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INTRODUCTION

As companies strive to manage the challenges of growth and complexity, they are increasingly turning to strategic partnerships to help them reach new customers and mitigate risks. Alliances are becoming vital to delivering access to new geographies, markets and customer types. Businesses are also turning to strategic partners to help acquire new technical capabilities, accelerate product development cycles and improve competitive positioning.

Successful companies embrace partner collaboration, share common interests and create synergies for the mutual benefit of both parties. Executives surveyed in our “Grow From the Right Intro” study point to the growing significance of strategic alliances to their overall growth strategy. In fact, in a recent survey by market research firm Frost & Sullivan, CEOs cited strategic partnerships as their number-one growth strategy, surpassing the traditionally favored strategies of product introductions and organic expansion. Companies of all types are making strategic partnerships a centerpiece of their corporate strategies, committing more than 20 percent of their assets to developing and managing alliances.

Despite heightened awareness of the importance of partnerships to a company’s overall growth strategy, the success rate is limited. Less than half of executives at large companies feel their partnership efforts have been successful, and small to mid-size firms are at an even greater disadvantage. They often lack the domain expertise, business networks and management bandwidth to support the arduous and time-consuming process of identifying, cultivating and managing partner connections.

There are many reasons why a company may choose to enter into a partnership, including revenue growth, access to new markets, product line extension, geographic expansion, customer access, domain knowledge, IP licensing and capital sourcing. Each of these various types of alliances requires its own unique strategies and management techniques. Companies need to assess which partnerships will best serve their objectives and devise a strategy to acquire and develop those alliances.

Executives who participated in a thought leadership roundtable at the Tuck School of Business at Dartmouth College agreed that the development of successful partnerships should begin with a formal assessment of whether strategic alignment and business upside exist between the parties. If the companies determine that each has compatible business goals and capabilities, there is a greater chance for a long-term, mutually beneficial relationship. On the other hand, divergent business interests set the stage for conflict and control issues.

“Partnering is a logical response to the globalization of markets. It makes good business sense to connect people, departments, companies, customers and suppliers.”

Growth Resources, Inc.
So where do partnerships go wrong? Frost & Sullivan highlights poor integration as one of the leading causes for partnership failure. This is frequently the result of inadequate due diligence with regard to the capabilities and cultures of each company. Rigorous analysis and research can establish a sound foundation for success. This process should be well documented, repeatable, disciplined and objective.

An article issued by Netherlands-based Elsevier, entitled “Building Successful Strategic Alliances,” suggests that failures result from ill-conceived overall alliance strategies, narrowly focused industry and partner selection models, and poor alliance management, execution and implementation. The article goes on to propose a detailed assessment of business competencies. But even if the assets of the partners are complementary, the alliance may still fail due to misaligned commitment, unexpressed intentions or incompatible cultures.

Global management consulting firm Bain & Company highlights four steps to developing successful strategic alliances in its 2013 management guide. First, companies should define their business vision and strategy to understand how an alliance might fit their objectives. Second, businesses should evaluate and select partners based on their synergies and ability to work together. Next, they must develop a working relationship with mutual recognition of opportunities. Finally, they must negotiate and implement a formal agreement that includes systems to monitor performance.

Big data analytics and cloud services are bringing radical efficiency and automation to partner matching. These data-driven innovations will give both large and small enterprises more frictionless access to new customers, channel opportunities, joint ventures, innovation, affiliations, acquisitions and funding that can generate a competitive advantage if embraced and managed effectively.

New York-based Powerlinx has developed a platform that provides a cost-efficient, secure and seamless way for small and mid-size companies to connect intelligently with partner prospects, customer opportunities and acquisition candidates using a global database of 20 million businesses. Making smarter, more appropriate and more functional fits can spur the global economy by multiplying the potential and value of synergistic partnerships. It can also greatly reduce the vast amount of financial and human energy drain associated with ill-conceived partnerships.
The Chief Marketing Officer (CMO) Council and the Business Performance Innovation (BPI) Network teamed up on a thought leadership initiative on this topic in the second quarter of 2014. Encompassing qualitative and quantitative research and sponsored by Powerlinx, the “Grow From the Right Intro” study includes a number of best practices around strategic partnering, including:

- The role and value of strategic partnerships and alliances in contributing to corporate growth and development
- The capacity to identify, qualify and secure the right introductions to relevant partners and business opportunities
- Challenges and complexities associated with selecting, closing and nurturing the right partnerships
- Reasons for partnership failure and how to manage and maintain relationships
- Types of strategic partnerships that benefit companies the most, including customer, channel, distribution, technology, strategic, financial, supply chain and outsourced manufacturing
- Incidence of formal partnering strategies and how they are implemented, staffed and funded
- Intentions and plans to improve networking, partnering and sourcing of growth opportunities worldwide
- Channels, networks and resources that are being evaluated or used to advance business networking and relationship-building
- Variations in business partnering capabilities across industry sectors, cultures and company sizes
- Internal systems or outsourced services that are helping to automate and optimize business partnering and customer acquisition
EXECUTIVE SUMMARY

CEOs across all business sectors agree that strategic partnerships are critical for any company looking to compete on a global scale. Smart companies see partnerships as a way to acquire customers, drive revenue and enter new markets. They also rely on partners for new ideas, insights and expertise that can impact business performance, market understanding and product innovation. "Partners can be amplifiers for an organization," says Heidi Lorenzen, Chief Marketing Officer at Cloudwords, the first cloud-based technology company built to help companies automate, manage and analyze their content localization processes. "By linking your name to top industry brands, you can gain recognition and clout in the industry," adds Donald Keane, Vice President of Marketing at MetTel, a strategic partner company that provides communications solutions to companies across North America.

Unfortunately, despite the increasing need to develop partner relationships, most enterprises lack the knowledge, connections and management capabilities to realize the full potential of partnering. Many companies lack the formal strategies and expertise to identify and nurture the most beneficial relationships. "Small companies often seek expert advice because they simply don't have the manpower or time to organize a partnership strategy and execute on it," notes Billy Goldberg, President of the Buckeye Group, a consultancy that provides business development services for media entertainment and technology companies.

The process of forming an alliance is challenging. Fewer than 10 percent of executives interviewed by the CMO Council and the BPI Network say they excel at identifying and securing the right partner introductions. Even for those executives who have created effective alignments, 80 percent feel that the vast majority of those agreements have been unsuccessful. Business development and alliance managers say the biggest challenges in partnering are acquiring and developing relationships that will deliver mutual benefits over an extended period of time.

This report highlights key alliance best practices based on a survey of more than 330 senior management executives in countries around the world. The respondents represent a cross-section of companies across all stages of development. The report also includes interviews with 20 top executives who provide rich insights into how small and medium-sized businesses are structuring, managing and optimizing business partnerships.

“There are hundreds of opportunities for partnerships globally, so trying to deal with those on an ad-hoc basis would be overwhelming. You need structure.”

Charles Veley, Vice President of Strategic Development at MicroStrategy
Like any diplomatic relationship, successful business alliances require concerted efforts to keep the partnership active and mutually rewarding. "Regardless of the type of model, partnerships are complex," says Kevin Nerney, Director of Corporate Business Development at ServiceSource, a technology service company that specializes in recurring revenue management. "There is no cookie-cutter solution. Partnerships require constant interaction and negotiation, and the biggest challenge is staying aligned on incentives. A partnership can be well aligned initially but can become less successful over time," he says. Not surprisingly, our study finds that 44 percent of companies are not satisfied with how they leverage their alliance potential.

Many executives note that the missing ingredient for small and mid-size businesses looking to build their partnership ecosystems is an overall lack of strategy. Only one-third of respondents have a formal strategy for partner acquisition and development in place. It is clear that the lack of structure and knowledge around best practices in acquiring and retaining partnerships has led to unsuccessful partnership attempts. "It is essential to lay out a formalized structure that outlines each stage of partnership development: planning, formation, operations and review. If any of these areas is underdeveloped, it could lead to the degradation of the partnership," notes Larraine Segil, Partner Emeritus at Vantage Partners, a company that specializes in building executive management teams for market leaders and venture-backed start-ups.

Another difficulty that small and mid-size businesses experience in partnership development is an overall lack of resources. Some 67 percent of respondents have fewer than 10 strategic partnerships annually. This would suggest that most companies have finite resources and limited expertise, which leads to an insufficient focus on partner acquisition and management, despite its importance. Large companies are increasingly shifting resources toward partnership development. However, for small and mid-size businesses, limited resources lead to difficulties in partnership development.

In addition to an overall lack of resources, executives highlight a key challenge in partnership development as the ability to ensure continued benefits to both parties in the long term. "Companies need to look at their end goals to ensure that those match up before continuing to develop the relationship. A formal strategy is required not only for partnership acquisition, but also for partnership development to ensure the continued mutual benefit of both parties," Nerney says.
CONCLUSION

Strategic partnership development to date is wrought with inefficiencies. While companies of all sizes experience difficulties in partnership development, it is especially difficult for small and mid-sized firms, who often do not have the domain expertise, business networks or management bandwidth to support the arduous and time-consuming process of identifying, cultivating and forming the right partner connections.

Executives across the board agree that the most important tool for success is the creation of a formal structure for partnership acquisition and development. This will be different across sectors, but it should be uniform to each partnership. Key stakeholders on both sides must ensure that the end goals of each partner are aligned and that the services provided by each are complementary so that both partners will benefit from the partnership over time. Finally, there must be an ongoing assessment of both the external market and the partnership to ensure that the relationship continues to be favorable for both parties.

Companies look to strategic alliances to help them grow revenue, expand their markets, acquire customers, implement new technologies and expand their product offerings. Through our research and in compiling key insights from top executives, we have highlighted seven steps to identifying and sustaining valued partners:

1. **Do Your Homework:** Make sure you’ve created a strategy and a plan to identify partners that are best suited to your corporate culture, values and business objectives.

2. **Network Like Crazy:** The best places to find partners are among your customers, suppliers, strategic advisors and professional affiliations.

3. **Be Synergistic:** Your partner ecosystem is greater than the sum of its parts.

4. **Score:** Keep the end goal in mind as you enter into a relationship.

5. **Trust but Verify:** Maintain open and regular communication, and continually monitor business outcomes.

6. **Communicate, Communicate, Communicate:** Clearly document agreed-upon goals, tactics, deliverables and benefits.

7. **Exit Stage Left:** Every partnership has a finite lifecycle; make sure you know when it’s time to exit.

“To be able to adapt with the market, you need to have a highly executable vision. And to achieve that vision, you need the right strategic alliances.”

Donald Keane, Vice President of Marketing at MetTel
BUSINESS PARTNERSHIPS ESSENTIAL, BUT... MANY FAIL

85% of companies say they are vital to growth

43% have high failure rates

42% of partnerships are not well leveraged

67% do not have formal partnering strategies

45% can’t maintain a long-term successful relationship

SOURCE: “GROW FROM THE RIGHT INTRO” REPORT
www.bpinetwork.com/thought-leadership/studies/
Business Performance Innovation (BPI) Network and Powerlinx
**PARTNERSHIPS**

**FUEL YOUR GROWTH ENGINE**

44% SEEK ALLIANCES FOR NEW IDEAS, INSIGHTS & INNOVATION

57% USE PARTNERSHIPS TO ACQUIRE CUSTOMERS

55% WANT TO BE MORE STRATEGIC & TARGETED

74% WOULD CONSIDER PARTNERSHIP AUTOMATION

**SOURCE:** “GROW FROM THE RIGHT INTRO” REPORT
www.bpинetwork.com/thought-leadership/studies/
Business Performance Innovation (BPI) Network and Powerlinx
Collaboration is at the heart of every business success. Long before we start selling, we engage with a range of partners, including manufacturers, logistics companies, import and export agents, lenders and investors. Indeed, nearly every aspect of a business is in some way dependent on a strategic partnership.

The value of these relationships is well understood by executives. The groundbreaking “Grow From the Right Intro” study reveals that 85 percent of companies view partnerships as essential or important to their business, and around 60 percent are focused on developing a strategy for finding the right opportunities. For big companies, there is an even greater realization of the power of partnerships, with more than 20 percent of company assets being dedicated to developing and managing these relationships.

Unfortunately, while the importance of these agreements is clearly understood, most businesses fail to execute effectively, with around 80 percent of companies stating that the vast majority of strategic partnerships fail. As this report discusses, there are a number of reasons for this failure, but one of the most significant challenges is researching and finding the right partner.

This search-and-connect process has traditionally been time consuming and cumbersome. As a result, many businesses give up before they even find a potential match. For those who do make it to the short-list stage, failure often is attributed to poor due diligence and the misalignment of corporate goals and cultures. Even for those organizations that make it to the stage of reaching a formal agreement, the relationships often end up being transactional in nature, depriving both parties of the significant economic benefits that come from a truly successful strategic alliance.

But as with most business challenges, technology is changing the way we do things. Big data and powerful algorithms are creating radical efficiencies and disrupting the age-old process of business introductions and the formation of strategic partnerships. Finding and connecting with corporate partners has finally entered the Internet age.

At Powerlinx, we are at the leading edge of this change. Recognizing the limitations of the traditional business advisory model and the significant investment of time required to build successful strategic alliances, we have set out to transform the way businesses find and connect with each other. And at the forefront of our work
is making sure that companies connect with only those best placed to deliver a real business outcome. In doing so, we have turned a process that often takes many months—with no guarantee of success—into one that can take just a matter of weeks and ensures that only compatible firms connect.

It is this approach that allowed us to connect a small artisan milk producer in Brooklyn with one of the most recognized food retailers in the United States, resulting in a new distribution agreement. It is this approach that also allowed us to help a ball-bearing manufacturer in New England diversify its product and reach new markets on the other side of the world.

In both of these instances—and many others—finding the right match has been critical to a successful outcome. In a world of social networks, simply connecting is too often considered the end of the journey. But successful business outcomes require more than just a connection. What really matters is making the right connection, and that is a function of capability, intent and purpose.

It also requires recognition that the process of building strategic alliances is never really complete. Not only must existing relationships be nurtured, but new relationships must be formed as we seek to respond to the ever growing demands and opportunities of our hyper-competitive world. It is now a requirement that companies be constantly on the lookout for new opportunities to partner with firms that can help them build a competitive edge in the marketplace. Engaging with a community of like-minded businesses is essential to maintaining an edge over your competitors.

“Grow From the Right Intro” explores the power of these relationships and the opportunities that await those who successfully navigate these once treacherous waters. It shines an important light on the challenges that many companies have in finding and connecting with the right corporate partners and highlights the centrality of these strategic relationships to business success. Powerlinx is pleased to be at the forefront of this important work.
DETAILED FINDINGS

Q1. How important are strategic partnerships and alliances to your business?

Companies are seeing increased value in growing the scope of partnerships globally. More than half of respondents feel that these strategic alliances are extremely important to their businesses, and 15 percent see that the value of these partnerships is growing in importance. Notably, no one felt that partnerships were unimportant or nonexistent.

- **56%** Extremely important
- **29%** Important
- **15%** Growing in importance
- **0%** Not important
- **0%** Don’t partner
Q2. How well does your company develop and leverage business partnerships and strategic alliances?

While more than half of respondents feel that their companies develop and leverage partnerships well, only 7 percent feel their companies perform extremely well. On the other hand, 42 percent of respondents feel their companies are ineffective at developing partnerships. On the upside, only 8 percent would rank their performance as poor or nonexistent, demonstrating that while performance might not be effective, companies are devoting more attention to this area.

Q3. What percentage of your partnerships do you believe have been successful?

Nearly half of the respondents say that less than 60 percent of their business partnerships are successful while only 1 percent of companies enjoy complete success in their partnerships. It is clear that the lack of structure and knowledge around the best practices in acquiring and retaining partnerships has led to these unsuccessful partnership attempts.
Q4. **Roughly how many strategic partnerships or alliances do you develop?**

The trend in partnership development is to focus on fewer alliances, whether they are channel, technology or strategic partnerships. Sixty-seven (67) percent of respondents have fewer than 10 strategic partnerships annually while only 10 percent develop more than 20 partnerships in a year. This would suggest that most companies have finite resources and expertise to focus on partner acquisition and management, despite its importance.

![Pie Chart showing distribution of strategic partnerships](chart.png)

- 67% 1-10
- 19% 10-20
- 6% 20-50
- 4% More than 50
- 4% Not sure

Q5. **Do you have a sense of how much you invest annually in partnering?**

While companies are investing significantly in partnership and business development, the range is quite large, depending on the size of companies and the importance they place in partnership development. The majority of respondents, some 70 percent, spend under $500,000 annually. Within that faction, 42 percent of respondents spend less than $100,000 annually. Interestingly, while only 29 percent of companies spend over $500,000, of this group, nearly half spend more than $5 million on partnership development. This clearly demonstrates the disparity in weight given to this business function.

![Bar Chart showing distribution of annual investment](chart2.png)

- 42% Less than $100,000
- 20% $100,000 to $300,000
- 8% $300,000 to $500,000
- 7% $500,000 to $1 million
- 6% $1 million to $3 million
- 4% $3 million to $5 million
- 12% More than $5 million
Q6. In what areas would effective partnerships most benefit your company?

Respondents highlight increased market share and market access as the most significant benefits of partnering. In fact, increased revenue and an increased customer base are the main drivers, with expansion of geographical reach feeding into the next two. Also significant are product and technology development alliances. Respondents also see the extension of product lines and resource sharing to be significant to their business. Partnerships help companies gain access to technology that will foster increased growth, breadth of products and efficiency.

- Acquiring new customers: 68%
- Increasing revenue: 66%
- Expanding our geographical reach: 32%
- Extending our product line: 27%
- Gaining access to new technology/IP: 26%
- Adding our sharing resources: 23%
- Boosting our operational effectiveness: 13%
- Upgrading our products or services: 12%
- Financing our business: 9%
- Improving our supply chain performance: 4%
- Other: 4%
Q7. How do you rate your ability to identify, qualify and secure partner introductions?

While all respondents see value in partnerships, only half feel their companies effectively perform the actions necessary to identify and secure those partnerships. Most companies fall somewhere in the middle in terms of their competence in this area. Only 10 percent feel they perform extremely well in securing partner introductions, and only 11 percent feel they perform poorly in this area.

- 10% Extremely good
- 43% Quite good
- 36% Not bad
- 11% Poor
- 0% No interest in partnering
Q8. What is driving the need for creating third-party linkages and alignments?

The most important driver of strategic partnerships is access to new ideas, insights and innovations. Companies are learning that many outside solutions exist and see value in gaining access to different approaches and solutions provided by strategic partners. The growing concern of increased competition also triggers companies to look externally as their internal resources may not enable them to compete across all sectors. Additionally, the desire to reach customers in global markets drives the need for regional and local expertise.

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Reason</th>
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<tbody>
<tr>
<td>44%</td>
<td>New ideas, insights and innovations</td>
</tr>
<tr>
<td>35%</td>
<td>Complexity and pace of business</td>
</tr>
<tr>
<td>34%</td>
<td>Growing and increasingly diversified customer base</td>
</tr>
<tr>
<td>31%</td>
<td>Lack of internal capabilities or resources</td>
</tr>
<tr>
<td>23%</td>
<td>Additional competencies or proficiencies</td>
</tr>
<tr>
<td>22%</td>
<td>Increased competition</td>
</tr>
<tr>
<td>21%</td>
<td>Solution selling and technology integration</td>
</tr>
<tr>
<td>21%</td>
<td>Geo-expansion</td>
</tr>
<tr>
<td>17%</td>
<td>Go-to-market challenges</td>
</tr>
<tr>
<td>13%</td>
<td>Financial limitations</td>
</tr>
<tr>
<td>9%</td>
<td>Local market requirements</td>
</tr>
<tr>
<td>8%</td>
<td>Market consolidation</td>
</tr>
<tr>
<td>3%</td>
<td>Other</td>
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Q9. What types of partnerships, opportunities or introductions would most benefit your company?

Strategic partnerships that allow access to new customers and new technologies are the top concern for those surveyed. New customers result in increased market share and revenue growth. New technologies mean increased efficiency and better products. Of course, there are secondary benefits as well, such as the cost efficiencies that result from outsourcing sales and marketing activities.

- New customers: 57%
- Strategic: 55%
- Technology: 42%
- Marketing promotion: 39%
- Distribution/channel: 29%
- Consulting: 14%
- Merger or acquisition: 13%
- Outsourcing: 12%
- Financial: 8%
- Supply chain: 6%
- Business sale: 5%
- Other: 1%
Q10. Do you have a formal partnering strategy?

Only a third of respondents have a formal partnering strategy in place, but many are taking steps to create formal business plans. In fact, nearly a quarter of respondents are in the process of developing a formal strategy, but 39 percent have no formal strategy. The fact that two-thirds of respondents either do not have a formal strategy or are working toward developing that strategy demonstrates the lack of knowledge around the most effective methods for acquiring partners, which leads to the lack of successful partnerships noted in question 3.

33% Yes
39% No
24% In development
4% Not sure
Q11. What challenges or complexities have you faced in developing and managing strategic partnerships?

In the growing global community, seeking out the right partnerships can be difficult. Finding those partnerships is proving to be a challenge, and once they are found, securing them and determining how to leverage them is of increasing concern. There are also significant difficulties in maintaining the partnerships. Understanding how partners can continue to grow together and maintain a long-term, mutually beneficial relationship is proving to be the largest concern for most companies. While it appears that tactical, short-term partnerships are working, the difficulty of finding and securing those partnerships will only pay off if the relationships can be successfully maintained for the long term.

- Keeping the partnership active and mutually rewarding (45%)
- Building an ongoing win-win relationship (42%)
- Allocating sufficient resources and mindshare (32%)
- Negotiating and structuring an optimal deal (29%)
- Researching and finding the right partner (27%)
- Understanding where and how partnering can benefit our business (25%)
- Sourcing and leveraging opportunities (24%)
- Identifying the right points of access to partner groups (22%)
- Securing introductions and referrals (19%)
- Other (4%)
Q12. What plans do you have for improving your networking, partnering and sourcing of growth opportunities worldwide?

Developing a strategy and targeted approach to alliance management is the top priority for most companies. Without a formal strategy in place, partnership attempts are often unsuccessful. Respondents note that investment and outreach are necessary approaches to improve their processes. They also see the value in external resources that can provide them with key insights, resources and networks.

<table>
<thead>
<tr>
<th>Plan</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Developing a strategy and targeted approach</td>
<td>60%</td>
</tr>
<tr>
<td>Building out the business partnering function</td>
<td>34%</td>
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<tr>
<td>Leveraging online networks and resources</td>
<td>30%</td>
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<tr>
<td>Attending more industry events and shows</td>
<td>29%</td>
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<tr>
<td>Reviewing best practices in the category</td>
<td>28%</td>
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<tr>
<td>Assigning additional budgets and resources</td>
<td>24%</td>
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<tr>
<td>Working with outside experts and consultants</td>
<td>23%</td>
</tr>
<tr>
<td>Undertaking review and effectiveness audits</td>
<td>16%</td>
</tr>
<tr>
<td>Investing in executive development programs</td>
<td>8%</td>
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<tr>
<td>Appointing a chief development officer</td>
<td>4%</td>
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<tr>
<td>Other</td>
<td>6%</td>
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Q13. How would you describe the current state or life stage of your business?

Respondents represent a variety of companies, all at different stages of maturity. It is meaningful to note that whether the company is a start-up, a middle-market company or a large enterprise, they all see the value in partnerships. This highlights the need for companies to expand their base through strategic alliances, regardless of the size of the business or the industry in which they operate. Partnerships are an essential component of business, and companies who do not develop competency in this area will find it hard to compete in rapidly changing markets.
Q14. **What channels, networks or resources are you evaluating or using to advance your business development process?**

Respondents see the most value in leveraging relationships to advance their business development process. They go to their peers to get feedback, research best practices and determine links to key partnerships. Respondents also see the value in events such as conferences, where they can continue to learn from their peers and expand their network. Respondents rely less on intermediaries like brokers as they feel the lack of personal networking is less effective in determining key alliances.

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<tr>
<th>Resource</th>
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<tr>
<td>Industry associations</td>
<td>41%</td>
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<tr>
<td>Conferences and expositions</td>
<td>40%</td>
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<tr>
<td>Professional organizations</td>
<td>34%</td>
</tr>
<tr>
<td>Peer-based executive affinity networks</td>
<td>31%</td>
</tr>
<tr>
<td>LinkedIn groups</td>
<td>25%</td>
</tr>
<tr>
<td>Business development consultants</td>
<td>25%</td>
</tr>
<tr>
<td>Social media networks</td>
<td>24%</td>
</tr>
<tr>
<td>Strategic sourcing services</td>
<td>15%</td>
</tr>
<tr>
<td>Business information services</td>
<td>11%</td>
</tr>
<tr>
<td>Brokers and/or intermediaries</td>
<td>10%</td>
</tr>
<tr>
<td>Online marketplaces</td>
<td>9%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
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Q15. Would you be interested in a cloud-based platform that automates the process of making the right business introductions through intelligent B2B matchmaking on a global scale?

Three-quarters of respondents would or might use a matchmaking platform to create business partnerships. While respondents note the difficulty in determining the best partnerships on their own, they also place heavy weight on personal relationships in creating effective partnerships. Respondents are more likely to utilize a matchmaking platform if they feel they will maintain control over the relationship-building aspect of acquiring partners.

- 28% Yes
- 26% No
- 46% Maybe
DEMOGRAPHICS

What is your title?

While respondents hold a variety of positions within their respective companies, the majority were C-level executives, business development, sales and marketing professionals. These respondents see firsthand the value of effective partnerships in enhancing their business.

<table>
<thead>
<tr>
<th>Position</th>
<th>Percentage</th>
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<tr>
<td>Marketing VP and above</td>
<td>47%</td>
</tr>
<tr>
<td>Marketing/communications directors</td>
<td>18%</td>
</tr>
<tr>
<td>Senior management/owners</td>
<td>17%</td>
</tr>
<tr>
<td>Alliances and partnerships</td>
<td>7%</td>
</tr>
<tr>
<td>Middle management</td>
<td>4%</td>
</tr>
<tr>
<td>Business development</td>
<td>2%</td>
</tr>
<tr>
<td>Strategy and planning</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>20%</td>
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To whom do you report?

Since most respondents were high-level executives, most reported directly to the CEO or president. Of course, many of these respondents hold those titles themselves and report to the board of directors.

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<th>Title</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>33%</td>
</tr>
<tr>
<td>President</td>
<td>11%</td>
</tr>
<tr>
<td>VP of marketing</td>
<td>5%</td>
</tr>
<tr>
<td>CMO</td>
<td>4%</td>
</tr>
<tr>
<td>SVP of marketing</td>
<td>4%</td>
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<tr>
<td>COO</td>
<td>3%</td>
</tr>
<tr>
<td>Head of marketing/GM</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>37%</td>
</tr>
</tbody>
</table>

How large is your company?

More than half of the respondents come from lower-revenue earning companies, with just over half coming from companies with annual revenues of less than $50 million. Notably, however, is that while only 22 percent of respondents fall within the upper range of $50 million to $1 billion, a quarter come from companies with annual revenue in excess of $1 billion.

<table>
<thead>
<tr>
<th>Revenue Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $50 million</td>
<td>53%</td>
</tr>
<tr>
<td>$51 million to $100 million</td>
<td>6%</td>
</tr>
<tr>
<td>$101 million to $250 million</td>
<td>6%</td>
</tr>
<tr>
<td>$251 million to $500 million</td>
<td>6%</td>
</tr>
<tr>
<td>$501 million to $750 million</td>
<td>3%</td>
</tr>
<tr>
<td>$751 million to $1 billion</td>
<td>1%</td>
</tr>
<tr>
<td>$1.1 billion to $5 billion</td>
<td>11%</td>
</tr>
<tr>
<td>Greater than $5 billion</td>
<td>14%</td>
</tr>
</tbody>
</table>
What best describes your company’s industry sector?

Respondents came from a wide range of industries, including IT, media, education, healthcare and others. All of these industries see the increasing need for effective partnerships and alliances.

- Information technology: 17%
- Professional services: 14%
- Media and publishing: 7%
- Pharmaceuticals: 5%
- Education: 4%
- Healthcare: 4%
- Media agency: 4%
- Telecommunications: 4%
- Banking: 3%
- Manufacturing: 3%
- Automotive: 2%
- Electronics and miscellaneous technology: 2%
- Energy: 2%
- Food and beverages: 2%
- Retail: 2%
- Travel and hospitality: 2%
- Aerospace and defense: 1%
- Construction: 1%
- Entertainment: 1%
- Government: 1%
- Wholesale/distribution: 1%
- Other: 17%
In which region is your company headquartered?

The majority of respondents, some 60 percent, come from companies based in North America. Another 15 percent are based in Europe, 11 percent in Asia and 9 percent in Africa. Middle Eastern and Latin American companies are not significantly represented, with only 4 and 2 percent, respectively.
In which regions does your company operate?

The breakdown of where companies operate is similar to where they are based, with the majority in North America, Europe and Asia, respectively. However, the high percentages in each area demonstrate the global nature of these companies, selling to numerous markets and connecting with various partners.

![Graph showing the regions where companies operate with North America at 76%, Europe at 48%, Asia-Pacific at 46%, Africa at 37%, Latin America/Caribbean at 35%, and Middle East at 30%]

How large is your staff?

Almost half of respondents come from small companies, employing fewer than 10 people. Only 19 percent of respondents come from companies with more than 100 employees.

![Graph showing the size of staff with Less than 10 at 45%, 10-30 at 21%, 30-50 at 6%, 50-100 at 10%, 100-200 at 6%, 200-300 at 4%, and More than 300 at 9%]
EXECUTIVE PERSPECTIVES

**Brian Wood**
Vice President of Marketing
AIS

**Dean Phizacklea**
Divisional Vice President for Global Strategic Partner Marketing
Abbott Diabetes Care

**Billy Goldberg**
President
Buckeye Group

**Heidi Lorenzen**
Chief Marketing Officer
Cloudwords

**Nitin Batra**
Director of Growth and Innovation for the Global Markets Group
ConAgra Foods

**Lance Walter**
Chief Marketing Officer
Host Analytics

**Donald Keane**
Vice President of Marketing
MetTel

**Charles Veley**
Vice President of Strategic Development
MicroStrategy Inc.

**Pernille Bruun-Jensen**
Chief Marketing Officer
Netbase

**Mayan Mathen**
Chief Technology Officer
NTT i3

**Greg Van Ullen**
Chief Milk Officer
OMilk

**Jeff Noel**
President
Optimal Alliances

**Laurence Kemball-Cook**
CEO and Founder
Pavegen Systems Ltd.

**Audrey Verhaeghe**
CEO
Research Institute for Innovation & Sustainability (RIIS)

**Carolyn Paynton**
Chief Marketing Officer
Rhombus Energy Solutions, Inc.

**Kip Martin**
Vice President of Customer Experience Management
SDL PLC

**Kevin Nerney**
Director of Corporate Business Development
ServiceSource

**Erin Cece**
Director of Marketing and Business Development
Simon Property Group

**Larraine Segil**
Partner Emeritus,
Vantage Partners LLC

**Simon Dryer**
National Partner Manager
VMware
EXECUTIVE PERSPECTIVE FROM BRIAN WOOD

AIS Data Centers is the market leader for business-ready IT infrastructure in the Southwest. It offers colocation, cloud, connectivity, managed storage and managed security services, along with any other type of IT infrastructure as a service to business customers of all sizes. With more than 500 customers of various sizes and verticals, the company is at the heart of the ever-changing IT landscape. And according to Brian Wood, Vice President of Marketing, in order to remain competitive in this changing environment with no geographical borders, partners are essential.

AIS Data Centers sells both directly and through channel partners, and the company has a number of technology and managed service partners.

“Different types of partners bring different value to the organization,” Wood says. “Larger household brand names help to bring credibility, open doors and drive awareness. The feet-on-the-street, local/tactical partners are very effective at the blocking and tackling necessary for sales and fulfillment success. They help drive daily activity and have strong relationships with current and prospective customers.”

Wood points to the complex partnership ecosystem as a propeller of the company’s growth in various ways.

“Since we’re in the colocation, cloud and managed services business, many of our customers are also our partners,” he says. “We have client companies that offer a set of skills that complement what we offer on our own. Together, that makes a more complete solution set for other prospective customers. This is a hand-in-glove scenario, where we give them infrastructure and support and they help broaden our range of offerings.”

Other partnerships that are important in helping AIS Data Centers move up the value chain are value-added resellers (VARs).

“VAR salespeople constantly meet face-to-face with enterprise IT leaders who could potentially be our customers. They can refer those customers to us, and they provide credibility to our services through their referral,” Wood says. “A referred sales opportunity is more informal since there isn’t a contractual agreement, but it generally has higher quality and a higher chance of success than just a cold call because of the trust factor. The more customers we get through these leads, the more goodwill we have around that VAR relationship.”

While many partners are also clients, AIS Data Centers looks to create pure partner relationships as well. In order to identify those potential partners, Wood points to the importance of nailing down specific criteria for choosing the right partners.
“We typically begin with specifying the market need. Most people in our industry know what they want, so forming an experimental partnership to create a novel offering is not an ideal tactic,” Wood says. “Instead, our process is a combination of looking at analyst reports, researching similar providers in other markets, talking to valued customers, and leveraging our own collective experience and insight. Then we go through the process of vetting out potential partners who can meet the need without overlapping too much with our existing services.”

AIS Data Centers has built a successful formula for targeting partners, but ongoing partner development takes a whole new set of processes that are often very challenging.

“There’s the courtship period, where there is a great level of hope and excitement on both ends, but then there’s the bridge from setting it up to what that looks like day-in and day-out,” he says. “Often, the relationship is set up by one internal entity and then passed off to another for ongoing execution and nurturing. This can cause a big breakdown in stakeholder buy-in, realistic expectations of success, and the understanding of what the partner can and cannot offer. Even when there is consensus, the level of energy is difficult to maintain over the long run.”

In order to ensure that a partnership remains meaningful over time, Wood says that having co-ownership, gaining executive buy-in, establishing specific metrics to measure activity, and holding recurring business review meetings that include street-level salespeople are vital.

“In a certain sense, you have to ‘fake it until you make it’ because partnerships cannot be successful overnight,” he says. “You have to create the energy and awareness to sustain the partnership through the first few sales. They take time and regular maintenance. But if you invest that time properly, you can achieve great things through partnerships.”
EXECUTIVE PERSPECTIVE FROM DEAN PHIZACKLEA

The traditional medical device business is under increasing pressure from low-cost competitors. Personal monitoring devices are becoming commoditized. At the same time, smartphone companies like Apple and Google are increasingly interested in extending the value of their smartphones to provide healthcare and fitness monitoring capabilities with add-on devices and mobile apps. That puts companies like Abbott Diabetes Care, which manufactures glucose monitoring devices, in an interesting position. Dean Phizacklea, Divisional Vice President for Global Strategic Marketing at Abbott Diabetes Care, knows that in order to compete, the organization must partner with a variety of companies to expand its channels of distribution and to explore scientific and technology innovation.

“We partner closely with pharmaceutical and device companies that deliver insulin,” Phizacklea says. “In addition, we have started partnering with technology companies in the bioinformatics space. Abbott is also actively engaged with scientific and academic researchers, such as the Joslin Diabetes Center and International Diabetes Center. The value of these partnerships is around product enhancement, clinical insights and technology validation.”

As the industry evolves, Abbott is looking to expand its partnership network. In addition to working with partners in the consumer health and wellness space, including wearable device makers, Abbott has developed a strategy around partnering with companies in the mobile space.

“We are looking to form partnerships with cloud service providers who can add value to our on-device informatics using analytic technologies,” he says.

Abbott also has its sights set on philanthropic partnerships.

“We believe these groups could help augment our technology development and disseminate our technology to a wide patient population at an affordable price point,” Phizacklea says. “This would deliver a huge benefit toward addressing the growing diabetes epidemic.”

Abbott’s strategy in partnership development is constantly evolving as the space in which it operates changes. Regardless of the changes that take place, Phizacklea asks himself some important questions when considering potential partners.
“What's the value proposition for us? What's the value proposition for them? What's the available market that we think is there? Who would we put on our list as key companies we would want to work with, and who is taking the ownership around engaging that?” he asks. “There are many potential synergies and partners across industries, but there are different value propositions for each. Therefore, creating a clear and specific proposition is vital.”
EXECUTIVE PERSPECTIVE FROM BILLY GOLDBERG

According to Billy Goldberg, President of the Buckeye Group, connecting companies is about connecting people. It’s about developing relationships and having open communication between both sides. Goldberg’s expertise in connecting the right people led him to create the Buckeye Group, a consultancy that provides business development services for media entertainment and technology companies. These services range from finding sponsors and strategic partners to doing licensing deals and funding.

A large part of the Buckeye Group’s business model is to connect people with strategic partners. Those same strategies are used internally to leverage partnerships for the continued growth and improvement of the services offered by the Buckeye Group.

“By leveraging relationships with other companies, we find out what they know and learn about the business they are in,” he says. “By gaining these insights, we can vastly expand the services we offer.”

While the Buckeye Group helps a vast array of media and technology companies to develop the right partnerships, the Buckeye Group itself looks for partners to further its scope of services.

“We look for partners in financing because they can help to structure and put deals together. We also partner with licensing companies that can manage brands and licensing deals. Finally, we partner with sales organizations that know how to get clients and keep them happy while increasing the bottom line,” he says. “In helping companies find the right partners, I cannot stress enough the importance of open communication and authenticity. Developing a successful partnership is about finding people with goals that align with your own but that also bring a new and different perspective to the table.”

When it comes to successful partnership development, Goldberg says there are certain key ingredients to success. People can’t have an ego, must be aligned on vision and must be in the right place to realize that vision. Finally, both sides need to benefit from the partnership.

Leaders of successful companies approach Goldberg and his team when they need the manpower or additional bandwidth to organize and execute partnership strategy and development.
“The key to success for smaller organizations is to leverage other people’s capabilities to get where you want to go faster,” he says. “Whether that’s leveraging people like me or leveraging the capabilities of a potential partner, companies need to see where they are lacking and reach out to fill those gaps.

In order to do this, Goldberg has some key advice: “Be aware of where you want to go and what you need to get there, and then find out who has the right tools to help you along the way.”
EXECUTIVE PERSPECTIVE FROM HEIDI LORENZEN

Cloudwords is the first cloud-based technology built to help companies automate, manage and analyze their content localization process. As a small company, they do not have a dedicated person or team to work on partnerships, but this is a top priority in their overall growth strategy. Executives are currently working to build partnerships, but Chief Marketing Officer Heidi Lorenzen says their lack of internal resources causes challenges with long-term partnerships.

For small companies, Lorenzen explains that it is essential to build a partnership strategy into the mix from an early stage. She stresses that companies should not overlook how partners can be amplifiers for their organization.

“It takes a significant amount of time and energy to truly identify and develop a successful partnership,” she says. “As a small organization, we have partnerships, but we lack a formal plan to acquire and develop those partnerships. However, we have identified and are starting to build a starter kit for what we need in order to establish a partnership. The next step is to work on formalizing a process for partnership development.”

When it comes to partnership development, Lorenzen says companies need to think about partnerships as their own function, and they must put forth a great deal of effort and time into creating a strategy in order for them to be effective.

“The right partnerships can do more than expand the market reach,” Lorenzen says. “There are a number of ways that both companies can benefit if you take the time to see where there might be overlap and unique ways to build the organization.”

Cloudwords utilizes both long-term and short-term partnerships to promote and grow its technology platform. The platform helps marketers get all of their content, campaigns and conversations into the languages of the market that their company serves. Regardless of the type of marketer or type of content, the technology automates the entire process.

While the company clearly places a great deal of emphasis on technology partnerships, they also partner with major marketing groups to reach marketers who are trying to localize their content globally.

“Technology partners are long-term relationships, and within those partnerships, we also look for other opportunities to expand our reach by seeking out opportunities for joint marketing, sales support, etc.,” Lorenzen says. “On the other hand, our marketing partners are more short-term, tactical alliances. There might be a nice overlap in target audiences for a specific marketing campaign, for example. In that case, we might partner with them solely for that.”
Cloudwords integrates directly with marketing automation tools, and anything that exists in those systems—including emails, landing pages or campaigns—is automatically sent for translation and comes back in the right templates. The company acts as a catalyst to the localization process by bringing information to the cloud and automating the entire process. This unique offering makes Cloudwords a sought-after company for partnership efforts. However, Lorenzen says they face some struggles since Cloudwords’ offering is difficult to package.

“Our challenge is finding the right way to phrase what we do. People see us and think we are just another language service provider,” she says. “We need to educate people on how they can solve their problem in a different way and on what Cloudwords actually does. The good news is that once people understand our offering, it is easy to secure a partner because nobody else can offer exactly what we offer.”
EXECUTIVE PERSPECTIVE FROM NITIN BATRA

The Global Markets Group works to expand ConAgra Foods’ geographic reach by expanding into emerging markets, including China, certain parts of Asia and the Caribbean. Currently, they sell consumer and commercial foods in 84 countries. This small team of U.S.-based professionals relies on strong relationships with distributors and retailers in order to expand the company’s business outside of the U.S. Nitin Batra, Director of Growth and Innovation for the team, highlights the process of expansion through partnerships.

“We try to continue to build on alliances we already have whenever possible,” Batra explains. “We align with large retailers like Costco and Walmart because we have already built strong relationships with them here in the U.S., and since those retailers exist in most international markets, it allows us to leverage our relationships with them to easily expand our reach.”

While the team deals with some major retailers directly, it usually makes sense to partner with distributors that have already built networks of retailers.

“We create long-term distributor relationships and use them to get to our retailers,” Batra says. “We choose those distributors based on their ability to service markets, the relationships they have and their infrastructure.”

Distributors can make or break a deal. Batra’s team is currently in the process of formalizing the criteria by which they appoint distributors.

“We are very trade-oriented, and we look for distributors who represent best-in-class companies that export brands from the U.S.,” he says. “These distributors understand trade regulations around imports and duties, and we know they have the experience to ensure the process goes smoothly. We discovered that the best way to do this is to see which brands exist in countries around the world. We then find the distributors that have those iconic brands that are highly visible and that work on a similar model to ours. After we assess that, we look into their financial standing and check their references, and from there, we choose a few key targets. The last step is to visit those targets’ offices and evaluate their warehousing. We then make our decision and begin to move the process forward.”

ConAgra also partners with marketing and advertising agencies in its target markets in order to promote its brands.

“We have a tactical marketing model that is dependent on area,” Batra says. “For example, if we are actively spending money there—as is the case in Puerto Rico, South Africa and the Philippines—we use advertising agencies. Those agencies
might buy media for us and create other linkages. In our other markets, we deal separately with media agencies, creative agencies and research agencies.”

Whether the partner is a distributor, a retailer or a marketing agent, Batra highlights a few key tools for success.

“First, you need to take the right steps in choosing a partner. You also need a set of credentials for choosing a partner, which may differ greatly depending on the industry or type of company,” he says. “Also, it is necessary to have clarity with respect to defining roles and expectations. Next, you need to work to build the relationship. Our challenge is that we don’t have boots on the ground. We are managing a lot of markets remotely. Therefore, it is imperative to really build up trust between the partners. This must happen over time, so there must be constant communication and efforts on both sides to maintain and build that relationship.”

It is also important to spend a fair amount of time on-boarding people thoroughly. This is especially true when it comes to advertising and media.

“You need to help them understand the company, category, brands and any other information so they can stick to what the brand stands for,” Batra says. “This is very important because a lot of times, we rely on our partners to do things for us in a situation where we cannot micromanage them because we simply do not have the resources to have people on the ground across the globe.”
EXECUTIVE PERSPECTIVE FROM LANCE WALTER

Host Analytics is a leader in enterprise performance management (EPM) for corporate finance departments. Mid-size system integrators are a critical part of the company’s go-to-market and customer acquisition strategy, and Chief Marketing Officer Lance Walter says the company’s business plan calls for partners to be a significant part of the recurring revenue stream.

“Our model depends on us being able to effectively co-sell or—in some cases—for our partners to be able to effectively resell our products,” Walter says. “Finding resell and technology partners who have built trusted relationships with the right customers is key to any effective alliance.”

Walter indicates that mid-size integrators are important because they have existing relationships with the customers that Host Analytics wants to reach, and these prospects view them as strategic advisors.

“Customers have worked with these experts through multiple projects and view the integrators as part of their virtual teams,” Walter says. “If they introduce Host Analytics as a potential solution, then we are able to enter the picture with a baseline level of trust via the partner endorsement, and the partner can help us fully understand what success looks like for the customer.”

Host Analytics recently experienced a great success in a co-selling arrangement. The client was a major U.S. food company, and Host Analytics’ team brought a partner on board who is very adept at selling to CFOs and had deep experience in selling fairly sophisticated and large EPM rollouts.

“Our sales team believes the partner was fundamental to our ability to make the customer comfortable with our solution and our ability to manage the project through the entire rollout to achieve their desired business outcomes,” Walter says. “We won the account in a co-selling fashion, and I don’t know if we would have won it without partner support.”

Walters suggests that a firm is judged by the company it keeps. Forming integration partnerships with major technology brands helps them win credibility in the marketplace, and the right technology partnerships help companies address customer requirements.

“It’s essential for technology companies to integrate seamlessly and easily with other sales and financial management systems,” he says. “If we can’t integrate with systems such as Salesforce.com and partner with those companies to make sure that our joint customers are successful, then we can’t succeed in our business model.”
Working with large consulting companies such as Accenture and Deloitte provides great growth opportunities, but Walter says it requires ongoing relationship management.

“There’s an illusion that if one very senior person at Accenture says they are committed to this partnership, then everything will flow smoothly from there,” he explains. “In reality, you need to continue to foster relationships across practice leads and by region to build strong relationships throughout these global corporations. The top-down corporate mandate very rarely works on its own.”

Even when partnerships are working well, it’s important to always look for new opportunities that will help a company grow in new directions. While Host Analytics has a formal partnering strategy with the aforementioned mid-size integrators who focus on performance management and with large consulting firms, it has taken a less formal approach in working with smaller, boutique system integrators.

“We are starting to put more energy into how to enable boutique integrators who have expressed interest in the Host Analytics solution,” Walter says. “We want to help them be effective, and we want to increase the acquisition of those partners in a targeted way with a scalable onboarding program.”
EXECUTIVE PERSPECTIVE FROM DONALD KEANE

MetTel competes and co-sells with telecommunications giants such as AT&T and Verizon. MetTel provides a broad mix of communications solutions to enterprise and government customers across North America. Customers choose MetTel because it is a one-stop shop for corporations that do not want to manage services and contracts from multiple providers. For Donald Keane, Vice President of Marketing, technology and service partners are critical in helping to bring their offering to the enterprise space.

MetTel looks for system integrators to package and resell offerings into their own account, and Keane says partners can fill multiple roles in the growth of a company.

“We are now looking at more channel partners to help grow the business versus just providing technology,” Keane says. “Those partners might consist of current clients or other complementary technology companies.”

Keane explains that companies need to be nimble at finding partners, whether that depends on the specific needs of a set of offerings or the stage of company development.

“We have good history of securing strong, long-term, successful partnerships in telecommunications and technology, but we want to get ahead of the curve,” Keane says. “One way to do this is to find ways to promote the company through partnerships via co-marketing opportunities. MetTel works with industry giants, so by linking our name to theirs, we gain recognition and clout in the industry.”

To be successful at partnership development, Keane says it is important to have a sophisticated team that works to foster the right relationships with the right players. MetTel has a mature and sophisticated business development team internally that works to foster relationships with other communications providers, technology companies and consultants. But to accelerate its growth, the company is looking to expand its channel partners.

“To expand the network of strategic partnerships, companies need internal resources—and you can never have enough employees to manage and explore potential partnerships,” Keane says. “At the beginning, partnership development might be a cost center, but as a company matures, it should become a profit center. It is worth it to dedicate the necessary people to build up that capability as long-term business growth depends on successful partnership development.”
EXECUTIVE PERSPECTIVE FROM CHARLES VELEY

As a software platform provider, MicroStrategy’s strategic aim is to go to market with partners who are going to develop the company’s platform for end users and technology partners. Charles Veley, Vice President of Strategic Development for MicroStrategy, believes partnerships are becoming increasingly important to the industry and emphasizes the importance of joint go-to-market strategies.

MicroStrategy provides software platforms that can be packaged in numerous ways. The platform is taken, adapted, modified and customized into a finished application. While this process can be done internally, it often happens through partnerships.

“Third-party services are going to play a larger part in both getting deals and building out functionality at the client level,” he says. “Companies need to determine which partnerships are most important for them and then create a structure around securing those partnerships.”

To be most effective, Veley says that companies who are looking to partner should utilize creative, senior executives. They need to be able to develop a unique value proposition and come up with creative ideas for how partners can jointly build better market solutions. In addition, they need to understand how to best resonate with the channel in which the partner operates.

“In order to ensure success in the various channels, companies should have sales teams that are run by leaders who are experienced in each channel,” Veley says. “That way, the partnership is understood and managed by people who are familiar with the internal processes and goals of the partner.”

Veley feels that when it comes to partnerships, creating and implementing a formal structure is key.

“There are hundreds of opportunities for partnerships globally, so trying to deal with those on an ad-hoc basis would be overwhelming,” he says. “You have to know how to prioritize and how to follow up. You need rigor, structure and a strong sales operation cadence.”

He adds, “The best partner relationships create value in terms of additional revenue. Whether those partners are in sales, marketing or technology, partnership acquisition and development are all about creativity, so it is critical to find unique ways to package the application or service to reach multiple audiences.”
EXECUTIVE PERSPECTIVE FROM PERNILLE BRUUN-JENSEN

NetBase Solutions is the world's fastest and most accurate social media analytics company. The business model is focused on driving social media monitoring for brands and agencies around the world. It provides insights, reviews and information regarding emerging trends and also reviews campaigns to help brands and agencies perform better with their customers, which ultimately builds a stronger customer experience and helps achieve growth for the client company. Chief Marketing Officer Pernille Bruun-Jensen describes the solid network of partners that NetBase has built and explains how formalizing the partnership process has led to increased success for the company.

“We have built relationships with a variety of key channel partners to help grow our business,” Bruun-Jensen says. “We partner with data companies like Twitter, Facebook and YouTube to help deliver customer satisfaction by ensuring that the social web can be read. We also partner with consumer review sites, such as Amazon, Yelp and Travelocity. These types of partnerships allow us to analyze what consumers are saying about a given brand at any time within the social web. Finally, we have formed customer partnerships where we work more closely together to develop different products.”

Due to the nature of the business, Bruun-Jensen says the majority of the company’s partnerships are long-term. This enables them to build off of current customers and partnerships to constantly enhance what they offer. That way, they are able to provide their customers with data that is useful to them.

“Partnerships begin with understanding the end goal for the customer,” Jensen says. “For example, we try to determine what data source or new channel our customers around the world might be interested in. We also look at emerging trends, and we take these insights and determine a specific end goal. Then we seek out innovators within these realms and move toward building a partnership with those types of companies.”

Jensen points out that through the development of various partnerships, the company discovered that in order to operate efficiently and continue to see success within their partnerships, they would need to implement a formal strategy.

“In the last year, we discovered that having a formalized strategy and process for partnership development was vital,” she says. “We nailed down a process where we take different developments through different gates, and we resource and prioritize every single gate, reviewing where we want to spend our resources very carefully. This means that anything that competes for resources would be reviewed against a similar product so that we can stay smart and enforce a very agile development process. We work on short release cycles, so we are constantly making sure that what we want to focus on is also what everybody is working on.”
Nailing down a formal process has also given NetBase clarity regarding consumer demand.

"We have clarity around what our customers want and what our sales team is telling us is important, and both are prioritized throughout our development process," she says. "This makes it very clear where we should spend our time. It also highlights certain changes that need to be made, such as the need to allocate additional resources toward a specific project."

Jensen identifies three vital steps to formalizing a strategy to secure successful partnerships.

"First, you have to make it a strategic priority—partnership development has to be at the core of your business processes," she says. "Second, you need to identify people whose focus is to make that strategic partnership successful, or you will not be able to follow through. And lastly, you need to align the rest of your organization to integrate people in order to closely work with partners. There might be areas where partners need to work within different sections of the company, so you need to have a process that allows you to follow through as one team across all different departments."
EXECUTIVE PERSPECTIVE FROM MAYAN MATHEN

NTT Innovation Institute (NTTi3) is the Bay Area-based open innovation and applied research and development center of NTT Group. NTTi3 is focused on enterprise software development for NTT operating companies around the world. The core of its mission is to build new platforms that will transform today's enterprises into the digital businesses of the future. While the focus was historically on inventing and developing products and technologies internally, Chief Technology Officer Mayan Mathen explains how the changing marketplace makes partnerships critical to the company’s success.

“Historically, we focused on inventing and developing products and technologies internally with the many researchers we employ,” he says. “However, we realized that in our industry, innovative companies are constantly starting up with new value propositions that challenge and disrupt traditional business models. We realized that we can’t compete on our own, and we need to have partnerships that can help us develop newer technologies and ideas together.”

NTTi3 views long-term partnerships as essential to its success.

“We continue to look at other companies because the breadth of the requirements we have is quite expansive,” he says. “We have a number of domains that are very different from each other, so we need to constantly evaluate new partners.”

NTTi3 has had a lot of success with its partnerships. Mathen explains that it is relatively simple for them to find the right partners, especially because of the nature of the industry and because of how many companies are operating in similar domains in Silicon Valley.

“In this area, having complementary ideas, knowing where the opportunities are and sharing a common vision means that we will find each other pretty quickly,” he explains. “The key to building partnerships is to first make sure it’s a sustainable relationship, that you have complementary value propositions and that you both see the same value by realizing a vision together. Additionally, you must make sure that you respect each other’s time and investment in resources. We find this to be especially important with companies as large as ourselves when dealing with companies that are very small.”

Additionally, Mathen says it is important for companies to move at the same pace and to make sure that they are both working toward the same goal in order to gain the most value from the partnership.
“At NTTi3, we are working with tight deadlines and rapidly built technology prototypes, so we have to focus on a model that is milestone-driven,” Mathen says. “For us and for similar companies, the key is to focus on the metrics for making a relationship successful and map the deliverables back to that. If you stay focused on deliverables, accountability and ensuring that you allocate the right resources to your projects, then the relationship can become a very sustainable one. If you can do that, any other challenge can be dealt with easily.”
EXECUTIVE PERSPECTIVE FROM GREG VAN ULLEN

OMilk is a boutique nut milk manufacturer based in Brooklyn, New York. OMilk distributes its fresh milk products across Brooklyn and Manhattan and is currently expanding its partnership efforts in order to widen its distribution network to the Tri-State Region and beyond. Greg Van Ullen, Chief Milk Officer for OMilk, discusses the unique challenges of a small company trying to make a leap in market share and geographic reach through the use of strategic partnerships.

OMilk is just three years old. During its first year, the company focused on direct sales to consumers at flea markets and through home delivery. However, in the past two years, it has expanded and transitioned to a wholesale business model, and its products are available in retail locations across Brooklyn and Manhattan. As the company moves forward, partnerships will play a major role as the company looks to expand its reach.

“For OMilk, partnership development is directly linked to growth,” Van Ullen says. “We are also doing fundraising to try to start selling beyond New York City and hopefully expand throughout the Tri-State Region by 2015 and beyond by 2016.”

OMilk has established partnerships with retailers like Whole Foods and Dean & Deluca. The goal is to grow with retail chains that have the right consumer base and diversified locations so that as the company expands to new geographies, their partners can continue to serve them.

“As we continue to expand, we also need to find and develop other types of partner relationships, so we are working to create a network of distribution partners,” Van Ullen says. “We currently sell and distribute internally. However, once we expand, that will no longer be possible. We want to find the right partners to distribute—those who actually go in, talk to the buyer, showcase the product, create the right product placement, etc.”

Van Ullen says the company is also looking to partner with product suppliers.

“As a mid-size company, we are at the point where we need to make a big leap in order to save money on products, so we need to find a company that wants to grow with us and will take us under their minimums because they know we’re on an upward trajectory,” he says. “With bottle manufacturers, label makers and other product suppliers, it is all about letting the sales representatives know that we are looking to take the next step. We won’t just place one order; rather, we will continue to grow and make bigger and bigger sales with them.”
OMilk is looking to see how partnerships can present co-branding marketing and advertising opportunities. Van Ullen provides the example of a successful partnership that OMilk has experienced with a local coffee roaster. The two companies combined efforts to create a cold-brew coffee almond milk. By co-branding the product, both sides saved money and were able to grow from the other’s customers and brand name. The most important aspect to the partnership was that it made sense for the business model. OMilk knew it wanted to create a coffee product and was able to find an ideal partner for this effort.

Moving forward, one of the biggest challenges for OMilk is that as a small company, each sale is critical.

“If a larger company misses out on a sale, it’s okay because it has nine other product lines to pick up the slack. This is not the case with a small company like us,” Van Ullen says. “We need to make sure we present ourselves well. We also have to make sure to go to the right retailers—ones who recognize our value and are willing to try something new.”
EXECUTIVE PERSPECTIVE FROM JEFF NOEL

Jeff Noel, President of Optimal Alliances, brings 20 years of experience in partnership development as a former alliance executive at IBM. His expertise in the area of partnership development led him to create Optimal Alliances, an organization that provides business consultation services to create long-lasting, profitable strategic partnerships. The partnerships grow business and profits with new innovative products that address a market need and create access to new markets.

“The first step in partnership development is market research,” Noel says. "While many companies focus first on who the right partner is based on the complementary needs and objectives of the organization, understanding how the alliance will serve the end customer is a critical first step. If you can't come up with something unique or that adds more value, why bother having the partnership? A market analysis needs to be conducted upfront to determine what's hot, how the product fits and what you can accomplish by working with a partner.”

The next step is to identify the space map of the company and where a partner might fit in. These partners might be market leaders or technology leaders, depending on the current needs and market objectives of the company. The final step is to research the potential partner based on the overall objective and the company mapping.

“It’s important to get to know the partner’s internal environment, solutions and services to determine if it’s the right fit,” Noel says. “Companies should understand where they are looking to go and how the partnership can help both sides achieve their goals. Often, this means waiting for the right opportunity and not jumping in too soon.”

Noel says a company must also be able to articulate what the alliance can do to meet end customers’ needs.

“Understanding the end goal of the customer provides a measurable objective for the alliance,” Noel says. “That way, you work with a common vision and a common goal.”

A measurable objective also allows for the creation of a specific timeline, and Noel says that the timeline should be enforced by regular communication and meetings between partners.

“Partners should talk weekly, if possible, to review where they are and if they are meeting objectives,” Noel says. “Senior executive commitment to the
relationship is also vital for the ongoing success of the partnership. They, too, should have regular communication.”

Noel says another critical aspect to partnership development is cultural alignment of the partners.

“You need to ask yourself if you can get along with the other company, if they have common ways of conducting business or approaching clients, and if their overall business approach lines up with your own,” he says.
EXECUTIVE PERSPECTIVE FROM LAURENCE KEMBALL-COOK

Pavegen Systems is a clean technology company that was founded in 2009 and pioneered a flooring tile that converts the kinetic energy from people’s footsteps into renewable electricity. That electricity can then be used to power lighting, advertisement displays and communication networks, or it can be stored in batteries for later use. Founder and CEO Laurence Kemball-Cook says the company’s short-term aim is to bring the product cost down to the equivalent of standard flooring, and long term, they hope to become part of the urban infrastructure, powering smart cities of the future. Both of these goals will require strategic partnerships.

For technology innovators that are disrupting established industries, working with strategic partners who embrace the new approach is essential to growth and sustainability.

“Disruptive entrepreneurs should look for partners that will increase sales through promotion, experiential marketing and manufacturing,” Kemball-Cook says. “Such partners will help to educate the market on a new approach to existing needs.”

Kemball-Cook points out that all partnerships should be conducted strategically. While well-established distribution partners may enable a technology start-up to promote its innovative technology and drive sales, manufacturing partners can help a product start-up understand best practices and drive cost out of the equation.

“Without strategic partnerships in key markets such as flooring and lighting, cost-effective development would be impossible,” he says. “These partners positively impact key business processes and enhance our understanding of mass manufacturing. For example, a start-up with little or no experience in manufacturing, sourcing and logistics should form relationships with established partners who can help find cost-effective methods to reduce development and manufacturing costs.”

Pavegen has found that strategic partnerships fall into two main categories: permanent and experiential. Experiential partnerships help with marketing and building product awareness while permanent partnerships can add long-term value to the business.

“Experiential partnerships can bring best practices around how to establish a product’s value proposition and consumer messaging. They can also advise on the best channels to reach the desired audience and build brand awareness,” he says. “Permanent partnerships may include large manufacturing and technology companies that can add value to what you’re doing. Then, companies in related industries—in our case, lighting, construction and electricity—can help with
product development and distribution strategies.”

For many startups in a hot technology space, such as clean energy, there are established companies who are always actively looking to partner with innovators.

“Small firms tend to find themselves being more reactive than proactive in partnering. While that may work as a short-term strategy, it’s likely not sustainable over time,” Kemball-Cook says. “A company’s sales and marketing department may be besieged with partnership offers, spending most of their time qualifying these leads. But the alliance management team must evolve and develop a formal partnership strategy around goals for areas such as geographic reach and market segments.”
EXECUTIVE PERSPECTIVE FROM AUDREY VERHAEGHE

The Research Institute for Innovation and Sustainability (RIIS) is an open innovation company that offers boutique niche consulting focused on open innovation in South Africa. RIIS is currently working to expand its reach and has already begun working on a few contracts across the African continent. The main strategic direction is to build intermediary portals within specific regions, sectors and companies to help propel innovation. In order accomplish the company’s strategic goals, CEO Audrey Verhaeghe says that partnerships with other governments, donor agencies or universities are essential.

“Most RIIS partnerships are with governments, so we come up with a mandate, and then we lobby,” Verhaeghe says. “We want to come up with something that strategically aligns with the government so that we can build a portal in that region. Our program is a catalyst of innovation, and we work to align so that those innovation portals can bring their goals to fruition.”

University partnerships are also important for RIIS, and she sees them as a way to help universities in Africa commercialize their innovations. Regardless of the type of partnership, however, the company looks for partners who have similar mandates, such as technology entrepreneurs.

“We have a very specific process for building on the capabilities of technology entrepreneurs,” Verhaeghe says. “They have a need to commercialize their innovations, and we help them to solve big business challenges.”

While RIIS does not have a formal partnering strategy, Verhaeghe speaks to its intuitive strategy.

“We often opt for three-year projects, which are medium-term,” she says. “The first year is dedicated to getting to know the dynamics and is very milestone-driven, but each project is different and requires different milestones and tactics.”

Verhaeghe points to clarification as the most important driver for partnership development.

“The first step is to get really clear on roles, specific objectives and milestones because when you lay these out from the beginning, you can get more clear on what you need to drive those objectives forward,” she explains. “We look to the end goal, lay out the milestones based on strategic objectives, and then see how the partnerships can line up in the best way to move those objectives forward.”
She warns that companies looking to partner should be wary of quickly entering into a partnership without doing the groundwork upfront.

“If you enter into a partnership because you know intuitively that you are looking for something but you haven’t articulated it, that’s a red flag,” Verhaeghe says. “If you don’t know what you want, decide what you might want. The fuzzier you are in the beginning, the fuzzier you will be at the end. Garbage in, garbage out.”

Overall, she stresses that partnerships require communication and sacrifice.

“To build something yourself, you know exactly where you’re going and what you need to put in,” she says. “Partners become a second or third party that is part of that building process, so you need to take them with you. This can often require more effort in certain areas than if you were to do it alone, but the benefits you gain will outweigh the costs.”
EXECUTIVE PERSPECTIVE FROM CAROLYN PAYTON

Partnerships can be critical to many businesses—especially start-ups—due to their limited resources. For this reason, Carolyn Paynton, Chief Marketing Officer at Rhombus Energy Solutions, says it is essential to have a strong process for partnership acquisition. Because it can be hard for a start-up to spend time doing the upfront research necessary for proper partner development, she believes this is where hiring people who already have an extensive network is critical.

For startups looking to partner, Paynton says timing is key.

“You have to ask if your company is really ready to work with any given potential partner,” Paynton says. “The answer depends on the stage that the company is in within its lifecycle. Rhombus Energy made a recent channel partner acquisition, and the success of that partnership was due to the fact that we already had established manufacturing partners. We were ready for that next step, and they saw that and appreciated it.”

Rhombus Energy is a component maker for energy and power systems and has its own product line, but they also work on custom development for large companies. Due to the size of some of these companies, Rhombus Energy might receive a request to work on a new project every month from each of its partner companies, but the team has to ensure they take on only what they can handle.

“As a start-up company that has begun working with large partner companies, we are careful to only take on what our team of engineers can do best for them rather than taking on every request for work they send us,” she says. “By doing this, we not only manage our growth, but also strengthen our relationships with our partners.

“Being part of a small start-up company means you have more agility in response to market demands,” Paynton continues. “Huge companies are not as nimble as start-ups and can’t make a shift on short notice, which creates opportunities for startups to provide value to these enormous companies.”

Like other start-ups, Rhombus Energy depends on getting contracts from companies that need the team to build systems for them in order to gain traction in the market. The team designs and engineers a product, and then the client will take that prototype and manufacture it.
“Reference-based designs have been critical—they help us get an idea of market demands,” Paynton says. “Based on these insights, we have even pivoted our own product line. We originally intended to create a different line but found through the insights gained from outside projects that a change was needed in our product development and that we actually needed products that do different things.”

Additionally, Paynton says that by working with partners on outside projects, startups can build up their own clout in the industry.

“Rhombus Energy might design and engineer a product, and just before the launch, we will create a joint task force with the client company in marketing and branding,” she says. “Whether through joint campaigns or leadership-style campaigns, by linking Rhombus Energy’s name with an established company, it creates more weight around our brand.”
EXECUTIVE PERSPECTIVE FROM KIP MARTIN

Savvy companies realize that their customers are their best business partners. Being in tune with changing markets, needs and behaviors can yield some keen insights into how a business must evolve. That realization is not lost on London-based SDL PLC. The company started out providing translation services for companies wishing to extend their reach to global markets but has morphed into a Customer Experience Cloud service that helps companies transform their customers into brand advocates. According to Kip Martin, Vice President of Customer Experience Management at SDL, this is a much more effective tool than traditional marketing.

In order to create a sense of trust in their clients, Martin focuses on content marketing.

“Working to get the right content to the right audience is critical,” he says. “Consumer experience software is an emerging space in the business solutions world, so we need to provide the information that our customers need so they can understand what we have to offer.”

SDL’s Customer Experience Cloud addresses customer analytics, social communications, ecommerce, campaign management, web and mobile applications, documentation and language translation services.

“Essentially, we’re dealing with all of the elements that influence a customer’s perception of a company as he or she interacts with that firm,” Martin says. “There are a lot of pieces that define how customers think about a company. It’s not one single element but rather a combination of things that creates a successful customer experience.”

In order to achieve that perfect combination, Martin says partnerships are vital. However, the first step is to understand what a partnership means for a company at a specific stage of development.

“Defining what partner is needed is hypercritical,” Martin says. “Depending on who you are talking to, the right partner could be a solutions provider with whom you can do joint go-to-market initiatives or co-branding. It could also be a channel or sales partner that would act as reseller.”

Furthermore, Martin explains that a relationship with a certain key partner could lead to many more lucrative partnerships, so finding the right initial partners can make a huge impact on the success of the business.

“The majority of alliances we have are with development partners. We have the components, and the partners conduct the actual implementation,” he says. “We need to get the business users up and running on our services, so there’s also an element of education involved:”
The relationships with those partners flow into another category of partners who serve as strategic advisors to end users and often provide recommendations.

When asked how these partnerships come about, Martin indicates they occur at the executive level.

“We have very experienced senior executives who have existing relationships, and we know who the major players are in the creative agency world,” Martin explains. “We look at the big agencies—the big brands that offer the most substantial and sustainable relationships. SDL currently has relationships with 78 out the top 100 companies in the Interbrand Best Global Brands annual ranking.”
EXECUTIVE PERSPECTIVE FROM KEVIN NERNEY

ServiceSource is a technology service company that was founded in 1999 and specializes in recurring revenue management. Kevin Nerney, Director of Corporate Business Development, believes that partnerships are critical to their success and explains that the goal of developing partnerships is threefold: to increase revenue, to meet customer needs and to extend product capabilities.

“The technology market is rapidly evolving, so software and service providers must continually adapt by implementing new business models and delivering new solutions to customers,” Nerney says.

Technology companies must cultivate partnerships in each key business area. Nerney stresses that companies need to develop a deep pool of partners for business development, which will help create a sense of trust and stability for them in the marketplace.

“Companies need to keep building up partnerships and learning from each experience,” he explains. “Understanding how other companies conceive and build their own ecosystems can be a source of innovation for your company as well.”

For any technology company, he says the primary partnership models tend to be product-focused and channel-focused. Product partnerships focus on alignment with companies that serve adjacent markets, and these markets represent a product extension of an existing value proposition. The second model is a distribution partnership, which involves looking for other channels to help move products, services and solutions. It is essentially a go-to-market business relationship.

“Regardless of the type of model, partnerships are complex—there is no cookie-cutter solution,” Nerney says. “Partnerships require constant interaction and negotiation, and the biggest challenge is staying aligned on incentives. A partnership can be aligned one day, but maintaining alignment over the course of five years can be difficult.”

As companies grow and change, there is often a shift in power and in markets, requiring a re-examination of relationships. Nerney says these shifts often lead to the end of many partnerships.

“The best way to undertake a partnership that will yield positive results for the long term is to begin with the end goal in mind,” Nerney says. “Everything is grounded on the overall business outcomes.”
EXECUTIVE PERSPECTIVE FROM ERIN CECE

Simon Property Group is a publicly traded company and the largest real estate investment trust in the country. It operates malls and premium outlets and recently experienced a 16-percent growth rate of $1.3 billion in the first quarter of this year. According to Erin Cece, Director of Marketing and Business Development at Tyrone Square—one of Simon’s properties located in St. Petersburg, Florida—Simon has achieved this growth, in part, through acquisitions and partnerships with other real estate developers in North America and Europe.

These are challenging times for shopping malls in an economy where the supply of store space exceeds the demand. Many suburban malls lay vacant altogether while others have a growing number of vacancies. Changing consumer behavior is the largest factor affecting the viability of this commercial real estate segment. According to many analysts, only the largest and most creative will survive.

Despite the difficulties of this industry, however, it seems that Simon’s efforts are working.

“Location alone is not sufficient to ensure success in the retail real estate business,” Cece says. “We need to be aggressive and get creative if we want to attract premium retailers. Once we get a retailer to sign on with us, our geographic reach enables us to offer retailers a footprint in not just one location, but in a variety of top spots throughout the country.”

In order to find new retailers, Simon partners with top consumer goods, automotive, entertainment and education brands, using the malls and outlets as live event venues while also providing display advertising inside and outside of the malls. Promotions and coupons are also delivered to consumers’ mobile devices. For Cece, finding retailers can be difficult, so partnering with unique marketers helps to gain the attention of top retailers.

Simon takes advantage of the state of the industry in looking for partnership efforts. For example, since the retail business is seasonal, Simon partners with major consumer goods companies to develop holiday-themed events, advertisements and social media outreach campaigns that can be deployed at locations around the country. Simon then works with these major brands to measure the return on investment for their marketing programs, thus helping to ensure partner satisfaction and repeat business.
“Simon has taken what it has learned from its own partnerships to partner with others in the industry and help them succeed,” Cece says. “For example, in 2012 we bought a 29-percent stake in Klépierre SA, which operates retail properties in Southern France, Italy and Scandinavia. As part of the partnership, we provide Klépierre with strategy, partnering and sales expertise, as well as co-marketing and technology support.”
EXECUTIVE PERSPECTIVE FROM LARRAINE SEGIL

Larraine Segil is the CEO of Little Farm Company, Partner Emeritus at Vantage Partners, an executive education professor of 24 years at Caltech and an Adjunct Professor of Law at Southwestern School of Law. She has written five books on partnerships, including Measuring the Value of Partnering and Intelligent Business Alliances. From her vast experience, she has a firm grasp on the most effective methods of partnership development across a number of sectors.

Segil notes that partnering challenges are particularly difficult in small to medium-size enterprises. This stems from the fact that most small companies have an inadequate allocation of resources when it comes to partnering. Most do not have a professional partner manager, so the founder or CEO ends up also serving as the chief partnering officer and becomes very time-constrained.

Segil also points out that for small enterprises, a threshold issue is characterizing the benefits of the business so that they will be understood and valued by a larger company. This requires positioning, conceptualization, presentation, communication and evaluation—all of which take up multiple resources and are time-consuming.

Larger companies like Intel and 3M have an internal venture capital group that invests in specific start-ups and enables them to grow on their own without interference until they have reached critical mass (defined by the larger organization). At this point, the large organization steps in and places its own constraints and methodologies on the company. While this does not allow the start-up much wiggle room, it is certainly advantageous in terms of providing access to resources and strategic expertise.

“Partnerships are greatly affected by both corporate and product lifecycles, which is why different industries have very different strategies,” she says. “Software companies have a very short product lifecycle. They need to be nimble and able to get in and out of situations quickly. Their markets and competitors are volatile, so their ability to be flexible is key. On the other hand, the manufacturing industry is less agile. Partnerships tend to last longer as they have a longer time span within which to produce results.”

Segil points out that companies also need to focus on different kinds of partners at different stages of development. While early-stage companies may be seeking investors, the focus will soon shift toward channel partners and system integrators. Lifecycle changes affect three areas—culture, behavior and priorities—and each of these can affect a partnership.
“My research has proven that having a formal structure is essential to building partnerships. A basic approach is seen in what we call the PFOR approach: planning, formation, operations and review,” she says. “The planning stage should take time. It allows companies to strategize about their criteria for the best available partner and whether they have the appropriate partnering culture for success. In the formation stage, companies who have taken the time to plan will not take the first partner that comes knocking at their door. Rather, they will work to get to know the real interests, agendas and stakeholders. Doing interest analysis early is essential.”

After planning and formation have been established, partners will move into the operations stage, where both partners collaborate to create metrics for success.

“It is important that both sides are aligned to enable expectation management,” she says. "There should be a team of stakeholders from both sides working on implementation, as well as people who are familiar with conflict resolution. This is especially important because the market (competitors and consolidation, product mix and innovation) is constantly changing, and those changes will pose ongoing challenges for either partner."

Finally, companies should have a review stage to assess the impact of their efforts and methodologies to implement change.

“All partners should have quarterly reviews to determine outcomes, changes in metrics and approaches, and to evaluate the overall benefits and costs of continuing the partnership in its present form," she says. “Change is inevitable, and those partner companies who anticipate and plan for it are likely to have higher success rates.”
EXECUTIVE PERSPECTIVE FROM SIMON DRYER

The need for proper alliance management is nothing new, but the way in which this must occur is completely different now than it was 20 years ago. As VMware continues to rapidly evolve and expand its services, National Partner Manager Simon Dryer says the company is changing how it approaches the market and evolving its alliance ecosystem so that it will effectively support the company as it embarks on a new chapter of growth.

VMware is a global software company and a leader in virtualization software. While it has performed extremely well for the past 15 years, the company recently expanded its horizons to move into the services business, in part to support its exciting Software-Defined Enterprise strategy. This is a bold move for VMware, and as a result, its processes, alliances and networks must be carefully reconsidered to support a range of emerging needs.

“The marketplace is evolving rapidly, so our practices also need to evolve,” Dryer says. “Companies need to look closely at their offerings and ask themselves, ‘Are we in the right business? Are we going to market in the right way? Are we doing that as effectively as we need to in order to support and grow our client base?’ Companies are constantly changing in today’s marketplace. To be nimble and be able to adapt with the market, you need to have a highly executable vision. And to achieve that vision, you need the right strategic alliances with a framework approach that supports it.”

VMware has developed multiple categories of alliance partners, allowing it to drive more than 85 percent of its total revenues through this model and gain valuable technical collaboration. The ecosystem is diverse, containing resellers, service providers, OEMs and global systems integrators, to name but a few.

“All of our alliances have a part to play in the ecosystem, but they also need to be treated and managed differently in order to balance the win-win-win we try to achieve across our company, our alliance partner and most importantly, our end-clients,” he says.

In particular, Dryer says VMware is achieving significant success with its systems integrators and systems outsourcing alliances (SISOs). They have a wealth of vertical specializations mixed with experienced, technical infrastructures, consulting capabilities and considerable global reach. By developing joint solutions with them, he says they get to learn from each other and expand their portfolio of offerings into vertical markets they know very well.
“By working together and using an alliance governance framework to track our progress, we are able to bring innovative solutions to market quickly and effectively,” he says. “New thinking from Gartner, among others, suggests that success in the highly competitive IT infrastructure and services arena is being driven by architecting the right solution for a given market need, having a deeply intimate understanding of your target market and thoroughly planning your sales strategy and sales motion for that target market. When you look at advice like this, it really makes you consider the value that your alliance network can bring and how you select and nurture those alliances.”

Typically, when looking for alliances, Dryer says companies should gravitate toward organizations that have a sense of where the market is going and are innovating in a demonstrable way. This shows that they are not just trying to follow the market, but that they are actually trying to create or differentiate the market.

“In order to invest your resources wisely, you need to look at who the company is, what it does, whether it is successful and if it approaches the right market,” Dryer says. “There are many out there who are trying to position a great offering to the wrong market.”

While these may be somewhat obvious indicators, Dryer says it is also important to look at more subtle signs, like having the right chemistry between partners and having a similar or complementary organizational culture. In addition, it is important to consider factors such as accountability and innovation, noting what new offerings a potential partner brings to market and establishing a sense of security that the partners will be able to work together to deliver that shared vision of success.

Dryer notes that having a strategy for partnerships is essential, but he warns against being overly structured in this area.

“In an exceptionally volatile market and with rapidly changing market conditions, being too structured can cause you to lose speed and agility,” he says. “In a partnership, there may be many changes in relations, structures and the marketplace. You have to be able to align and reposition quickly, and you also need a strategy that, if worse comes to worst (a sudden acquisition or divestiture happens, for example), allows you to uncouple the alliance successfully and quickly, if needed.”
POWERLINX INSIGHTS AND USE CASES

Cross-border and digital expansion—followed by product diversification—are the primary objectives of businesses for the coming quarter, according to a separate analysis of nearly 10,000 firms across 145 countries on the Powerlinx platform.

Powerlinx’s analysis examined the stated primary objectives of customers and revealed that firms were clearly focused on expanding at the midway point of the year.

In particular, the analysis revealed:

- Nearly 40 percent of businesses were seeking to reach new geographical markets or expand their online presence rather than focus on customers in their existing markets.
- Around 12.5 percent of businesses were focused on finding partners who could help them diversify their product range and application.
- More than 10 percent of businesses were actively seeking a partner to help them raise capital.
- Around 3 percent of businesses were preparing to explore an exit and were in need of external parties to assist in that process.

According to Powerlinx co-founder and CEO Doron Cohen, the data reveals that businesses are actively working to grow by forming strategic partnerships that move them out of their comfort zone and increase their opportunity for expansion.

“Businesses aren’t coming to the platform with only a request to find new customers,” Cohen says. “Instead, they are recognizing that growth comes from setting objectives that are more tangible, and in most instances, they need an external party to help them meet their goals. As a result, they are actively seeking out other businesses to help them grow.”

The demand for partners that can assist in online expansion reflects the rapid growth of the online B2B market, which—at $559 billion—was estimated to be around twice the size of online B2C sales last year. Equally, the search for partners to support cross-border expansion reflects that opportunity remains offshore, particularly in developing economies, and that navigating those waters often requires on-the-ground support.
The Powerlinx analysis also reveals the way in which businesses are seeking to assist others in the network through a strategic partnership. In particular:

- Twenty-three (23) percent of businesses were interested in learning more about partnering with another firm looking to manage an exit.
- Nineteen (19) percent of businesses are interested in potentially offering solutions to another business with the objective of diversifying their product line.
- Eighteen (18) percent of businesses are interested in potentially assisting with another business’ capital raising.
- Thirteen (13) percent of businesses are interested in determining how they can assist another business’ geographic expansion.

"Every day, businesses are realizing that they can be an important partner in another’s growth plans, and the platform is facilitating those partnerships," Cohen says. "Importantly, there is a growing awareness by business leaders that they can grow their own firm by helping others meet their expansion targets. That is the ultimate power of strategic partnerships."

The Powerlinx platform is being actively used by thousands of businesses to form strategic partnerships that can fast-track their growth plans. Most recently, the platform helped an artisan milk producer in Brooklyn expand its geographic reach from seven stores in New York City to the entire Northeast region by partnering with a new supplier that allowed them to extend the shelf life of their product. In another case, a US architectural firm was able to partner with a UK clean-tech company to bring their unique technology to projects within wellness and recreation.

For more information visit [www.powerlinx.com](http://www.powerlinx.com).
OVERVIEW
CapeRay is a South African company that is dedicated to innovation in the field of breast cancer screening in order to improve the likelihood of early diagnosis. By combining X-ray and ultrasound breast screening, CapeRay’s proprietary equipment co-registers the images, thus improving diagnostic accuracy and expediting the corrective treatment process. As a new company, CapeRay has several patents pending for its breakthrough technology.

CapeRay adopted the Powerlinx platform while seeking a clinical trial partner to test its equipment in order to build industry credibility.

OPPORTUNITY DELIVERED
Powerlinx found and introduced CapeRay to Julius Clinical, a global academic research organization based in the Netherlands that combines strong scientific leadership and operational excellence to conduct clinical trials, focusing on the most innovative technologies from around the world. Leaders of both companies were successfully introduced to each other, and Julius Clinical demonstrated strong interest in conducting tests of CapeRay’s breakthrough product.

RESULTS
While a formal partnership has not yet been confirmed, both parties have expressed interest in working with each other. As soon as the breast cancer screening equipment is ready for trials to begin, a partnership between CapeRay and Julius Clinical will greatly benefit the young company in building its brand name and distributing its product worldwide.

POWERLINX USER STORY | CAPERAY

“I have been impressed with the services offered by Powerlinx, particularly the interest shown by one of their young client success managers, Hayden Tyson, who took the time to understand CapeRay’s current business needs.”

Kit Vaughan, CEO of CapeRay

OVERVIEW
Aceso X-Ray Machine
Automated Breast Ultrasound
POWERLINX USER STORY | COGNICIAN & INTEGRITY SOLUTIONS

“Powerlinx did an impressive job at identifying an ideal business match for Cognician. Powerlinx saw the potential opportunity, connected our companies through a very professional introduction, and delivered a business development service that few others have been able to match.”

Barry Karon, CEO of Cognician

OVERVIEW

Cognician strives to build leaders within organizations through its customized software solutions that facilitate e-coaching for employees at all levels to improve relationship-building capabilities, increase self-awareness and effectively reach personal and organizational goals.

Integrity Solutions also focuses on maximizing the quality of a company’s human capital, but through a more personal approach. Rather than providing self-directed, e-coaching software, Integrity Solutions acts as a consultancy service dedicated to emphasizing organizational accountability, attitude, motives and values as key factors in improving both internal and external relationships.

OPPORTUNITY DELIVERED

A Powerlinx analyst working with Cognician and Integrity Solutions as two separate clients realized that the synergies between the companies could potentially lead to growth opportunities for both. Since Cognician is primarily software-based while Integrity Solutions relies heavily on human interactions, the value of both tools working together could be incredibly beneficial for organizations in need of internal coaching and development. Expanding through such a partnership was not one of the objectives stated by either business when each began utilizing the Powerlinx platform, but after being presented with the opportunity to be introduced to each other, both agreed that it was an interesting possibility.

RESULTS

Cognician and Integrity Solutions both agreed to the introduction and are currently in talks. While the discussions could eventually lead to a partnership, their story provides evidence of the value Powerlinx offers beyond just helping business owners fulfill pre-specified objectives. In fact, at Powerlinx, we are able to present business owners with opportunities they had not previously considered, thereby helping them discover new and exciting paths for their businesses to take.
AFFILIATE PARTNERS

THE ASSOCIATION OF STRATEGIC ALLIANCE PROFESSIONALS
Founded in 1998, the Association of Strategic Alliance Professionals (ASAP) www.strategic-alliances.org, is a professional association committed to elevating and promoting the profession and discipline of alliance management. ASAP is the only organization dedicated to providing tools and resources, education and professional development, and a community for networking to alliance professionals at every stage of business collaboration. From partnership formation to alliance management after a deal is signed, ASAP can help navigate the way.

UNITED STATES ASSOCIATION FOR SMALL BUSINESS & ENTREPRENEURSHIP
The United States Association for Small Business and Entrepreneurship® (USASBE) is the largest independent, professional, academic organization in the world dedicated to advancing the discipline of entrepreneurship. With more than 1,000 members from universities and colleges, for-profit businesses, nonprofit organizations, and the public sector, USASBE is a diverse mix of professionals that share a common commitment to fostering entrepreneurial attitudes and behaviors.

QUALTRICS
Qualtrics is a leading global provider of enterprise data collection and analysis products for market research, voice of customer, employee performance and academic research. Through an intuitive, easy-to-use interface and award-winning services and support, Qualtrics products enable both professional and DIY researchers to conduct quantitative research at a lower cost and in less time than competing alternatives. Founded in 2002, Qualtrics has more than 5,000 clients worldwide, including half of the Fortune 100 companies, more than 1,300 colleges and universities, and 95 of the top 100 business schools.

MARKETWIRED
Partnering with companies of all sizes—from start-ups to Fortune 500 enterprises—Marketwired is an innovative, social communications company offering best-in-class, global news distribution and reporting. Powered by Sysomos, Marketwired’s products also provide state-of-the-art social media monitoring and analytics. This critical business intelligence provides instant and unlimited access to all social media conversations, allowing brands to see what’s happening, why it’s happening, and who’s driving the conversations.
ABOUT POWERLINX

Powerlinx is a unique online marketplace where businesses from around the world connect with other firms best suited to help meet a clear business objective and drive growth. Every day, Powerlinx helps our customers find new suppliers, expand into new product lines, reach new geographical markets, raise capital and even sell their business. We do this by using our unique business intelligence tools, including our business intent clarification engine, to find and connect firms across our global database that are best matched to meet a specific business need. Since our launch, we have made thousands of matches for businesses all around the world, driving business growth in some unlikely places.

For more information, visit www.powerlinx.com.

ABOUT THE BUSINESS PERFORMANCE INNOVATION NETWORK

The Business Performance Innovation (BPI) Network is a peer-driven thought leadership and professional networking organization dedicated to advancing the emerging roles of the chief innovation officer and innovation strategist within today’s enterprise. The BPI Network brings together global executives who are champions of change within their organizations through ongoing research, authoritative content and peer-to-peer conversations. We are advocates for innovation as a fundamental discipline and function within 21st century organizations and seek to demonstrate where and how new inventive solutions and approaches can advance business value, gratify customers, ensure sustainability and create competitive advantage for companies worldwide.

For more information, visit the BPI Network at www.bpinetwork.com.
ABOUT THE CHIEF MARKETING OFFICER COUNCIL

The Chief Marketing Officer (CMO) Council is the only global network of executives specifically dedicated to high-level knowledge exchange, thought leadership and personal relationship building among senior corporate marketing leaders and brand decision-makers across a wide range of global industries. The CMO Council's 7,500-plus members control more than $400 billion in aggregated annual marketing expenditures and run complex, distributed marketing and sales operations worldwide. In total, the CMO Council and its strategic interest communities include more than 35,000 global executives in more than 110 countries, covering multiple industries, segments and markets. Regional chapters and advisory boards are active in the Americas, Europe, Asia-Pacific, Middle East, India and Africa. The council’s strategic interest groups include the Coalition to Leverage and Optimize Sales Effectiveness (CLOSE), Mobile Relationship Marketing (MRM) Strategies, LoyaltyLeaders.org, CMOCIOAlign.org, Marketing Supply Chain Institute, Customer Experience Board, Digital Marketing Performance Institute, GeoBranding Center and the Forum to Advance the Mobile Experience (FAME).

For more information, visit the CMO Council at www.cmocouncil.org.