Building high-impact partner ecosystems

Collaborate, co-innovate, and co-invest

A changing relationship

We are all in uncharted waters today: a pandemic and economic upheaval, coupled with rapid technology change, rising customer expectations and more. The impact of these developments has rippled throughout the world of commerce, including business relationships. One notable relationship change is that between large technology providers and the strategic partners they work with. It's an important topic, because many—if not most—products and services that customers purchase involve partnerships of one kind or another. This paper explores the changing expectations of technology providers and partners, and offers practical guidance on how both parties can work together more effectively.

There's always been a certain stability in the provider-partner relationship, in terms of "gives" and "gets." But, according to Accenture's "Future of Partner Ecosystems" research study, previous assumptions about providers and partners have been disrupted. There was a time when large providers held the balance of power and could dictate the terms of the relationship however, that time has changed, there are simply more options.

However, our study has uncovered a clear change in that balance. Partners have more options today than ever. In fact, 77 percent of the partners we surveyed stated that they have more provider choices than three years ago. That means providers cannot take the relationship for granted. They need to win a fiercer competition for partner mindshare.

For the purposes of this paper, a strategic partner is a complementary vendor whose products and services integrate with a provider's technology equipment hardware and software. Partners are considered a strategic relationship. A provider is a company that is providing consumers and businesses with a unique offering. This paper is focused on partners who work with technology and software providers; however many of the insights apply to other industries and providers as well.

What's the reason for this power shift? First, customers' expectations have risen dramatically. They aren't in search of mere point solutions, but in end-to-end, integrated, tailored experiences based on a deep understanding of their needs. Meeting these expectations requires a comprehensive understanding of customers' dynamic and ever-changing environment, business goals and associated challenges. The ability to achieve this level of customer intimacy and knowledge has been a traditional strength of strategic partners, so their importance has naturally increased as customers have asked for more.

Second, as noted, partners can now select from a broader set of providers, and anticipate working with even more such companies in the future. (See sidebar.) One dramatic change in the mix has been the ascent of cloud providers like Microsoft, Google and Amazon Web Services, which now make up the majority of a typical partner's revenue.

These statistics looked very different as recently as five years ago. Although on the surface this expansion seems positive, over time as partner choices increase, many partners may feel more pressure, confusion and dissatisfaction. This means providers have to do something different to win partner mindshare.
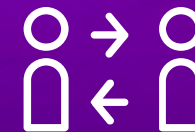
77%
of partners say they have more choices of providers than they had three years ago.

77%
have top-tier status with more than six providers (and 15 percent have such status with more than 20 providers).

69%
of partners agreed or strongly agreed that, the power has shifted from vendors selecting partners, to partners selecting vendors.

How can technology providers best win this battle for partner mindshare? Accenture believes that providers should focus their leadership and resources on three areas in particular:
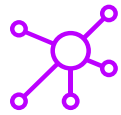
Co-innovating for growth

Co-innovation—jointly exploring new ways to create solutions to address critical and emerging customers' needs—is particularly important, according to our research. Innovating together is critical to maintaining relevance with customers, and also to achieving the growth goals of partners and providers alike. According to our survey, 83 percent of partners agree that the future of their business depends on a provider-partner ecosystem that fosters innovation.
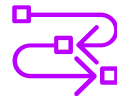
Collaborating at scale

Providers and partners must plan, go to market, and deliver outcomes collaboratively. And partners must work with each other. Collaboration will require multiple engagement models ranging from provider-to-partner to partner-to-partner. We found that 86 percent of partners agreed that, as the world moves to tailored solutions, partner-to-partner collaboration is more important than ever. It can enable better dialogue not only with a single partner, but also with all partners across a broader ecosystem. Providers should "lean in" and act as a catalyst and connector between various companies that can complement each other when providing a differentiated solution for customers.

Co-investing for the future

Providers need to coordinate their investments with their partners to ensure alignment on how to meet customer expectations and maximize positive business outcomes. Providers should consider the incentives required to drive better co-investing mindsets. Additionally, providers should ensure that they are co-investing with the right set of partners demonstrating the right behaviors.

Creating frictionless experiences

Providers need to deliver frictionless partner experiences—making it easy for partners to deliver on their customers' needs and enabling partners to unlock their growth potential. Doing so requires changing the dialogue to create a different value exchange between providers and partners.

It also means leveraging advanced technologies like artificial intelligence and automation that bring both context and content together. The result can be meaningful insights that enable the kind of collaboration that partners are demanding, and the innovation that the ecosystem needs.

An important early step is for providers to fundamentally re-envision what their relationships with partners should look like, and then put in place the right experiences and capabilities to enable that vision. Historically, providers have primarily supported the transactional stages of the customer lifecycle, but that won't be enough to increase mindshare.

The gold standard for the right mindshare at a partner company is where partner employees are actively seeking to train and certify themselves on providers' technologies and offerings. In this way, providers can not only sell, but also co-innovate and build on top of the platform. This requires providers to offer more support.

Rising expectations

Customer demands are rapidly intensifying. In part, this is because customers realize that their journey to digital transformation is becoming more complex and less certain. The market is shifting from point technologies to fully integrated solutions where value is based on the delivery of positive business outcomes. The solutions must also cover elements such as cloud infrastructure, multi-channel usage, security, and specific industry and regulatory requirements.

Customers—who increasingly want more than just a "product in a box—expect that partners will come to know them deeply enough to provide the guidance they need throughout their growth journey. More than half (53 percent) of partners say that customers expect them to be a trusted advisor, not only a technology vendor. Yet, these changes come with pressure on costs and investments. (See sidebar.)

Higher customer demands affect a partner's operational costs and investments in three ways:

01 It takes a significant amount of time for partners to deeply understand a customer. Seventy-four percent of partners indicate that the customer expects their business objectives to be deeply understood and that partners should help them use technology to bring value to their own end-customers.

02 Customers are expecting high-quality interactions and conveniences across multiple channels—for example, in-person or online, with 24 x 7 availability.

03 Customers expect tailored, end-to-end solutions that fit their needs.

Giving partners the support they need

Customers expect more, and providers are asking partners to step up and help support a new customer experience. Yet, many partners are struggling under the weight of these new demands. Sixty percent of surveyed partners are challenged to meet growth targets and find new customers. More than 70 percent said these pressures will increase or significantly increase their operational costs. Even more disturbing is the fact that 68 percent of partners say that, as customer and provider expectations rise, the cost of doing business will become unsustainable.

Most partners know that that can't succeed alone. They need providers as well as the broader partner ecosystem to create the next disruptive solutions for customers. But can providers and partners effectively collaborate for mutual success?

One challenge is that providers need to focus more on enabling their partners to have a greater impact. For example, fewer than one-fourth of providers say that they collaborate with partners during the sales process. Complicating matters even more is the fact that 40 percent of partners say they are encountering more competition with providers' professional services and customer success teams. Forty-four percent of providers want partners to acquire more talent and skills to support business growth, yet all three parties in the relationship (customers, partners and providers) are competing for the same scarce talent.

It's crucial for providers to move beyond the bread-and-butter of transactional partnering models and, instead, focus on the capability areas and moments that matter to the partner to drive growth most effectively for both parties.

Partners say they're being asked to do more:

46%
Supporting their customers' digital transformations

43%
Delivering solutions to new customers such as new geographies and small and medium businesses businesses

48%
Developing more solutions on top of provider platforms or products
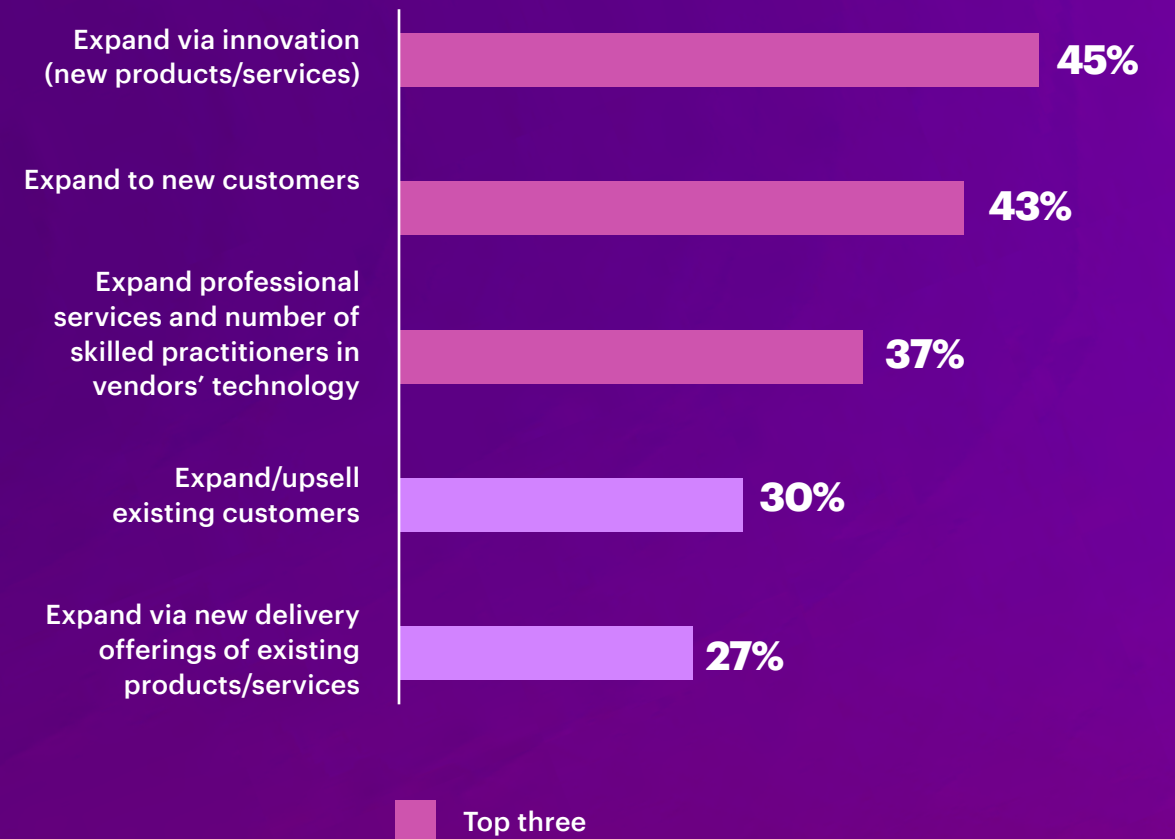
Co-innovating for growth

It's time for a change. Providers and partners alike need their relationship to function differently if they are to grow successfully. But how, specifically? Our survey found that the ability to innovate for growth is an overwhelmingly important capability. The primary business objective for 45 percent of partners is to expand their business by bringing more consistent innovation to their products and services. In fact, this is true for 57 percent of partners who have highest-tier status with 20 or more providers. (See Figure 1.)

Providers need to move out of their comfort zone. Fortunately, 83 percent of them say they're ready. The ability to innovate is, in fact, their top criterion for choosing a particular provider, followed by brand reputation and technology compatibility.

It's time to put "co" at the forefront of innovation.

Figure 1: Strategic partners see innovation as a key to growth

Priority objectives for partners

Objective	%
Expand via innovation (new products/services)	45%
Expand to new customers	43%
Expand professional services and number of skilled practitioners in vendors' technology	37%
Expand/upsell existing customers	30%
Expand via new delivery offerings of existing products/services	27%

■ Top three

Working together

But innovation is not a solo performance. What we call "co-innovation" means that providers and vendors work together to solve business problems, create new solutions and enable new experiences for their customers—custom-fit for their needs and business models. Neither party can create these solutions and experiences alone; they need each other. By multiplying brainpower, co-innovation serves customers more effectively and develops a more extensive and deeper relationship between providers and partners to enable these solutions.

For providers, developing this closer relationship with partners requires gaining more mindshare and enabling innovation on the platform. Providers are requesting that more solutions be built on top of their platforms or products (48 percent). Providers are also asking their partners to support new products and platforms at a faster pace (46 percent).

To generate better returns from co-innovation, Accenture believes that companies should:

Identify compatible offerings

The second most important criterion for wanting to work with providers is compatibility with partner offerings (33 percent). Compatibility means that a partner has a clear roadmap of what they can build on a provider's platform, and straightforward direction on how to do so.

Target investments for co-innovation

More than 80 percent of partners with top-tier provider status prioritize providers based on their investments that explicitly help drive innovation.

Collaborate to create joint offerings

Companies and their partners can overcome barriers when they work together to create joint offerings with products, services and complementary solutions that can result in longer-lasting and more profitable customer experiences.

Accelerating innovation

Today's enterprise partners see that innovation is central not just to their own organizations but to the broader ecosystems in which they participate. To accelerate innovation, providers should start exploring co-innovation capabilities by prioritizing areas of mutual interest with members of their ecosystem. This exploration period is then followed by solution co-development, readiness and launch.

In parallel, companies should continuously ensure that they create mutually beneficial value for partners and providers to monetize, commercialize and protect intellectual property. Although the solution development lifecycle should be right-sized for a particular partner, the enablers are the same:

Solution funds: Leverage solution funds to incentivize co-investments in building solutions on top of providers' platforms.

Developer tookits: Create frictionless experiences that enable partners with end-to-end access and tools to support solution development.

Solution marketplaces: Enable partners to publish solutions and customers to find them.

Innovation labs: Create forums where partners and customers can experiment with providers' offerings and build customer understanding and interest.

Co-innovation partnerships are important for enterprises and they also create a valuable multiplier effect for a provider's ecosystem. Salesforce, for example, supports innovation through one of the largest B2B app exchanges in the world—one that saw a 20 percent increase in FY20 installs, driven by its ISV ecosystem. Based on a report by Salesforce's Area Vice President in Israel, the company expects to create more than 11,000 direct jobs from 2018 to 2024 and pump $5.4 billion into the economy. This growth will occur through cloud computing subscriptions and ancillary products and services, all enabled by Salesforce's ecosystem. Overall, the report says, the Israeli ecosystem was, "4.5 times larger than Salesforce's [revenue] itself," which was the fueling factor for the company's growth.[2]
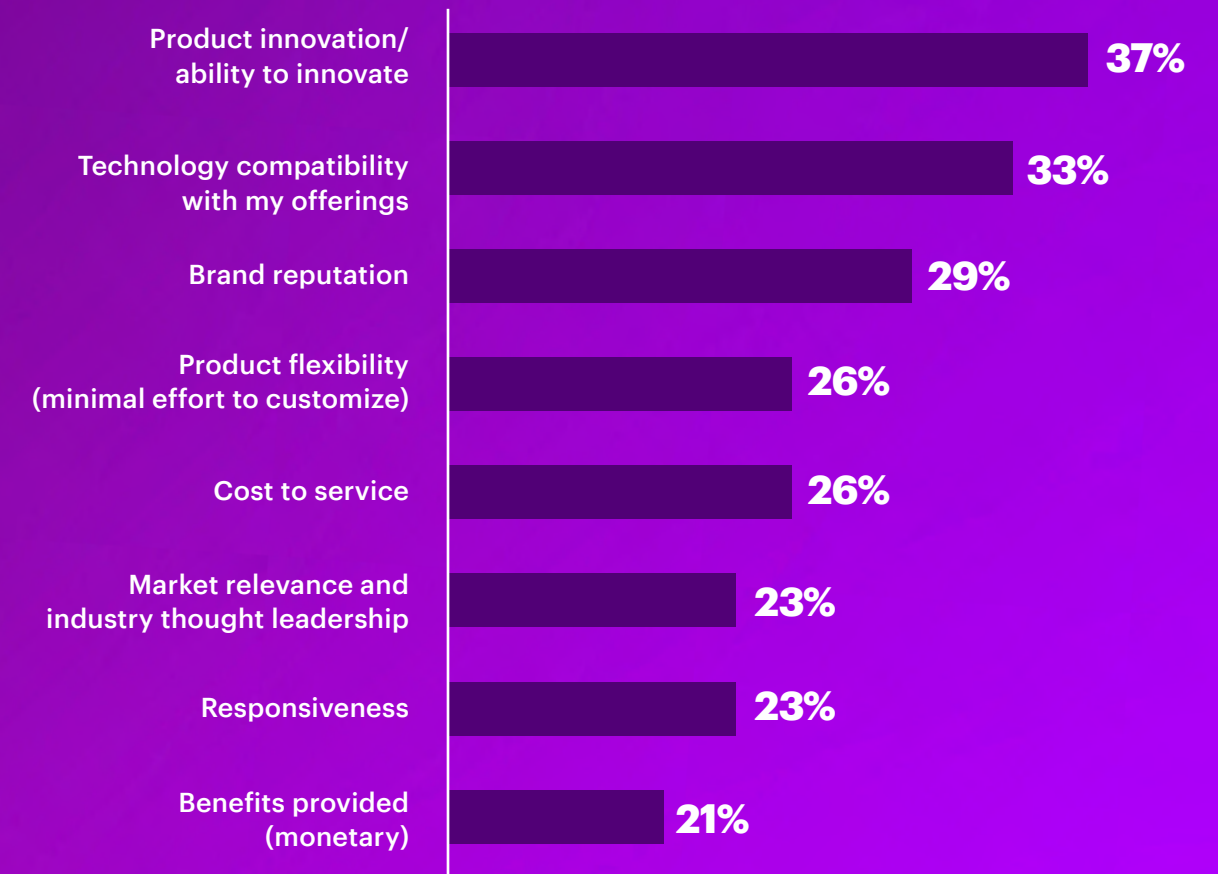
Co-investing for the future

As the journey of digital transformation accelerates, partners are doing more today and will be expected to do even more in the future. They are co-innovating and addressing rising customer expectations, thereby expanding their roles in the ecosystem across the customer journey (from customer discovery to renewals). In light of these new roles, companies need to rethink their co-investment model and how partner contributions are evaluated and measured. How are partners contributing to a provider's growth? How can a provider enable and invest in greater growth for their partners?

Although there are multiple ways that partners and providers co-invest in each other, investments to drive innovation are particularly important. Partners' top decision criterion to work with providers is innovation/ability to innovate (37 percent). (See Figure 2).

It's time to rotate from Market Development Funds to Market Innovation Funds.

Figure 2: Ability to innovate is the #1 criterion when partners are choosing a provider to work with

Which of the following criteria do you use to determine the providers with which you work? Rank top five:

Criterion	Percentage
Product innovation/ability to innovate	37%
Technology compatibility with my offerings	33%
Brand reputation	29%
Product flexibility (minimal effort to customize)	26%
Cost to service	26%
Market relevance and industry thought leadership	23%
Responsiveness	23%
Benefits provided (monetary)	21%

Shifting co-investment methods

Traditional methods

Marketing development funds: Investments that are used to drive awareness and demand of solutions created.

Co-marketing: Budget allocated by both companies to market each other's solutions and offerings.

Pre-sale discounts/incentives (credits): Credits that can be applied to the licensing and consumption, coupled with the appropriate software licenses and services.

Emerging methods

Innovation funds: Financial and non-financial resources allocated to partners to identify, define and build collaborative offerings.

Services/consumption funds: Discounts or rebates that are provided to the partner to apply to services or innovative solutions that, ultimately, drive consumption. Accenture believes that providing such incentives to a partner (incentives that increase a customer's consumption of the platform) will provide higher recurring revenue for providers in the future.

Non-financial incentives: Rewards partners through other perks to grow their business—for example, higher level of partner support for questions or engineering support on solutions. We believe that providers should provide partners with additional data insights as a future incentive that will differentiate a provider against the competition.

Facing the challenges

Providers should ensure that their co-investments are offered beyond the reseller community and made available to other partner types that influence the customer journey. For example, providers should incent their independent software vendors (ISVs) across the customer journey. ISVs are now bringing leads to providers and are often influencing the opportunity and driving increased adoption of providers' platforms. Providers should incent ISVs for generating leads and referrals.

Joint business planning. Driving a co-investment approach starts with a robust joint business planning process to ensure alignment on goals, funding and timeline to meet sales targets. Joint business planning should be part of the regular interactions between the partner and the provider.

Prioritization. Providers and partners always face the challenge of insufficient funding and resources and receiving allocations that may be smaller than investment goals and aspirations. To overcome these budgetary challenges, providers should first focus investments on the key areas of the customer journey that drive the most revenue— consumption, for example. Second, providers should focus investments on the areas where they need partners to leverage their unique role to influence. Investments in driving transactional sales should be minimized.

New incentives and measurements. In the context of conflicting investment priorities, providers should capture and analyze incentives data to enable agile programs and investment strategies that maximize the value of the partner ecosystem. Measuring co-investment initiatives in new ways will enable providers to shift to assessing the value of a partner. The co-investment should be powered by a disciplined data analysis approach that enables providers to focus on the right partners and behaviors in their programs.

The need for new metrics

According to a Forrester study,[3] legacy metrics do not generally measure the true impact of co-innovation on growth. Currently, most enterprises evaluate partners according to the volume of sales and amount of training each partner undertakes. Most partner incentive programs and tiers are based on revenue. Programs are aligned to a product sales channel rather than an innovation ecosystem.

These current metrics and incentives fall short of what is needed to assess the true value of the future provider-partner relationship. They are too narrow and don't acknowledge many of the behaviors that drive the end-to-end customer journey. Providers should measure and incent the total efforts resulting in customer acquisition, retention and expansion, and then reward partners accordingly.

In response to this need, some companies are beginning to structure partner programs that are linked to a more holistic set of behaviors ranging from initial solution development, to actions that increase customer awareness, to understanding, buy-in and ultimately commitment to the solution purchase and follow-on renewal.

Initial solution development: Reward investments in horizontal/vertical solutions built on top of the platform.

Solution enablement: Reward the training of practitioners to sell and deliver solutions, and the number of employees who are certified to sell, deliver and build on top of the platform.

Influence on revenue: Account for (1) customer usage, consumption and overall adoption of offerings and the platform; (2) growth of cross-sell and up-sell revenues; and (3) a partner's influence on one-time and recurring revenue associated with customers.

Awareness/deep understanding: Reward education and evangelism of the solution including proof of value and concept delivered to the customer. Consider partner satisfaction ratings.

Buy-in/commitment: Reward sell-with revenue on joint offerings and solutions, or follow-on renewal / expansion—for example, reward customer usage and engagement with the solution and the platform, including customer satisfaction.

With the shift to as-a-service models and the importance of the post-sales customer experience, providers should measure and incent partners' impact to customer adoption and customers' total lifetime value. Providers need to collect metrics to identify top-performing delivery partners that are driving the most adoption, influencing recurring revenue, and then reward them.

As "ecosystem co-innovation" becomes better understood, providers should expand their ways of measuring value, including an assessment of how much an ecosystem co-invests in relevant and timely customer solutions. In this pivot to co-innovation, providers should clearly communicate and reward partners and partner ecosystems that collaborate and innovate to unlock new value for a provider's customers and offerings.

Collaborating at scale

What's next? You've developed a better understanding of your customers' unique needs. You have a new way of measuring the value of partners' contributions, including their ability to co-invest. Now you need to achieve and sustain that value over time. Our research points to collaboration across different models—provider-customer, provider-partner, partner-partner—as a key to delivering that value.
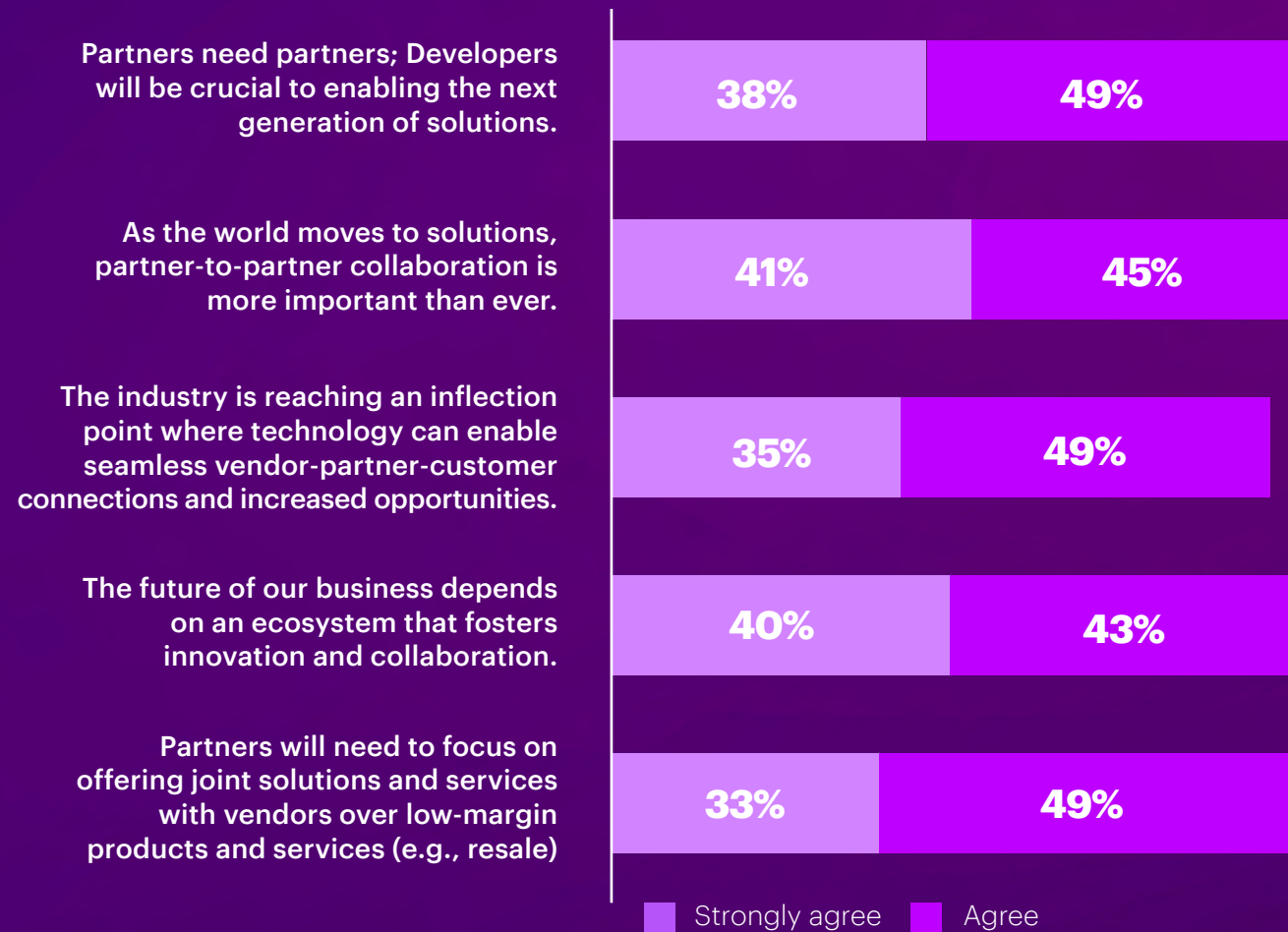
In fact, we found that the largest shifts needed over the next three years, in addition to co-innovation, are (1) a focus on collaboration across multiple channels; and (2) the need for a collaborative partner ecosystem—moving from fragmented partners working in silos to cooperative relationships across multiple channels and at scale.

Break the barriers between providers, partners and other ecosystem stakeholders to collaboratively deliver the customer experience.

Figure 3: The importance of new, collaborative relationships

Please indicate your agreement with each of the following statements:

Statement	Strongly agree	Agree
Partners need partners; Developers will be crucial to enabling the next generation of solutions.	38%	49%
As the world moves to solutions, partner-to-partner collaboration is more important than ever.	41%	45%
The industry is reaching an inflection point where technology can enable seamless vendor-partner-customer connections and increased opportunities.	35%	49%
The future of our business depends on an ecosystem that fosters innovation and collaboration.	40%	43%
Partners will need to focus on offering joint solutions and services with vendors over low-margin products and services (e.g., resale)	33%	49%

■ Strongly agree ■ Agree

Collaborative ecosystems

As noted previously, developing a collaborative ecosystem has emerged an important key to success. In fact, 86 percent of partners agreed that as the world moves to end-to-end solutions based on a deep knowledge of the customer, partner-to-partner collaboration is more important than ever. (See Figure 3.)

What does this new collaborative ecosystem look and feel like? For one, providers and partners need to shift their ecosystem models from traditional resellers to supporting collaboration on platform deals. The new, stronger collaborative ecosystem can produce better results because partners can work with other partners—for example, independent software and hardware vendors collaborating with solution providers to extend the platform, helping to create a more effective, tailored solution.

Semiconductor companies need value-added resellers to work with design houses to identify new ways to put their chips in products that will serve a wider variety of customers, industries and solutions. Partners in different horizontals (for example, a partner specializing in security along with a partner specializing in analytics) may need to come together to extend the current customer's footprint. Overall, the partners we surveyed indicated that the biggest benefit of collaboration is the ability to create more complete solutions to meet customers' needs (57 percent).

The blurring boundaries of provider-partner ecosystems

Partners and providers that can put the "co" back in collaboration will continue to advance beyond their competitors in the future. Accenture's own "Future Systems" report[4] found that future enterprise systems will blur (or are already blurring) the boundaries of the organization and its ecosystem of partners, suppliers and customers over the next three to five years.
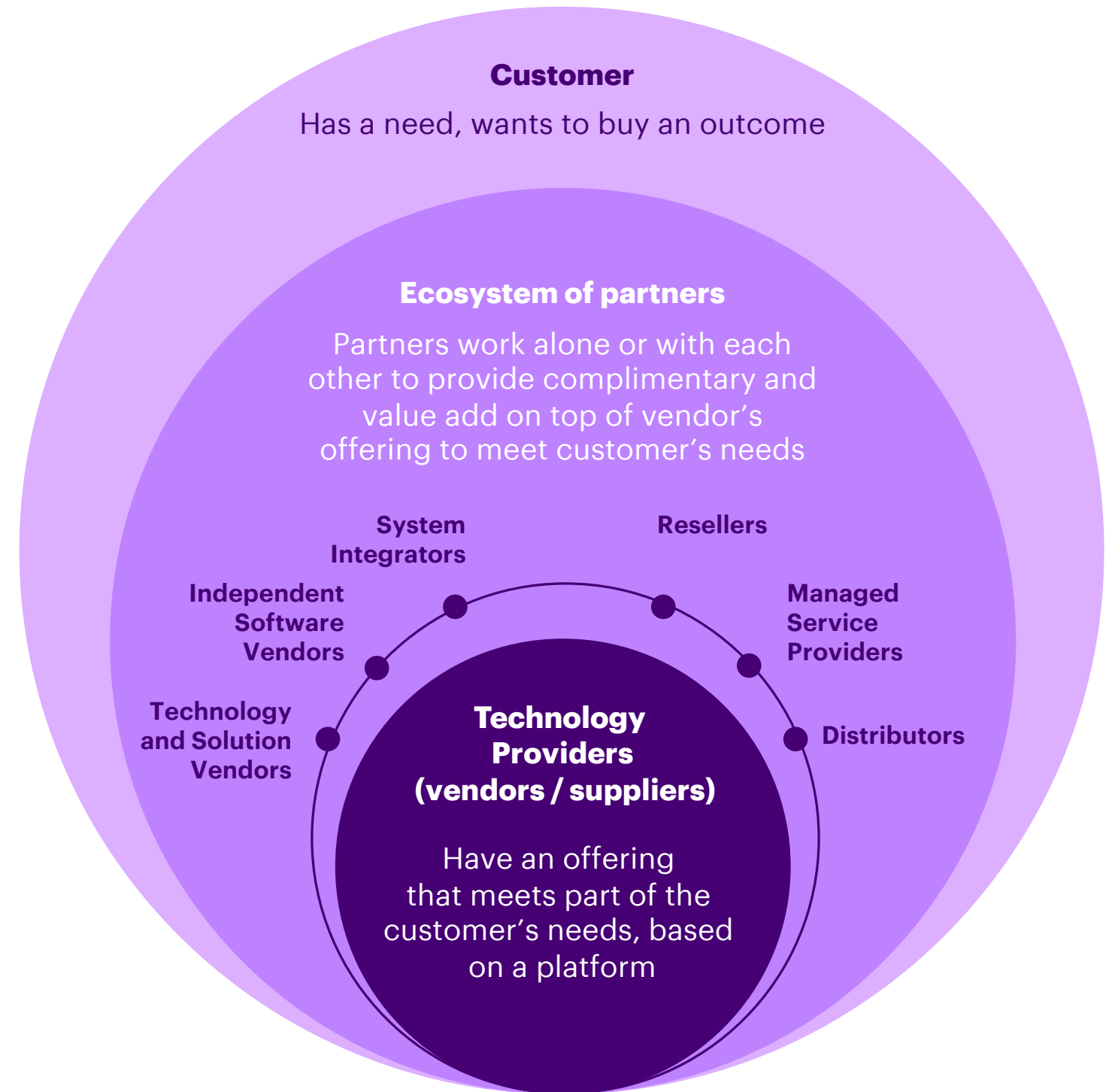
This blurring has several causes:

• Within the ecosystem, each partner type has its own role and set of needs in order to grow.

• Barriers between companies and their partners are fading as they look together to offer products and solutions for the future that can create lasting, positive customer experiences. Partners can play multiple roles in the ecosystem depending on the opportunity or market.

• More partners are innovating on providers' platforms and playing different roles to collaborate together on platform offerings and customer solutions. Not all partners are directly contributing to providers' revenue.

• Partners are orchestrating and aggregating solutions by collaborating with other partners.

Partners' roles are becoming more diverse in the expanding ecosystem. As the types of partners have increased, partners' needs have evolved.

In the example to the right, we can see the various partner roles needed within a provider's ecosystem to help tailor solutions for their customers to meet their datacenter and IoT needs.

Customer

Has a need, wants to buy an outcome

Ecosystem of partners

Partners work alone or with each other to provide complimentary and value add on top of vendor's offering to meet customer's needs

System Integrators

Resellers

Independent Software Vendors

Managed Service Providers

Technology and Solution Vendors

Distributors

Technology Providers (vendors / suppliers)

Have an offering that meets part of the customer's needs, based on a platform

Orchestrating the ecosystem

Some of the most successful software and hardware providers have embraced the role of being an *orchestrator* of the ecosystem. In this ecosystem, providers are primarily responsible for defining:
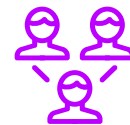
The customer solution (market play)

Respective roles

Key suppliers and partners in the ecosystem who contribute to the solution

Exchange of value between the players

The three biggest challenges that partners face when collaborating with other partners is (1) coordinating solution development across the different parties; (2) understanding how solutions fit together; and (3) finding the right partners to work with. Providers can help partners find other partners to co-create solutions, leveraging a collaborative development platform.

For example, Intel has developed a platform that drives partner growth in a data-centric economy through connections with other partners—receiving and managing leads, monitoring business performance, and marketing solutions to end-customers.[5] According to Eric Thompson, Intel General Manager of Global Partner Enablement, solutions "are becoming increasingly complex. Innovation requires a broader array of partners working together." Intel created its platform "to help partners explore new points of collaboration, showcase innovative offerings and help grow new business."[6]

Two other enablers of effective ecosystem collaboration are also important: frictionless experiences and tools that incorporate analytics and applied intelligence.

Reducing friction

Providers that optimize a broader understanding of experiences will stand out in the battle for partner mindshare and share of customer. For instance, according to IDC research, customer success over the next five years will become more holistic, combining customer experience (CX) with partner experience (PX) and developer experience (DevX), with the objective of creating a frictionless ecosystem experience for all.[7] The concept of "partner experience" needs to be expanded. Providers' ecosystem partners must be looked at holistically to drive expected business outcomes.

Watch out for different kinds of friction that can occur within these ecosystem relationships. For example, partners may not have the information they need to configure a provider's platform for a customer's specific needs, or it may take too long to get a price for a provider's offering.

To overcome these hurdles and make ecosystem interactions more frictionless, providers should look at providing experiences that fit partners' desires to grow, reduce operational spend and gain opportunities with customers. Seventy-eight percent of partners surveyed agreed that companies that do not embrace a solution-driven and experience-oriented approach will risk their viability in the industry.
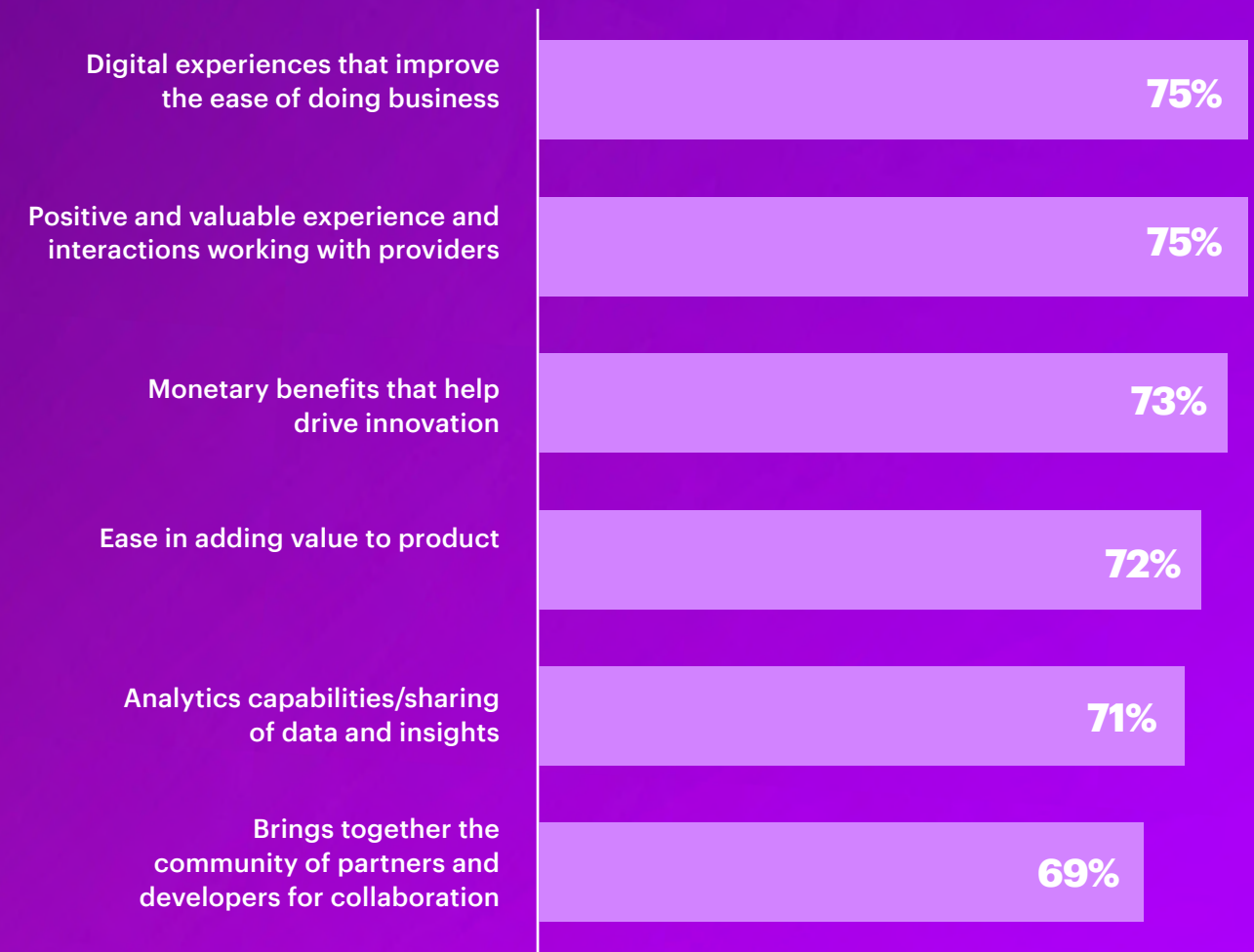
Choosing a technology provider

Our research found that partners are interested in a holistic package of skills, capabilities and experiences when choosing a provider. Technology is certainly one aspect of it all, but partners have other things on their mind as well: What will it be like to work with this company? Can they effectively lead a large group of ecosystem partners? What value will they bring? Our survey found that:

- Three-fourths of partners seek a provider who can deliver the digital experiences to make doing business easier. But an equal number just want someone who's easy to work with—who provides a positive experience and valuable interactions, and who can add value to a product.

- Almost an equal number (73 percent) are looking for monetary benefits from the provider and for co-investing opportunities that can drive innovation for all.

- Effective leadership is also prized by 69 percent of partners—the ability of a provider to bring together a community of partners and developers to collaborate effectively.

Figure 4: Deciding factors in choosing a provider

How important are each of the following to your decision to work with providers? (Critically important/very important)

Factor	Percentage
Digital experiences that improve the ease of doing business	75%
Positive and valuable experience and interactions working with providers	75%
Monetary benefits that help drive innovation	73%
Ease in adding value to product	72%
Analytics capabilities/sharing of data and insights	71%
Brings together the community of partners and developers for collaboration	69%

The importance of analytics capabilities

Partners also pointed to the maturity of providers who offer analytics capabilities as an important factor in choosing to work with them.

- Seventy-one percent prioritize providers who offer analytics capabilities and the sharing of data and insights.

- The number-two area that partners need help with is obtaining a 360-degree view of their performance across the customer lifecycle: from demand generation and enablement of their company, to certification and fluency in the providers' offerings, all the way through to customer success. The key to enabling this broader view is leveraging data across partners' journeys.

- A core concept is building data into the value exchange to provide meaningful, analytics-based recommendations on industry-specific and business-specific solutions.

Artificial intelligence is another key enabler—an opportunity for providers to deepen relationships with partners and scale their capabilities. AI provides three advantages in particular:

Enables scale

Digitizing processes makes them connected and more efficient. Eighty percent of partners agreed that, without AI, they will be unable to scale. An Accenture-sponsored survey of C-level executives in India found that almost 80 percent of these leaders believe that if they don't move beyond experimentation to aggressively deploy AI across their organizations, they could risk going out of business by 2025.[8]

One example is that companies can leverage virtual agents to address partners' queries from sales, to post-sales, to delivery, instead of making companies and providers dedicate resources and time to search for this content.

Enables collaboration

Digital collaboration helps sellers and providers communicate throughout the lifecycle. They can provide a tailored solution by sharing customer insights to improve the ability to win sales. Collaboration also enables deal velocity at a faster pace:

- Forty-two percent of partners said that they need to collaborate with other partners/companies to meet customer needs.

- Eighty-three percent of partners agree that the future of their business depends on an ecosystem that fosters innovation and collaboration.
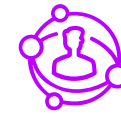
Enables growth

AI and analytics can provide the insights to support growth:

- Eighty-six percent of partners agree that data and insights will pave a critical path toward business growth for both partners and vendors.

- Ninety percent of partners agree with the statement, "My company is searching for new sources of revenue growth." Data and insights are a path to identify opportunities for growth.

How to create a co-innovation ecosystem

How can providers create the conditions that increase partner mindshare? In summary, our research found that you must orchestrate an ecosystem of co-innovation, co-investment and collaboration.

Co-innovate for growth. Educate, enable, connect and empower your partners to co-innovate with you and drive tailored solutions. Consider the following:

- Providing funding models, incentives and processes that fuel innovation.

- Rewarding the partner's innovation and protecting their IP.

- Enabling innovation—coverage and support for innovation, insight into the platform roadmap, and engineering support.

Co-invest for the future. Re-evaluate what success means for you and your partners in an innovation ecosystem. Expand your programs to incent, reward and measure partner behaviors that encourage innovation and emphasize customer outcomes.

Provide a collaborative, purpose-built experience: Connecting the ecosystem to drive collaboration can unlock innovation and growth. Redesign your journey with these outcomes in mind and support the moments that matter to your customers and partners. Enable digital technologies and artificial intelligence to provide an end-to-end experience that scales growth and efficiencies through insights, collaboration and automation.

The ROI of more effective provider-partner relationships

The ability and opportunity to co-innovate and collaborate with providers is top of mind for the partners we surveyed in our "Future of Partner Ecosystems" study.

Partners surveyed also helped us to quantify the potential ROI associated with investments in innovation and collaboration, as well as what's at stake for both providers and partners if they do not invest in innovation.

- Sixty-four percent of partners only want to do business with providers that prioritize investments to accelerate innovations across their products, services, industries and experiences.

- Failing to advance innovation capabilities has a steep downside: 68 percent of partners agreed that the cost of doing business will become unsustainable without innovation.

- At the same time, partners are well aware of the upside—the potential ROI of better collaboration with providers: 85 percent of partners agreed they could grow their businesses 20 to 80 percent if vendors focused on some or all of the following: innovation, performance optimization, marketing and demand generation.

A whole new world

It's a different world out there now when it comes to the interactions and business relationships between providers and partners. Providers must lead with a mindset focused on shared ecosystem success that fosters co-innovation and collaboration with partners, or face existential threat to their businesses. Providers should offer their partners a path for growth and help develop the capabilities they need to achieve that growth. Create a partner strategy with partner and customer experiences at the core—experiences that enable meaningful outcomes and profitable growth for the partner, supported by the provider's capabilities, data and support. Remember a key finding from our research: partners have more choices of providers than ever.

Be the provider of choice.

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About Accenture Research

Accenture Strategy and Consulting conducted its Future of Partner Ecosystems Research study to gain an understanding of partners' top needs now and in the future. Conducted in April through June of 2020, the survey of 1150 partners in 12 countries was designed to identify how customer and provider expectations have evolved. This research uncovers the implications for partners and their needs, in order to share this unique perspective with providers to enable them to win partner mindshare and grow overall channel revenue. Visit us at **www.accenture.com/research**.