PARTNER / CHANNEL EFFORTS: NO LONGER OUTCASTS OF MARKETING AND SALES

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Report Highlights

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59% of Best-in-Class organizations have active partner / channel efforts within their marketing and sales operations.	Partner / channel capable organizations shorten sales cycles at 5.5x the rate that All Others lengthen theirs, year-over-year.	Most organizations (65%) with partner / channel capabilities support those capabilities with partner / channel management technology.	Partner / channel technology users improve overall company revenue growth at a 48% greater rate, annually, compared to non-users.

Fifty-nine percent of Best-in-Class organizations incorporate partner / channel capabilities into their standard marketing and sales operations. In this research report, Aberdeen Group will explore how partner / channel marketing and sales efforts are evolving to become competitive advantages for Best-in-Class companies.

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What's catapulting partner / channel efforts from an infrastructural supporting role to a headliner for effective marketing and sales operations?

Read on to learn more...

Aberdeen Group defines **Partner / Channel Efforts** as:

The strategic expansion of marketing and sales activities, through external entities, providing additional marketing and sales capabilities for shared benefits (partners) and / or external organizations offering access or expertise in specific communication or distribution networks (channels).

This definition is meant to encompass the usage of channel partners, resellers, distribution partners, channel sales teams, and other common, related terms.

Understanding the Partner / Channel Backstory

To an onlooker, who is unjaded by day-to-day marketing and sales conventions, the concept of having partners (or channels of external organizations that expand the marketing and sales efforts of others) is perfectly logical and pragmatic. It just makes sense to amplify and increase the impact and effectiveness of marketing and sales by using partners. After all, an organization can only do so much on its own.

What makes sense, though, doesn't always make headlines. Topics like content marketing, sales enablement, and account-based marketing often come up as alluring, shiny best practices. Partner / channel efforts, on the other hand, are often the unsung, infrastructural elements on which other best practices can be built.

Indeed, part of the traditional allure of partner / channel efforts has been in the marketing and sales expertise, as well as the autonomy of the partners themselves, or the specificity of relevant channels. An organization would manage its own marketing and sales efforts, and depend on such channel partners to have well-managed efforts of their own. For instance, one partner may be a publisher, whose content generates a healthy pool of subscribers that can be converted to leads. Another partner may have "subject-matter expert" sales reps that cater to specific target accounts.

Despite these variations, there would still need to be some training, asset-sharing, and basic communication to equip such partners. Beyond that, however, partners did their thing, while the primary organizations did theirs.

The traditional model functioned a lot like the colonies of an empire: as long as all parties operated sufficiently, everyone

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Aberdeen's Maturity Class Framework

Aberdeen's research defines Best-in-Class **marketing and sales** performance by benchmarking organizations against five key qualitative and quantitative performance metrics:

- Percentage of respondents "effective" or "very effective" at managing profitable marketing and sales operations.
- Current lead acceptance rate
- Current percentage of revenue attributed to marketing
- Year-over-year improvement (decrease) in sales cycle length
- Year-over-year improvement (increase) in total company quota attainment

By looking at organizational performance, we then break the survey respondents into three maturity classes:

- **Best-in-Class:** top 20% of performers
- **Industry Average:** middle 50% of performers
- **Laggard:** bottom 30% of performers

Sometimes, a fourth maturity class, **All Others**, is used to describe Industry Average and Laggard combined.

benefited. Sufficiency, or simple stability should, by no means, be taken for granted, **especially** in ever-evolving marketing and sales environments. As we see in Figure 1, there's a distinct relationship between the level of marketing and sales performance an organization achieves, and its tendency to have partner / channel capabilities.

Figure 1: Partner / Channel Efforts are a Best Practice of the Best-in-Class
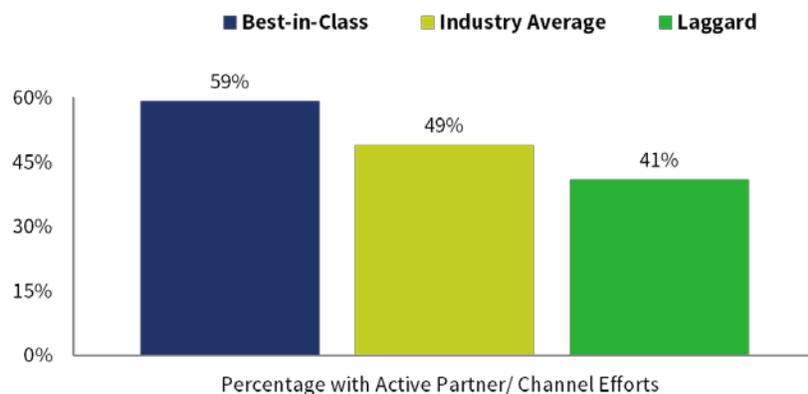
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Source: Aberdeen Group, April 2017

Here, we see that the majority (59%) of Best-in-Class organizations (defined in sidebar) rely on partner / channel capabilities. Moreover, as the categories of performers go down from Industry Average, to Laggard, so too, does the utilization of partners, or channels.

It is from this stable foundation of traditional partner / channel relations, however, that Best-in-Class organizations, and other businesses utilizing this capability, are pushing marketing and

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sales performance into exciting new territory. As we see in Figure 2, partner / channel efforts yield distinct advantages in key marketing and sales efficiency metrics.

Figure 2: Partner / Channel-Capable Organizations Improve Efficiency Metrics Year-Over-Year

■ **Partner / Channel-Capable Organizations**   ■ **All Others**

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Source: *Aberdeen Group*, April 2017
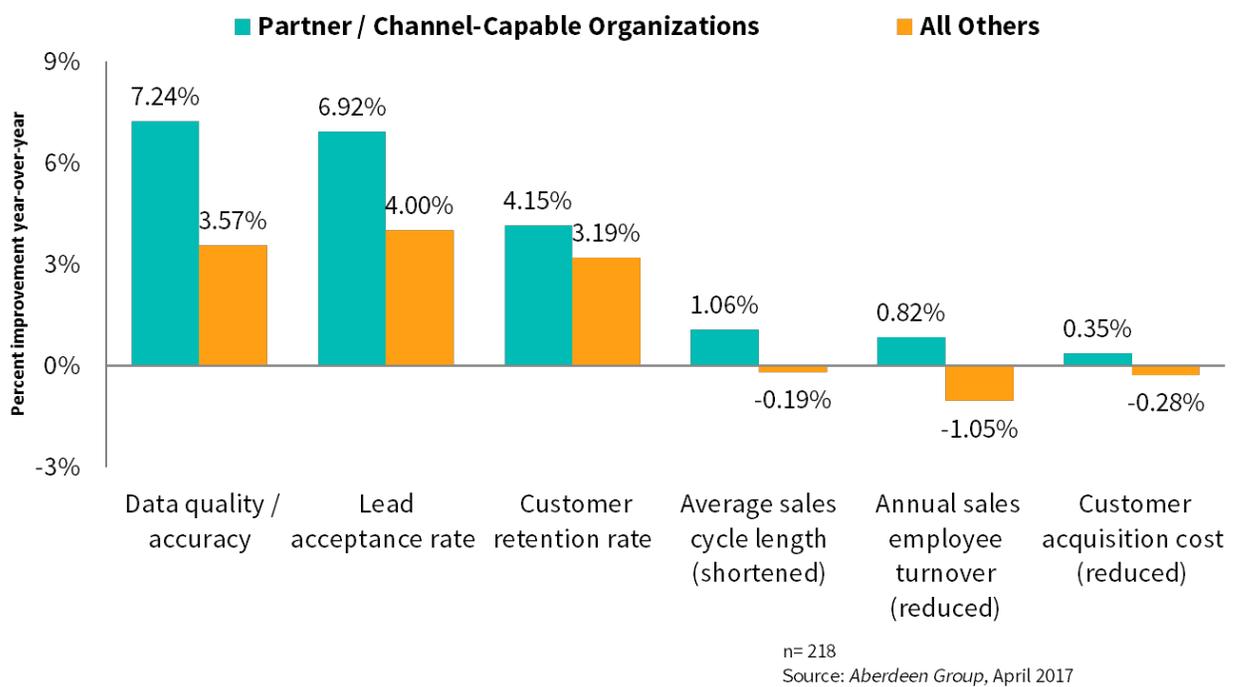
Partner / channel capable organizations improve data quality / accuracy at a 103% greater rate than All Others YOY.

Of course, there are some efficiency metrics where partner / channel-capable organizations are expected to outperform their peers. With revenue-sharing partnerships, for example, organizations increase the volume of customers acquired while diluting costs, thereby reducing customer acquisition costs year-over-year (YOY). Meanwhile, organizations without this advantage increase costs.

Just looking at the metrics, in which partner / channel-capable organizations are improving, there are a few surprises. Given that the more "moving parts" there are to manage in a system, the more chances there are for inefficiencies (e.g., misaligned,

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malfunctioning, or broken parts), how are partner / channel-capable organizations shortening sales cycles at 5.5x the rate that All Others are lengthening theirs? (The YOY difference is 1.06% vs. -0.19%, respectively.) After all, partner / channel-capable organizations have more extended cycles to manage directly and indirectly. Therefore, it should be harder for these organizations (with more moving parts) to increase sales cycle efficiency.

Indeed, the top two operational challenges cited by 44% and 40% of all respondents, respectively, are personnel limitations (struggles to have enough people with the right skills and enough bandwidth to use them) and the execution of standard operations with limited resources. Many organizations shy away from partner / channel efforts, because they add more personnel and operations to the mix. Despite this assumption, partner / channel-capable organizations are flourishing, while their peers (with apparently less complexity) are faltering.

Similarly, partner / channel-capable organizations are improving data quality and accuracy at a 103% greater rate than All Others (7.24% vs. 3.57%). However, with more partners and channels to manage, there would conceivably be more chances for data to be corrupted by outdated lists, human error, or even varying data management and aggregation practices. Again, partner / channel-capable organizations are scoring higher, despite a higher level of difficulty, while All Others struggle to keep pace.

Yes, these increased efficiency metrics among partner / channel-capable organizations are attention-grabbing alone. The catalyst for this increased efficiency among these organizations, though, is what's catapulting partner / channel efforts from an

Most organizations (65%) with partner / channel capabilities support those capabilities with partner / channel management technology.

infrastructural supporting role, to a headliner for effective marketing and sales operations.

What's New with Partner / Channel Efforts?

As noted on page 2, the traditional model for partner / channel efforts was relatively colonial: people and processes at different partners and channels worked well enough to serve the greater whole. Partner / channel technology, however, is rapidly changing the dynamic to be much more akin to a single, global economy.

From a pure adoption standpoint, 45% of all marketing and sales respondents surveyed by Aberdeen Group use partner / channel management technology. Forty-nine percent of Best-in-Class do so as well. Most importantly, though, the majority of organizations (65%) with partner / channel capabilities support those capabilities with such technology.
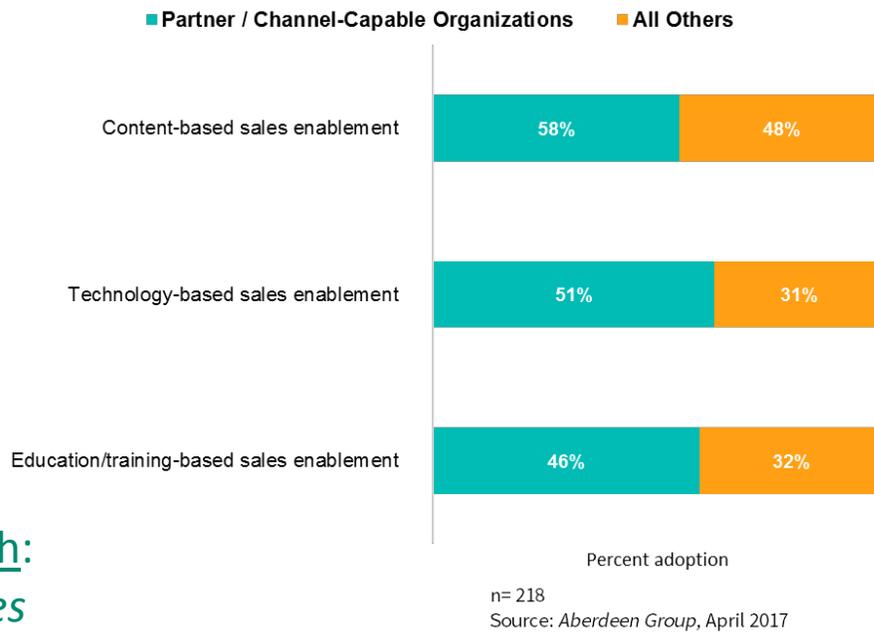
What this technology does for organizations is bring all the many facets of partner / channel efforts into a single, scalable, and two-way interface. The people-to-people interactions, with partners or channel mangers, are streamlined. Branded content, or other shared assets, can be managed in one place. Permissions across partners and channels can be customized. Most importantly, through integrations with other platforms — like CRM — data and insights (from both partners and primary organizations) can be exchanged and made accessible.

More simply, marketing and sales best practices, distilled in-house at an organization, can be more seamlessly extended to partners and channels. Also, in reverse, the specialties, or successes, of partners (or channel sellers) can be brought in from the fringe. Many of the headline-making marketing and sales best practices for singular organizations are now easily deployable to partners and channels as well.

In Figure 3, we see that sales enablement, a best practice for 80% of Best-in-Class organizations, is also more widely practiced by partner / channel-capable organizations, compared to All Others. Notably, this is not merely for broad sales enablement, but also for content-based, technology-based, and training/education-based sales enablement, as shown in Figure 3. These are more widely used by partner / channel-capable organizations.

Figure 3: Partner / Channel-Capable Organizations Extend Sales Enablement

■ **Partner / Channel-Capable Organizations**   ■ **All Others**

	Partner / Channel-Capable	All Others
Content-based sales enablement	58%	48%
Technology-based sales enablement	51%	31%
Education/training-based sales enablement	46%	32%

Percent adoption

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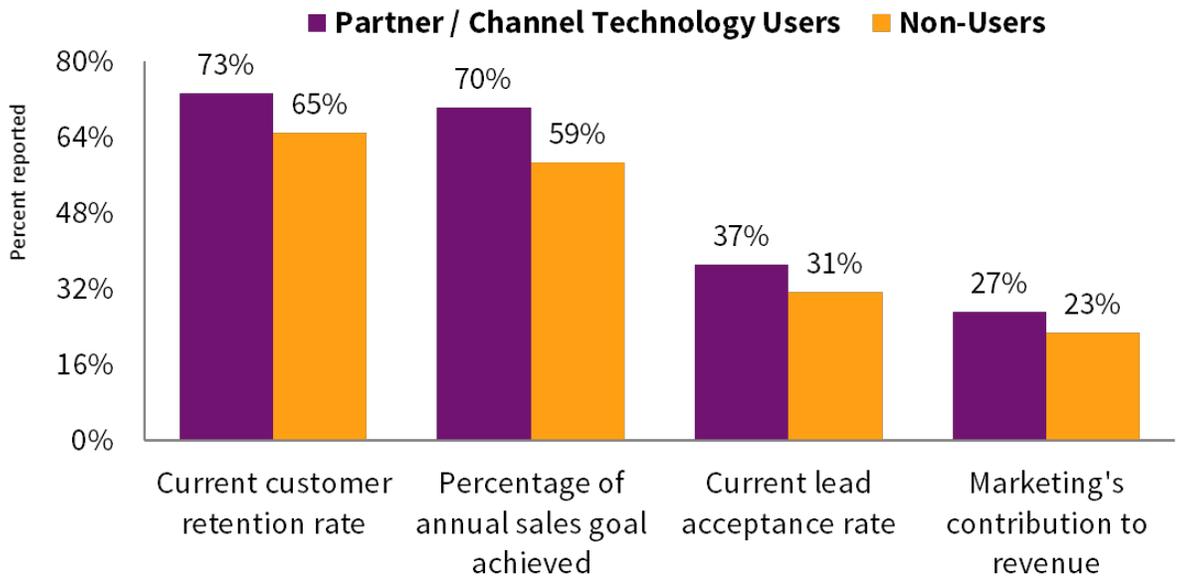Source: *Aberdeen Group*, April 2017

➔ Related Research:
The State of Sales Enablement: Eliminating Ambiguity

Given the high adoption rates of partner / channel management technology among partner / channel-capable organizations, technology is a strong driver of these sales enablement capabilities. Content assets that support in-house sellers, or assets used in sales-supporting marketing campaigns, can be duplicated in the channel. Access to shared technologies like CRM, or other sales portals can be extended. Even training courses (or walk-

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throughs) can be shared with the wider partner / channel network.

While this is one example, it adds credibility and context for Figures 4 and 5, which show the reported current and YOY performance metrics of organizations using partner / channel management technology.

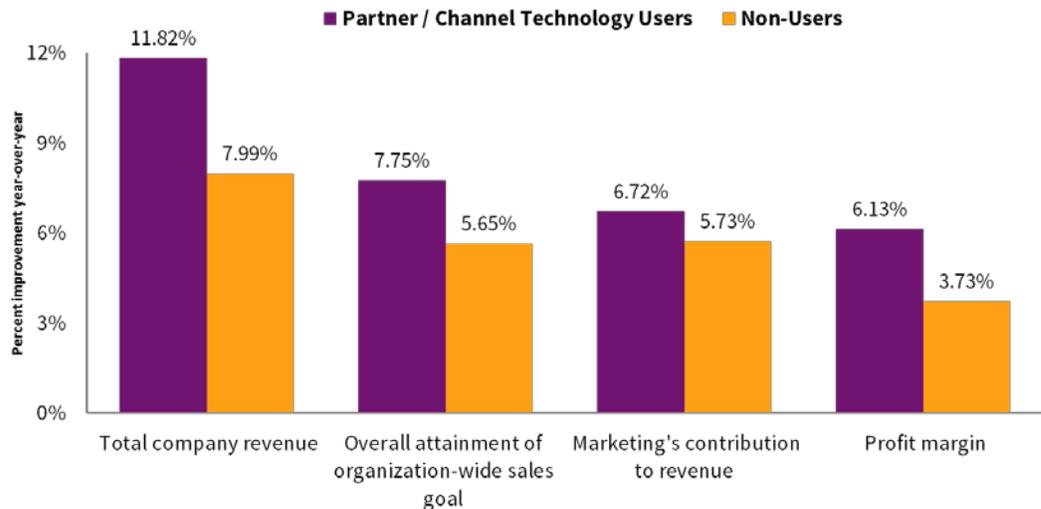### Figure 4: Partner / Channel Technology's Impact on Current Performance Metrics

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Source: *Aberdeen Group*, April 2017

As shown here in Figure 4, current metrics serve as a starting line for where organizations are today. Though the differences between users and non-users may seem small, they carry big implications moving forward. First, collectively, this figure shows that partner / channel technology users are already recognizing value from the technology in the advantages held over their peers. They start this year with eight percent more customers returning

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producing recurring revenue, and 11% higher overall quota attainment, which provides added levels of resources and liberties within their organizations. In other words, partner / channel technology users are already starting ahead of non-users.

Figure 5: Partner / Channel Technology Powers Greater YOY Improvement

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Source: Aberdeen Group, April 2017

Partner / channel technology users improve overall company revenue growth at a 48% greater rate, annually, compared to non-users.

In Figure 5, we jump from the static starting line of current metrics, to the consistent pace of improvement shown by partner / channel technology users YOY. Most notably, partner / channel technology users improve overall company revenue growth at a 48% greater rate, annually, compared to non-users (11.82% vs. 7.99%). Along with more revenue in the door, these technology users also increase profit margins at a 64% greater rate YOY (6.13% vs. 3.73%). With the upticks in efficiency noted earlier, these returns in revenue make the case for refining partner /

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channel efforts and amplifying their impact with technology relatively clear.

Conclusion and Key Takeaways:

Overall, the stability and reliability of traditional partner / channel efforts has fertilized the ground for innovation and advancement. The established skills among practitioners, and the vital processes used, ensure that the development of partner / channel technology is driving distinct value for its adopters. Moreover, as the technology can be applied to drive upticks in particular metrics, the deployment of partner / channel efforts can make marketing and sales operations more effective, collectively.

In Figure 6, we see how partner / channel capable organizations (that have cited YOY improvement in shortening sales cycles) also see heightened levels of effectiveness in key marketing and sales competencies. Ultimately, this highlights the skillsets that, when applied to partner / channel efforts, contribute to shortening sales cycles over time.

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Figure 6: What It Takes to Shorten Sales Cycles with Partner / Channel Capabilities

■ Sales-Cycle-Shortening Partner / Channel Orgs   ■ All Others
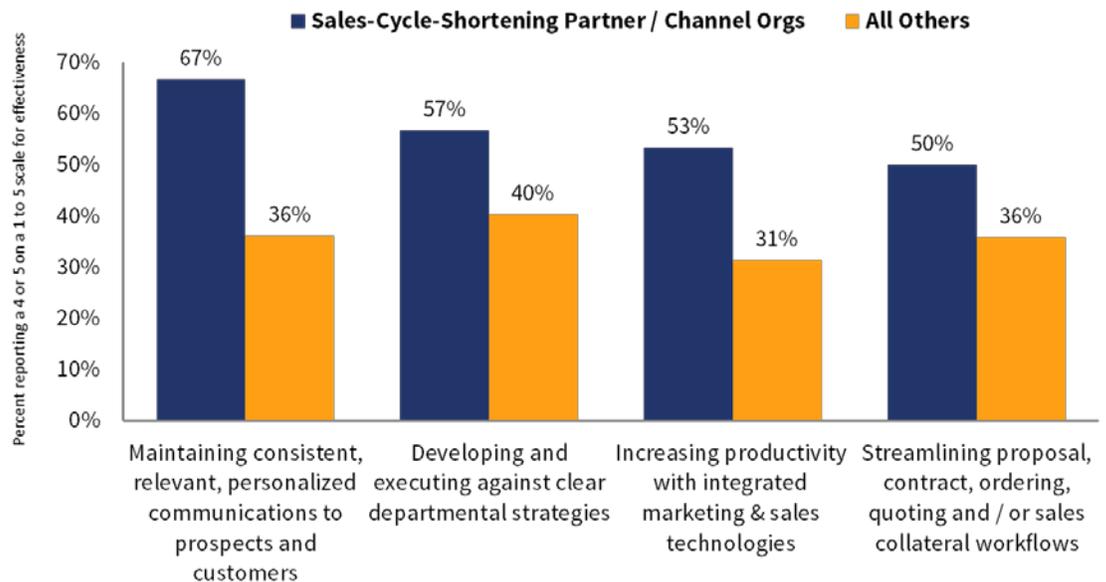
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Source: *Aberdeen Group, April 2017*

Particularly, Figure 6 emphasizes the importance of consistent, relevant communications maintained across all channels with prospects and customers. Partner / channel-capable organizations that shorten sales cycles are 84% more effective at maintaining such consistent communications, compared to All Others. This reveals a relationship between consistency and sale cycle efficiency whereby unified marketing and sales communications that are relevant to buyer needs and interests move the sales cycle along with greater efficiency.

To put all the pieces together to pursue or improve the partner / channel efforts in your marketing operations, remember:

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➔ **The majority (59%) of Best-in-Class organizations rely on partner / channel capabilities.** Over time, this best practice has grown as a stable, infrastructural amplifier of marketing and sales performance.

➔ **Partner / channel-capable organizations shorten sales cycles at 5.5x the rate that All Others lengthen theirs, YOY.** Use partner / channel efforts to achieve such meaningful marketing and sales goals. Partners and channels aren't meant to be used for a shotgun approach to solving customer acquisition challenges. Instead, they're best used as strategic enhancements. Pick key performance indicators you want to improve and track partner / channel success against them.

➔ **Optimize the people and process components of partner / channel efforts with technology.** The majority of organizations (65%) with partner / channel capabilities, support those capabilities with partner / channel management technology.

➔ **Optimize partner / channel efforts to show clear ROI.** Partner / channel technology users improve overall company revenue growth at a 48% greater rate, annually, compared to non-users (11.82% vs. 7.99%). They also increase profit margins at a 64% greater rate YOY (6.13% vs. 3.73%). Justify partner / channel efforts, and technology investments in terms of revenue from the beginning. Then, aim to build on revenue yield and impact over time.

For more information on this or other research topics, please visit www.aberdeen.com.

Related Research
The State of Sales 2017: Systems and Strategies for Winning Revenue; February 2017   *The CMO's Agenda: Managing Marketing & Its Alignment with Sales*; January 2017
The State of Sales Enablement: Eliminating Ambiguity; December 2016   *The B2B Business / Customer Arc: Crafting Keystones with Marketing & Sales*; May 2016

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