

White Paper

Partnerships As A Growth Channel:

What The Fastest Growing SaaS Companies Have Already Figured Out

As self-servicing B2B buyers do most of their shopping for solutions and services long before even signaling their entry into the marketplace, it is more challenging for marketers to ensure that their brands are high on the list of companies to consider.

To drive greater awareness of their offerings, especially among undeclared or undetected prospects, B2B marketers are building and enabling far-reaching ecosystems of business partners — affiliates, ambassadors, referrers and resellers too — to drive engagement with buyers, influence and/or refer clients or actually close deals.

Revenue-generating partner programs, in particular, are being implemented by B2B marketers from companies of all sizes. Equipped with modern, purpose-built solutions that enable them to effectively engage vast and diverse ecosystems of partners, B2B

marketers are scaling up referral partner and affiliate programs that help ensure that their brands are being considered throughout the buyer's journey, especially at the first step.

This is especially critical for the nearly 16,000 Software-as-a-Service (SaaS) companies as they jockey to get a share of the fast growing market for their offerings. SaaS vendors are benefiting from increased demand for the products. According to **Amplifinity**, partner programs account for 23% of total SaaS revenues, see an average of 350% ROI and retain customers 37% more than non-partner channels. Last year, Deloitte reported that 93% of CIOs are adopting or planning to adopt cloud SaaS.

In addition to other SaaS vendors, many companies are also competing with some — maybe many — of the other 175,000 software providers operating today.



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Jay McBain, Principal Analyst of Channel, Partnerships and Alliances, Forrester

Getting on the list of brands that will make their way to the final cut is increasingly difficult. Data shows that B2B buyers are completing as much as two-thirds of their research before contacting a vendor. Increasingly, “Brands are focused on the 68% of the buyer’s journey when customers are not talking to them,” said Jay McBain, [Forrester’s](#) Principal Analyst of Channel, Partnerships and Alliances, in a presentation at the B2B Marketing Exchange. When brands are not striving to influence buyers as early as possible, “they may lose the deal without even knowing there was a deal.”

According to [Forrester’s 2021 B2B Buying Study](#), the number of interactions during the typical buyer’s journey jumped from 17 to 27 last year. B2B buyers “talked to peers, industry experts and various provider representatives to get their specific questions answered,” wrote Beth Caplow, VP, Principal Analyst. And they were especially

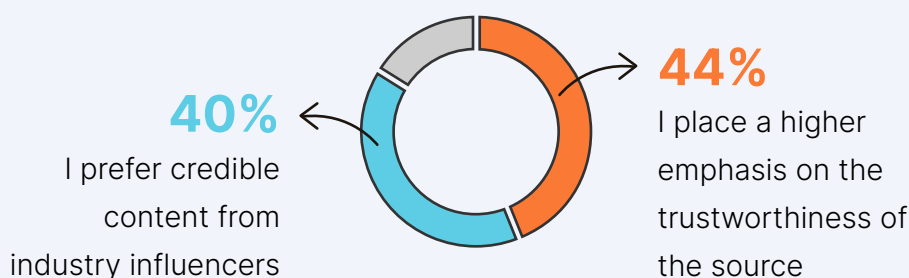
interested in discovering what third party experts — resellers, thought leaders and industry analysts, for instance — had to say.

During a presentation at [Forrester’s B2B North America Summit](#), Caplow explained that interaction with third party experts were “highly valued by buyers 56% of the time,” because, “Buyers really want to talk to people,” she added, as it’s critical for vendors to have “a strong position with industry analysts and channel players.”

Demand Gen Report’s [2021 Content Preference Survey](#) recorded similar comments, with respondents noting that they assign a higher value to information shared by trusted sources/advisors. When asked how their content consumption habits changed in the past year, 44% of respondents stated they place a higher emphasis on the trustworthiness of the source.

B2B Buyers Trust Content Shared By Credible Advisors

How have your B2B content consumption habits changed during the past year? (check all that apply)



Embracing Referral Partner Programs

Structured referral partner programs are gaining traction among B2B marketers. According to the [2021 Channel/Partner Marketing Benchmark Survey](#), just over 13% of respondents said their companies have a structured referral program that compensates non-selling partners for generating leads that are ultimately converted to customers. Under 9% incentivize, reward or otherwise compensate a variety of partners — thought-leaders, influencers and/or subject matter experts — to influence potential customers.

But more companies will be competing for the attention of referral partners. Survey data reveals that more than 75% of the respondents will boost the number of partners in their ecosystem, 30% will launch a referral program in 2021 and incentivized influencer programs will be implemented by more companies — 33%.

As the company has gotten larger, its channel partners have taken on a more important role in the overall go-to-market strategy. In Q1, 40% of all revenue flowed through the HubSpot partner channel. “Partners that are referring and reviewing your service have large social footprints or are engaging in thought leadership that gets SEO traction are essential parts of an acquisition strategy,” said Theresa Caragol, CEO of [AchieveUnite](#), a partner performance consultancy. With 60% of purchase decisions happening online without ever engaging the vendor, “anything

that amplifies search results, amplifies growth,” she said.

Companies in growth mode, especially SaaS companies, are constantly looking for revenue opportunities that are predictable and scalable. “We’re seeing more and more early-to mid-stage SaaS companies look to partnerships as a means to achieving their growth goals,” said Tyler Calder, Vice President of Marketing at [PartnerStack](#), a partner management platform. “For many SaaS companies especially, getting started with an ambassador, affiliate or referral program is the first step in developing a partner ecosystem strategy.”

Bob Crissman, Vice President of Channels at [Turn/River Capital](#), a private equity and venture capital firm, said that referral partner programs are “lighter weight” channel initiatives that can provide a brand with greater exposure in their markets.

“What a partner can do very quickly is give a brand a really warm introduction to customers that they didn’t have the day before they signed the referral agreement,” he explained. “For example, if you’re a small software company doing business in North America and you don’t do anything in Europe, and you have a partner that does things in the UK and Western Europe, you just opened up a market for yourself.”

Referral programs, he continued, “are not a bad way to dip your toe into indirect selling activities.”



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Theresa Caragol
CEO of AchieveUnite, a partner performance consultancy

Engaging Ready-To-Refer Partners

B2B marketers are likely to discover that finding partners to participate in their referrals programs is easier than expected. For example, traditional channel partners are increasingly interested in signing up for referral programs, according to a survey by [Channelnomics](#) (formerly The 2112 Group), a business strategy and research firm. Of the partner respondents to a survey it conducted in 2019, 73% said they are actively incorporating referrals as a part of their business.

The presumption going into this research was that partners treat referrals or the opportunity to make a referral as opportunistic — not something that was systemic, said Larry Walsh, Channelnomic's CEO and Chief Analyst, noting that, "What we find is that it is not only systemic, but it is incorporated into their business and their profit models."

The income that partners are generating from referrals "is not an inconsequential volume of revenue

that they're banking against. They are actually budgeting against it," Walsh continued.

For example, Hawke Media, a PartnerStack client and partner, is banking referral fees and commissions in the process of advising its customers on new marketing technology. In addition to the added income, Hawke Media and other companies participating in referral programs see referring them to solutions providers as a way to help clients solve problems and as critical to building lasting relationships with them.

Since the report was released, Walsh said partner interest in referral programs has remained strong, particularly among those that have sales cultures. The companies are using referrals as a means of generating revenue from opportunities that they can qualify, but not fulfill. "We believe this will increase over the next 3 to 5 years as marketplaces eat into the share typically serviced by traditional resellers."

“What the referral research is showing us is that partners are thinking about satisfying the customer,” explained Walsh. “They don’t stop just because they may not have a product or service that meets the customer’s needs. They know referrals are a means for satisfying the customer, and in keeping the customers whole.”

Larry Walsh, Channelnomic's CEO and Chief Analyst

Automating Scalable Referral Partner Programs

As interested as partners are in participating in referral programs, scaling up efficient and affordable programs that keep them engaged is critical. From a company's PRM to its marketing tech stack, technology is the key to success, stressed Caragol. Companies that consume technology to accelerate their revenue engine will be at the front of the pack and partners are a critical part of that engine.

"The key takeaway is to automate early in your partner program development," she said. "With the right infrastructure in place, you will be poised to scale rapidly."

It is critical for SaaS marketers to automate the end-to-end processes that ensure a referred lead ultimately becomes a customer. Historically, referrals have been recognized as leads that close faster and at a higher rate than those from other sources. Early research by Heinz Marketing also noted that referred leads represent a higher lifetime value to the company.

"If anything, the importance of referrals has increased in recent years and accelerated during the pandemic," said Matt Heinz, President of Heinz Marketing. Pointing to the previously referenced [Forrester research](#) that

the number of touchpoints required to close an enterprise deal has almost doubled in the last 1.5 years, Heinz said referral leads continue to accelerate logo wins. "We also know that referral leads often take less time and fewer touches. So as the average number of sales conversations per deal increases, it demonstrates how powerful and valuable referrals are."

Still, "engaging buyers early on is only a means to an end," said Calder. "Ultimately, revenue is the lifeblood of a SaaS business." Marketers need to make sure that they have the infrastructure in place to support early engagement with a partner that ends in revenue. "That is how SaaS vendors drive real value from partner programs."

Companies large and small are investing in purpose-built solutions that support processors crucial to the success of end-to-end referral partner programs. For example, Cobalt, a Pentest as a Service (PaaS) company, launched a referral and reseller partner program in January that offers different tiers to fit each partners' unique wants and needs, and various commitment levels. By mid-March, the program netted 28 partners who generated more than three dozen referrals.

When Lauren Rose Gimmillaro



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was hired as Head of Channel in December of last year, she was pleased to discover that the company had already made an investment in a partner management solution by PartnerStack. “Being able to automate a program with software is incredibly valuable,” she said. “It’s so much more efficient if you can rely on software for very repetitive and simple tasks.”

Partners can access marketing materials, presentations and an event calendar on the platform. More important, Cobalt uses the platform to compensate partners for referrals. “I love the fact that we can pay the partners their referral fees directly through the platform,” said Gimmillaro. “The process is seamless as opposed to having to, every time a partner deal closes, have our own finance team push the money or wire it and get in connection with one of these companies.”

Customers benefit too, she said. Discounts awarded to referred customers are also tracked in the PartnerStack platform to ensure they enjoy the savings.

Looka, an AI-powered platform for making logos and building brands, recovered from a dramatic drop-off in activity from its 5,000 registered affiliate partners when it transitioned away from “set it and forget it” engagement to a program run on the PartnerStack program. Within a year of launching the new program, Looka had grown its partnerships to drive 34% of gross profit, even as profitability across other channels grew too. The company was able to:

- Segment its 5,000-plus partners based on activity and revenue;
- Automate partner communications and identify high-potential partners; and
- Provide partners with the resources they need to succeed.

Unbounce, a provider of a drop-and-build-website solution, is now generating 25% of new trial starts — its most important KPI for measuring marketing and acquisition — directly from partner referrals. Its referral partner program, which was initiated in 2019, includes more than 5,000 partners.

“**Over the past year, PartnerStack’s network of 65,000+ active partners has driven over \$120 million in revenue and over 1.6 million new customer sign ups for companies hosting their partner programs on the PartnerStack platform.**”

The Unbounce program, also run on the PartnerStack platform, automates a digital partner experience that has been critical to the success of the program. Unbounce partners have access to a dedicated dashboard, allowing them to:

- Track how many clicks, referrals and sales they're earning from their unique referral links;
- Talk to the Unbounce team in real-time with a built-in messaging and;
- Get access to marketing and training resources they can use to drive more referrals.

Equally important, Unbounce has automated partner payment, ensuring that all of them are appropriately compensated in a timely manner. "From the partner's perspective, revenue is the incentive for participating in the program," said Anca Bujor, Unbounce's Head Of Business Development & Strategic Partnerships. "Making payments simple and immediate is crucial to keeping partners engaged. We previously had a delayed payment schedule, and using PartnerStack to make that more immediate made a real difference for our partners."



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Anca Bujor, Unbounce’s Head Of Business Development & Strategic Partnerships

Personalizing Partner Experience

The ability to personalize and automate partner onboarding with the PartnerStack platform has been critical to the success of the program. Onboarding consists of both fixed content designed to appeal to any partner audience that assumes no knowledge of Unbounce, and personalized content that's based on what the company learns about each partner's use cases and business during onboarding. "PartnerStack makes it easy for us to send the right content to every partner when they need it most," said Bujor.

The platform triggers other activities which automate many different actions, like sending personalized messages to partners or rewarding a commission. When partners successfully refer their first customer, they immediately earn a reward and receive a custom message in their inbox celebrating their success. When they hit their next referral milestone, the company sends an Unbounce

Partner badge to make the partnership feel even more official.

The platform also tracks the performance of every partner not just for Unbounce, but for other partners too, said Bujor.

"If partners have questions or feedback, they can message me directly through the PartnerStack dashboard," he continued. "That combination of visibility and instant communication helps us meet the unique needs of every partner."

The investment in the referral program has not negatively impacted other lead generation activities at Unbounce. Clearer communications with the partners effectively addressed any potential conflicts or diverted activity from existing acquisition channels including paid search. In fact, it's helped reduce customer acquisition costs overall, because partners are bringing in totally new kinds of customers that Unbounce didn't typically target.



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Anca Bujor

Unbounce's Head Of Business Development & Strategic Partnerships

“We increasingly see businesses in our portfolio and across the industry doubling down on channel partners as a major growth lever, and we see PartnerStack as the only company that has built a platform, marketplace and payments layer that powers indirect software distribution.”

Jodi Kessler, Partner at 3L.

Conclusion

The opportunity for growth-oriented companies to boost revenue by enabling ecosystems of “trusted advisors” to engage and then refer self-servicing B2B buyers has never been greater. B2B buyers are giving more weight to the opinions and recommendations made by their go-to experts. Simultaneously, these advisors are eager to refer their contact and customers to the companies they trust. Finally, the ability for vendors to efficiently and effectively engage their referral partners with purpose-built partner management technology is amplifying the already significant ROI of referral leads.

About PartnerStack

PartnerStack is the only partnerships platform built for SaaS, designed to deliver predictable revenue and accelerate growth for software businesses and their partners.



About Demand Gen Report

Demand Gen Report is a targeted online publication that uncovers the strategies and solutions that help companies better align their sales and marketing organizations, and ultimately, drive growth. A key component of the publication’s editorial coverage focuses on the sales and marketing automation tools that enable companies to better measure and manage their multi-channel demand generation efforts.

