

Going Beyond PRM: Three Ways SaaS Companies Can Scale Their Partner Program



If you look across the software landscape, there are some partner programs that set the industry standard for success. One of them is Microsoft: The software giant has over 400,000 partners, and more than 95 percent of the the company's revenue flows through the channel.¹

The Microsoft Partner Network is one of the largest and most well-known programs, but it's certainly not the only one. In fact, more than 70 percent of SaaS companies work with the channel in some way. However, most of these companies are not seeing Microsoft-level success, at least not yet. Nearly half of SaaS vendors—47 percent—receive less than a quarter of their revenue through channel partners, and the majority of vendors work with fewer than 25 partners.²

Clearly, many SaaS vendors are facing challenges scaling their partner programs, but why? Every SaaS company is unique, but the reasons usually boil down to a few common problems: Many SaaS vendors use manual processes to onboard and manage partners, they may not be recruiting the right partners to begin with, and many have no way to track partner program activities effectively.

For vendors that overcome these obstacles, the payoff can be immense. Here are three ways for SaaS companies to meet these challenges head-on and scale their partner programs.

1. Automate as many processes as possible

A reseller sells a SaaS product to a new customer. To complete the sale, the reseller sends an email to the SaaS vendor with the number of seats purchased as well as the amount paid. Then, the vendor inputs the information into a tracking spreadsheet and spins up the required number of seats for the customer. Next, the spreadsheet is processed by the vendor's billing team, who calculates the payout and sends the reseller an electronic payment, or an old-fashioned paper check.

1. <https://www.avepoint.com/blog/strategy-blog/microsofts-kati-quikey-microsoft-partner-network>
2. Partnering in the Cloud: 2015 ISV Report, Cloud Technology Alliance



Sound familiar? If you rely on manual processes to manage your partner program, it probably does. Today, many SaaS vendors manage transactions, provisioning, deal registration, and content exchange entirely with email and spreadsheets.

This can cause headaches, especially when it comes to revenue. Manual billing can lead to revenue leakage, where resellers provide services but don't get compensated. Moreover, manual renewals can lead to customer churn, as resellers forget to follow up and miss opportunities for extensions, cross-sells, or upsells. With more and more partners joining a program, it's easy to see how manual processes can get in the way. There's a reason Microsoft and Google have invested millions in their partner portals: to avoid these problems and remove the obstacles to a fast, automated reseller sales process.



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2. Improve partner recruitment

As the number of SaaS companies and resellers has grown—and cloud-based technology to facilitate these transactions has improved—so have the opportunities on both sides of the equation. However, just because SaaS vendors and resellers can work together to sell solutions doesn't mean they should. There has to be product / market fit and a well-defined value proposition with clear differentiators.

To ensure that this is the case, having a well-defined business case for your partner program is key. For example, if a SaaS vendor launches a partner program with the goal of relying on them to develop and sell complementary add-ons, then recruiting partners who are only interested in reselling will be doomed from the start. Alignment, both internally within a SaaS company and with external partners, is critical.

Here's a real-world example of a good vendor / partner fit. ProsperWorks is a SaaS CRM solution for G Suite users. Instead of spreading its recruitment efforts too thinly across the CRM market, ProsperWorks focuses on existing G Suite resellers. Why? Because these partners already understand G Suite and can see the value of a CRM created specifically to enhance G Suite applications. It's a value enhancing win-win for both sides.

On the reseller side, the two most important factors in deciding to work with a SaaS company are "innovative technology" and "strong market demand" for the solutions being offered.³ No one releases a bad product (at least not on purpose), but increasing your focus on product innovation and offering solutions that customers want is a surefire way to attract top-performing resellers.

One final way to improve your partner recruitment efforts: Listen to your customers. They can often see areas where a partnership would make their lives easier long before SaaS companies or partners can. In fact, 39 percent of SaaS vendors said that this was the most important channel recruiting method.⁴

3. Partnering in the Cloud: 2015 ISV Report, Cloud Technology Alliance

4. Ibid.



3. Track and measure partner activities accurately

It's impossible to scale a partner program unless you know where to invest additional resources, and you can't identify those areas if you can't tell how the various aspects of your program are performing. Today, many SaaS companies use portals that are built in house. Often, these don't provide the tools—order management, billing, and analytics—that partners need. Without streamlined tools, vendors and partners run into the same issues with manual processes discussed above.

With purpose-built partner tracking tools, SaaS vendors can easily access data on the health of partnerships, including the ability to measure the outcome of leads and the total business impact. A view into partner performance also shows which partners—and what type of partners—are doing well, helping you recruit similar companies that are more likely to succeed, as well as cut non-performing partners.



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Moving Beyond Partner Relationship Management (PRM) to Automated Partner Commerce

The majority of today's SaaS companies utilize PRM solutions to manage their partner programs. These solutions serve a valuable purpose by giving vendors and partners a central portal to collaborate and share marketing and sales content. However, a PRM will only get a SaaS company so far; to get to the next level, vendors need a partner commerce solution that automates every aspect of partner onboarding and management. A solution that automates partner billing, subscriptions, and order management can give any SaaS company an edge against competitors who are stuck in manual mode.

THE APPRESELLER ADVANTAGE

When you're ready to scale, AppDirect's AppReseller solution can help accelerate your partner program quickly and cost effectively. AppReseller gives you a range of powerful features that traditional PRM tools can't, including the ability to customize product offerings, revenue shares, and prices through a single portal, as well as the ability to enable partners to self-manage their product subscriptions. With one dashboard view of all sales, costs, and revenue across your partner ecosystem, AppReseller gives SaaS companies complete visibility into their partner activities.

For more information, visit www.appdirect.com.

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