Microsoft
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Network

Optimize & Grow

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Table of Contents

Understanding Customer Lifetime Value

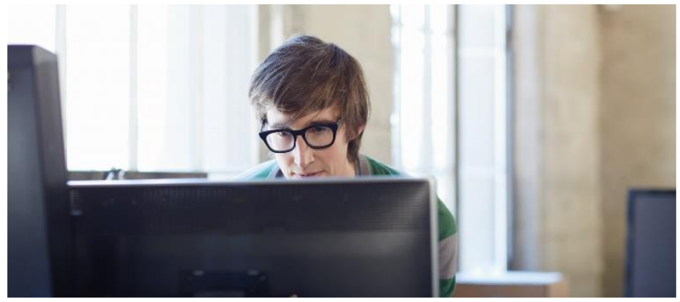
Customer lifetime value (CLV) is the revenue from a customer over the lifetime of their relationship with you.

As most businesses have experienced within the tech industry, a lifelong customer is of far greater value than any one-off transaction. It's no longer enough for companies to invest their time and resources into the generation of single purchases. Especially in the cloud world, it is critical for businesses to develop relationships and solutions that engage a customer for life.

CLV allows businesses to step back and look at not just one sale, not just one customer, but the customer base as a whole. It's about defining the economic value of each customer within that base and using that metric to make data-based decisions. If you don't know what a client is worth, you don't know what you should spend to get or keep one.

Knowing the CLV helps you make critical business decisions about sales, marketing, product development, and customer support. For example:

- **Marketing:** What should my acquisition costs be?
- **Sales:** What types of customers should sales reps spend the most time on trying to acquire?
- **Product:** How can I tailor my products and services to my best customers?
- **Customer Support**: How much can I afford to spend to provide customer service to my customers?



CLV is also a good way to guide and reward your sales team. Pay them more for bringing in customers with high potential lifetime value. By measuring and monitoring your cloud customer CLV, you can:

- Gain insight into your customers' cloud consumption and usage.
- Qualify for MPN cloud competencies that will help you grow your business.
- Help your customers reach their desired business outcomes.
- Leverage insight for cross-sell/upsell and proactively engage customers for extension opportunities.

By increasing your customer adoption rates, you can increase your CLV, particularly with cloud customers. The more employees you can get to use your service or solution, the more likely you are to increase CLV. Here are some ways to improve adoption:

WHAT DO YOU NEED TO DO TO BE SUCCESSFUL?

Key attributes of a successful adoption approach

Define a vision & identify business scenarios	Prioritize solution & create an adoption plan	Commit resources & execute an adoption plan	Measure, share success, & iterate
A deep understanding of the business goals, as well as people challenges and needs to achieve them.	A solution that people love and that helps them achieve business goals and get things done more effectively.	A strategy to drive adoption including communications, readiness, and community.	A benchmark, KPIs, and success stories to help demonstrate success internally, improve, & expand.

While it's important to define and track your metrics, there are some simple things you can do to increase your CLV.

Your customer strategy must be built on a culture of customer success and tracking customer satisfaction. Critical success factors, when it comes to CLV, are:

- Being sensitive to customer emotions.
- Maintaining good communication.
- Listening to customer pain points.
- Understanding that there are multiple layers to any one concern.
- Doing business with an understanding and empathy for where your customer is coming from.

NEXT STEPS:

- Identify customer lifetime value of your five best customers.
- Identify your average customer lifetime value along with your Microsoft contact.
- Identify actions to increase your average customer lifetime value.

Learn more about CLV in the Modern Microsoft Partner Series eBook, Deliver Customer Lifetime Value. To model CLV as it relates to your business, explore the modeling tool available on the MPN portal.

Getting to Know Your Existing Customers

SECRET SHOPPING: THINK LIKE A CUSTOMER

Typically, secret shopping is thought of as something that retailers do — where they pay mystery shoppers to go into their stores and conduct secret shops to help the company get better at what it does. However, secret shopping is a vital component to improving your overall customer experience. The information gathered when secret shopping and mapping your customer journey provides critical data that can be used to improve what you do in the future.

With your core audience in mind, imagine the decision-making process a potential customer goes through in their buying journey as they research and compare available offers in the marketplace. Viewing Figure 1 below, a customer will fact check down the pyramid in a familiar pattern beginning with social media comments, reading product reviews, browsing various websites (including competitive offers), talking with peers and influencers, and narrowing their options as they approach the bottom. As they move down the funnel (Path of Reference), they gain clarity while growing in confidence and trust of the few remaining offers they are interested in.

As a seller, if you don't have someone on your team who goes through the same fact checking process (secret shopping) as the audience you are trying to reach, you are practicing what amounts to "blind marketing." This means you have no insight into what the prospective customer sees and hears along their purchasing journey.

Secret shopping provides insight into how employees, from varying departments in the company, interact with customers. It can be difficult to know how employees conduct themselves when a manager or supervisor is not around.

Notice the pyramid includes new customers and existing customers, resellers and their sales agents, your own sales team, and your internal staff from product and operations up through the executive team. Why? Because they are all talking about your products and services in a variety of venues — and your prospective customers are listening.

The critical question is: Are all the "voices" saying the same thing? Specifically,

- Do they all clearly communicate your value proposition?
- Is their message consistent with how you brand your company and position offers?
- Are they strongly differentiating your offer from the competition?

In other words, are you communicating a consistent message and story through your media mix and sales engagements? If not, your marketing is a confusing array of inconsistent and imprecise statements about who you are and the value of what you are selling.

What they hear at the top should be what they hear at the bottom — and all the way through the buying journey.

Referral Marketing

Referral marketing is the art of harnessing your customers, employees, friends, and vendors to communicate your company's value. Study after study has proven that referral marketing is one of the best forms of marketing when it comes to sales and conversions. Referral marketing is powerful because people trust the opinions of other people in their lives and people they respect, whether that be co-workers, trusted vendors, friends, or other influencers such as attorneys or accountants.

Why Referral Marketing? 84% of B2B decision makers start with a referral![1]

5 Keys to Successful Referral Marketing

Implementing your own referral strategy to increase referrals and sales isn't difficult. Here are some ideas:

1. PROVIDE AN EXCEPTIONAL CUSTOMER EXPERIENCE

Valuable products and services, exceptional customer service, and a positive buying experience are at the core of every referral. This is fundamental to any referral campaign. Think about the services and support you offer, looking at it from a customer perspective, and ask yourself what you offer that is worth sharing with co-workers or friends.

2. MAKE SURE YOUR REFERRAL SOURCES KNOW WHAT YOU DO AND THE BEST TYPE OF CLIENTS FOR YOU

One of the drawbacks of referral marketing is that your referral sources are telling your story for you. To ensure they know your complete story, formalize your program with a simple one-sheet that explains what you do best. Include a profile of your ideal customer, so your referral sources send you the most qualified leads, creating a win-win for you and them.

3. PAY ATTENTION TO YOUR ANALYTICS

You're probably already getting referrals and don't even know it. Some referrals are coming to you directly, and others are done online. If you implement a more structured program, you can reach out to your referral sources and thank them for helping you out. In exchange, you can offer to refer business back to them, or highlight them in your marketing, or offer to share a small percentage of your profit with them.

4. MAKE IT EASY FOR CUSTOMERS TO REFER YOUR BRAND

Make it as easy as possible to share your products and refer your brand. There are many ways you can do this. In some cases, companies have added a "share" function to their main website navigation. Add social sharing badges to every page on your website.

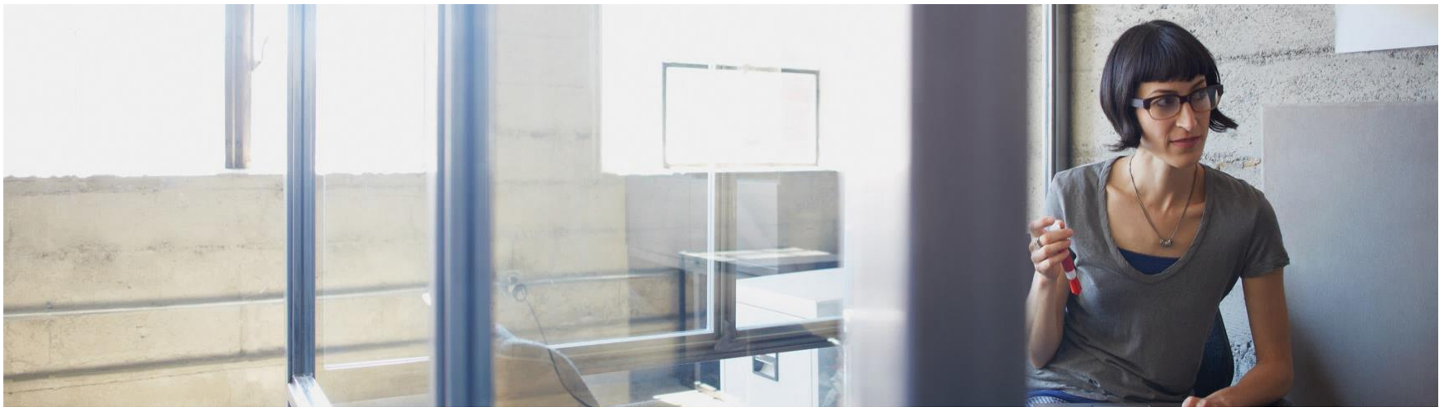
5. CAPITALIZE ON INFLUENCERS

Influencers within your niche can be a goldmine for referral traffic and sales. The key is to find influencers whose following is as close as possible to your target market. Influencer marketing can be as easy as reaching out to a popular blogger, a group lead on LinkedIn, or a popular writer on Twitter, and asking if they do sponsored postings or if they would like your product to review.

Referral marketing is a powerful and important component for every business. Implementing some basic tactics can help encourage and facilitate the referral process, which can be a major source of new sales.

[1](Source: LinkedIn)

Execute Nurture Marketing Efforts



Creating Long Term Customer Relationships

Nurture marketing means staying in front of your customer by providing them valuable content.

Nurturing customers is a must in the noisy messaging world of today. You must start with your existing customers. You must ensure they understand what they bought, how to be most successful and what other offerings you have. Nurturing new customers is equally important. You will create journeys for each type of prospect with the content that fits where they are in the buying cycle.

You create these long-term customer relationships through nurture marketing. Nurture marketing is positioning your company as an expert, delivering relevant content at the right time using tools like whitepapers, news articles, webinars, and delivering them in a structured way.

WHY NURTURE?

Simply put, nurture marketing yields significantly more leads, increased revenue and improved customer satisfaction- all things critical to growing your practice.

300%	Up to 300% more leads
260%	Up to 260% increase in revenue
35%	35% improvement in customer retention

INVEST IN RELATIONSHIPS

Nurture campaigns are a clear investment in your customers. It is a commitment to learn where they are in the buyers journey and deliver the right message when they need it. Did you know a sales rep needs to touch someone 7 times before a purchase. Most reps give up after 2-3 calls. Keep the following in mind that is true about prospects *6 months after* the prospect expressed interest:

26%	Purchased the type of product
56%	56% Say they still plan to buy
33%	33% of them have budget authorization

Nuture Marketing

Nurture marketing is often associated with email marketing. It is related. However, nurturing customers is not simply sending out a generic email blast periodically.

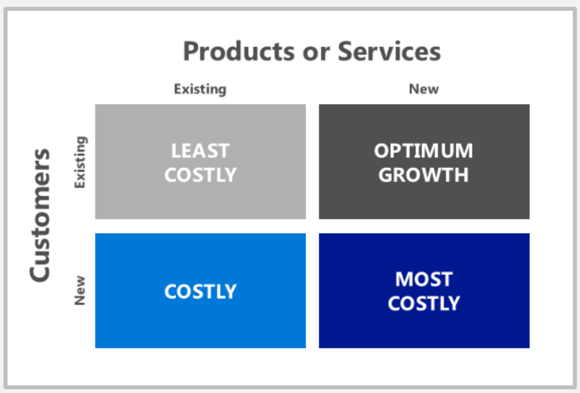
Nurturing is understanding of your customer needs and behaviors. Nurturing is ensuring the customer gets just what they need when they need it to make a buying decision in your favor. The five keys to successfully nurture prospects are as follows:

AUTHENTICITY	• There is no substitute for knowing what it is like to stand in the shoes of your customer • You must sound like you have true business insight • The language you use is key • A vertical focus is usually critical • Get this wrong and your message will be ignored
RELEVANCE	• Speak to known business pains (as opposed to technical) • Speak to where in the buying cycle the prospect is at • Remain consistent to your core value proposition • Speak to the emotional triggers (focus on the "why") including fear, gain/greed, curiosity
VARIETY	• "Feed" the prospect's hunger for information • Find the right cadence and frequency • Do not overwhelm or they will unsubscribe
FOLLOW-UP	• The handoff to sales is critical, but it must happen at the right time • Track buyer engagement to determine optimum timing by monitoring the frequency of interaction and the level of interest based on lead scoring
AUTOMATION	• Timing, consistency, and frequency matter • The only way to ensure the thoroughness of timing, consistency and frequency is with the use of marketing automation software

CREATING LONG-TERM CUSTOMER RELATIONSHIPS

Customer lifecycle management (CLM) is a process by which partners can assist customers in evaluating and maintaining loyalty to a product, service, and supplier over a sustained period of time. The objective is to secure and increase the customer lifetime value.

Hunt or farm? What is the cost of acquiring new customers versus retention and upsell? Selling something to someone you know is least costly, while selling to someone you don't know is most costly.



DRIVE CUSTOMER ONBOARDING QUICKLY

Ensure there is a dedicated onboarding and deployment process from welcome, administration, implementation, adoption, and training. The first 14 days is critical. Customers must incorporate your solution into their daily lives to realize value. Adoption represents a state of satisfaction with the service and sustained usage over time.

Things to consider:

- What are your processes for onboarding new customers?
- What do you do well for onboarding customers, and what do you think you can improve?
- What are your top two challenges when onboarding customers?
- Is there a defined timeline to ensure customers are onboarded and using the service within 30 days?

ENSURE A CUSTOMER NURTURE PROCESS EXISTS

Hold continuous touch points to learn more about the customers' needs, including CSAT, assessments, blogs, emails, etc.

IDENTIFY AND TRAP CUSTOMER TRIGGERS

Identify the logical next steps for customers to get to the full solution and drive your hero motion.

CUSTOMER LIFECYCLE MANAGEMENT EXECUTION ACTIONS

Good:

- Ensure customer onboarding within 15 days of purchase.
- Ensure you are set up as Partner of Record.
- Quote renewals early to ensure they don't have interruption in service.

Better:

- Drive automation of activation and initial seats deployment.
- Deliver end user training.
- Follow up yearly with needs assessment.
- Provide upsell services and training.

Best:

- Monitor customer health and deployment.
- Deliver end user training and additional services.
- Follow up quarterly with needs assessment.
- Monitor for customer trigger events with offer/action for each.

Collect Feedback

Customer Satisfaction

Satisfied customers have no reason to change cloud suppliers, but of course you won't know how satisfied they are unless you ask them.

It is critically important to have a mechanism in place to solicit feedback from your customers on a regular basis. You don't want to bombard them with requests to fill out surveys, but you do want to provide ample opportunities to tell you how you're doing.

MANAGED SERVICES

If you provide managed services, this might involve asking users about their level of satisfaction with the service they receive. If you are more focused on providing project or professional services, consider sending out a satisfaction survey at the end of a project or meeting with the customer in person to collect feedback.

Consider using the Net Promoter Score (NPS) as a primary measure for satisfaction. The NPS is calculated based on responses to a single question: How likely is it that you would recommend our company/product/ service to a friend or colleague? Those who respond with a score of 9 or 10 are called promoters and are likely to remain customers for longer and make more referrals to other potential customers. Those who respond with a score of 0 to 6 are labeled detractors and are less likely to remain as customers in the long term. You subtract the percentage of customers who are detractors from the percentage of promoters to arrive at the NPS score. Companies that use this method strive for a score of 50 or higher.

In addition to soliciting a quantitative measure of satisfaction, you should also provide customers with the opportunity to tell you why they are satisfied or dissatisfied.

Regardless of how you measure customer satisfaction, it is important to act on the feedback you receive and follow up with customers to demonstrate you are taking measures to address their concerns. If your customer is dissatisfied, get to the root cause and fix it. And then tell/show them how you fixed it.

If you provide project services, another technique to learn from is to conduct a post mortem of the delivered project. Here you should involve both the technical project team and the customer success manager to enumerate what went well, what went wrong and what could have been done better. Focus on the latter two for opportunities to improve your solution or your process.

Optimize and Grow from Feedback

Take the feedback you have collected from the customer and your customer team to optimize delivery and look for opportunities to document and improve processes and automate tasks.

Work to identify opportunities to optimize the costs incurred in delivering the solution. Often times, this will lead you to either opportunities for IP creation or for the creation of repeatable processes you can use with your next round of customers.

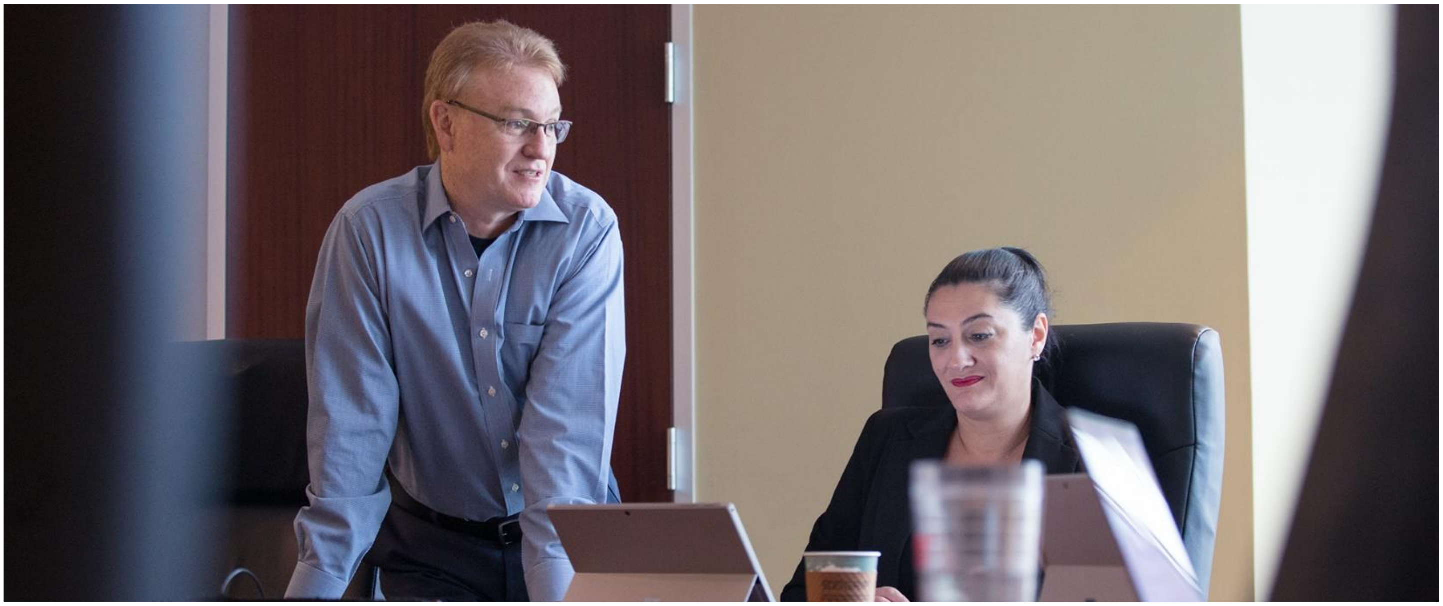
INTELLECTUAL PROPERTY

Many people automatically associate Intellectual Property (IP) with software, apps, and technology tools, but standardized and repeatable processes can also be your secret sauce. When you document the steps involved in completing a job or create templates for deliverables, you are creating intellectual property.

It is very common to get caught up in delivering projects and solutions and never get to the task of documenting what's been done and the lessons learned along the way. But unless you build in the time to take a breath and take stock of what worked well and what didn't, you will never be able to develop repeatable methods and processes. You need to make harvesting repeatable work products a standard task and hold staff accountable (or reward them) for completing it.

Think broadly about your repeatable processes. Go back and look at your last 20 or 30 or even 50 projects and see what they have in common. You may be surprised by how many times you have completed a type of project or specific task over and over again. And if you have done something often enough, chances are you have a latent specialization. Successful partners take this discovery to the next level, by wrapping that depth of experience up as a "product" that can then be sold, publicized and marketed as a differentiated skill or service.

Learn more about optimizing operations in the Modern Microsoft Partner Series eBook, [Optimize Your Operations](#).



Perform a Post Mortem

What is a post mortem?

A project post-mortem, also called a project retrospective, is a process for evaluating the success (or failure) of a project's ability to meet business goals.

A typical post-mortem meeting begins with a restatement of the project's scope. Team members and business owners are then asked by a facilitator to share answers to the following questions:

- What worked well for the team?
- What did not work well for the team?

The facilitator may solicit quantitative data related to cost management or qualitative data such as perceived quality of the product. Ideally, the feedback gathered from a project post-mortem will be used to ensure continuous improvement and improve the management of future projects. Post-mortems are generally conducted at the end of the project process, but are also useful at the end of each stage of a multi-phase project.

Land & Expand

Growing Scope

With a successful customer engagement behind you, at this point you will want to understand how you can increase the scope of the services you provide to your customer.

We call this the land and expand strategy. In this strategy, you want to look for opportunities to provide incremental project services with goal of driving stronger usage of your services. You should look for opportunities to cross-sell and upsell incremental solutions to customers based on needs identified during service delivery.

For example, if you are the digital partner of record on your customer's Microsoft subscriptions, you have access to their cloud solution usage and consumption data via the Cloud Services Partner Dashboard. You can use it to identify areas where you should be encouraging deeper and wider usage of Azure, as well as areas where the customer may benefit from incremental project or advisory services.

LAND EXAMPLE

Say for example the customer brought your practice to help setup a site-to-site VPN connection to establish hybrid connectivity to Azure to migrate a line-of-business application to Azure.

EXPAND EXAMPLE

Using the knowledge gained about the customer's data, you are in a strong position to make recommendations that improve the customer's situation and enable you to deliver added value. For example, you might propose that additional workloads that the customer has decided not to migrate yet could be configured for failover to the cloud using Azure Site Recovery. Additional easy options would be to configure Azure backup to protect the new cloud-based workload and for on-premises servers to replace legacy solutions like tape backup.

Refine Customer Value Proposition

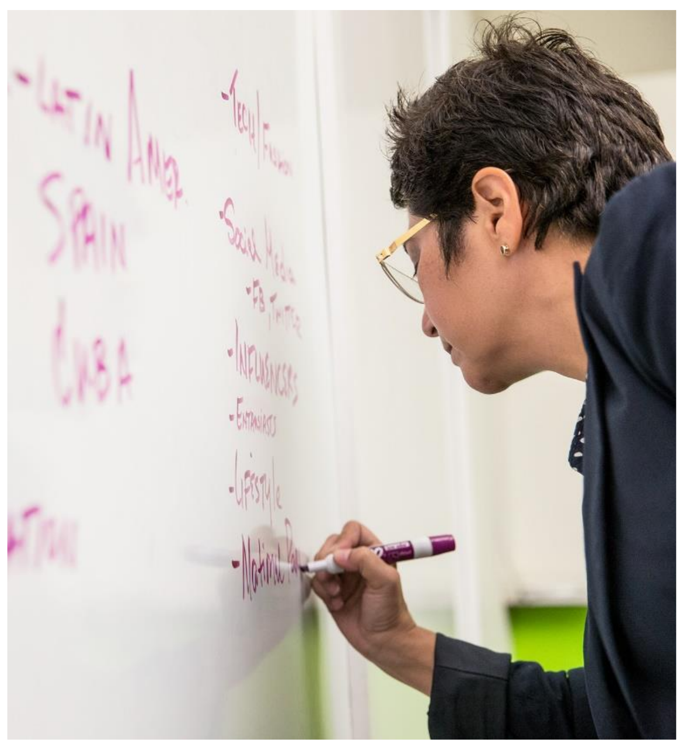
FOCUS ON WHAT YOU COULD DO BETTER AND COMMUNICATE

Having delivered to your customers, work with your customers, staff, partners and others with whom you engaged to better understand how you can improve your value proposition by asking them how you could do better, ask them:

1. What do your customers love about your company?
2. What would they change?
3. What keeps them awake at night that we solve?
4. What are competitors doing they wish you did?

Take the answers to these questions and refine your value proposition, and if necessary your offer.

Learn more about how to design a value prop that gets attention



Expand to Similar Customers

Vertical Customer Play

EACH VERTICAL MARKET IS UNIQUE, BUT MAY BE FAMILIAR

All partners are looking to grow their customer base from time to time. One of the best moves you can make is to make advancements in new vertical markets. Some of the vertical markets to consider include: Retail, Financial Services, Healthcare and Public Sector.

Partners may consider using marketing campaigns and featuring case studies to show success in other industries. You should be prepared to offer a free engagement, advice or proof of offering to break into a new industry.

At the time, you begin to consider growing your pipeline with vertical market plays, you need to ask some questions. Is the business ready for additional customers? Do you have capacity on your bench or other areas? Answers to these questions help define which verticals you want to explore. Market and customer research can help you answer which vertical to focus on to match your business maturity level.

Lastly, appropriate content by industry is critical. You will be wise to commission a collection of marketing to use for your marketing automation, web site, proposals, direct emails and more. Having the correct content for the market instills confidence in your business.

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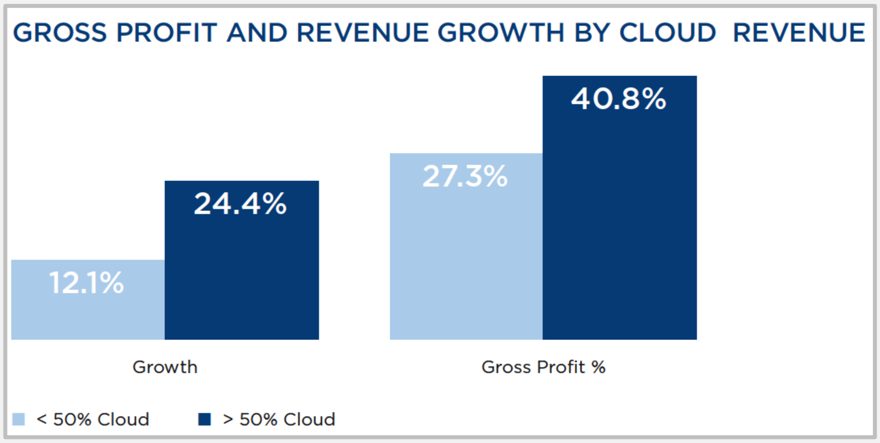
Optimize Costs

Efficiency, Profit and Growth

Optimize profit to fund growth.



Source: IDC eBook, sponsored by Microsoft, The Modern Microsoft Partner Series, Part 1: The Booming Cloud Opportunity, 2016

We all want to have profitable businesses and IDC's research shows that those that are heavily invested in cloud do better than their peers with respect to profitability. But profit doesn't happen automatically just because of cloud. You need to have the right processes and methods in place to drive the efficiencies that reduce costs while still delivering high-quality services. If you are able to achieve that balance, profit should follow.

But, it doesn't stop there. If you have efficiency and profit, you have also created the fuel for growth. Your profit provides the funding to invest in pre-requisites for growth, whether it's hiring special skills, buying a company, or renting more office space.

To acquire and maintain a profitable group of customers, you will want to create "look-alike profiles." To do this, look at your most profitable customers. What size is the company? What solution did they purchase? Did you offer any particular expertise? Did they have an unique business need? Were they in a particular industry?

Once you build a profile (or profiles) for your best customers, you can use that profile to find others like them. This is called "Look-Alike" marketing. It helps to narrow your focus when choosing who to market to, or what medium to utilize. It helps to create content for those specific types of customers. It also helps with referral marketing, allowing you to clearly articulate the best fit for your company.

TIP: Use your look-alike profiles to procure prospect lists to market to.

Measure Results

MEASURING YOUR STRENGTHS AND GAPS IS KEY TO ONGOING SUCCESS.

To determine if your cloud business is performing to the best of its ability, you need to establish key performance indicators (KPIs) to measure your success. Consider using this approach and applied measurement to ensure you are monitoring and rewarding the right behavior:

- **Take a disciplined and structured approach.** Financial discipline is key to the success of any business, but it needs to empower and inform decisions, not limit them.
- **Set and review targets.** Set targets and objectives for your next year or mid-year, and review them along with corrections of errors if needed.
- **Align execution.** Ensure all internal teams are aligned against the same metrics.
- **Benchmark.** Benchmark your organization with clear key performance indicators (KPIs) to drive your progress. Below is an example of a dashboard with KPIs:

SOME OF THE SPECIFIC ITEMS YOU MAY WANT TO MEASURE INCLUDE:

- **Staff utilization:** The amount of time spent on billable work divided by the number of billable hours per person, per year (typically 1,500 - 1,700 hours; taking statutory holidays, vacation, & training into account).
- **Billable markup rate (BMUR):** This measures the profitability of billable resources. It is calculated by taking the hourly charge-out rate of the individual and dividing it by their loaded cost (salary, variable pay, benefits) per billable hour. Best-in-class partners score 2.5 on this metric, while 2.0 is the generally accepted baseline.
- **Backlog**. This is the total amount of work you have outstanding in days (including project work, support work, and ad hoc work with clients) divided by the total number of billable resources. Anything beyond 120 days indicates a strong pipeline of work; anything less than 30 days may be problematic.
- **Rate of customer acquisition**. The number of new customers acquired per month, quarter, or year.
- **Average revenue per user (ARPU)**. Total revenue divided by the number of users.
- **Average revenue per customer (ARC)**. The average amount spent per month among customers who subscribe to managed services offerings.
- **Direct sales cost**. This measure determines the value a seller is providing to the company. In the cloud, 8–10 percent is ideal and 15 percent is acceptable, but anything beyond that means either their quota is too low or their income is too high.
- **Percentage of billed revenue spent on marketing**. It's common to see less than 1 or 2 percent of revenue being spent on driving net new demand. However, some of the most successful partners spend anywhere from 8 to 10 percent.
- **Renewal rate**. This is the percentage of customers that renew their cloud subscriptions. Typically, you're looking for something less than 8 to 10 percent per year of annual churn.
- **Attach rate of secondary offerings**. The value of secondary offerings sold in addition to the solution sold as the first step in the engagement (e.g. Office 365). IDC research shows that the average partner sells $4.14 of their own offerings for every $1 of Microsoft Cloud solutions they sell. Partners with more than 50% of their revenue in the cloud attach $5.86 of their own offerings.

- **Services attach rate**. This is the percentage of active customers paying for managed services in addition to core product offerings. You want to aim for a 70% or higher attach rate if managed services is a primary focal point for your business.
- **Percent of revenue from recurring sources**. Ideally, a partner starting their journey to the cloud should aim to have 15 percent of revenue from these sources by the end of year one, 33 percent by year two, and 45 percent or more by year three.
- **Gross margin by offering**. For project services, striving for 30 percent or more gross margin is important; managed services should return at least 40 percent and IP over 50 percent.
- **Efficiency factor**. The measure of how much work you've already done that can be repurposed, packaged, and resold as IP.
- **Average calls per customer**. The average number of calls per customer in a given month for managed services. It's reasonable to expect lots of calls in the early stages of the customer relationship, but over the long term, call volume should subside.
- **Average case duration**. The amount of time it takes to field the call, work, resolve, and document a case ticket.
- **Services rep utilization**. This is calculated as the average amount of hours annually spent per representative actively working cases, divided by the number of available hours.

These measures aren't new. In fact, they've been around for as long as services businesses have been in place. The challenge is how you manage them. Are these metrics being tracked on a regular basis? Do you have process and cadence for reviewing them?

Creating Scorecards

You should have scorecards set up for your business that all your employees pay attention to. Create scorecard and financial impact actions that include:

GOOD	BETTER	BEST
• Track your gross services margin across your business. • Review your ARPU monthly.	• Set a target for your gross managed services margin and ARPU for the year. • Track your gross margin for all revenue streams across your business (managed services, project services, resell, and IP), as well as ARPU. • Review the KPIs monthly with correction of errors implemented.	• Instrument the KPIs of your business including gross margin, ARPU, service attach, delivery, and contract renewals. • Integrate these KPIs into the operational aspects of your business, including contract reviews and compensation. • Align the compensation of your leadership on a few KPIs

Grow Partnerships

NURTURE YOUR PARTNER RELATIONSHIPS

Identify new partnership opportunities to reduce costs of going to market, increase reach, optimize sales model, increase share of wallet with customers.

Intervate found that much of the demand for their products came from vertical markets that they were not equipped to serve. Instead of trying to develop all the vertical expertise in-house they began to work with other partners to complete vertical solutions that were outside of their expertise.

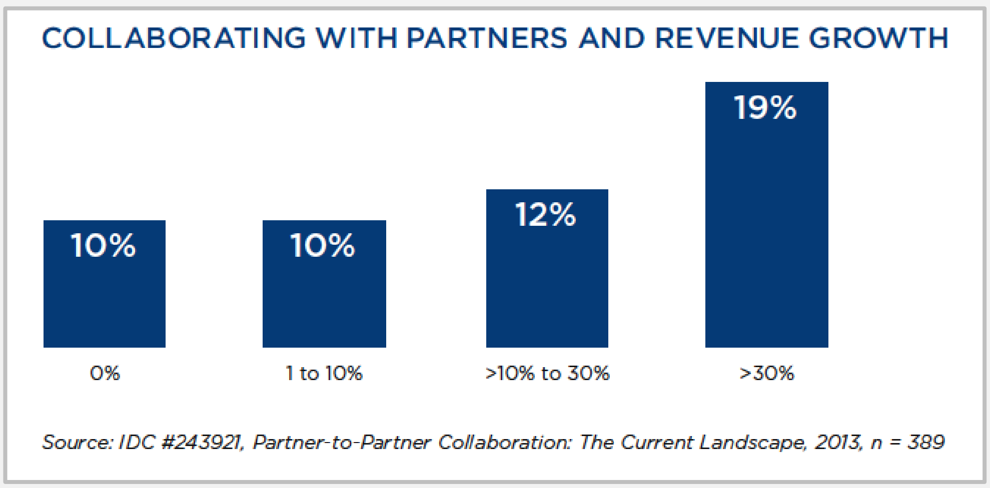
If you have horizontal intellectual property (IP) or unique skills, you may be able to differentiate by working with partners with vertical expertise. You can decide how the relationship works on a partner by partner basis. For instance, you may just need a partner to introduce you to the right decision maker in a vertical. If you don't speak the language of the vertical, you may need a partner to take on the sales consultant role. You may want the partnership to extend to scoping the requirements for a vertical or to jointly build a vertical-specific version of your IP.

There are many ways that a Partner to Partner (P2P) relationship may help you specialize. You probably will need separate partnerships for each vertical focus. If one or two verticals become dominant, consider developing your own internal expertise.

Working with other partners can also be an effective method of expanding your geographic reach or to provide ongoing customer support more efficiently than you can yourself. In most scenarios, working with other partners allows you to focus on your own core advantages.

THE VALUE OF PARTNERING

In a 2013 IDC study of IT solution providers, we found that those companies that had been involved with the most partner-to-partner activity, also had some of the best business metrics. Our study showed that the group of partners who associated 30% or more of their revenue with partner-to-partner collaboration were also the ones who were growing the fastest: 19% growth versus 10-12% for the rest. As with other statistics we've shown, this may not be causal (that partnering directly leads to growth). But we do know there is a strong correlation with high growth and partnering. Basically, the best solution providers value partnering as a strategy.



Source: IDC #243921, Partner-to-Partner Collaboration: The Current Landscape, 2013, n = 389

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Some partners recommend positioning yourself as a trusted technology AND business advisor which can lead to introductions to most functional leaders in the company, creating a great base for expansion.

Use your own experience as the basis for best practices for your customers. Start by identifying small, incremental initiatives that will make a visible impact for the customer. If you haven't done this kind of project before, recruit a 'friendly' customer for a proof-of-concept.

Successful partners have created their version of differentiation by being on the bleeding edge of technology. There is a bit of self-fulfilling prophecy in this. If your company is known as an early adopter, you will get more projects that deploy new technologies.

You should invest upfront to have the basic understanding of the new technologies to get a project.