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# Four Ways SaaS Vendors Can Tell They're Ready to Launch a Partner Program

This year, the global market for cloud services is predicted to hit $247 billion—up 18 percent from its 2016 total of $209 billion.[1] For SaaS vendors looking to grab a piece of that rapidly growing pie, the channel is becoming an indispensable go-to-market strategy.[2]

As Thomas Hansen, SaaS industry veteran who led explosive growth at Microsoft and Dropbox, recently explained: "Turning to channel resellers may seem decidedly old-school, [but] working with partners [gives] cloud companies the agility they need to spread the word about their services on a broader scale, and gain new customers in new markets and new industries, and importantly at unit economics that scale positively fast."

With all of the benefits that working with the channel can provide, it's not hard to see why more SaaS vendors are launching partner programs. In fact, nearly 70 percent of software vendors work with the channel in some way, with almost half—49 percent—offering referral programs, 46 percent distributing through cloud service providers, and 26 percent working with managed service providers (MSPs).[3]

Almost every SaaS vendor can benefit from working with the channel, but not every company is ready at the same time. Partner programs take time, planning, and smart investment of company resources to be successful. How can you tell if the time is right for your software business to launch a partner program? This guide outlines the top four signs that the time is right for your company to make the channel part of your go-to-market strategy.

## 1. Your product is polished and ready for customers to use

Today, many SaaS companies release new versions of their software on a frequent basis, which means that products are never actually "finished." This can be a huge benefit to both the customer and vendor alike; the customer gets a steady stream of new features and functionality, while SaaS developers continually push themselves to develop better, more innovative solutions.

1. https://www.forbes.com/sites/louiscolumbus/2017/04/29/roundup-of-cloud-computing-forecasts-2017/#5cba376431e8
2. https://medium.com/high-alpha/saas-leaders-top-9-marketing-trends-to-watch-in-2017-5ca907e2cac9
3. Partnering in the Cloud: 2015 ISV Report, Cloud Technology Alliance

However, any product that you sell through the channel must be mature and bug-free. No channel partner wants to deal with the headaches that can come with beta software. Missing features, poor design, or a confusing user experience can cause a support nightmare, leading customers to walk away. In this scenario, no one comes out ahead; the customer is unhappy, the partner's reputation may take a hit, the SaaS vendor will seem unreliable, and revenue disappears.

But, take note: You should never let perfection be the enemy of getting your product to market, or launching a partner program. In the end, strong processes for recruiting, enabling, and incentivizing partners will have a bigger impact on your success than a "perfect" product.

## 2. Your current sales process is repeatable and scalable

It may seem obvious, but having a documented sales process that can be repeated and scaled is essential to a successful partner program. Given the demands on SaaS vendors, especially those that are smaller, it should come as no surprise that many SaaS companies actually don't have a well-defined sales process.

To create a sales process that can be shared with third-party resellers, you must take several key steps:

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### a. Define the customer purchase process

How do customers currently buy your solutions? How do they discover your products, and what are the steps they take to purchase them?

### b. Define your sales process

Do you have defined sales stages that take into account the customer purchase process? Every company and sales process are different, but here's a quick example of what this may look like:

1. Qualified
2. Presenting
3. Proposal Submitted
4. Proposal Accepted
5. Negotiation
6. Closed – Won
7. Closed – Nurture

### c. Define actions needed to advance / win deals

Demos, in-person presentations, executive meetings, follow up calls and emails—sales teams have a variety of tools at their disposal to advance deals through the sales pipeline. If your sales team has experienced success with particular approaches at particular stages, be sure to document them.

## 3. You have the resources for onboarding and training

The ability to help partners understand your solutions, including how to use them and the benefits they provide, can be one of the biggest deciding factors in the success or failure of a partner program. For Booker, an all-in-one local service commerce platform, the "onboardability" of its software was a key factor in the company's decision to launch a partner program. As Dan Chandre, the company's SVP of Strategic Partnerships, recently explained at an industry event: "Having a reseller model is attractive because it's a great opportunity to lower your acquisition costs. But the first thing we had to do was look at our software and ask, 'is it resellable?' It sounds so simple… but you have to look at how easy is it for a third party to make your software acquirable, to make it onboardable."[4]

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Booker isn't alone in making onboarding a top priority. Sixty percent of SaaS vendors that work with partners have a team—usually the sales or a channel team—that is responsible for partner onboarding and training. Fifteen percent take it a step further and require partners to pass a certification test before they can start reselling a solution.[5]

Still, 10 percent of SaaS companies only give their partners materials to train themselves, while another 10 percent don't provide any training at all. Every company is different, but these SaaS vendors could probably boost the effectiveness of their partner programs by enhancing the onboarding process.[6]

For a clear example of how onboarding can pay off, look no further than Microsoft. The company has invested millions in partner training, market development funds, support, and enablement, a fact that has helped make the company one of the most successful cloud channel businesses, ever.

Few companies have as much money to invest as Microsoft, but you can still significantly improve the onboardability of your products by creating documentation and marketing materials—such as user guides, data sheets, case studies, and demo videos—and plan for training sessions, either in-person or web-based.

## 4. You have a clear business case for the channel

SaaS companies launch partner programs for a variety of reasons. For example, a SaaS vendor may want to recruit partners to develop value-added services for its core product. Or, a company may be looking to expand its global sales footprint, tap into new verticals, reach the existing customer bases that partners have, drive additional revenue, or some combination of these goals.

Whatever your reasons for wanting to launch a partner program, it's important to get internal buy-in and alignment on the business case for your program. Everyone should be on the same page about the goals of the program well before you begin recruiting partners or launch a reseller platform to support them.
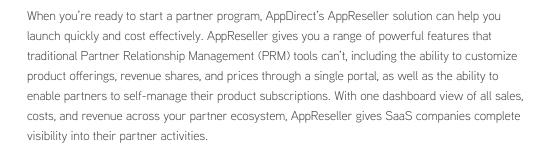
4. https://www.isvinsights.com/doc/building-a-reseller-program-advice-from-experts-at-isv-iq-live-0001
5. Partnering in the Cloud: 2015 ISV Report, Cloud Technology Alliance
6. Ibid.

This is important because each business case requires a different focus from your sales and / or channel team. For SaaS vendors interested in working with partners to develop add-on services, involving partners in roadmap discussions is a good idea. For vendors that want to expand sales footprint and drive revenue, focusing on co-marketing and sales engagement would be most important.

Having a clear idea of the purpose of your partner program will help make it more effective—for both your company and your partners.

**GUIDE**

## THE APPRESELLER ADVANTAGE

When you're ready to start a partner program, AppDirect's AppReseller solution can help you launch quickly and cost effectively. AppReseller gives you a range of powerful features that traditional Partner Relationship Management (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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AppDirect is the leading platform for selling, distributing, and managing cloud-based products and services. Its flexible, modular technology enables organizations of all sizes to get to market quickly and cost effectively with an offering that meets their individual business needs. AppDirect-powered marketplaces, billing, distribution, reselling, and premium technical support services help providers—including Comcast, ADP, Zendesk, Deutsche Telekom and others—connect more than 30 million businesses to solutions from Microsoft, Google, GoDaddy, and more. AppDirect is headquartered in San Francisco with 13 global offices.

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