Companies Link for Success

How alliances combine resources and build partnerships to strengthen presence

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Alliance marketing is becoming a critical component in successful technology companies. Often formed to promote a new device, unified solution or concept, alliances can give companies greater market presence in areas that, alone, they may face more competition.

Alliances can simplify the purchase process for customers looking for end-to-end solutions instead of piecing solutions together. Businesses employing alliance marketing strategies to benefit from the combined strengths and joint offerings.

"The most important ingredient in a strong alliance is the core understanding that our partnership allows us to do more and to do better together," according to Liz Fuller, Director, System Integrator Marketing, Alliance Marketing at Citrix. "With this foundational understanding, we have a common goal and can focus on what needs to be done to achieve our relationship objectives. Other important qualities in a strong alliance include authenticity and balance."

Each partner brings their individual brand equity and solution strengths to the table. These partnerships are strategic – and sometimes complex – endeavors that can involve all elements of the marketing mix and even extend to sales and the distribution processes. Partnerships will vary in complexity and longevity based on the goals. Companies may collaborate for a period of time or on a specific project and then, discontinue their relationships until needed again.

Given the growing importance of alliance marketing efforts, IDG Enterprise sponsored research across the B2B Technology Marketing Community on LinkedIn to help marketers benchmark their efforts against those of their peers.

KEY FINDINGS

Within the Alliance Marketing report five trends were revealed:

- Lack of partner commitment is the greatest challenge, followed by lack of resources.

- A majority of alliance professionals expect the number of partners they work with to increase over the next 12 months.

- Fifty percent of respondents expect marketing budgets to increase over the next 24 months.

- Revenue generation, demand generation, and joint sales engagement top the list of program goals.

- The top three tactics used are demand generation, content development, and lead nurturing.

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> ALLIANCE MARKETING, CITRIX**

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As we analyze this research, differences emerge when looking at the data by company type and size. Throughout this report measurable or note-worthy differences will be called out by four main company types represented by respondents: technology vendors, consultant firms, channel/resellers and marketing/advertising agencies;* and three company size groups: enterprise (1,000+ employees), mid-size (100-999 employees) and small (<100 employees).

Editor's note: Although not explicitly asked, the assumption is that marketing/ advertising agency respondents' answers are based on their efforts on behalf of their customers' alliance marketing efforts.

BEHIND THE SCENES OF ALLIANCE SUCCESS

Put in simplistic terms, to build an alliance, the first step is to identify the types of strategic partners that are needed and the solutions they are aligned with. The next steps are to explore, test and bundle products for a defined audience segment. Once accomplished, marketing can develop a go-to-market plan, and sales can focus on selling the joint solution. Although easy to outline, there are a lot of nuances and challenges to building successful alliance partnerships.

The types of organizations seen as important partner categories vary but overall hardware and software technology partners are the most important partner category for 59% of organizations, followed by strategic sales partners for 46% of respondents. For tech vendors, technology partners are number one at 61%, channel/reseller/VARs partners are number two with 52%, and consultants/systems integrators are third with 48% naming them an important partner category. And for channel/resellers, service providers are number one with 63% naming that their most important partner category, followed by technology partners at 58%.

It is important for partners to spend time learning about each other's business practices to create mutual success. The ability to understand an organization's business goals and objectives is the biggest factor to be considered as a strategic partner (more than just a partner) for 48% of organizations. In addition, to be considered a strategic partner, alliance marketers want their partners to act as their advocates within their own companies (44%), as well as provide insight and expertise on technology trends and directions (35%).

"Sharing business goals, understanding each other's cultures, mutual respect, and a willingness to be creative and do things differently are key ingredients to a strong alliance," according to Paige Johnson, Global Alliance Marketing Director, Global Partner Marketing at VMware.

However, creating and maintaining successful partnerships can be challenging. Lack of partner commitment is the greatest challenge (42%), followed by lack of resources (39%), and difficulty in focusing resources/complexity of programs and lack of strategy, both a distant third at 26%.

The rank order of challenges varies for mid-size organizations. While both enterprise and small organizations put lack of partner commitment as the number one challenge (47% and 42% respectively), and lack of resources as second (42% and 36% respectively), mid-sized organizations are concerned most about lack of resources (46%) and lack of strategy (37%).

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The ability to focus resources on complex programs was a larger challenge for tech vendor respondents with 33% saying that was one of their greatest challenges compared to the responses from channel/resellers (29%), consulting firms (19%), and agencies (10%). This is also true for enterprise organizations with 33% saying that this was a challenge, compared to 23% at mid-size companies and 24% at small organizations.

According to Michael Latchford, Vice President of IDG Enterprise Alliance Marketing Services (AMS), "Alliances may face obstacles as they work to build partnerships. Dealing with diverse or conflicting operating practices or conflicts in strategies or values might arise."

Most Organizations Work with Few Partners	TECHNOLOGY VENDOR	CONSULTING FIRM	CHANNEL RESELLER	MARKETING ADVERTISING AGENCY
Less than 10	30%	**58%**	**32%**	**70%**
10-49	**33%**	30%	28%	17%
50-99	11%	0%	12%	6%
100-499	8%	5%	16%	4%
More than 500	12%	3%	12%	2%
Average Number of Partners	110	45	127	34

Challenges they may face include:

● Absence of an alliance partner liaison to facilitate communications, determine marketing assets and align all partners with consistent messaging

● Insufficient resources dedicated to creating valuable content in support of alliance marketing efforts

● Lack of third-party validation to enhance credibility and extend awareness of their partners solutions

● Inadequate access and knowledge of the most appropriate channels to reach target audiences

● Communication between companies may be time consuming or there may be different cultures or ways of handling sensitive information.

"Companies in the alliance may not have the same background or time commitment or approach," said Latchford. "They need to find common strengths to build upon."

Much of the complexity in alliance partnerships may be due to the number of partners involved. While 45% of respondents work with less than 10 partners, 28% work with between 10-49 partners, and on average, alliance programs involve 83 partners. This varies greatly by type of organizations. On average technology vendors and channel resellers work with a higher number of partners, (110 and 127 respectively) than consulting firms, who work with an average of 45 partners, and agencies who work with an average of 34 partners (*see table above*).

Many respondents see growth in their alliance marketing efforts with 62% expecting the number of partners they work with to increase over the next 12 months. Growth in this area is different for company types. While overall 27% expect the number of partners to stay the same, this jumps to 40% for consulting firms.

In keeping with the increase in the number of partners alliance marketers are working with over the next 12 months, alliance marketing budgets are also expected to increase. Half of all respondents expect their budgets to increase over the next 24 months, only 6% expect a decline, and 33% expect budgets to remain flat. These findings are consistent across organization type with the exception of more consultants expecting budgets to remain flat (44%).
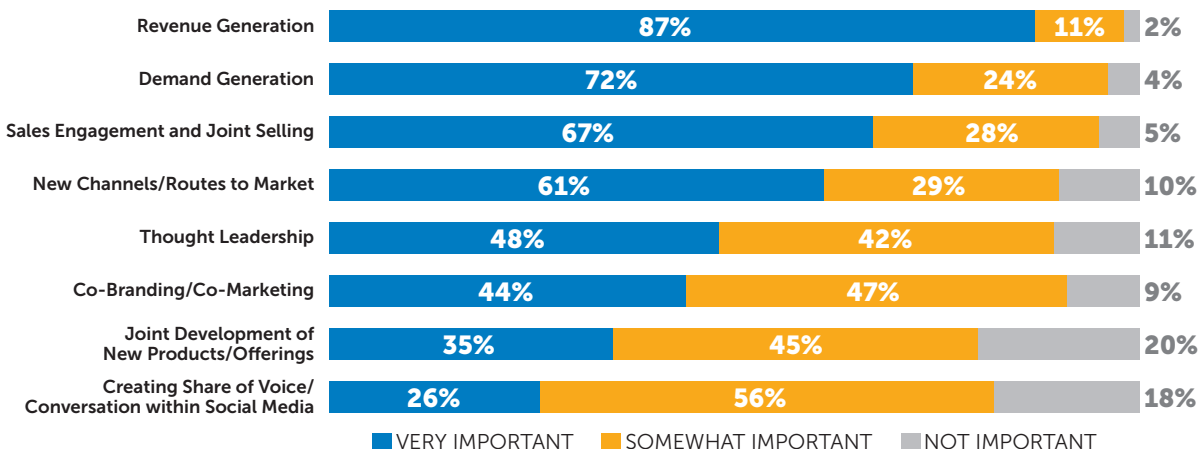
WHAT SUCCESS LOOKS LIKE

Overall, when looking at what respondents chose as "very important" goals when structuring an alliance marketing or partner program, revenue generation (87%) tops the list, followed by demand generation (72%), sales engagement and joint selling with partners (67%), new channels/routes to market (61%), and thought leadership (48%). However, when looking at the combined results for "very important/ somewhat important" co-branding/co-marketing jumps up in overall importance with a high number of respondents who saw it as a primary goal (44%) or secondary goal (47%) of their alliance partnerships (*see chart on next page*).

The importance of creating share of voice through social media was one area that differed by organization type, with agencies placing a higher value in it with 40% saying social media was "very important" compared to the other three groups whose responses ranged from 20% - 26%. And thought leadership was more important to tech vendors (54%) and agencies (50%) who ranked it "very important" compared to consulting firms (44%), and channel/resellers (27%).

Understandably, product roadmap-type goals, such as joint development of new products/offerings ranked lower with agencies, than with the other three groups with only 26% of agencies saying it was a "very important" goal, compared to 36-41% among the other groups.

Revenue Generation Top Priority When Structuring Alliance Marketing Program

	VERY IMPORTANT	SOMEWHAT IMPORTANT	NOT IMPORTANT
Revenue Generation	87%	11%	2%
Demand Generation	72%	24%	4%
Sales Engagement and Joint Selling	67%	28%	5%
New Channels/Routes to Market	61%	29%	10%
Thought Leadership	48%	42%	11%
Co-Branding/Co-Marketing	44%	47%	9%
Joint Development of New Products/Offerings	35%	45%	20%
Creating Share of Voice/Conversation within Social Media	26%	56%	18%

"It all starts with relationships and building trust," said Johnson. "It's always important to be a really good listener. Usually in the beginning of the relationship for the first three months I do a lot more listening than executing. Then, when I have a good understanding of the business challenges and desired outcome, we can craft the best strategy to meet the goals."

TOOLS AND TACTICS

While all respondents play a large role in setting marketing strategy or direction (77%), technology vendors and channel/reseller organizations play a greater role in executing marketing campaigns (79%) and evaluating/recommending media channels, programs, and partners (71% tech vendors, 79% channel resellers).

The majority of respondents will spend budget on demand generation (68%), followed by content development, and lead nurturing (both 50%). These tactics remain the top three across all organization types, however their rank order varies.

Technology vendors focus on generating customer demand (74%), nurturing leads (54%), developing content (45%), and thought leadership (42%) as their top four tactics for partnership activities. Consulting firms also put demand generation at the top of their list (67%), but for channel resellers, lead nurturing is the top priority (74%), followed by demand generation (65%). Agencies had a different approach with content development their number one tactic at 62% followed by demand generation (60%), lead nurturing (44%) and social media presence (42%).

"Alliances are built on a unified solution between two or more partners that can be packaged and sold to a target audience," according to Latchford. "As a result,

demand generation becomes a top priority for both the sales and marketing teams of the alliance. This allows them to engage with prospective customers and ultimately build up their pipeline."

On average, 53% of alliance budgets are applied to in-house-created programs, while 23% will be allocated to partners, and 16% to agencies. Video production is the most often outsourced activity (40%) followed event planning (31%), lead generation (29%), and custom content creation (28%). Whether these activities are outsourced fluctuates greatly by organization type (*see table on next page*), with one stand out data point being that consulting firms outsourced significantly less, with 34% saying that they outsourced no marketing tactics.

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> **MICHAEL LATCHFORD, VICE PRESIDENT, IDG ENTERPRISE ALLIANCE MARKETING SERVICES (AMS)**

Video

Video is one of the top five sourced and consumed content formats by IT decision-makers, according to IDG Enterprise's 2013 Customer Engagement research. Because of its engaging nature, video presents an excellent opportunity to influence IT decision-makers when researching enterprise products and services for purchase. According to

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Greater Outsource Plans for Technology Vendors Compared to Other Organizations

	TECHNOLOGY VENDOR	CONSULTING FIRM	CHANNEL RESELLER	MARKETING ADVERTISING AGENCY
Video production	**46%**	**28%**	**36%**	**38%**
Events - planning/execution	34%	24%	32%	**28%**
Custom content creation for use on third party sites/channel	35%	22%	18%	25%
Planning and management services for search optimization	**36%**	20%	**36%**	15%
Marketing campaign and program strategy	26%	26%	27%	25%
Social media services	26%	14%	14%	**28%**
Development of messaging and creative	27%	18%	9%	25%
Creation of advertising units	14%	10%	18%	20%
Lead nurturing/scoring	17%	6%	18%	18%
None	15%	**34%**	23%	18%

another IDG Enterprise study, The 2014 Role & Influence of the Technology Decision-Maker, an overwhelming majority (88%) of respondents have watched a technology-related video in the past three months, and that viewing has led to additional product research (63%).

Alliance marketers outsource video content for a variety of reasons, including lack of resources to create video. "Another is the desire to have a third-party like IDG Enterprise develop quality and relevant video content to offset the perception of bias," said Latchford. Also from the IDG Enterprise Role & Influence study, 47% of respondents said that video production quality is critical/very important.

Events

Unless an organization is staffed to produce events, this can be a significant resource drain. This aligns with the findings that events are a frequently outsourced alliance marketing tactic. Custom events can help partner alliances establish themselves with an IT audience as thought leaders and trusted advisors on the topic area of their joint solution (Cloud, Security, Mobility, ITaS etc). They can drive a high level of interest in and education of their joint solution along with establishing new relationships with Senior IT Executives who are the key decision makers at their organizations.

"There is a good deal of time and logistics involved with the management and development of events, not to mention the audience recruitment aspect," said Latchford. "All of these factors contribute to why events are frequently being outsourced."
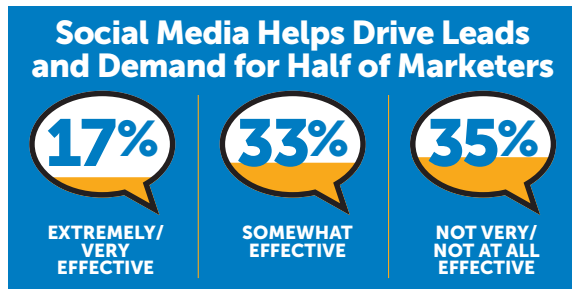
Custom Content

As companies increasingly want to create value for current customers, and attract new customers, they are turning to content marketing as an important tactic. But many struggle with being able to generate enough content and to gear it to the level of audience they want to attract. According to the IDG Enterprise Customer Engagement research, IT decision-makers consume an average of five pieces of content in the process of researching a major IT solution, but trusted information is hard to come by. Eighty-two percent of those surveyed find it at least somewhat challenging to locate enough high-quality, trusted information on major enterprise IT products and services to make an informed purchase decision they are comfortable with. Too much marketing hype and empty buzzwords (64%) and lack of truly independent, unbiased information (63%) are among the most frequently cited complaints.

And from that same research, 70% of respondents said that association with a trusted third-party increases the credibility of content. As technology companies increasingly want to create content to engage and educate customers, partnering with a credible third-party will help those efforts.

Social Media

Although not a top outsourced activity, social media is one tactic that deserves a second look. While 33% of respondents consider social media somewhat effective, an almost equal number (35%) consider it ineffective, and only 17% consider social media to be

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very or extremely effective in driving demand or leads. With that split perspective, is there a future for social media in alliance marketing efforts?

Social Media Helps Drive Leads and Demand for Half of Marketers

17%
EXTREMELY/
VERY
EFFECTIVE

33%
SOMEWHAT
EFFECTIVE

35%
NOT VERY/
NOT AT ALL
EFFECTIVE

"Social media is always an interesting area for me to explore," said Johnson. "Personally, I believe in an integrated campaign approach, so social media is one of the vehicles I see as a 'must have' as part of the media mix in virtually any campaign."

Fuller echoes that thought by saying "Social media is always a core element of our partnership go-to-market efforts. It provides the opportunity to educate and drive awareness in a more informal and conversational format. Also, it allows us to deliver multiple perspectives on the same topic and helps us speak to a wide audience."

Those are smart strategies given the growing use of social media by IT decision-makers. The IDG Enterprise Customer Engagement research shows that 79% percent of the IT decision-makers surveyed use social and /or business networking sites and services to engage with technology vendors, up from 73% in 2012. And 96% of B2B tech buyers engage with one or more social media site/service. LinkedIn is overwhelmingly the most commonly used (75%) followed by YouTube (52%), Twitter (46%), Facebook (46%) and Google+ (43%).

MEASURING RESULTS

Over the past several years the focus on measuring the success of marketing efforts has been steadily increasing. The final goal is return on investment (ROI), which can mean different things to different organizations. Overall total recognized revenue is the number one measurement tool (54%), followed closely by number of qualified leads generated (51%), and feedback from sales a distant third at 28%. Interestingly, 29% admit to difficulty in measuring ROI, and 7% don't make efforts to measure. These results differ by type and size of organization.

Fifty-three percent of technology vendors recognized total revenue as ROI, while 43% of channel resellers used the method. Fifty-nine percent of technology vendors used the overall number of qualified leads generated to measure ROI, and 43% of channel resellers use this method. Finally, 39% of technology vendors said they had difficulty measuring ROI, and 33% of channel resellers had difficulty.

The biggest difference in these results comes when comparing the difficulty in measuring ROI by company size. While 22% of small organization, and 26% of med-size organization admit to difficulty in measuring ROI, a whopping 48% of enterprise organization have difficulty measuring ROI. For these organizations, it is important to partner with a company that has a portfolio of products with measurable proof-of-performance (POP), allowing alliances to justify and quantify their joint marketing dollar investments.

"IDG Enterprise's Alliance Marketing Services align perfectly with this research," said Latchford, "We know the technology audience, which allows us to develop, build and adapt our services to marketers' needs. These findings are very important since alliance marketing is a key revenue driver for most organizations, and there has been limited research conducted to determine the needs, focus areas and pain-points of alliance marketers."

For a presentation of the full results of this research, or learn more about IDG Enterprise's Alliance Marketing Services, please contact Michael Latchford at 508.766.5376 or mlatchford@idgenterprise.com.

DEMOGRAPHICS AND METHODOLOGY OF THE SURVEY
This survey was conducted in January 2014. Of the 327 respondents, 47% were from North America, 33% EMEA, 19% APAC and 1% other. The title break down of respondents is 35% Managers, 22% Directors, 16% CEO/President/Owner, 9% Consultants and 18% other. The average company size is 13,842 employees. The majority of respondents set marketing strategy or direction in their organizations (77%), while 69% execute marketing campaigns, and 64% evaluate and recommend media channels, programs and partners. Fifty-six percent of respondents are aligned with marketing communications efforts, followed by partner alliance marketing (49%) and product solutions marketing (49%).

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Alliance Marketing Services (AMS) provides leading-edge converged marketing solutions, enabling tech marketers to create, elevate and communicate the value of their partnerships. As a full consultative group, AMS offers a robust portfolio of turnkey solutions that can supplement ongoing alliance marketing initiatives, including research-based programs, content development, brand messaging, social marketing services, lead generation and nurturing, custom executive events and more. By leveraging the combination of marketing services expertise with the full portfolio of the IDG Enterprise premium media brands, the AMS team creates valuable solutions to help our customers to succeed in their alliance marketing endeavors.

Services:

Lead Generation & Nurturing

Sales and marketing automation tool for securing marketing-ready and sales-ready behavioral based leads.

Research Programs

Actionable research generating results that provide insight, content or leads.

Content Programs

Content mapping and creation that ensures alignment to client objectives and go-to-market initiatives.

Events

Face-to-face engagement with IT decision-makers at a national and regional level, or customized events and turnkey services.

Advisor Perspective 360

Upfront value proposition & strengths define partner value and strategy.

Asset Profiler

Gap analysis of where you were, are and are going with solution content road map.

Sales Enablement Battle Cards/Fast Facts

"What to Say, What to Sell" preparation and battle card for inside sales rep or face-to-face sales reps, and customer-facing collateral answering top customer pain points addressed by vendor solution.

Media & Social Amplify Programs

Menu of integrated programs which leverage social marketing services and community programs.

Contact Michael Latchford at 508.766.5376 or mlatchford@idgenterprise.com