

— The Complete Guide to —
**BUILDING A SUCCESSFUL
SAAS CHANNEL STRATEGY**



Allbound[®]

Introduction

In 2015, the Tax Foundation of America reported that more than 60 percent of all revenue in the U.S. was generated through indirect sales and marketing channels. This is only the latest confirmation of the undeniable value and efficacy of the indirect selling model, which has allowed countless businesses to go far beyond the limits of their direct sales relationships through well-structured partner programs. The channel, it is clear, is a huge potential source of sales and profits in today's economy.

But if you're selling software-as-a-service (SaaS) solutions, it might initially appear that channel sales isn't a model with much to offer. With cloud-based solutions being quite easy to deploy, requiring comparatively little on-site maintenance and customization¹, it may be hard to see where your business can benefit from a good selling partner. But the more the new world of SaaS solutions develops, the more it's becoming clear that SaaS suppliers stand as much to gain from indirect sales as companies selling traditional IT hardware and software solutions—or from businesses outside of the IT landscape entirely.



In a recent LinkedIn blog post exploring the issue, Tomasz Tunguz, venture capitalist at Redpoint, noted that the channel delivers three uniquely valuable features to companies selling SaaS solutions:

- 1** It prevents companies, especially cash-strapped startups, from needing to invest in a full sales staff.
- 2** It allows the SaaS company to deploy its solution without investing in a full customer support team, as support can be handled by partners.
- 3** It enables companies to sell their solutions in markets that they normally wouldn't have access to—and to a far broader range of potential clients.¹

The financial advantages of such relationships are easy to see: more customers with fewer up-front investments. And the fact that you can generate unprecedented profits through a channel partner program might make you want to immediately get on the phone with everybody you know and see who is willing to hop on board and sell.

But a partner program isn't something to be jumped into without looking or to be taken lightly. Creating a good partner program to sell your SaaS solution requires careful planning and a thoughtful strategy.

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Doing this work up front will position you to benefit from the revenue-maximizing potential of the selling model. Doing otherwise could set you up with a partner program that withers on the vine. At best, this is a waste of resources; at worst, it's an ongoing drain and a source of stress.

The following ebook will give you a full understanding of the questions you should be asking yourself, the steps you should be taking, and the choices you should be making to build out your channel partner program the right way and avail yourself of all the potential profit waiting out there for you in the channel.



Are You Ready for the Channel?

In your enthusiasm to get started on putting together a channel program, channel readiness is the easiest step to overlook—and the most important one not to. Determining if you're ready is key to setting up the internal infrastructure that will allow your channel to flourish. Following these nine strategic tips is critical to setting you and the businesses that you will eventually partner with up for success:



1. Build out your buyer personas (and your sales strategies around them).

What kind of customer do you want buying and implementing your software solution? Do you have a specific market that you're planning to target or that you want to use your partners to break into? If you're selling cloud-based storage solutions and want to crack the healthcare market, create a persona that gets granular on exactly the type of healthcare enterprise you're interested in working with and how a partner with a foot in that world should position your product with regard to its specific needs.



2. Create marketing content that maps the buyer's journey.

Once you know **whom** you want to sell to and **why**, it's time to think about **how**. You've identified the ideal buyer, and you know how he or she is going to benefit from your solution; now create the marketing materials that tell this story—ones that you can put into the hands of your partners to guide the customers through the journey to conversion.





3. Identify your ideal partner.

Just as you've determined who an ideal client company is, you should determine who your ideal partner is. This is no small task. You're getting involved with a company that is going to be representing your solution, and you want a company that will do that to your satisfaction. That means a company that will remain on brand and on message. But that also means a company that is working in the correct [space](#). You can have a partner that is incredibly good at selling solutions in the healthcare space, but if you don't believe your solution matches up with that market, there's no point in partnering with that solution provider. So keep in mind that you're not just coming up with a partner that's ideal in general, but ideal for [your specific purposes](#).

While doing the kind of prep work detailed in these first three steps may seem like something you can glance over, make no mistake -- a clearly-defined buyer journey and meticulously-defined buyer and partner personas are critical parts of a well-constructed channel partner program. They lay the fundamental groundwork for your success, and if you don't have them, you are definitely not channel-ready.



4. Get set to onboard and bring every last person into the fold.

If you know whom you want your partners selling to, and you have marketing materials created that you know will drive home why they [need](#) your solution, it's time to make sure that you can effectively communicate this selling strategy to your partners. Create training materials and processes that will make them into brand evangelists, with the resources and knowledge to position your solution perfectly to a potential customer. And create support resources as well so that they're never hit with a question they have to fake their way through.





5. Make sure the company is willing to invest.

A well-thought-out partner program will save you resources and earn you money in the long run. But to get to that point, it's going to require an up-front investment. Make sure that everyone in your enterprise, from the C-suite to the sales team, understands the importance of the channel program and that those in charge of the necessary funding are willing to make it. A partner program without an adequate investment of both capital and human resources is going to be kneecapped from the get-go.



6. Determine your channel program's value proposition.

What is your channel partnership going to do for your business? If the furthest you've thought is about building ROI in the vaguest and most general sense, think deeper. Understand what aspects of your sales presence you're hoping to build, what type of value—financially, reputation-wise, and so on—you're hoping to build and understand how you're going to quantify it.



7. Understand the metrics.

When you're working with a channel partnership, you're dealing, by definition, with people working remotely from you. You're not going to be able to quantify success based on gut feeling alone. By having the right solution in place to track and aggregate metrics and setting up time frames to determine where you should be after a set number of weeks or months, you can say definitively if you're succeeding in what you're setting out to do, and you can know when it's time to reevaluate what's working and what isn't.





8. Align your partner program with internal sales.

Your channel partner program isn't just a stand-alone entity. It's an auxiliary wing of your sales team, and so understanding how the two teams will interrelate and communicate is critical in using the two sales presences to maximize each other's value. Even if, as a SaaS startup, you have a minimal sales team, it's still critical to coordinate the operations of the two and make sure that everyone is on the same page and that no one is getting short shrift.

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9. Put the right software in place to make it easy.

If you've followed these steps, you have the conceptual foundation for your channel program. Now all you need is the technological infrastructure to make it happen, conveniently and effectively. Implementing the right channel sales software package—one that allows your partners to collaborate with your internal sales and marketing teams, your partners' clients, and all the other figures in a complex channel sales ecosystem—is as important as any strategic preparation. It's what lets you take all of the theorizing and strategizing you've done and turn it into reality.



The Do's and Don'ts of Choosing Your Channel Partners

Once you've carefully considered and undertaken the steps above, you'll be ready to make a move and start building your partner program. You have that ideal partner in mind, and that should be the starting point for your selection process. And it's a process that must be **selective**.

⊗ Do not

just put a form up on your website soliciting partners to sell your services. If you do this, you're going to end up wading through a lot of potential partners that aren't in the right line to benefit you, that are startup sales outfits hoping to benefit more from attaching themselves to your name than you can possibly benefit from them, or that show promise but just aren't ready to sell your solution as a partner.

✔ Do

go back through your network of professional contacts, looking for those proven, reliable business partners that have a reputation you can trust. Or if you're looking to find a home for your solution in spaces where you don't have a ton of experience or contacts, look for referrals from people you trust who operate in those areas.

✔ Do

look for partners that offer services complementary to what you offer² and that understand what selling cloud services entails.

✔ Do

reach out offline, not just online, to organizations you want to do business with and allow for the cultivation of organic relationships that flourish because they make sense and that bring in other high-quality partners.



Deciding How Much to Pay Your Partners

Mutual profitability is, of course, an important end goal of a channel partner program, both for partners and for SaaS vendors. Because of all the variables involved in any given selling relationship, there is no hard and fast rule for how to divide up the profits to best incentivize and reward selling while still building the kind of ROI you're looking for.

But it is critically important to have the [conversation about compensation](#). From the outset, you want all of your partners to understand the details of the relationship, of what they can expect in terms of compensation, and of what goals can result in more profits.

Negotiate something that is fair to all parties involved. In a channel partner program, everyone is working for everyone else's benefit, and this will break down if partners are unclear on the financial aspect or begin to feel slighted or underappreciated.

That means that compensation has to be [more than just the referral fee](#). A well-constructed partner compensation program features a combination of the margin that a reseller makes, well-managed incentives, and channel rep compensation, calibrated to manage costs while also moving the channel forward.³

More complex deals, harder but more profitable sales, and customers that need a lot of hand-holding require more work on the part of a partner, and a partner program must be structured to recognize and reward that. Treating the easiest sales the same as the most difficult and most complicated deployment will turn your channel partners off from wanting to handle the truly profitable deals—and maybe even turn them off from selling for you.



Know When It's Time to Say Goodbye

Not every partnership is going to be a winner. Sometimes a partner might just not be pulling its weight, out of disinterest or a shift in priorities. Other times, it might have changed its focus due to turnover or other situations on its end that leave your solution on the back burner. Sometimes your goals and your partner's goals mutually grow apart.

Regardless of what the cause is, you shouldn't be shy about pivoting. If you and your partner are no longer trying to do the same thing, you'll be working against each other instead of on each other's behalf, with the partner putting a drain on your resources.

Partner quality, not partner quantity, is what counts. So if a particular partnership isn't meeting your expectations for whatever reason, cut that partner loose. Remember: **The partners that create value for their clients are the partners that create value for you—and vice versa.**



Being the Best Partner in Your Channel Partnership

With the right partners in place and the right setup to support them, things will start getting off the ground. At this point, it's critical to realize that channel partnerships are a two-way street: To be a success, you need to be as good of a partner to your channel partners as they are to you.

That means understanding that the partnership isn't just about you accomplishing your business goals, but about **your** partners accomplishing **theirs** also. Get to know what they're going for and how they envision your SaaS solution fitting into their suite of offerings and see what you can do to help them achieve that.

And you can take things far beyond just a two-way relationship. If there's a service that one partner needs as an add-on to sell adjacent to your solution, but it's something you don't offer, you can tap other partners in your network and broker relationships between them. Don't just point them in the right direction—set up the call. Advise them. Fill in their unknowns with the knowledge you've gleaned from working with all your other partners and then leverage the expertise of those partners for all the others.

Don't just point them in the right direction— set up the call.

When you take this approach, the web-like partner ecosystem that will emerge around your enterprise is part of what makes partner sales such a uniquely dynamic and profitable arrangement, and one from which you will see increased sales at every step.

But it's **not just about sales**. They're only the beginning.



Moving Your Channel Forward

The types of value that your partners can generate for you are as varied as the areas they operate in and the types of clients they work with. They can be your brand evangelists, getting your name out there through word of mouth in new markets and recommending places where your solution might fit their clients and professional associates.

They can extend your network, bringing new business back into your pipeline from all different angles. And they can inspire you, too, by looking at your solution with a fresh set of eyes, seeing how it functions in the field, and pioneering ways that it can be used to fill needs you might have never considered before.

But in order to manage, maintain, and cultivate such valuable relationships, you need to play your cards right. And the way to do that is through [communication](#).

Without the right kind of communication, and the right kind of solution to facilitate it, your channel will spiral off into the ether. Partners will get confused. Best practices will be broken. And nobody will be happy on either side of the relationship.

But [with](#) effective communication, you can enable the channel to do what it does best. So be proactive. Don't wait for them to come to you with a problem. Assess your partners' changing needs. Understand what they're encountering in the field and help them build strategies to address their concerns and bolster their successes. Be responsive to the feedback they're getting about your SaaS solution and use that to build not just a better sales relationship, but a better product that fits the needs of their customers.



Taking the Next Step and Beyond...

With a strong foundation—infrastructural and technological—for your channel in place, and the right partners selling on your behalf, you'll start to see sales coming through and profits coming in. And if you're supporting your channel right and building your ecosystem, you'll see the number of partners and the profits they're bringing in start to snowball. That is when it's time to get creative. As you scale, you can start looking at building out different types of partnerships with different goals—for instance:

Affiliate Partners:

Partners that earn by sending traffic through your website

Referral Partners:

Partners that pass on prospective leads

Reseller Partners:

Partners that resell your SaaS services, often with add-ons

Alliance Partners:

Partners that share resources on a project-by-project basis

The creation of tiered incentive programs that speak to the needs and goals of each individual type of partner⁴ will encourage all partners to strive to do the best they can do—for themselves and for you.

The more comfortable you become managing your channel, the more you see what works and what doesn't, and the more you'll be able to branch out into more segmented, innovative ways of rewarding sales and generating revenue.



Extending the Reach—and the Appeal—of Your SaaS Solution

The uniqueness of how cloud-based SaaS solutions function—the kind of skill it takes to implement and secure them, the conceptual knowledge it requires to understand how they work in concert with in-house enterprise IT, and the kind of support they require—demands a special kind of channel partner.

One that knows how the product works and understands, fundamentally, how cloud-based solutions function. And as a supplier, you need to make sure that your partners are truly ready to sell in the cloud, and provide onboarding accordingly.⁵

For SaaS solutions, the opportunities in the channel are huge—and as SaaS solutions become more popular and the channel's role in supporting them matures, they're only getting better. By taking the thoughtful, strategic approach you've just explored, you can build a highly profitable, highly successful channel program.

But remember: To get good partners, you have to be a good partner. Set your channel up to succeed and your partners will set you up to profit.



About Allbound

Allbound is a partner sales acceleration platform that is changing the industry by enabling suppliers to maximize the interactivity, complexity, collaboration, and profitability of their channel partner relationships.

SEE HOW IT WORKS - REQUEST A DEMO

Footnotes:

1. Tunguz, Tomasz. The Rising Importance of Reseller Channels in SaaS. LinkedIn, <https://www.linkedin.com/pulse/rising-importance-reseller-channels-saas-tomasz-tunguz?trk=mp-reader-card> Accessed 31 Oct. 2016
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4. Supercharging Sales With a Channel Partner Ecosystem. PDF. https://cdn2.hubspot.net/hubfs/464117/ebooks/Supercharging_Sales_SalesHacker_Ebook.pdf?t=1476962213154 Accessed 30 Oct. 2016
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