in turn offers developers a massively accelerated route to an already-qualified market. [Twine for Zoom Events](#) is a compelling example – Zoom is the building block of virtual meetings, with networking being the natural progression for this experience, and the startup is plugged into exactly their target market via instantaneous procurement of their app.

It's an irresistible sales model, such a clearly defined and accessible channel and is thus ideal for startups who don't need to invent these from scratch. Back in 2020 [TechCrunch asked](#) if Zoom was going to be the next hot platform highlighting how these marketplaces are ideal for startup ecosystems.

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Shopify's [marketplace](#) is a magnitude larger again, boasting over 8,000 apps that enhance a merchants ability to sell more online, from workflow through email marketing and dropshipping, with major integrations such as enabling Spotify artists to [embed e-commerce into their profile](#). ReferralCandy lists the [Top 50 Shopify apps](#) for growing your e-commerce store.

Enterprise Solutions

The model is also applied to the enterprise software market. As Atlassian CRO Cameron Deatsch described at [his SaaStr conference talk](#) they have grown to \$3 billion in sales today, with ambitions to stretch to \$10 billion in the near future, and their platform ecosystem model is central to this.

Similarly vendors like New Relic also replicate this approach, recently [announcing 100 new integrations](#), growing its technology partner ecosystem by over 25%, adding new quick-start contributions from developer tools such as Atlassian, AWS, CircleCI, Jenkins, JFrog and Snyk.

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Speaking at the SaaStr conference Atlassian CRO Cameron Deatsch [describes their channel strategy](#) and how it has enabled them to grow to a \$3 billion business, and how they plan to scale to \$10 billion+.

Atlassian competes in three main markets: Agile and DevOps, IT Service Management and Work Management, and channel partners and complimentary product integrations are key to their success.

From 4m:30s Cameron highlights a critical insight:

Atlassian has managed to achieve this level of growth while keeping sales and marketing costs to less than 15% of revenue. The primary method for achieving this has been a product-led, self-service ecommerce approach to enterprise software.

Quite simply they sought to offer as frictionless a process as possible for customers to get from having a problem to getting into the product and solving their problem.

Channel Ecosystem Platforms

From 7m:00s Cameron moves on to discussing their ecosystem model, made up of three main partner types:

- **Solution Partners** – Consulting firms who provide implementation services. 700+ across 84 countries, generating over \$1 billion.
- **Marketplace Partners** – Developers who extended the core product set through plugins. The marketplace has generated over \$2 billion sales, paying out \$1.5 billion to the partners.
- **Strategic Technology Partners** – Deep integrations and venture investment partnerships with major vendors, such as Slack and Snyk.

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From 24m:55s Cameron describes the process that led to this becoming a single platform strategy. What they found when implementing these various partner programs was their 20+ product set was resulting in isolated silo development and core functionality work was being duplicated across them.

To address this they developed the Atlassian Cloud Platform, which standardizes common capabilities into a single function used across multiple higher level applications. [Forge](#) provides an app development infrastructure where ISVs can build and deploy into the Atlassian environment, leveraging these common functions.

Integrated Toolchain

In [this video](#) the Head of DevOps Product Suzie Prince walks how Atlassian operates an Open Ecosystem to enable the integration of multiple partners into the suite.

From 4:00m Suzie focuses on the core message, the goal central to DevOps Flow, building an Integrated Toolchain.

In other words it's essential that each DevOps app doesn't form yet another isolated silo, existing on their own as a standalone tool, but rather functions as a component part of an overall high performance value stream.

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As Eric Billingsley [writes on DevOps.com](#), the challenges developers face include poor interoperability between tools and manual handoffs causing DevOps automation silos, multiple test environments used through the process and the need for multi-cloud and hybrid deployments adding tons of unnecessary complexity, and increased policy and security requirements that simply cannot scale and remain manual.

Suzie states no one vendor can address this complexity and so a modular plug and play approach that integrates multiple vendors into a single value stream is the ideal solution. She describes how Jira can act as this integrating backbone with different vendors being plugged in to enable certain modular functionality, such that an idea, a commit, a branch or a bug-fix is linked to a Jira ticket, and end-to-end workflow is automated and visibility is laddered up to management in a consistent form.

A deep plethora of partners can be plugged in this way, to assemble the permutation of tool combinations best suited to your organizations needs, from Slack, Adobe, Invision through AWS, Zephyr, Datadog and Sentry can be switched on to enable functionality from early stage collaboration and planning through code deployment and monitoring.

As one example of a partner integration [Applause announced](#) a bi-directional integration capability so that application owners will be able to use a Jira project management application to create a ticket that requests a specific piece of code be tested or be sent to a tester that is a member of uTest, an online community of professional testers that Applause oversees.

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AWS is another example of a vendor operating a major channel ecosystem, defining the category of ‘Cloud Marketplaces’.

The [AWS Marketplace](#) provides a new sales channel for ISVs and Consulting Partners to sell their solutions to AWS customers.

It looks quite different now than it did [ten years ago](#).

Jointly with the [AWS Partner Network \(APN\)](#), it helps ISVs and Consulting Partners to build, market, and sell their AWS offerings by providing valuable business, technical and marketing support.

The marketplace caters for multiple categories of vendor solutions, such as by service type like [Business Applications](#) and [Professional Services](#), by capability like [Migration](#) or [DevOps](#), and by industry including [Media](#) and [Government](#).

State of the Cloud Marketplace

In [this SaaStr webinar](#) John Jahnke, CEO of Tackle.io, and Nicole Wojno-Smith, VP of Marketing, highlight some of the most important conclusions from the Tackle.io report on the [State of the Cloud Marketplace](#). This was as a result of compiling data from hundreds of B2B software customers and suppliers.

The Tackle Cloud Marketplace Platform enables a zero-engineering approach to listing, integrating, and managing your Cloud Marketplace business.

Cloud marketplaces provide enormous potential for software vendors to sell more and more quickly. No matter what stage you are in, you may use these sizable and untapped sales channels as part of your go-to-market plan.

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Transforming Enterprise Software Sales

From 2m:49s John takes over to explain how Tackle is positioned to reflect the transformation of selling enterprise software. Cloud Marketplaces are a new, more efficient way of selling.

Tackle makes it simple to list on these new markets such as the AWS Marketplace, guiding customers like Hashicorp, Druva and New Relic among many others, through the process. It represents B2B app stores where cloud customers can buy third-party software to run alongside their cloud infrastructure and have it go directly on their cloud bill.

With the high number of marketplaces that exist, their focus is on the three hyper-scale cloud providers which are Microsoft, AWS and Google. These marketplaces accommodate the ability to sell complex software with simple click to deploy options. A rapidly accelerating percentage of their customers are starting to use the marketplace to transform software procurement.

The Way Marketplaces Work

Marketplaces are not only for developers. More features have evolved to support transactions of all different sizes.

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These marketplaces support almost all software business models. Your marketplace doesn't have to be 100% self-serve. The marketplace now supports all different types of complex software, and now instead of checking if your competitors are on the marketplace, instead check if your buyers have a relationship with one of the cloud providers. Buyers are used to buying digitally for B2C therefore buying through marketplaces is very convenient.

Marketplaces (6:54) are a win-win channel for both buyers and sellers. They accelerate, direct and channel sales efforts that you already have in place. For sellers, the marketplaces are going to offer an efficient path to customers. They provide access to new budgets and revenue. They are going to accelerate your sales cycle and help get cloud sellers paid as well.

On the buyers' side marketplaces are going to allow you to quickly procure and deploy software and consolidate all your spend into one single bill.

Factors Driving Digital Buying

Major factors driving the evolution of digital buying include the shift to remote work, caused by the pandemic. This pushed 80% of the sales cycle to the digital setting. Other drivers include the rapid acceleration of cloud migration: Cloud-first mandates and more searches on the marketplaces have led the shift to Digital Buying.

Marketplaces offer a faster and easier buying experience to cater for these trends. Buyers like buying in the marketplace because they want to save their time and money, they relieve the headache with procurement teams when purchasing software by already having a contract with your organization. Cloud marketplace allows you to get the software you need and you still get to consolidate all payments into a single billing contract.

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At 9m:24s Nicole highlights the top factors buyers report for using marketplaces:

1. **68%** – Simplifies procurement.
2. **54%** – Fast access to tools.
3. **50%** – Consolidate IT spend.
4. **20%** – Burn down committed Cloud spend.

Digital Selling is the New Frontier

From 10m:45s Nicole hands back to John who explains the overall landscape for Cloud sellers, highlighting the distinction between heterogeneous markets where apps could be deployed across multiple Clouds, versus the vendor specific marketplaces like Salesforce.com or SAP where services are tightly coupled to those markets.

Ultimately the dynamic for sellers is a simple one: Sellers want to sell where buyers want to buy, and the trends described above are what is driving this.

This shift presents challenges for organizations that traditionally have sold direct – How will they transform their sales operations, embracing more of a content-led engagement? Many lack the time or resources to take on this new model and more crucially, lack the strategic insights required to translate their business model to the marketplace scenario.

At 13m:15s he lists the top reasons sellers want to sell via marketplaces:

- **64%** – Streamline contracting and simplify procurement.
- **64%** – Advance partnerships with Cloud partners.
- **63%** – Gain access to buyer's pre-committed Cloud spend.
- **62%** – Accelerate deal velocity.
- **60%** – Unlock co-sell opportunities with Cloud providers.

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PRM systems (Partner Relationship Management) provide the building blocks for creating partner ecosystems.

Delivered as SaaS offerings they provide a rich mix of functionality that can automate all aspects of recruiting and developing channel partner business models.

Workspan, a PRM vendor, defines the overall best practices as EBM – ‘**Ecosystem Business Management**’, describing how:

“Partner ecosystems are, by nature, cross-company and multi-party, and require effective and efficient collaboration with partners across company boundaries.”

PRM Capabilities

In our partner marketplace we provide a listing of **PRM vendors**, with the table below summarizing an aggregated list of the capabilities they offer:

Partner Recruitment and Management

- Partner Portal – The primary framework for organizing your partner services.
- Onboarding – Profile, vet and onboard new Partners.
- Join Business Strategy Planning – Create joint accountability and drive revenue with aligned priorities.
- Reporting Dashboard – Track progress of partner success.



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Co-Marketing

- Automate end-to-end incentives and MDF management processes, track and report utilization, and drive higher ROI from investments in your partnership.
- Joint calendars to increase shared visibility on all programs and campaigns across partners.

Co-Branded Collateral

- Shared Content Library to securely distribute and update go-to-market assets for regional teams.
- Enable Partners to easily create their own customized version of your product guides.

Social Marketing

- Content syndication – Enable partners to easily republish and reshare your content to gain a broader audience, from social media to website, product catalog, webinars and videos.
- Destination pages – Make it easy to edit and launch relevant, ready-made web pages to drive traffic and capture leads from partner marketing activities.

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Sales Playbooks and Guided Selling

- Playbooks allow you to create collections of sales, technical or marketing resources. Show them content based on deal stages or any process in-place.
- Resources can be any electronic documents or links and can range from brochures, battlecards, proposals and knowledge articles.
- Define the process flow for all types of leads and all steps in your sales cycle, and document all sales best practices and make them available to your new recruits during the onboarding process. Detail which marketing and sales assets should be used at each step of the sales cycle.

Deal Flow

- Deal registration – Work with your existing lead registration process to easily qualify and approve leads and deals.
- Distribute leads to your partners and track their progress.
- Track sales, commissions and payments.

Co-selling & Co-Solution Design

- Sales pipeline management for deals worked collaboratively with multiple partners.
- Project manage the co-development of complex technical solutions.
- Invite multiple partners to each solution, source new solution ideas from anywhere, and manage all your joint solutions as a portfolio with a single, consistent, repeatable business process.

Training and Certification

- Offer a wide variety of on-demand training materials in a user-friendly, mobile-enabled, interactive environment.
- Test partner skills and automatically certify the partner employee when they pass.
- Assign courses to partners, track many of the metrics you need to identify skills gaps which need to be addressed.
- Leverage gamification and rewards to deepen engagement and encourage adoption success.

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Partner Marketplace

- PRM vendors who also operate digital marketplaces of available partner programs. This presents a catalogue of different programs and provides workflow tools for partners to sign up for them.
- API Marketplaces specialize in offering catalogues of API integration partnerships.