Channel Mechanics
Channel Program Automation

WHAT'S HAPPENING WITH

IN 2023 PARTNER INCENTIVES

Background to this eBook on Incentives

Channel Mechanics hosted a webinar in Q2 of 2023 looking at how to:

"Leverage Channel Incentives to Win Partner Mindshare in 2023"

On the day, the panel discussed:

- Incentive Program Types: Rebates, Spiffs, Referral and Influencer Programs
- Determining the Right Incentive Program Strategy
- Incentive Reward Types: Cash, Cards and Points
- Best Practice in Incentive Program Execution
- Key Takeaways

The panel of senior channel executives included **AJ Tedesco,** VP of Channels at **Securly**, **Simon Beard,** Head of Global Channel Programs at **Ribbon**, and **Kenneth Fox**, CEO at **Channel Mechanics**. The session was moderated by **JD Helms.**

By polling the audience from 200+ vendor companies in 20+ countries, we captured some captivating insights into **"What's Happening with Partner Incentives in 2023"** and are happy to share these insights in this complementary eBook.

If you'd like to know more, please contact: Brenda O'Sullivan

Schedule A Demo

> Be proactive, rather than reactive. Don't think about incentives when you are falling short of your goal. Build them into your plan for the year and get buy-in from stakeholders. There will always be situations where you may need to reactively do an incentive, but the more you're ahead of it, the more successful you'll be.

AJ Tedesco,
VP of Channels at Securly

Incentive Program Popularity

The first poll results are not a surprise.

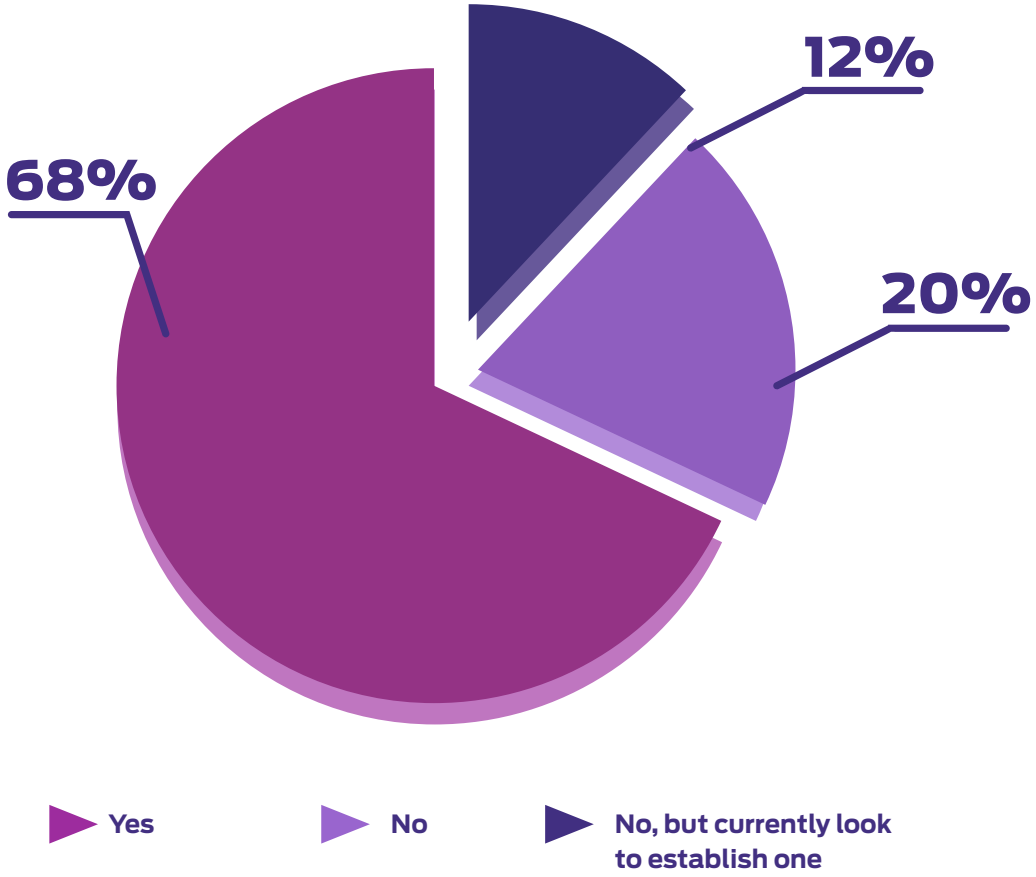
The majority of vendors are offering incentive programs to their partner community – almost 70%.

Tellingly, of the approx. 30% of vendors not offering incentives today, a significant number (more than a third) report that they intend to change that.

These poll results reflect what Channel Mechanics sees in the market globally. Incentives are seen as a core element of an attractive channel partner program to drive partner mindshare, loyalty, and engagement.

Merely stating *"but we already reward our partners with margins"* is no longer sufficient. To differentiate yourself from other vendors, it is essential to provide a more extensive range of program offerings that encourage specific sales behaviors across your diverse partner ecosystem. It's time for innovation!

Does your Organization offer an Incentives Program to Partners?



* Source: Leveraging Channel Incentives to Win Partner Mindshare

Before you run an incentive program, take a little time to set an objective. Don't think about the incentive first. Rather, think about the behaviors you want to drive within your partner ecosystem that will make you meet your goals.

Kenneth Fox,
CEO, Channel Mechanics

Incentive Program Participation

This poll question always turns up some fascinating finds.

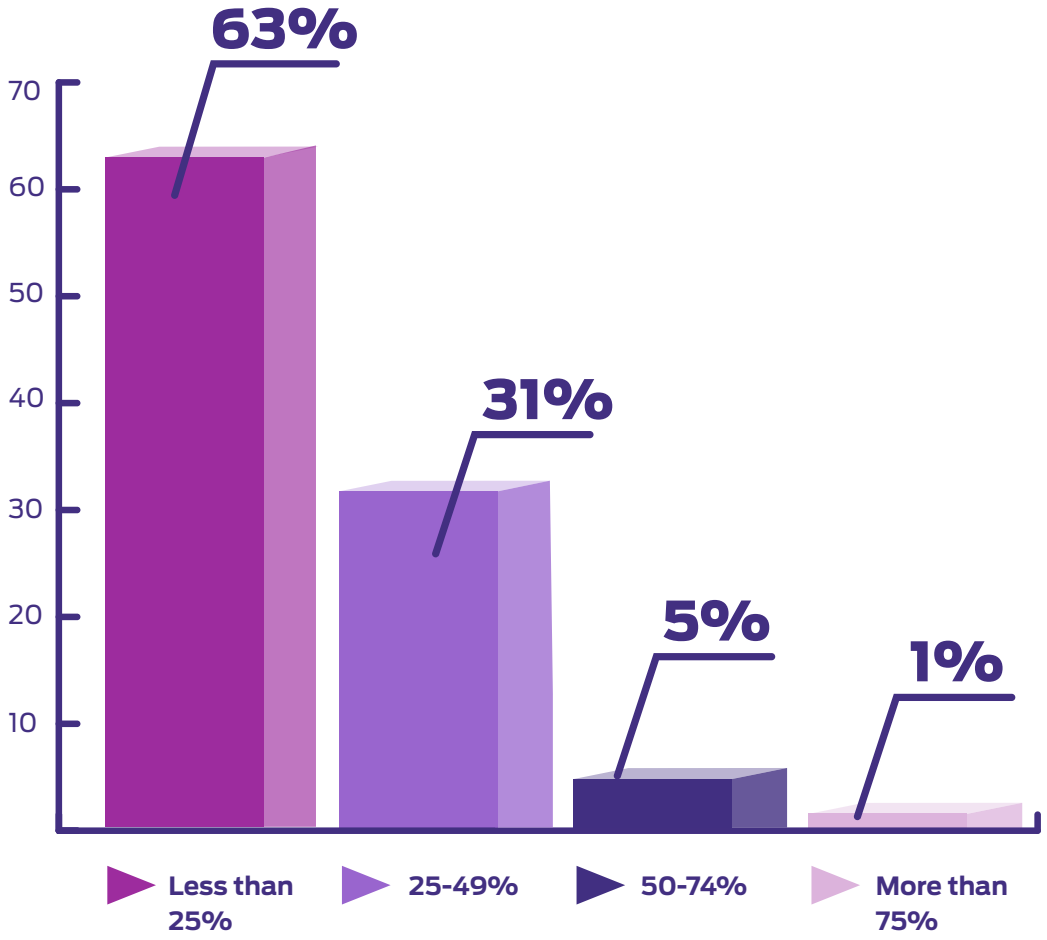
Based on our analysis, it's quite striking that only a mere 6% of vendors report that more than half their partner base actively participate in their Incentive Program(s).

From Channel Mechanics' experience, this is not altogether unsurprising, as incentives are typically geared to reward the *"most valuable"* partners.

However, vendors need to clearly define what *"most valuable"* is. For example, is it Revenue Attainment, Net New Logo Attainment, Deal Pipeline, Renewals Rate Attainment, Certification Attainments, or a combination of several KPIs.

And a word to the wise..... As vendor channel Go-to-Market strategies adapt to incorporate a wider range of partner types to align with the shift towards SaaS/Cloud offerings, it may be necessary to adjust your incentive programs to attract and foster relationships with new and emerging partner companies that you wish to engage with.

What Percentage of Partners Participate in your Incentive Program?



* Source: Leveraging Channel Incentives to Win Partner Mindshare

Who to Incentivize

Similar to the previous year's poll question, vendors are aiming incentives towards both the Partner Company and individual Partner Employees in many cases.

This is not surprising as ultimately Incentives are geared to drive *"sales behaviors"* and vendors need to design creative programs to motivate Partner Sales teams.

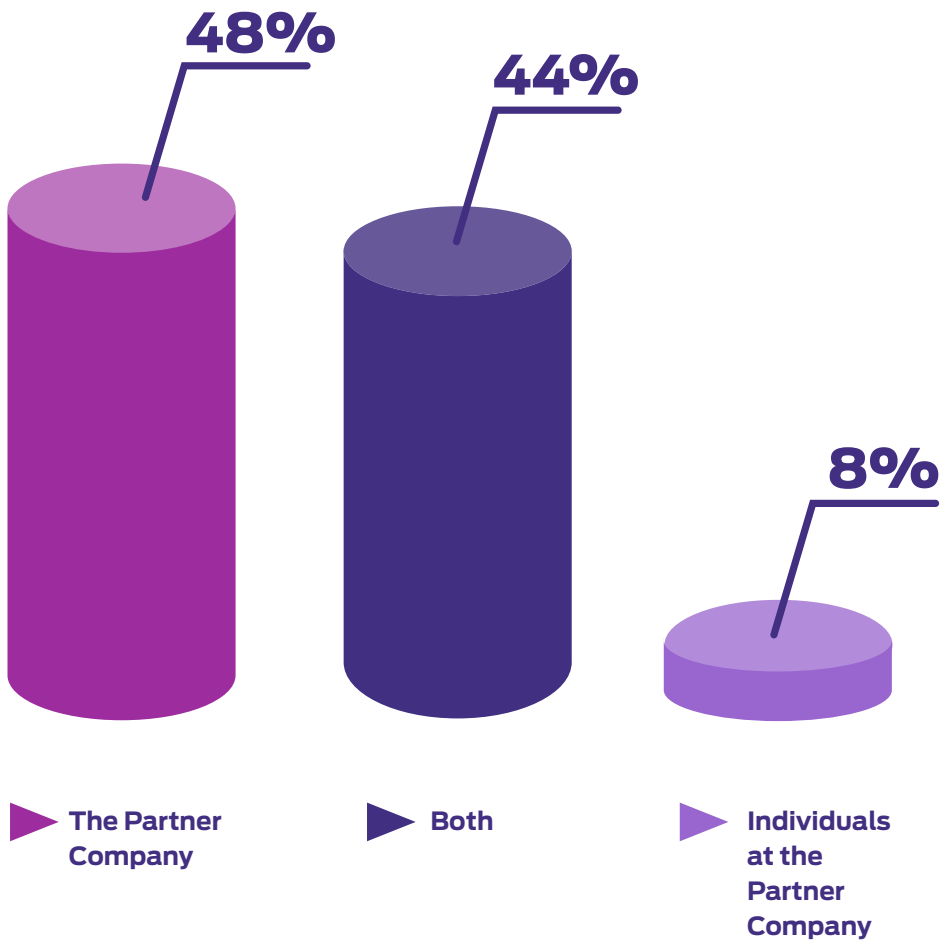
An upward trend observed by Channel Mechanics over several years is continuing:

> An increasing number of vendors are seeking to exert influence over various stages of the sales lifecycle carried out by their partners. These stages include booking customer meetings, securing proof of concepts (POCs), conducting demos, and submitting deal registrations, all with the ultimate shared goal to close winning business.

To accomplish this we typically see both Partner Sales Reps and Partner Sales/Solutions Engineers receiving incentives. *"Partner Selling"* to their end customers is also a team sport!

As such, vendors need to devise incentive programs to capture as many *"minds"* as they can within the partner organization.

Who in the Channel Partner Ecosystem do you Incentivize?



* Source: Leveraging Channel Incentives to Win Partner Mindshare

Be targeted and granular, but keep it simple. If the incentive is too complicated, the partner will move on.

AJ Tedesco,
VP of Channels at Securly

Incentive Program Mix

One notable change we made to this poll question compared to last year is the addition of the *"Influence"* category.

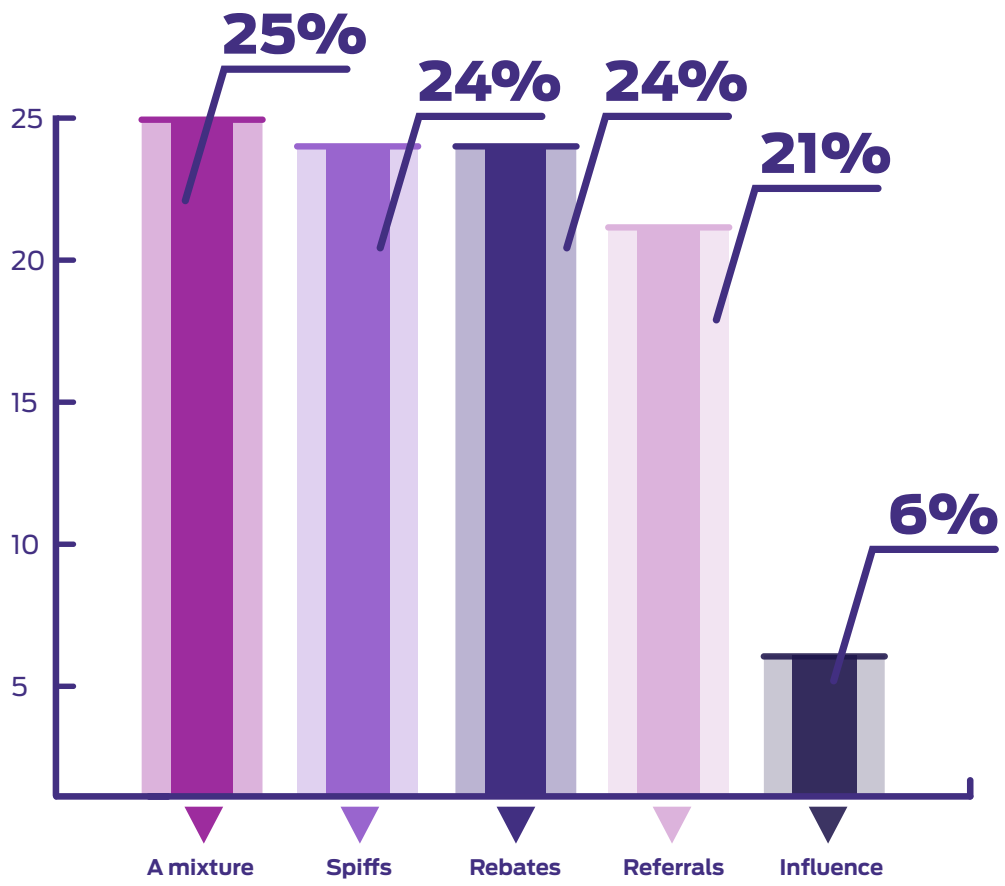
What is intriguing about this trend is that, while rebates were the predominant incentive offered last year, there is now a nearly equal alignment across rebates, SPIFFS and referrals as an incentive offering.

Furthermore, the emergence of *"influence"* as a trend is evident in the results.

From Channel Mechanics' perspective, this aligns with the growing diversity of partner types in the ecosystem as highlighted in the diagram below.

Vendors should carefully consider the mix of partner types they wish to work with and gain a comprehensive understanding of the factors that drive engagement, and performance.

What Mix of Incentives do you Offer to Partners?



* Source: Leveraging Channel Incentives to Win Partner Mindshare

Incentive Program Mix … continued

There are many more Partner Types available

…and many more ways to drive Partner behaviors

Global or Regional Variation

The results of this year's new poll question indicate that vendors are no longer relying on a *"one-size-fits-all"* approach to incentive programs.

This finding aligns with the observations made by Channel Mechanics across our customer base. Different regions/geos operate differently, and it is common to witness slight variations in incentive programs across these major territories, accommodating their unique nuances:

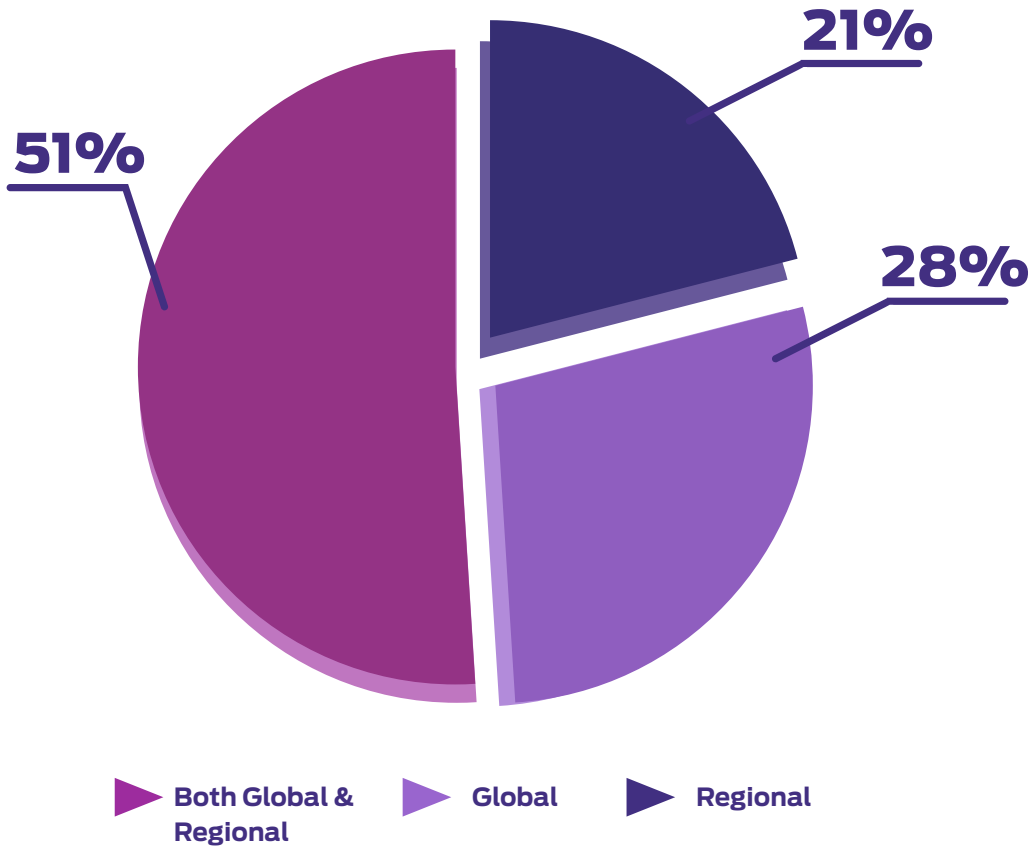
- Americas
- EMEA
- LatAm
- Asia-Pac

But there can be even more sub-region or country-specific variations that make sense.

Thanks to modern incentive automation platforms, Channel Programs and Channel Marketing teams now have the flexibility to easily customize incentives for specific geos and sub-regions. Some interesting examples we have seen in 2023 include:

- Vendor wanting to drive on-time partner renewals in a sub-region of EMEA by offering rebate incentives to drive partner behaviors.
- Vendor offering SPIFF payments to multiple stakeholders in a partner to win partner mindshare and ultimately more business.

What Type of Incentives Program do you Offer?



* Source: Leveraging Channel Incentives to Win Partner Mindshare

There's a lot of debate around points and cash-based systems. We're very firmly of the view that the salespeople within the partner channel prefer cash, because it's tangible and immediate. And they can link it directly to their deal success.

Simon Beard,
Head of Global Programs with Ribbon

Incentive Program ROI Visibility

The results from this year's new poll question are quite unanimous – the majority (78%) expressing their belief that their incentive programs are delivering a positive Return on Investment (ROI).

Based on Channel Mechanics' experience, there has been a notable increase in the implementation of incentive programs across our customer base. Moreover, there has been a rise in the variety of incentive types being offered and an expansion in the range of partner types receiving incentives.

Thanks to modern incentive automation platforms, Channel Programs and Channel Marketing teams now have the capability to easily tailor incentives for specific audiences and align them with specific business goals. These platforms also facilitate the measurement of ROI, allowing teams to track the effectiveness and success of their incentive programs accurately.

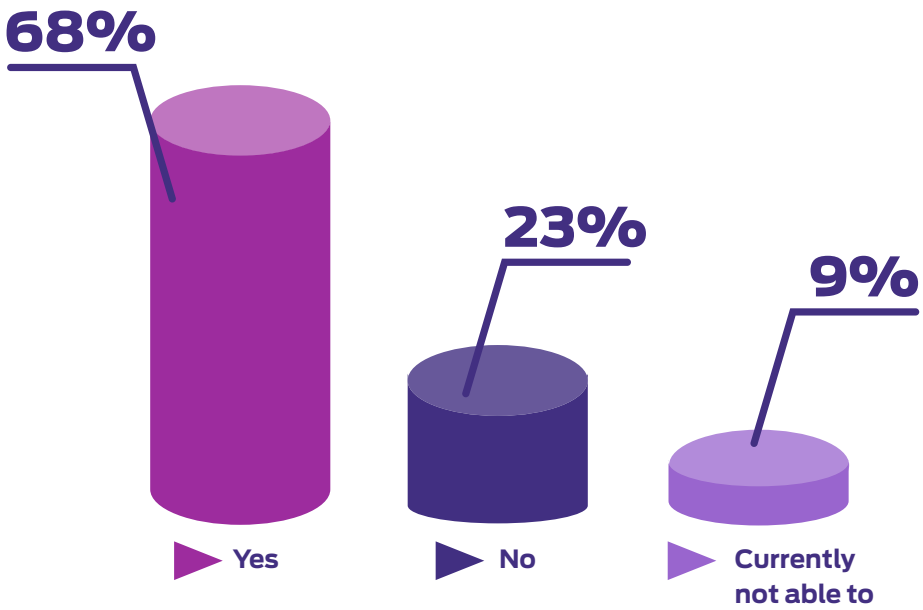
This includes *"audience"* incentives to:

- Partner Sales / Solution Engineers, and not just Partner Sales Reps
- Distributor-specific rebates

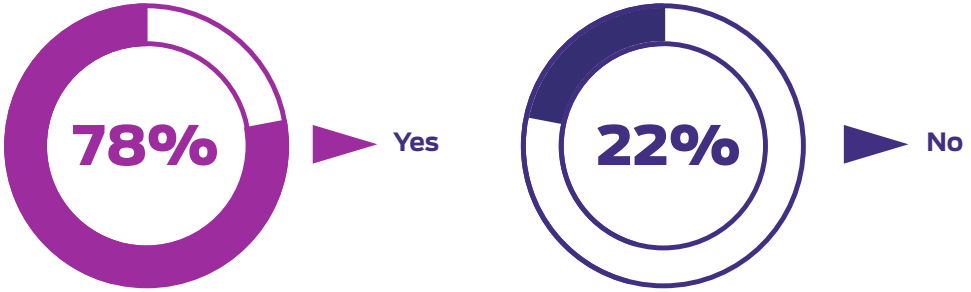
This includes Business Goal Incentives to:

- Drive deal registration submissions
- Drive net-new logo acquisition
- Drive competitor take-outs
- Encourage learning/certification attainment

Do you Measure the ROI of your Incentives Program?



Do you see ROI from your Incentive Programs?



* Source: Leveraging Channel Incentives to Win Partner Mindshare

Challenges to Overcome

The results from this year's poll question are markedly different from the same poll asked in 2022.

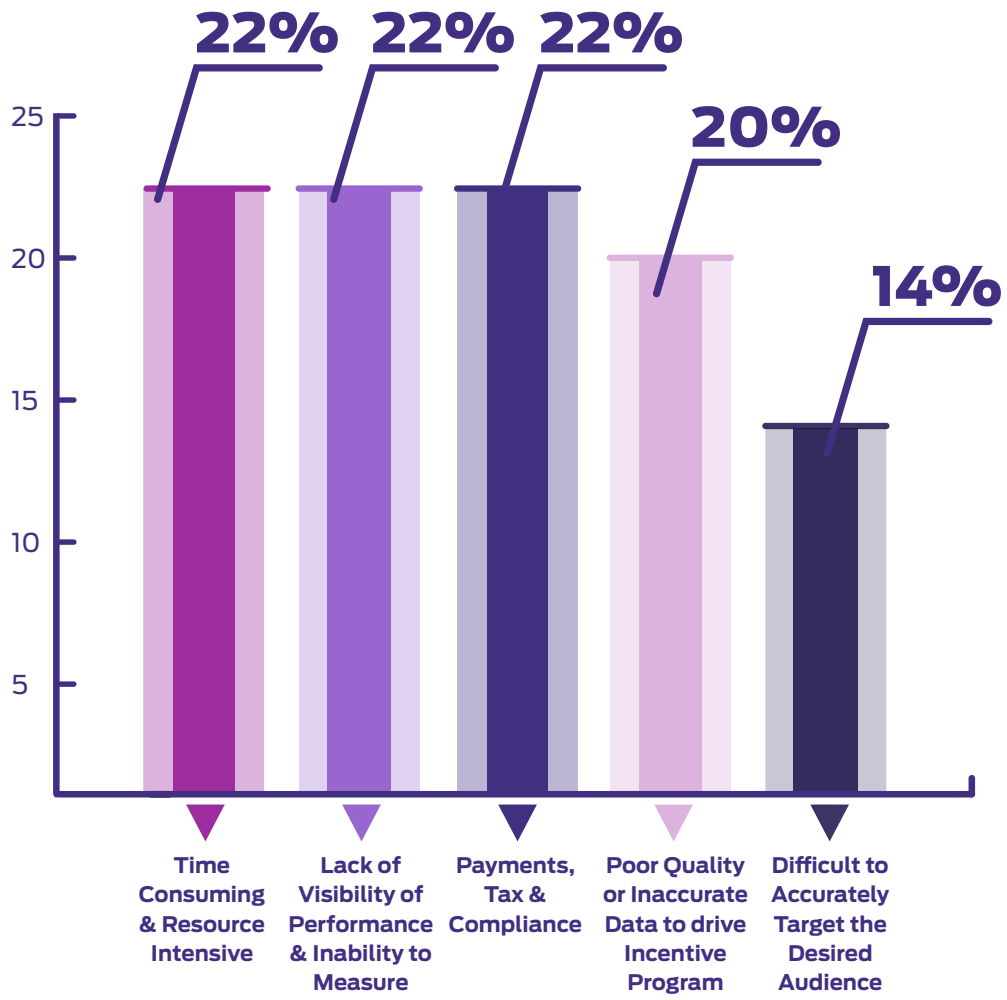
In what looks like a very positive development, vendors are reporting that it is less **time consuming and resource intensive** to run Incentive programs this year (22%), compared to 52% in the 2022 poll.

Ditto for the **Visibility of Performance and ROI** – this is also at 22% for this year. The 2022 poll figure was 52% so this is a marked reduction.

From Channel Mechanics' experience, we have seen an increase in the deployment of Incentive automation platforms which could be contributing to the above positive poll figures.

For any vendors still running Incentive programs manually, we strongly recommend that you look at the automation platforms now available that streamline the workload on channel operations & finance teams. These new platforms also drive higher partner satisfaction and loyalty with automated payments, and analytics dashboards showing their rewards attainment.

The Most Challenging Aspect of Managing an Incentives Program?



* Source: Leveraging Channel Incentives to Win Partner Mindshare

> When you open up a claim period, it's essential that it's a very seamless process. Reward the partner for what you said you would reward them for. Don't make it difficult to claim an incentive by having them raise invoices or have to wait until the AP run at the end of the month.

Kenneth Fox,
CEO, Channel Mechanics

5 Key Take Aways from
"Leverage Channel Incentives to Win Partner Mindshare"

Make sure your Incentive Programs are:

Targetted – to specific business outcomes and goals e.g. more Net New Logos, Competitor Takeouts. To well defined partner targets: partner company types (by level, by geo etc) and partner users (sales, sales/ solution engineers).

Easy to Understand – only define a few rules to qualify e.g. reward for (i) Deal Reg for (ii) Net New Logos.

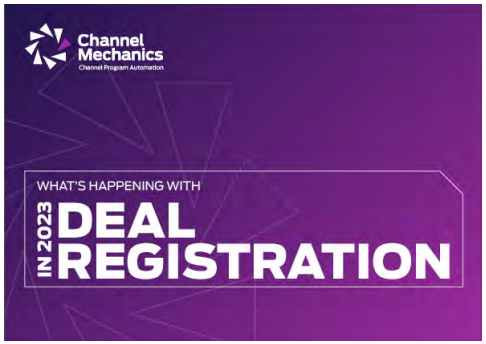
Timebound – drive outcomes within well-defined milestones e.g. end of quarter goals.

Meaningful – make it worthwhile for the recipient to engage with the incentive in terms of $ rewards or gifts/cards.

Easy to Claim Reward – automate the process for the partner or partner employee to claim their reward. Make it simple, and fast. Leverage new modern Incentives automation platforms that are available.

Missed any of our eBooks in the “What’s Happening” series?

Download them here...



Channel Mechanics

The world's leading vendors use our platform to ensure "Ease of Doing Business" for their partner community and channel teams, driving competitive advantage, accelerating revenue, and building partner loyalty.

Ready to start your journey to leveraging Incentives to Win Partner Mindshare?

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salesforce AppExchange Program PARTNER

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AICPA SOC aicpa.org/soc4so SOC for Service Organizations