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# 2013 ALLIANCE BEST PRACTICE RESEARCH

This research of 186 alliance managers reveals how the top 20%, representing those alliances that exceeded performance expectations in 2012, create more corporate value and manage alliances more effectively than their colleagues.

*Revealing the  
Leading Practices of  
High-performing,  
Go-to-Market,  
Technology Alliances*

## 2013 Alliance Best Practice Research

### *Practices of High-performing, Go-to-Market, Technology Alliances*

Phoenix Consulting Group would like to thank everyone who participated in the 2013 Best Practices in Go-to-Market Technology Alliances Survey. The survey was conducted by PhoenixCG in collaboration with the Association of Strategic Alliance Professionals (ASAP) and the preliminary findings were introduced at the ASAP 2013 Global Alliance Summit in Orlando FL in early March.

### **Acknowledgements**

Special acknowledgement goes to Nimma Bakshi and Jay Chitnis who served on the research steering group and participated as panelists in the ASAP Global Alliance Summit presentation providing color commentary and practical advice to the alliance community regarding how the 2013 findings could be applied to enhance alliance performance.

The steering group included leaders in the profession who provided guidance in areas of discovery and survey structure. Our Steering Group:



**Norma Watenpaugh, CSAP**  
Principal, Phoenix Consulting  
Board Member, ASAP



**Nimma Bakshi**  
Advisory Alliance Director, PWC  
Chapter President, SV-ASAP



**Jay Chitnis, CA-AM**  
Global Alliance Dir, Isilon, EMC  
Former Board Member, ASAP



**Tom Halle, CSAP**  
Sr. Director Global Alliances,  
Savvis



**Sherrick Murdoff**  
VP Partner Development,  
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**Toni Adams**  
Vice President Global Partner  
and Alliance Marketing ,  
VMware

## What were we seeking to learn?

The 2013 survey is a follow on to a similar survey conducted in 2010. In 2010, we established the baseline for many alliance management practices in the technology sector. In addition to trending between 2010 and 2013, we had some specific questions we wanted to explore based on feedback from the alliance community regarding:

- How do alliances contribute to corporate value?
- How were alliances measuring that contribution?
- How were they aligning to company strategy and operations?
- What changed from 2010?
- What were the high performing alliances doing differently?

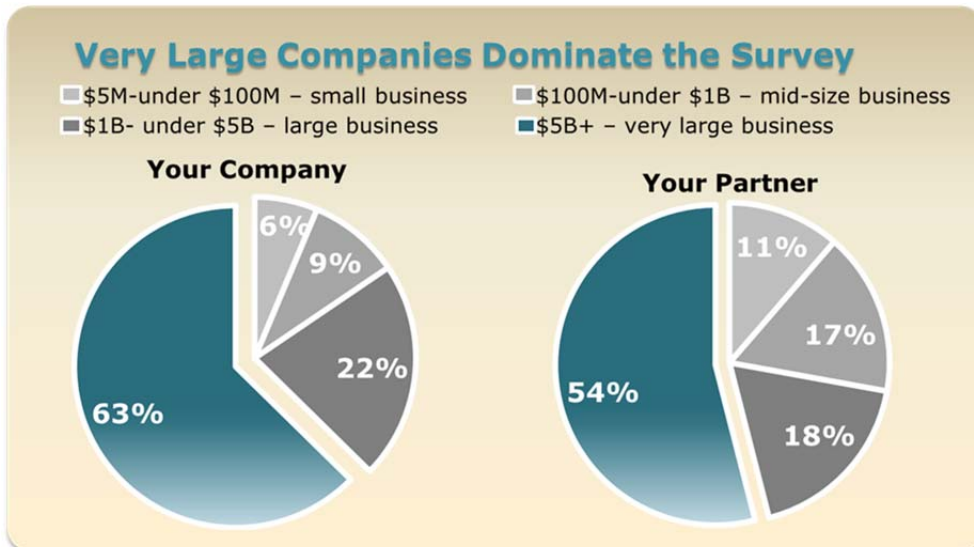
## Methodology and Demographics

The survey was directed to both the ASAP membership list for technology companies and the Phoenix Consulting Group CRM list. We also widely socialized the survey on Linked-In groups, Twitter, and Facebook. As a result approximately 20% of the 186 responses came from social media promotion. Alliance managers were asked to respond to the questions in terms of a specific go-to-market alliance or partner relationship that they manage, i.e., a relationship where the partner(s) work in some manner to market and sell solutions to end-user customers (either in a sell-to, sell-through, or sell-with fashion).



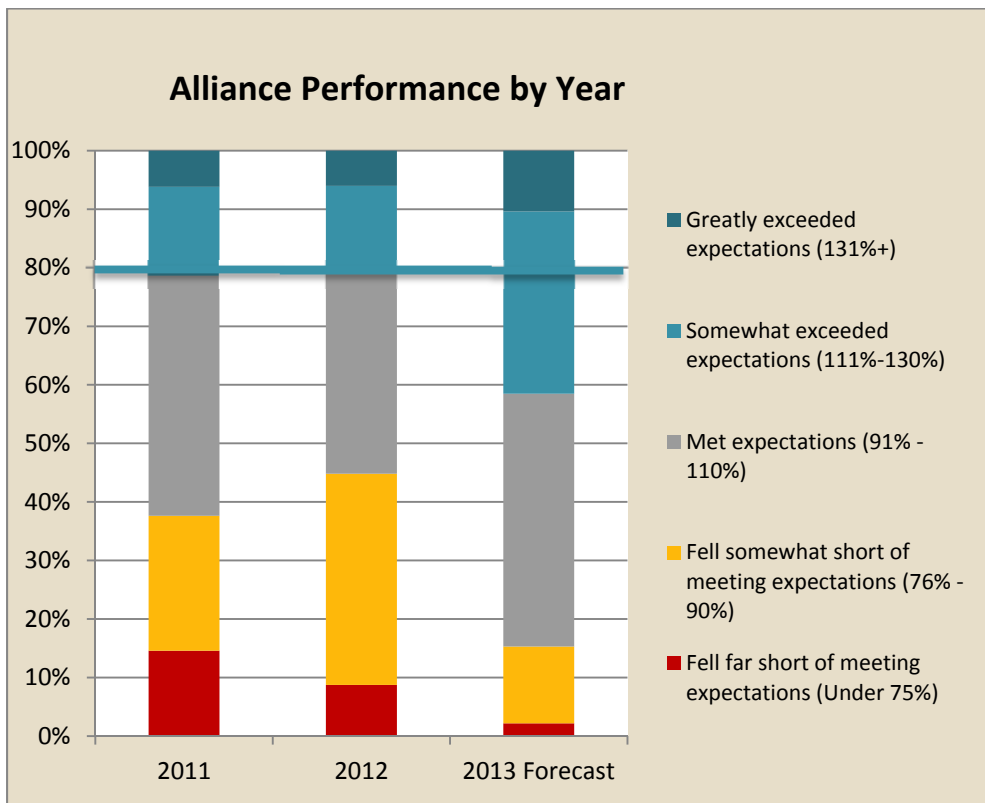
Ninety-five companies in twenty three countries were represented in this survey. IBM and Cisco, being companies that have made significant investments in their alliance organizations, are the most strongly represented among the respondents.

Respondents in large or very large companies are heavily represented in the survey; additionally, their partners also tend to come from very large companies. One should not assume that alliances are only for large companies based on this result. Successful partnerships can drive corporate value and growth for companies of all sizes and may be even more critical for smaller companies looking to leverage the scale and reach of a large global partner.



## Alliance Performance

We asked respondents to indicate their level of performance to expectation in 2011 and 2012 and to forecast their expectations for 2013. We grouped the respondents that cited they had exceeded performance expectations in 2012 into a group labeled Over Performers. They comprised about 20% of the overall population. We compared the responses of these respondents to that of the overall population in order to determine what differentiated the Over Performers.




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*“Understanding the persona of the Over Performer and what they do differently gives me the insight to retool our alliances to better achieve our objectives.*

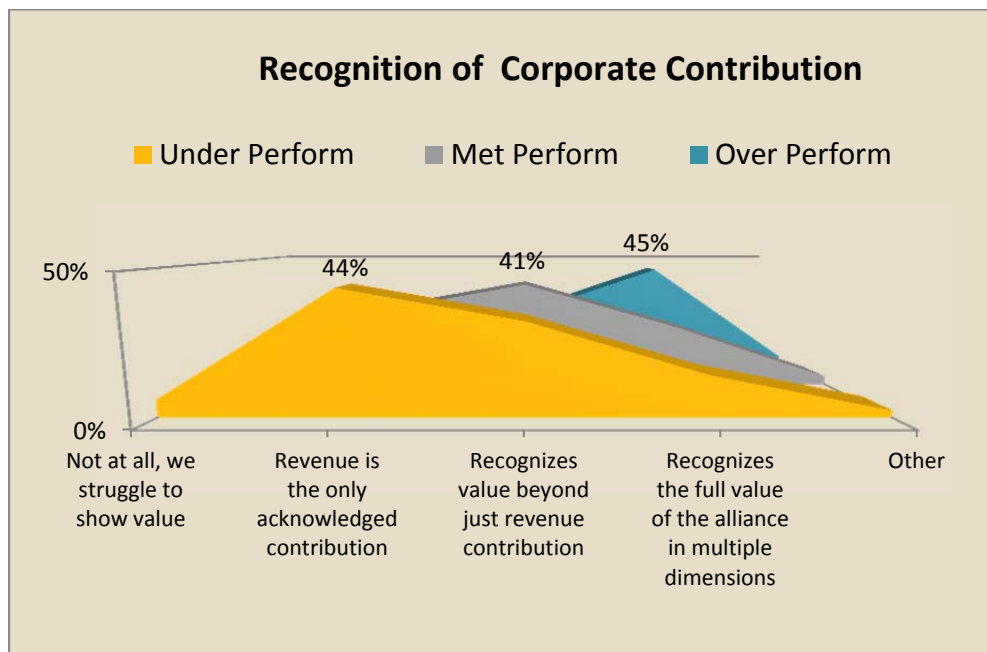
**Jay Chitnis, CA-AM**  
**Global Alliance**  
**Director, Isilon EMC**

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While there are some moderate shifts in performance between 2011 and 2012, over performers remain about the top 20%. The dramatic shift in the 2013 forecast may simply reflect an optimism for the coming year since this survey was conducted in January.

## Creating Corporate Value

Alliance managers are often hard-pressed to justify why their alliances create value for their companies. We often hear that revenue is the only criteria by which alliances are measured. The research showed this was not the case among the highest performing alliances. They were more likely to be recognized by their companies for the full value they than their colleagues.



*“The results affirm that innovation is valued at the executive level, and reveals that many companies are taking a longer-term approach to alliances in combination with a revenue orientation. This furthers the assertion that a predominant dollar-tomorrow approach isn’t an alliance best practice.”*

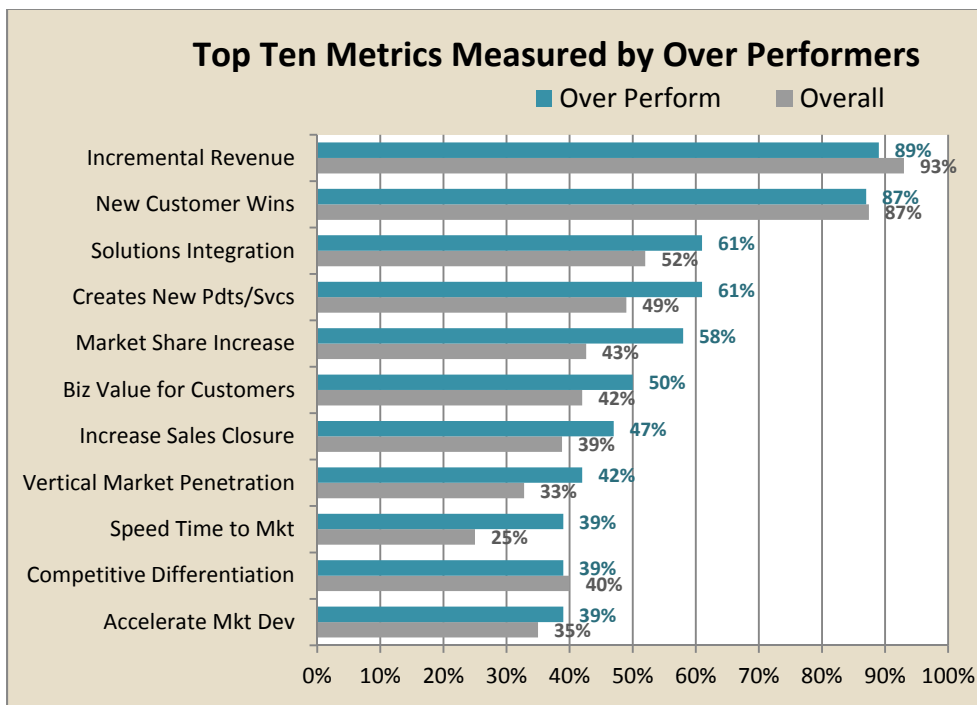
**Nimma Bakshi**  
 President, ASAP  
 Silicon Valley Chapter

We queried the population regarding how their alliance created value in the dimensions of Market Impact, Innovative Capacity, Organizational Effectiveness, Competitive Advantage and Financial. Moreover, we asked what aspects of value they measured, on the premise that what they measured was a more accurate predictor of what they *valued* as well as what they could tangibly demonstrate in terms of corporate contribution.

## Top Ten Metrics

We found that creating market impact through “New Customer Wins” and measuring that impact through “Incremental Revenue” were the most universal measures; and there was no significant difference in how frequently Over Performers measured these dimensions versus the Overall population. We also saw that Over Performers and the Overall population measured the same sales pipeline metrics. However, Over Performers are more rigorous in measuring value and, in particular, focused on more strategic measures as well as measures that related to managing the *innovation pipeline*.

The graph below depicts the top ten metrics measured for management and reporting selected in order by the Over Performers. The Overall population selected most of the same ten metrics, but they were less likely to measure them on a consistent basis.




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*“Partnered innovation can take the form of new solutions and applications, new delivery and consumption models and even whole new solution categories and market ecosystems – perhaps transforming entire markets.”*

**Tom Halle, CSAP**  
**Sr. Director Global**  
**Alliances, Savvis**

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## Persona of the Over Performer

The Over Performer is characterized by more than by what they measure. However, what they measure implies that they view alliances through a different lens than the population that merely met expectation, and especially those that were under performers. Under performers were by most counts more focused on revenue, and less so on innovation and strategic measures, i.e., the capacity to create future revenue. When alliances take this focus, they begin to falter because managing the innovation pipeline is ultimately what keeps the revenue pipeline healthy.

A more complete report of this study is forth coming, but the ten bullets below summarize the findings that characterize the Over Performer. We will delve more deeply into each of these best practices in the upcoming report.

1. Over Performers represent the top 20% of GTM technology alliances that exceeded performance expectations by 110% to over 130% in 2012.
2. Their companies acknowledge the full value of the alliance in multiple dimensions – not just revenue. What they measure differentiates them.
3. They measure market impact through new customer wins to the same degree as everyone else (approximately 87%) and incremental revenue (89%), but they also tended to measure and therefore manage:
  - Market share increase
  - Increased sales closure
  - Vertical market penetration
4. They focus on innovative capacity across the board, but in particular:
  - Solution Integration
  - Creation of new products and services
  - Creating new business value for customers
  - Creation of new business models
  - Incremental innovation
5. They also focus on accelerating value creation:
  - Speed time to market
  - Accelerate market development
6. Over Performers work to a longer ROI horizon (18-24 months vs. 12-18 months) for alliances overall.



7. Over performing alliance managers are compensated on non-revenue performance, as well as revenue metrics more frequently than non-performers.
8. The largest portion of Over Performers (40%) is managed in sales organizations, comparable to the Overall population, but Over Performers are 3X more prevalent in Market Development and Industry Solutions Organizations.
9. Over Performers leverage multiple channels in their routes to market, including Direct Sales, OEM, and Channels.
10. Over Performers are more aligned to corporate strategy than underperformers and more operationally aligned.

## Guidance for Exceptional Alliances

1. **Focus on Innovation.** Managing the Sales Pipeline is important, but managing the Innovation Pipeline is what distinguishes the Over Performer. Alliances need to tightly integrate with line-of-business leaders and product development teams to harness partnered innovation to deliver increased business value for customers and drive future company growth.
2. **Focus on Speed of Market Impact.** Over Performers also focus on Market Impact, and most importantly the speed of that impact – which requires looking at the speed of delivery of innovation (time to market) and accelerating market adoption. Revenue impact alone is an incomplete measure – the rate of growth (of revenue, market share, vertical market penetration, etc.) is also critically important. You can be generating revenue, but if you are not growing that revenue or creating new customers faster than your market is growing or faster than your competitors, then you are losing ground.
3. **Focus on showing Full Value of the alliance.** Over Performers measure a broader spectrum of metrics - market share, innovation, and competitiveness - and are more rigorous in measuring them. Having the numbers tangibly documents the full value alliances bring to the company – but more importantly, these metrics give business leaders the levers of control they need to optimize innovation potential and market shaping capacity of their partnerships. Alliances are not merely revenue engines – more importantly they are strategic avenues to whole new markets of opportunity.

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*“The top alliances are demonstrating that they have a strategic impact on their companies and are earning their place in the strategy conversation as “market makers”.*

**Norma Watenpaugh,**  
**CSAP & Principal**  
**Phoenix Consulting**  
**Group**

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## **About Phoenix Consulting Group**

Phoenix Consulting Group partners with our clients to optimize collaborative business relationships. We help companies accelerate revenue, tap new sources of innovation and open new markets through effective alliances and partner ecosystems.

PhoenixCG stays on the forefront of collaborative best practices through active leadership in advancing standards in collaborative business practices and professional certification. Our consultants combine strategic perspective with practical professional experience ensuring we deliver actionable recommendations that have real world relevance.

## **About ASAP**

The Association of Strategic Alliance Professionals (ASAP) is the only professional association dedicated to elevating and promoting the profession of alliance management. Founded in 1998, the organization provides professional development, networking and resources for cultivating the skills and toolsets needed to manage successful business partnerships. Active global members include AstraZeneca, CA Technologies, Capgemini, Cisco, Citrix, Dell, Eli Lilly, IBM, Janssen Pharmaceutical, Microsoft, Motorola, Novartis, Quintiles, Sanofi, SAS, Schneider Electric, Symantec, USAA, Verizon, VMware and Xerox. A complete list of global members is available at <http://www.strategic-alliances.org>.