

ECOSYSTEMS

2.0 How to drive marketing
value from your most
important relationships

FOREWORD

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University of
HUDDERSFIELD
Inspiring global professionals

The University of Huddersfield conducted exploratory **research on the success factors within the global field of partner marketing in the digital and IT industry**, now and over the next three years.

I acted as Principal Investigator, and Dr Dillon Newton was the Research Associate who conducted the research between October 2020 - February 2021. We selected 23 high profile organisations (See appendix) for in-depth online interviews as the methodology, firstly due to the global reach of the project, but also due to the context of that time - the global COVID-19 pandemic.

The pandemic has undoubtedly acted as a challenge and ultimately forced many companies across the industry

spectrum to stop and reconsider, and the findings derived from our research suggest that partner marketing is not exempt from the changes wrought by this historic period.

The in-depth interviews with global senior-level partner marketing professionals were organised to specifically tie in with the broader themes of marketing, but allowed participants the flexibility to focus on the issues most important to them at that time.

Interviews were analysed using a coded thematic approach and the broad themes distilled into three main areas of concern: ecosystem relationship marketing (people and culture issues); ecosystem construction and management (structure, strategy, and operations); and ecosystem marketing innovation (innovation and future-oriented issues).

The findings were certainly an exciting snapshot at a moment in unprecedented history that, as the respondents reported, would change the industry forever.

Today, due to this highly competitive and increasingly virtual global context, personalised relationships nurtured over digital channels are crucial, although this has driven a more selective mindset in the construction of ecosystems and new modes of marketing engagement.

Ecosystem is taken to mean dynamic and collaborative business collectives, comprising nested systems with multiple interacting elements that have emerged as a new way of organising economic activity.

The participants of this study certainly frame their activities very comfortably using the discourse of ecosystem and as such, we introduce the concepts *“marketing ecosystems”* and *“marketing ecosystem orientation”* to refine this idea and upon which to base our recommendations and future initiatives.



INTRODUCTION



The birth of artificial intelligence, the rise of cloud computing, the consumerisation of IT, and instability in the global, societal and economic environments - these are just a fraction of the challenges faced by today's channel partners.

Along with decreasing margins, a raft of new marketing methods and increased competition, it's easy to see that the channel faces a bumpy ride. And yet, due to the need for interoperability between technologies and the desire from end-users for solutions, not piecemeal products, partnerships have thrived, and the channel ecosystem has flourished.

According to CRN, the Top 100 VARs had a collective revenue totalling almost \$17bn in their latest financial

years on record and employ around 42,000 people. But what role does marketing play in this channel success story? And how is partner marketing morphing from straight 'to' and 'through' relationships to more complex, integrated marketing ecosystems?

Many of our findings in this report reflect that this year has acted as a 'hard refresh' as B2B marketers attempt to reach their prospects and customers during extraordinary circumstances. After a year of

isolation and little in the way of office attendance, consumers and end-users are even less interested in the individual technological elements, and instead, find it essential to buy and consume products and services that work together seamlessly, delivered through ecosystems of connected organisations.

Our report found that partner marketing has been reframed as *ecosystem marketing* and looked at the success factors driving marketing now and over the next three years. Framed within four pillars; People and Culture; Structure; Strategy and Operations and Innovation, our

report discovered the impact of the pandemic on ecosystem marketing and the changes you need to make today, to see success in the future.

From knowing what skills you need in your team to understanding why a tiered approach isn't effective and why using new agile techniques will help your ecosystem marketing get noticed, this report provides the blueprint for ecosystem marketing success that reflects the post-COVID-19 world and beyond into the new normal.

**Take it.
Read it.
Use it.**

EXECUTIVE SUMMARY:

- **There must be an ecosystem mindset change, with a focus on agility for successful B2B marketers.** The service-centric nature of technology means constant ecosystem evaluation and adjustment to change is necessary. 'Ecosystem' cannot be just a change in vernacular - partnerships are multi-vendor, multi-partner, and organically grow and subside depending on customer requirements. This may result in more short-term ecosystems.
- **Partner ecosystems have long been established around a hierarchical system based on volume or revenue and tiering partners into gold, silver and bronze layers.** But the death knell has sounded for this over-used, underthought-out system. Partners want segmentation based on marketing skills requirements, and a continuous mapping process to move and adjust as end-user and partner needs change.
- **A new skills shortage has emerged, exacerbated by the pandemic.** Skills gap 2.0 consists of two main areas: relationships and marketing methods. Deeper personal relationships are more valuable than ever, but interpersonal skills must be cultivated over a screen, something many lack the knowledge to achieve. Branding, messaging, research skills and community building are all prerequisites for a successful channel marketing department now.

- **Your value proposition has never been so important.** The need to stand out and create succinct marketing campaigns that are clear and compelling to get your message across and overcome the noise and fatigue felt by recipients is vital. New ideas, new methods and new digital channels are required for successful ecosystem marketing.

- **End-user relationships based on enterprise-wide agreements are outdated, unsuitable and undesired. End-users are in the driving seat.**

The consumerisation of IT means end-users know what they like and are influencing IT managers, who in turn are pushing their partners and ecosystems to deliver what they want, when and how they want it. This is leading to much more flexible and malleable ecosystems that must be marketed to accordingly.

- **Ecosystem marketing is the Cinderella of B2B marketing** - often left as an afterthought when it comes to initial strategic discussions. But this Cinderella effect has consequences for budgets, resources and ideas, a lack of which only further inhibits what channel managers can achieve.

- **Data is a key part of marketing measurement on ROI.** But numbers shouldn't be the only measure of success. Softer metrics such as influence and levels of quality must be included, especially as respondents foresee greater budgetary constraints driving the need to defend ecosystem marketing funding.

- **There is a dearth of innovation in B2B marketing.** Despite operating at lightning speed and being on the cutting edge of new technology, the lack of skills, budgets and integrated marketing throughout each stage of the ecosystem is leading to repeated, tired ideas, methods and channels.
- **Selling must change to provide more value.** The idea of helping customers with pain points is reactive and not innovative enough. Instead, your ecosystem marketing should be focused on a more proactive approach based on primary research. This flips a traditional sales model to focus on challenges that customers *will* experience in the future and marketing to solve those new challenges instead.

CHAPTER 1

PEOPLE AND CULTURE

CHAPTER 2

STRUCTURE

CHAPTER 3

STRATEGY AND OPERATIONS

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CHAPTER 1

PEOPLE AND CULTURE

SOCIAL

There is no denying that ecosystem marketing was heavily skewed towards face-to-face interactions - a golf day here, a drinks evening there, and a whole raft of exhibitions and events where people could mingle and communicate. It's how business was done, and partnerships were formed. COVID-19 has changed all that.

Now everything is virtual and many of our respondents don't think it will ever return to such a socially dominated community again, heralding somewhat surprising results. Rather than inhibit relationships, this 'life through Zoom', has meant a deepening and

personalising of existing business relationships and partners.

However, while these existing relationships will flourish - as we quite literally peer into each other's lives and living rooms - our respondents believe this will have a detrimental effect on establishing new relationships. Getting in front of the right people and developing relationships through a screen requires a different type of marketing and an alternative skillset, which many are yet to possess. The knock-on effect of this is fewer partnerships and fewer

serendipitous meetings within the ecosystem resulting in less innovation (see p20).

We'll likely end up with a hybrid social ecosystem - mixing face-to-face with virtual events - but even this will require a dramatic shakeup in ecosystem marketing practices as we try to develop a deeper quality of engagement online more permanently.



SUCCINCT

The move to digital events - exacerbated by COVID-19 means there has never been so much marketing noise and achieving cut through to formulate new relationships is tougher than ever. Our respondents stated the need for succinct, clear and compelling messages that quickly get the point of who you are and what's in it for the reader.

But this succinct messaging also requires a new level of skill in branding and value propositions to develop clear and unambiguous messaging, delivered through

the right channels to have any hope of penetration. Real thought-leadership content based on primary research (see p20), will result in more positive results than simply yet another email invite to just another webinar.

The challenges around developing new partnerships, understanding who to reach and how to reach them is creating greater levels of tension in the marketing ecosystem, compounded by budget constraints as money gets diverted away from cancelled events.

“Everyone is experiencing webinar and email fatigue. You need to work out how to be communicating with your audience in ways they want to be communicated with. People are tired of long webinars.

When COVID started we all thought well what else can they be doing? They’ve got time, but at this point everyone is so tired of doing that.

So it’s about 15-20 minutes, shorter demos, not asking for that large amount of time.”

Julie

“If people were not doing a great deal online before, since the pandemic they certainly are now. This has fast-tracked the kinds of change we are seeing. So how to start? Well, an email coming out of corporate team saying come to [an event] is just going to fall flat.”

Annie

CHAPTER 2

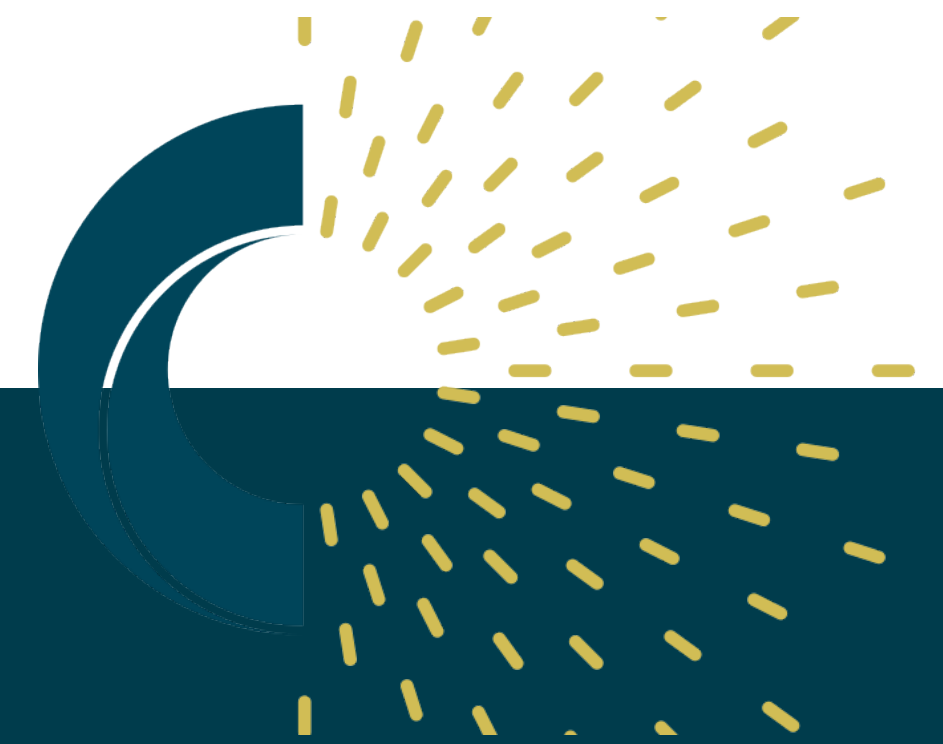
STRUCTURE

MAPPING AND MONITORING

One of the greatest challenges to successful ecosystem marketing cited by our respondents is that every partner has different needs and therefore delivering the appropriate levels of support to each partner - and then do this at scale - is difficult. This is where mapping and monitoring the ecosystem becomes essential.

For years the channel has been hierarchically divided by revenue and volume into tiers - gold, silver, bronze. And yet, as our respondents stated, while there have been changes occurring to this structure, it has only created greater confusion and ambiguity among partners and end-users.

By mapping the marketing skills within the ecosystem, it's easier to rationalise and scale support - focused on the areas with



"It's about being agile and quickly reacting to changes in the market, but also to changes in our ecosystems base..."

Seeing opportunities to scale and enable these as they become likely to generate revenue."

Alex

MEASURE AND MONETISE

the greatest need - whether that's upskilling around branding or digital marketing assistance.

However, this is not a one-off process, according to our respondents. Continual monitoring is required to ensure the ecosystem evolves with the needs of the partners. This requires marketing agility and as a result may lead to short-term, more nimble ecosystems forming around customer need. Sharing skills across the ecosystem, depending upon the strength of each partner, and co-marketing to achieve the reach, breadth and expertise to secure the customer, will become the norm.

We live in an audit culture. When it comes to marketing measurement it's about hard numbers: click-through or open rates, attendee numbers and ROI. Given the current environment, our respondents stated that the need to deliver this data has intensified as they attempt to secure future marketing budgets.

But counterintuitively, the value of softer metrics is also growing in importance. Metrics such as influence, quality of leads, and connected marketing that demonstrates value throughout the marketing strategy, from the top to the bottom of the funnel. These

softer metrics were stated as having longer-term scope - not just judged on quarterly campaigns - and helping to develop longer-term, deeper relationships.

The challenge here is our obsession with traditional measurement, which our respondents felt is no longer fit for purpose. We tick the box to defend our budgets, but we shouldn't fetishise the hard metrics over investing in developing a method of measurement for more value-based, softer metrics.

“Working relationships were typically based on an enterprise-wide agreement (EWA) with a vendor. Now our typical engagement is around a particular problem we have.

We are moving from single ecosystems arrangements to multi ecosystems arrangements with limited longevity. We wouldn't typically have a 10-year EWA but a two-year contract with continuous vendor engagement, not the 'set up contract and five years later you look at it again'. It's about agile engagement with vendors.”

Ben - B2B customer

CHAPTER 3

STRATEGY AND OPERATIONS



CONTEXT

Ecosystem or partner marketing has long been the 'Cinderella' of the B2B technology marketing world, according to our respondents. Left on the sidelines when it comes to strategic discussions, often remembered only at the last minute and always second place to its perceptibly more exciting cousin, B2C marketing.

Raising the profile of B2B ecosystem marketing by internal and external PR activities and demonstrating the broader context of achievements, must be a priority. This Cinderella effect has consequences for budgets, resources and ideas, a lack of which only further inhibit what channel managers can achieve.

A place at the table must be reserved from the beginning, and ecosystem marketing must be part of all strategic discussions if companies want to take advantage of the always-on, everywhere marketing approach that COVID-19 is driving.

"They (partners) come to us and focus on what they have to sell, but we need shared goals and objectives. There can be friction as they have unrealistic expectations of what we as a big organisation can do for them. But we need to see synergy and collaboration opportunities and they need to see what we are trying to do."

Darcy

CONSTRUCT

As we mentioned in Chapter 1, while existing relationships have deepened, it's more difficult for new relationships and ecosystems to be formed. When these new ecosystems are under construction, our respondents said it's vital to tell a 'better together' story - demonstrating the value the relationship brings to all parties and end-users, as well as compelling joint business plans and objectives.

Many respondents have been burnt by ecosystem relationships, where bigger partners overtake smaller ones and can dictate the terms of the relationship. The result of this dominance is that smaller

partners have little choice but to adhere to the constraints within the ecosystem and lose their independence.

This has further-reaching consequences for the ecosystem as a whole - without the smaller partners offering their entrepreneurial spirit, innovation and new ideas may be lost. Bigger partners should be wary of constraining their smaller nimble counterparts too heavily and smaller partners would do well to research the ecosystem before attempting to join.

CASCADE AND CURATE

This tentative balancing act between smaller and larger partners requires constant curation for the ecosystem to remain healthy and successful. While ongoing nurturing is required, our respondents stated that ecosystems are constantly mutating; shifting from static and structured to more flexible, looser ecosystems designed around customer needs.

This ecosystem flexibility requires a steering group approach; everyone managing it for the good of the partnership, rather than a single dominant player. Worse, according to our respondents, would be an entirely opportunistic approach with partners jumping in and out of ecosystems, creating unreliable, unstable relationships.

A management approach like this needs ongoing evaluation and conversation between all parties, and internally focused activities to grow momentum. This means developing an ecosystem mindset within each business - from the technical team to finance to R&D - everyone should be involved and integrated into the ecosystem marketing process.



“We work on constant, continuous alignment. It’s not just telling them once and thinking everyone has got it, everyone buys in. It’s continuous alignment.

So we are all on the same page, we can identify obstacles and keep everyone on the right path.”

Julie



CHAPTER 4

INNOVATION

PREDICTION

As we've discovered throughout this report, the lack of innovation in ecosystem marketing is a core concern of our respondents. There is a growing desire to have greater insight into the future of ecosystem marketing - not just reacting to events, but being proactive with customers and partners to drive the market.

Primary research was the method most cited by our respondents as the way to future-proof ecosystem marketing. Conducting formal research should be increasingly included in marketing to create value by knowing where the market will go next.

"If you are generating thought leadership research you have great credibility. We were working with a prospective client and the primary research we had been doing gave us a way in. This has led to us doing a further workshop with them on cloud adoption. It is a more considered and insightful approach to marketing."

Darcy

PERFORMANCE

This primary research can be used for more traditional tactics, such as webinars and social media campaigns, but the real value is using it to upend the traditional sales model. Rather than approach a customer with marketing that addresses the pain points they have today, the research and data can address the challenges they will face tomorrow - and the sales tactics become how you solve them.

Primary research helps drive credibility, opens conversations and inspires innovation. This goes beyond just predicting where the marketing ecosystem will go (reactive) and means partners can enact those changes and drive the market themselves (proactive).

Driving performance with ecosystem marketing is as challenging as ever - more so with the growing fatigue around digital events and communications. Our respondents said thinking laterally and personally about what customers and partners are looking for is heralding good results, especially smaller intimate events and informative research.

However, innovation is lacking and the skills gap becomes more evident as newer marketing methods come to the fore. Most partners - particularly the larger ones - are seeking relationships with those they feel radiate innovation and creativity to help fill this skill gap. Rewards are being used as an incentive for smaller partners to ramp up their innovative ideas and drive the performance of the ecosystem upwards.



CHAPTER 5

CONCLUSION

Ecosystem marketing is a constantly changing and specific discipline, most recently having morphed from partner marketing to a true ecosystem mindset. Successful ecosystem marketing has agility and innovation at the core, where new partnerships and established relationships co-exist, according to customer need.

Our report has highlighted several areas for focus for those of us within this discipline and many more questions that will require an ecosystem working together to answer. Occurring simultaneously, is the waiting game we're all playing to discover the wider repercussions of the pandemic once the dust has settled, and how it will shape our lives as consumers and marketers over the next several years.

One area all our respondents agreed upon was the death of the traditional tiered partner system. Outdated, confusing and ambiguous were cited. It's clear something needs to change - the idea of partners ranked by volume of sales says nothing to their expertise or ability to implement and understand a customer's technology and business challenges.



Our respondents mentioned time and again the lack of innovation in ecosystem marketing, and yet how crucial this was for success, especially in today's world of digital fatigue and marketing noise. While there are several bright spots - new marketing technology, a data-focused approach and a renewed focus on softer metrics - other areas still require more thought.

How we measure these softer skills and approaches, how we overcome the challenge of scaling a personalised intimate campaign across prospects and how we drive innovation down the chain to the newer marketers, with office life so precarious. These are just some of the questions our research has raised.

And this innovation deficit feeds directly into the skills gap 2.0 element of our research; a lack of branding, social and communication skills, as well as thorough knowledge of ecosystem marketing throughout organisations, is inhibiting new ideas and new methods for ecosystem marketing. The lack of knowledge and skill underpins all of the activities we need to conduct successful ecosystem marketing - not just today, but over the next several years.



At Coterie we conducted this research because we're passionate about the channel and helping our clients achieve successful ecosystem marketing.



We believe ecosystem marketing is the unsung hero of the technology and services industry. That's why we've made it our mission to elevate channel marketing throughout the ecosystem using proven research and methodologies that accelerate channel performance.

And we're not just about the theory. We want to do something about the challenges we're all facing. That's why we're already in discussion with our partners - within and external to the channel - to start addressing the skills gap 2.0. We worked alongside The

University of Huddersfield for this research and together we are proactively looking at ways we can help tomorrow's marketers have the skills they need to overcome the challenges we're all facing.

Working side-by-side with our customers and our partners, we want to achieve greater collaboration and alignment throughout the ecosystems and together solve some of the issues highlighted in our report, because we know ecosystem marketing is as much about building relationships as it is about getting results.

