



**PARTNERSHIP
LEADERS**

**20
23**

STATE OF CO-SELLING REPORT

**HYPERSCALER
EDITION**

IN COLLABORATION WITH



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Introduction

Co-selling with cloud service providers (CSPs) has become a game-changer for businesses looking to expand their reach and increase revenue. Last year, >\$1BN of transactions occurred on the AWS marketplace alone. With the continued rise of Microsoft Azure, Amazon Web Services (AWS), and Google Cloud, the opportunity to tap into their vast customer base and marketplace incentives is hard to ignore.

The opportunity to expand the distribution of your products and services is huge, with >500,000 companies collectively using CSP marketplaces to discover, buy, and deploy partner products. Savvy partner teams can leverage the expertise, resources, and reputation of these hyperscalers and their GTM teams to co-sell solutions to shared customers and accelerate their success.

Across the three hyperscalers, AWS, Microsoft, and Google employ over 68,000 sales professionals. Imagine getting your solution in the minds and in a sales cycle with these sellers engaged with customers every day. That's leverage!

But there are challenges. First of all, navigating these platforms, processes, and organizations can be difficult for partnerships teams of all sizes. Next, how do partners get the attention of those 68,000 sales people on their solution when they're potentially competing for mindshare against over 30,000 marketplace listings on cloud marketplaces. Finally, even if partners have a handle on the first two, if they're trying to manage it all manually, they're faced with the additional challenge of not being able to scale and handle volume to grow revenue effectively.

This report surveys the state of co-selling in our industry and shares best practices for thriving with these popular cloud providers. By gathering insights from industry professionals, our report aims to understand the importance of co-selling partnerships and how they contribute to success in the cloud.

Top insights on Co-Selling with Hyperscalers

1- Unveiling Hyperscaler Revenue: AWS Leads, Microsoft competes and Google grows

Our survey results show that companies' preferences for co-selling with hyperscalers are consistent with the current dominant position that AWS holds in the market. AWS boasts a significant 32% market share in cloud service provider (CSP) revenues, with Microsoft at 22% and GCP at 11%, as of Q2 2023. This market dominance is evidently mirrored in the choices made by the professionals surveyed.

Among these respondents, a striking 43.2% identified AWS as their primary hyperscaler partner, closely aligning with AWS' market dominance.

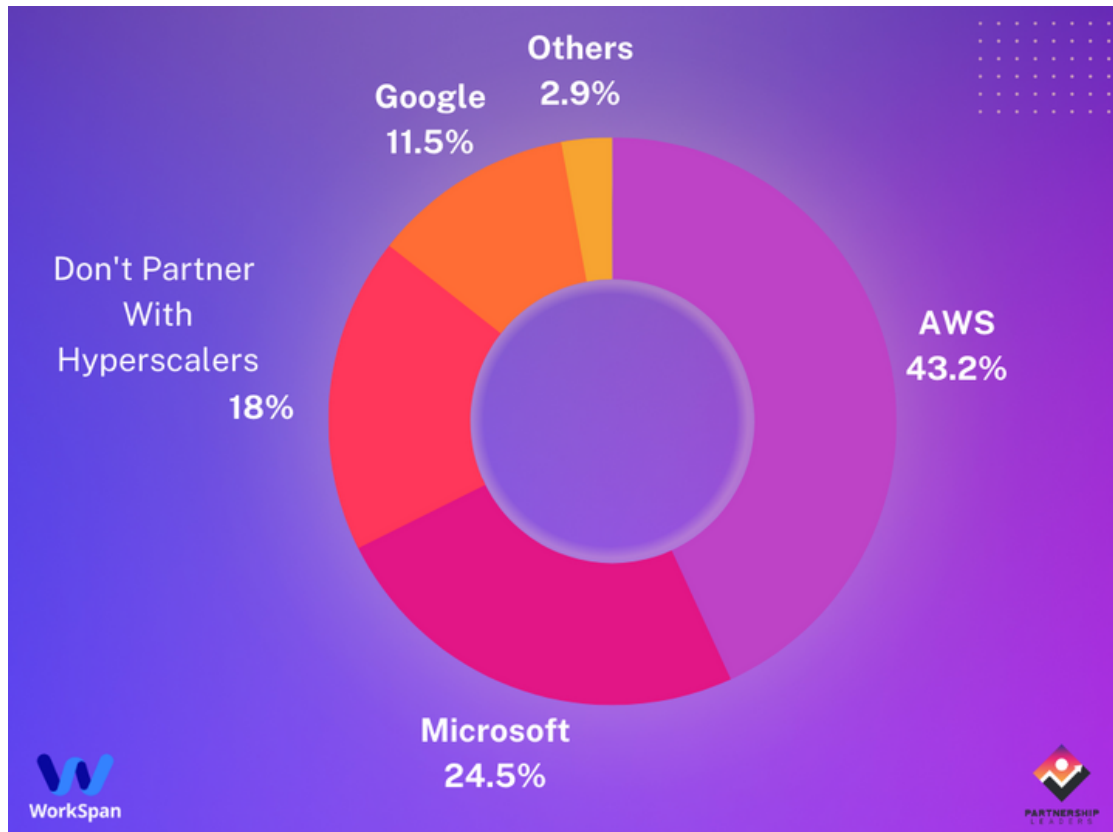
Microsoft Azure emerged as the second most popular choice, with 24.5% of professionals opting to partner with Microsoft.

Meanwhile, Google Cloud Platform garnered 11.5% of respondents, signaling its strong growth as a co-selling partner. Surprisingly, a significant 18.0% of respondents reported not engaging in partnerships with cloud hyperscalers. Our findings are consistent with overall industry reports, such as AAG's latest Cloud Computing Statistics, which shows AWS' leadership with a 33% market share, followed by Microsoft with 22%, and Google with 10%.



According to
Canalys, cloud
marketplaces will
grow to over \$45
billion in revenue
by 2025.

Which is your main Hyperscaler Partner?



AWS' early lead in the cloud computing market has paved the way for its dominant position. Notably, AWS stands out as the largest cloud provider, boasting over 13,000 software listings across 70 categories, a testament to its extensive service portfolio and strong market reputation.

While it took several years for Google and Microsoft to build competitive cloud ecosystems, they are now strong players with growing marketplaces. The revenue figures of the hyperscalers paint a vivid picture of their growth and market strength. In the second quarter of 2023, AWS, the pioneer of cloud computing, captured a staggering \$22.1 billion in total revenue, solidifying its position as an industry leader. Remarkably, AWS boasts an annual run rate of over \$88 billion, underlining the scale of its operations and the immense value it delivers to customers worldwide.



Almost half of the respondents mention AWS as their primary Hyperscaler partner

Microsoft, a major player in the cloud space, takes a different approach to reporting its cloud revenue. Instead of disclosing Azure sales figures separately, Microsoft includes Azure, server product, and other cloud services revenue under its Microsoft's Intelligent Cloud umbrella. The Intelligent Cloud group recorded an impressive \$24 billion in revenue during the fourth fiscal quarter of 2023. With an annual run rate of \$96 billion, Microsoft's cloud division stands as a formidable force in the hyperscaler landscape.

On the other hand, Google Cloud showcased its rapid growth and competitiveness, surpassing Wall Street's sales projection with a total revenue of \$8.03 billion in the same quarter. This marked achievement has propelled Google Cloud's annual run rate to approximately \$32 billion, making it the largest in its history. Despite having a smaller market share compared to the other two giants, Google Cloud's strong performance indicates its increasing influence in the cloud market. Google is growing 1.5 times faster than AWS and Microsoft.

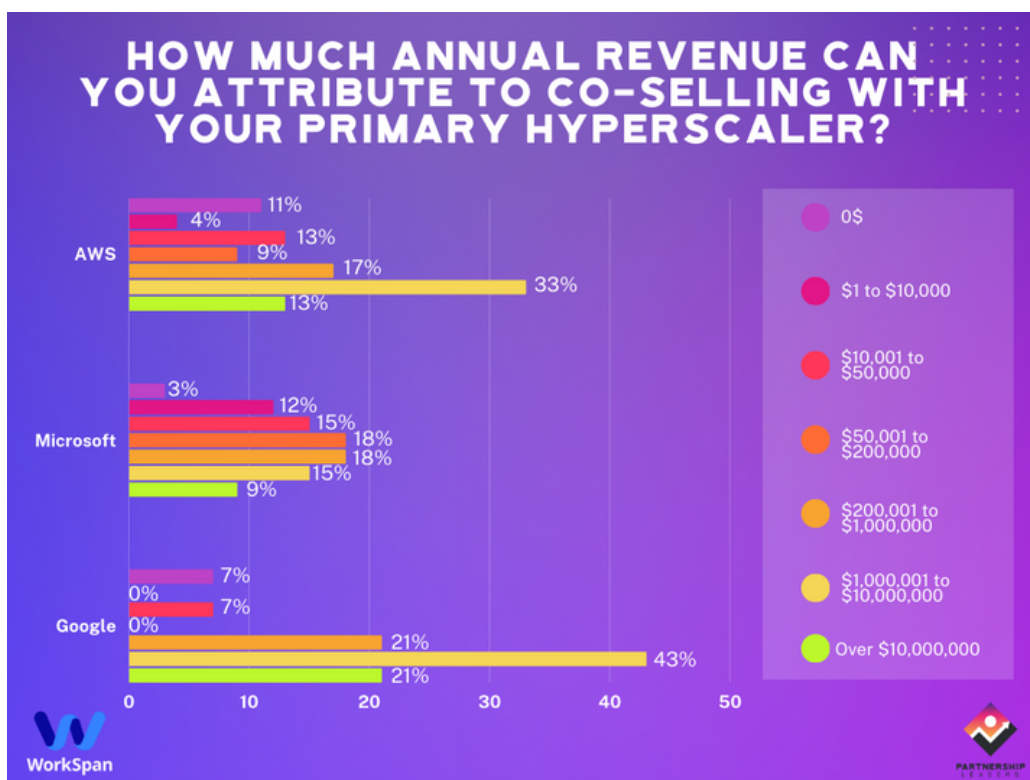
The divergence in growth rates among the hyperscalers highlights the intensifying competition in the cloud market and the shifting dynamics in customer preferences. As the hyperscaler landscape continues to evolve, these revenue and growth trends offer valuable insights into the performance and potential of each cloud provider. Understanding these dynamics is crucial for businesses seeking to capitalize on the cloud ecosystem's vast opportunities and align their strategies effectively with the leading hyperscalers.

Unraveling Partner Co-Sell Revenue with Hyperscalers

While market penetration provides valuable insights into the reach and presence of each hyperscaler within the industry, the amount of revenue hyperscalers are able to generate for their partners offers a deeper look at the value they bring to their partners. Revenue generated by each hyperscaler is a critical metric that businesses consider when choosing their primary cloud partner. It serves as a concrete measure of the hyperscaler's ability to attract customers and facilitate revenue-generating opportunities for its partners.

**Google is growing 1.5 times faster than
AWS and Microsoft**





Of the respondents that chose AWS as their primary hyperscaler 46% reported earning over \$1,000,000 in revenue they attribute to co-selling with AWS. The other companies are spread out. 11% say they don't make money from AWS. This might be because the hyperscaler is popular, and lots of companies just started using the marketplace.

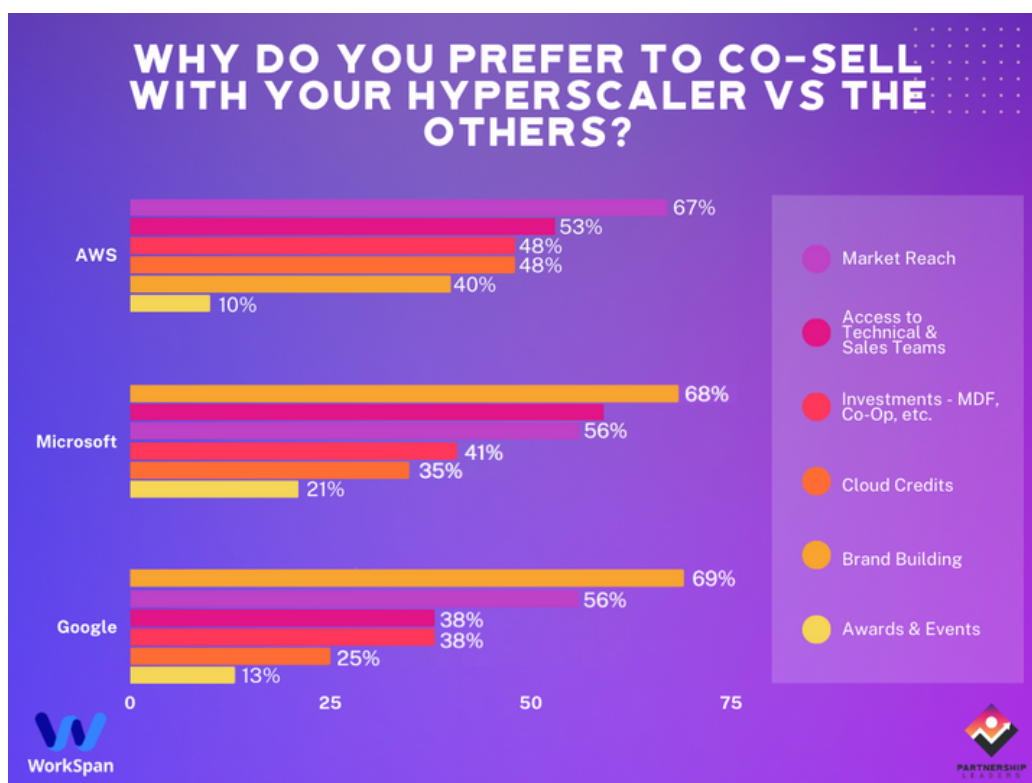
In the case of Microsoft, almost 40% of survey respondents attribute between \$50,000 and \$1,000,000 of annual revenue to co-selling with Azure. This is considerably lower than its competitors.

For those that partner with Google, almost 65% of respondents attribute over \$1,000,000 in annual co-sell revenue to GCP, with 21% indicating their co-sell revenue with GCP is over \$10 million. Likewise at the low end, only 14% of respondents attribute less than \$200,000 in annual revenue. These are remarkable statistics indicate a much higher concentration in large partners driving significant amounts of co-sell revenue with Google.

What Value do Partners Get from Co-Selling with Hyperscalers?

The survey also explored the other values that co-selling with hyperscalers brings to the table. Market reach emerged as a highly compelling benefit, with over half of the respondents expressing its importance, regardless of the hyperscaler they work with most.

AWS stands out as the leader in this category, with almost 70% of respondents saying they choose AWS for their extensive market reach. AWS' historical advantage as the first and largest cloud provider among the Big Three contributes significantly to its appeal, even as competitors have been catching up.



Interestingly, 70% of respondents say they choose Microsoft and Google as their hyperscaler for their ability to support the partner's brand-building efforts. Despite the strong reputation of all three companies as trusted tech brands worldwide, respondents seem to favor Microsoft and Google when it comes to bolstering their brand presence.

Barriers to Entry: Understanding Why Companies Avoid Hyperscaler Partnerships

Almost 20% of the respondents from our survey declared that they are not co-selling with hyperscalers at all. This group was almost twice as large as those who chose Google as a main partner, so what's behind their decision?

We identified two main barriers to entry that prevent potential partners from entering the market: focus and resources. Over a third of respondents reported choosing not to partner with hyperscalers because they are too focused on other types of partnerships. Another third mentioned that their main barrier was related to not having enough resources to manage the partnership.



The data collected in our survey underscores the dynamic and evolving nature of the cloud market. As competition among hyperscalers intensifies, businesses must carefully consider their co-selling partnerships to capitalize on the immense growth and revenue potential of the cloud ecosystem.

“As cloud hyperscalers manage a staggering \$200 billion in cloud agreements, investing in a deliberate hyperscaler strategy is no longer optional for cloud-hosted Software as a Service (SaaS) companies.”

Chaitra Vedullapalli - Founder & CMO at Meylah Corporation

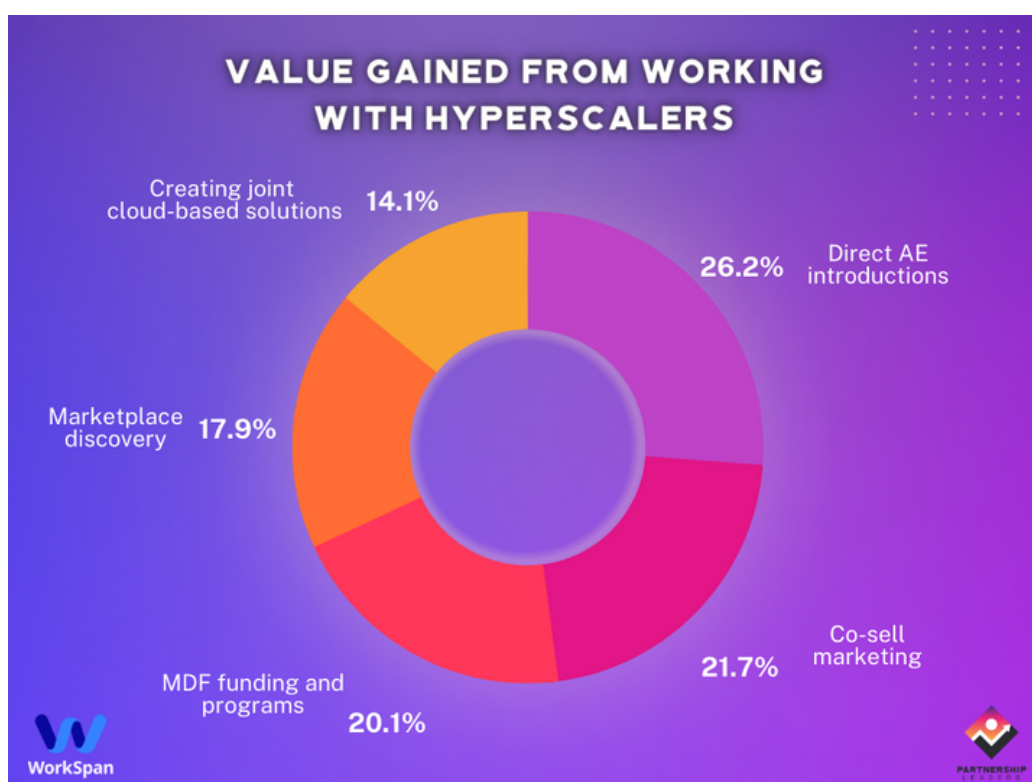


2 - Companies expect direct introductions from hyperscalers

When analyzing the expectations of companies forging partnerships with hyperscalers, our survey yields a striking finding: these expectations remain consistent, regardless of the main cloud partner they choose. Over 70% of the respondents from various backgrounds and cloud providers cited the same primary benefit they expect from working with their respective hyperscalers—to receive direct introductions.

This unanimity in response underscores the universal significance of direct introductions as a pivotal factor driving co-selling partnerships with hyperscalers. Companies across the board view direct introductions as a strategic advantage, enabling them to establish crucial connections and access potential customers that may have otherwise been difficult to reach.

By leveraging the influence and reach of hyperscalers, businesses can navigate the crowded marketplace with greater ease and efficiency, amplifying their visibility and unlocking new opportunities for growth and revenue.



Also, among the companies that have chosen to partner with Microsoft and Google, there is a shared expectation of reaping several benefits from co-selling with these partners. Notably, these partners look forward to leveraging Co-sell marketing initiatives, MDF (Market Development Funds) funding, and various programs offered by the hyperscalers.

Co-sell marketing initiatives are highly sought-after by these partnering companies, as they recognize the immense potential of joint marketing efforts with giants like Microsoft and Google. By aligning their marketing strategies with the reach and influence of these hyperscalers, companies expect to amplify their brand visibility and target a wider audience, driving lead generation and customer acquisition. The collaborative nature of co-sell marketing initiatives fosters a mutually beneficial ecosystem, where partners can tap into the extensive customer base of the hyperscalers and promote their solutions effectively.

Additionally, the expectation of MDF funding from hyperscalers holds substantial value for these partners. MDF funds represent a vital financial resource provided by the hyperscalers to support marketing and promotional activities. By securing MDF funding, partnering companies can fuel their marketing campaigns, events, and lead-generation efforts. This financial boost enables them to elevate their marketing endeavors and seize opportunities for increased brand exposure and customer engagement at reduced or significantly lower cost.

Moreover, these companies anticipate benefiting from a range of specialized programs offered by Microsoft and Google. These programs cater to the unique needs and requirements of partners, empowering them with valuable resources, technical support, and co-selling enablement. Whether it's sales training, technical certifications, or access to cutting-edge tools, these programs equip partners with the necessary expertise and capabilities to thrive in the competitive cloud landscape.

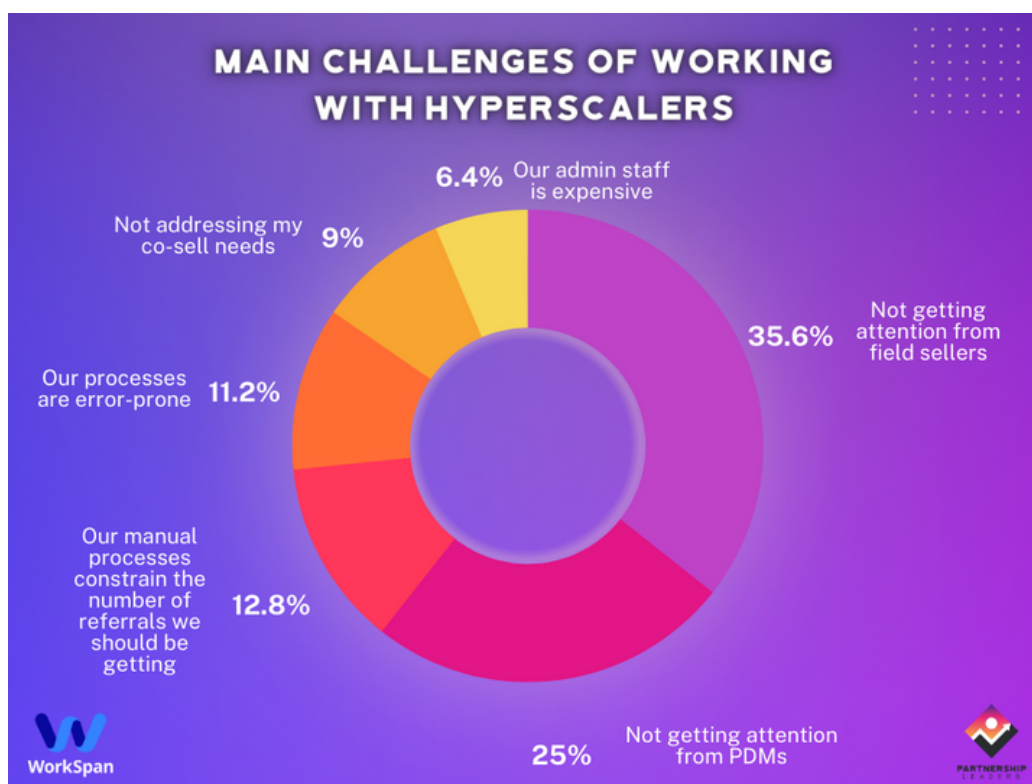
“Every cloud seller will be looking at how [your] Partner marketplace solution drives their own customer’s cloud consumption.”

Bader Hamdan - Ecosystem Chief at Vectara



3- Challenges in Obtaining Hyperscaler Attention: A Critical Analysis

While there are differences in market share, our report shows that no matter which hyperscaler you are partnering with, you are probably going to share the same challenge. As illustrated in the chart below, a significant number of survey respondents faced difficulties in obtaining the attention of their Partner Development Managers (PDMs) and field sellers. At least 40% of the participants reported challenges in getting through to their PDMs, while over 50% struggled to effectively engage with hyperscaler field sellers.



This data point serves as a revealing indicator of the substantial gap between the number of PDMs or field sellers and the multitude of vendors seeking their attention. As hyperscalers continue to grow in prominence and attract an ever-expanding pool of partners, this gap is likely to widen further, exacerbating the challenge for businesses seeking recognition and support.

Understanding the right approach to capture the attention of PDMs and field sellers becomes an imperative skill for companies navigating the hyperscaler landscape. Our report aims to uncover strategies and best practices to bridge this gap effectively, ensuring that businesses can establish meaningful connections with hyperscaler stakeholders and stand out amid the competition.

The success of hyperscaler partnerships hinges on overcoming these challenges, as PDMs and field sellers play a pivotal role in facilitating meaningful engagements with potential customers. Businesses that can navigate this aspect with finesse will be better positioned to leverage the benefits of co-selling initiatives, access valuable resources, and seize opportunities for growth

“Maintaining focus and commitment, setting realistic goals, maximizing co-sell opportunities, and fortifying relationships with PDMs are the keys to a successful hyperscaler strategy.”

Jake Makler - VP of Partnerships and Corporate Strategy at Quantum Metric



How to get the attention of your PDMs and field seller

Justin Forth, former Senior Partner Development Manager for Startups at AWS, states that you need five essentials to catch the attention of AWS representatives and succeed in the marketplace:

1

EXECUTIVE SUPPORT

Gain internal alignment across functions like sales, marketing, and operations to secure executive buy-in for a robust AWS partnership. It's vital to invest in long-term collaboration.

2

JOINT VALUE PROPOSITION

Craft a compelling "Better Together" narrative, illustrating the enhanced value of combining your product with AWS. Convey a clear, concise message showcasing how your integration delivers amplified benefits.

3

PUBLIC REFERENCES

Leverage publicly referenceable customers to demonstrate real-world success. This bolsters credibility, aids marketing efforts, and offers co-marketing prospects, aligning with AWS's customer-centric focus.

4

ALIGNED SALES FOCUS

Allocate dedicated resources for co-selling efforts, mapping accounts, building relationships, and operationalizing co-sell processes. A specialized focus is key, given AWS's extensive sales network.

5

COMPREHENSIVE SALES KIT

Develop accessible sales resources like websites, one-pagers, and PDFs to showcase your partnership's value proposition. Keep these materials updated and diversified to cater to various information-seeking scenarios.

4- Room to grow: most respondents expect less than 25% of partner-sourced revenue to come from Hyperscalers

Over 70% of respondents say that hyperscalers will generate less than 25% of their partner-sourced deals. This is a surprisingly low number. Perhaps the result of challenges discussed in the previous sections where partners have high expectations of getting customer or prospect introductions, but are encountering challenges in getting attention from their PDMs and field sellers.



This consistent projection across all hyperscalers indicates that many companies are in the initial stages of their partnerships with cloud marketplaces, and the multiplier effect of these collaborations has not yet been fully realized. Working with hyperscalers demands resources and effort, contributing to these cautious short-term projections.

The observed conservative growth projections within hyperscaler partnerships stand in stark contrast to the rapidly expanding landscape of cloud marketplaces and the success larger vendors are experiencing. While respondents anticipate limited impact on partner-sourced deals in the short term, the broader context reveals the immense potential of cloud marketplaces as a significant revenue driver. Despite current caution, these marketplaces represent a substantial piece of overall market share. Consequently, businesses are advised to reconsider their allocation of time and resources, recognizing the substantial benefits that can be harnessed through effective engagement in these dynamic ecosystems.

Canalys' insights discussed earlier underscore the importance of a strategic focus on cloud marketplaces as a vital channel for growth. Amid the prevailing conservatism, vendors should not overlook this thriving avenue but instead invest in strategies to fully leverage its rapid expansion. The evolving landscape of emerging channels to market requires a proactive approach that aligns with the changing preferences and behaviors of customers. By harnessing the potential of cloud marketplaces and co-selling with cloud providers, businesses can position themselves for sustained success, tapping into new revenue streams and maximizing their overall market impact.



Despite the conservative short-term outlook, there is a positive sign of optimism when it comes to the influence that hyperscaler partnerships will have on companies' deals in the next year. More than half of the respondents anticipate that 26% or more of their partner-influenced deals will be positively impacted by co-selling with hyperscalers. Interestingly, for companies partnering with Google, the projections become even more promising. A quarter of respondents expect between 50% to 75% of their deals to be influenced by hyperscalers in 2024.

These optimistic projections reflect the recognition that partnerships with hyperscalers will play a pivotal role in influencing business outcomes and expanding market reach. As businesses continue to deepen their relationships with hyperscalers and align their strategies, they anticipate greater traction and a stronger impact on their deal flow in the coming year.

“By leveraging their expertise and understanding of customer needs, ISVs can create unique solutions tailored to their customer's specific needs and aligned with a hyperscaler's business priorities, while also taking advantage of hyperscaler's incentives and benefits. In this way, ISVs can stand out from the competition and maximize their growth potential.”

Juhi Saha - CEO at Partner1



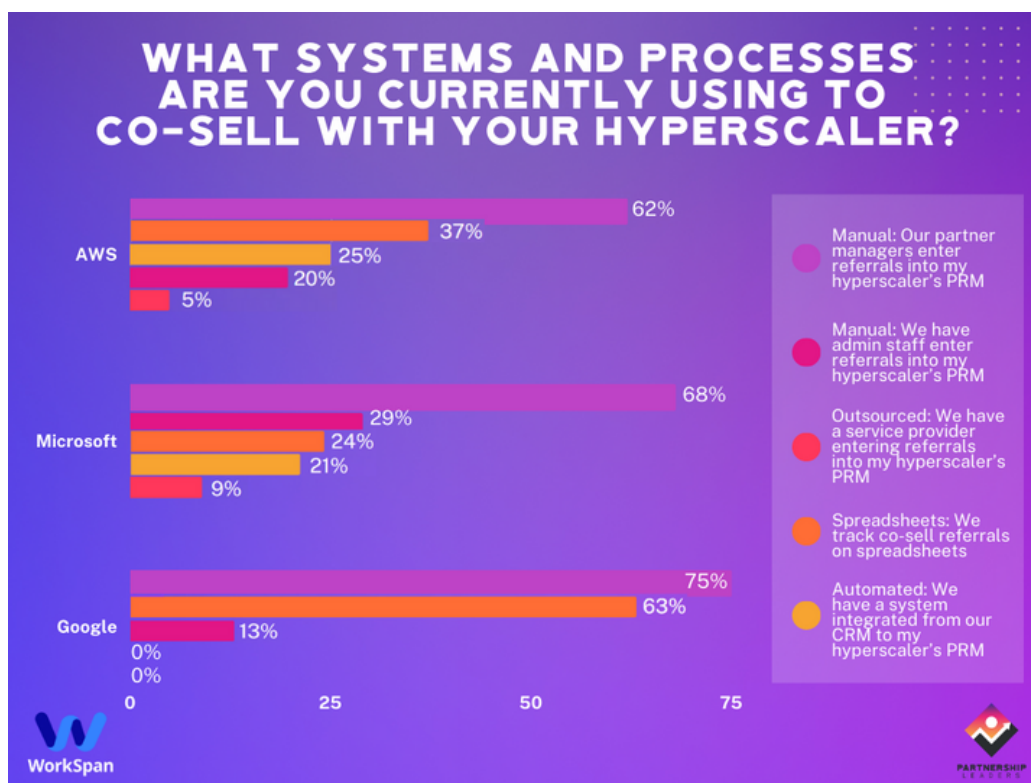
Other important insights

Co-Sell Processes are Still Largely Manual

The survey results reveal a prevalent trend among respondents, where the majority of companies have manual processes in place for co-selling with hyperscalers. This manual approach might involve cumbersome and time-consuming tasks, leading to potential inefficiencies and limitations in maximizing the benefits of their partnerships.

Furthermore, as highlighted in the challenges section, more than 20% of respondents acknowledged that their existing processes hinder the number of referrals they could potentially receive. This data underscores the critical importance of streamlining and optimizing co-sell processes to unlock the full potential of these valuable ecosystems.

By recognizing the impact of manual processes on their co-selling efforts, businesses can identify areas that require improvement and refinement. The key to thriving in hyperscaler ecosystems lies in establishing efficient, automated, and scalable co-sell processes that can keep pace with the rapidly evolving cloud market.



Automating repetitive tasks, leveraging technology to manage data and insights, and implementing streamlined workflows can not only significantly improve co-sell efficiency but more importantly, enable co-sell teams to drive more revenue and velocity. (WorkSpan customers have seen 50-90% reduction in manual tasks while sharing 25-60% more opportunities by automating co-selling with their hyperscaler partners.)

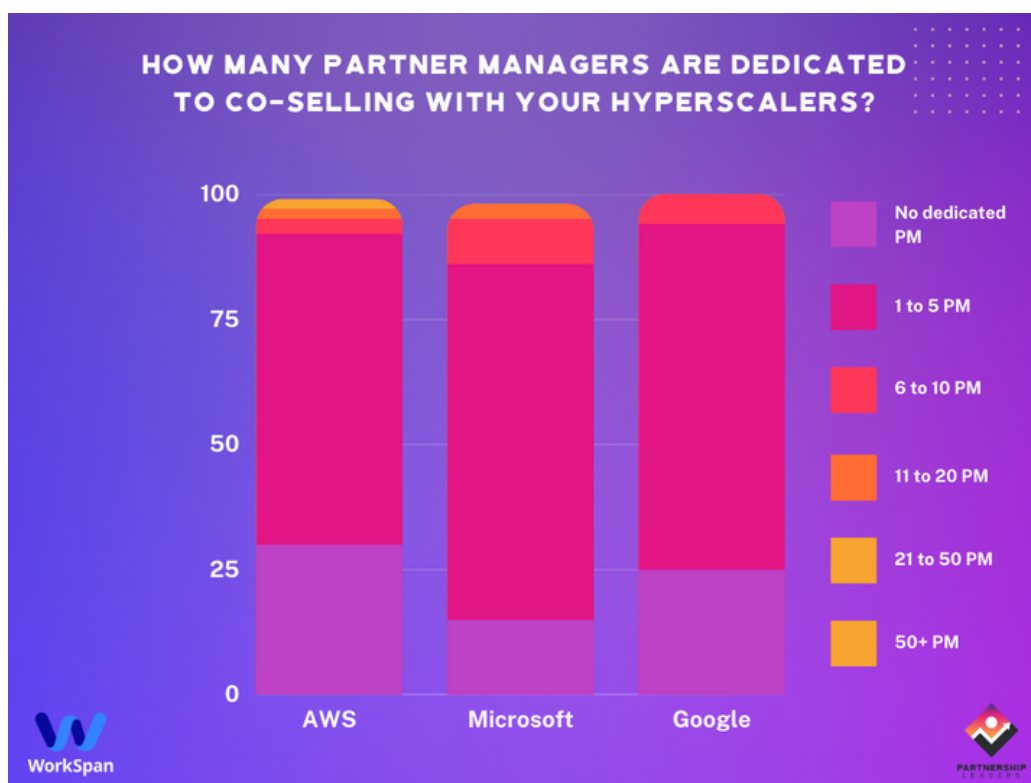
The survey reveals that around a quarter of respondents co-selling with AWS and Microsoft (none for Google currently) have implemented an automation system to integrate from their CRM to their hyperscaler's partner system. This is a step in the right direction.

Dedicated Resources for Hyperscaler Partnerships: A Critical Differentiator

The allocation of resources for co-selling with hyperscalers is a critical aspect that directly impacts the success and effectiveness of these partnerships. As we delve into the data, a striking trend emerges, with a substantial proportion of companies dedicating 1 to 5 partner managers to their co-selling efforts in the cloud ecosystems. This range represents between 60% to 70% of respondents, indicating that a significant number of businesses recognize the importance of having a dedicated team to manage and nurture their hyperscaler relationships.

The decision to dedicate partner managers to co-selling initiatives highlights the strategic approach adopted by these companies. Partner managers play a pivotal role in building strong relationships with hyperscalers, understanding their unique requirements, and effectively navigating the complexities of cloud marketplaces. These professionals act as crucial liaisons between the company and the hyperscaler, ensuring seamless communication and collaboration to drive mutual success.

However, it is equally noteworthy that a considerable group of respondents (15% to 30%) reported having no dedicated partner managers for co-selling partnerships. This finding signifies that despite the growing importance of cloud ecosystems and the potential benefits of hyperscaler collaborations, there are still companies that have not fully tapped into these opportunities.



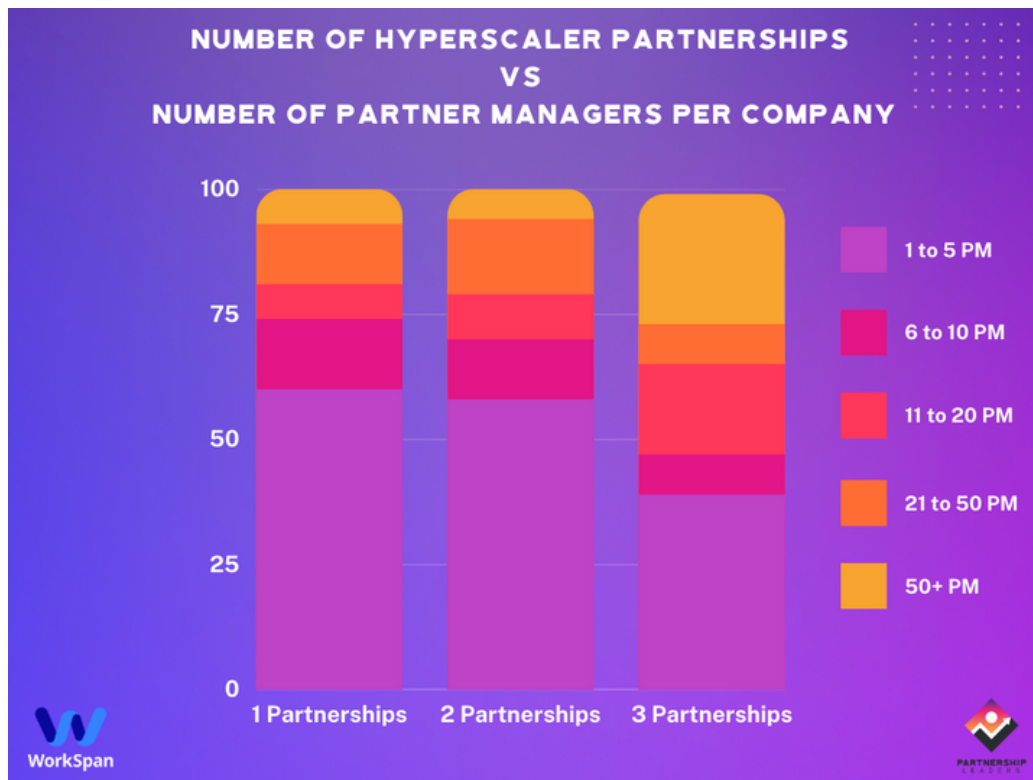
Considering the many unique requirements, organizational landscape, and comprehensive partner programs, not having any partner managers dedicated to the hyperscaler relationship can pose challenges in effectively managing and optimizing co-selling efforts with hyperscalers. This of course can lead to missed revenue-generating opportunities and underutilized partnership potential.

For companies in this category, the data underscores the significance of recognizing the value of dedicated partner managers and investing in resources tailored to co-selling strategies. By doing so, businesses can enhance their ability to secure direct introductions, drive referrals, and maximize the revenue potential offered by hyperscaler partnerships.

The Impact of Company Size on Hyperscaler Collaborations

The relationship between the size of a company and the number of hyperscaler partnerships is an intriguing aspect to explore, as it sheds light on how different organizations approach their cloud collaborations.

Upon analyzing the data, a clear pattern emerges, revealing that smaller enterprises tend to engage with one or two hyperscalers, while larger organizations opt for partnerships with three or more hyperscalers, leveraging the advantages of their extensive infrastructure.



Smaller enterprises' tendency to focus on one or two hyperscalers reflects a strategic approach to navigate the cloud marketplace efficiently. These companies may prioritize building deep and meaningful relationships with selected hyperscalers to fully capitalize on the resources and support they offer. By concentrating their efforts on a limited number of partners, smaller enterprises can tailor their co-selling strategies and allocate resources more effectively to drive impactful results.

On the other hand, larger organizations, equipped with more robust resources and capabilities, exhibit a propensity for partnering with three or more hyperscalers. This approach aligns with their capacity to manage multiple partnerships simultaneously and tap into the diverse advantages each hyperscaler offers. By collaborating with a broader range of hyperscalers, bigger organizations diversify their cloud ecosystem presence, expanding their market reach and enhancing their ability to cater to various customer needs.

The inclination of larger organizations to engage with multiple hyperscalers also stems from their desire to access a wider array of cloud services and geographic markets. As these enterprises operate on a larger scale, they seek to leverage the specialized strengths and global footprints of different hyperscalers to optimize their cloud offerings and expand their customer base.

Additionally, the data indicates that the number of hyperscaler partnerships serves as an indicator of a company's growth trajectory and market influence. Smaller enterprises' concentration on one or two partnerships might indicate that they are in the initial stages of their cloud journey, focusing on building strong foundations before expanding further. In contrast, larger organizations' ability to manage multiple hyperscaler collaborations may reflect their maturity in the cloud market and their readiness to capitalize on numerous opportunities.

While there are distinct approaches between smaller and larger enterprises, it is important to recognize that the choice of the number of hyperscaler partnerships is not solely dependent on the company's size. Each business must carefully consider its specific goals, market strategy, and available resources to determine the optimal approach to co-selling with hyperscalers.

Unlocking the Power of Hyperscaler Partnerships: Expert Insights from WorkSpan

Co-selling with cloud service providers (CSPs) has become a game-changer for businesses looking to expand their reach and increase revenue. With the rise of Microsoft Azure, Amazon Web Services (AWS), and Google Cloud, the opportunity to tap into their vast customer base is a prospect that no modern business can ignore.

Businesses can leverage the expertise, resources, and reputation of these hyperscalers to co-sell solutions to shared customers and accelerate their success. Here we explore the benefits of partnering with cloud providers to co-sell solutions and how to get started to grow your business.

Partnering with CSPs can be a great way for companies to grow their business and expand their customer base. Some of the top reasons companies should consider partnering and co-selling with top CSPs include:

- **Increased reach and exposure:** By co-selling with top cloud providers, companies can gain access to a larger customer base that spans multiple industries and increase their visibility in the market. This can be especially beneficial for smaller companies that may not have as much brand recognition or market presence on their own.
- **Improved sales and marketing efforts:** Cloud providers often have established sales and marketing teams and resources that can help companies reach new customers and close deals more effectively. By co-selling with these providers, companies can leverage their expertise and resources to improve their own sales and marketing efforts.
- **Stronger customer relationships:** Co-selling with top cloud providers can help companies build stronger relationships with their customers by offering a wider range of products and services. This can lead to increased customer loyalty and repeat business.

- **Enhanced technical expertise:** Cloud providers often have a deep understanding of their own products and technologies, as well as those of their partners. By co-selling with these providers, companies can access this expertise and use it to better serve their own customers and improve their own product offerings.

So, how do you get started? Here are some key steps to get started and increase your chances for success with hyperscalers:

- **Understand Your Value Proposition for CSP's Customers** - Before you even think about co-selling with a cloud provider, it's important to understand the value that your solution or service provides to their customers. Consider how your solutions can complement the cloud provider's offerings and where there may be potential areas for collaboration to tap into any whitespace that the cloud provider has.
- **Assess Your Readiness** - Before entering into a co-selling partnership with a cloud provider, it's essential to assess your readiness to support such a partnership. This means evaluating whether you have the necessary resources and capabilities to effectively collaborate with a cloud provider's sales and marketing teams.
- **Define Your Objectives** - Once you have a clear understanding of your value proposition, it's time to define your objectives for co-selling with a cloud provider. This includes analyzing the market, defining your ideal customer profile (ICP), identifying the shared solution that you will be offering, sizing up the market opportunity, and setting achievable goals.
- **Create a Business Plan** - Based on your objectives, you can now create a business plan that outlines the steps you will take to achieve success. This should include targets, resources, skills needed, budget, expected return on investment (ROI), timing, and any potential risks.
- **Gain Your Executive Support** - Partnering with CSPs can represent a significant opportunity, but it also requires the support of senior leadership in your organization. Make sure to review your business plan with your executives and gain their agreement on the resources, budget, objectives, and ROI commitments required for success.
- **Prove It Out** - Once you have the support of your executives, it's time to start small and prove out your co-sell business model. Work with one solution and focus on a specific market to get to know the key players at the cloud provider and how they operate. This will give you the opportunity to learn and iterate as you go.

- **Grow Your Co-Sell Business** - After initial success, you can then look to grow your shared business and gain traction with more customers. Make sure to continue building strong relationships with the cloud provider and stay up to date on their evolving needs and priorities so that you can continue to offer value to their customers.

We also have some tips we've learned from our customers and experts to help you and your teams on the road to co-selling!

- **Set the Right Expectations** - This is so important. When you think of who your next big strategic cloud partners are, think ahead to the results you want to see in 18-24 months, and make sure these goals and expectations are aligned with company leadership. Revenue will be the end outcome, but it doesn't happen instantly.
- **Monetize Joint Offerings** - Monetizing the public cloud service providers services can at times be tricky. One way to do this is by creating joint solutions that address specific customer needs and can be sold through the cloud provider's marketplace.
- **Incentivize Cloud Provider's Sales Team** - Cloud provider incentives are designed to motivate and reward their sales reps for selling partner solutions to their customers. These incentives can be commission-based compensation, bonus payouts, and recognition programs. Incentives encourage cloud provider sales reps to actively promote partner solutions and invest time and resources in joint sales opportunities.
- **Build the Right Team** - Having a dedicated cloud partnership team will give you a strong start for successful co-selling with hyperscalers. This team's role should be to engage with the cloud provider, with sellers on partner teams, and to identify joint solutions with unique competitive advantages that you can co-sell with cloud partners.
- **Enable Your Teams** - Invest in the right partnership technology solutions to make it easier for your teams to collaborate with cloud partners, cut down manual work, reduce processes and help make the partnership scalable. In partnerships, once trust and efficiency is achieved between partners, everything else will follow, and technology can make this a reality for you.
- **Leverage Customer Access and Relationships** - This is the holy grail! A cloud provider can introduce its partners to other customers, vendors, and partners in their network for growth and expansion. The cloud partner can also provide guidance and support on how to build and maintain relationships with key stakeholders in the customer account.

- **Demystify Cloud Provider Partner Programs** - Cloud partner programs can seem complex and confusing, especially for organizations new to the world of cloud computing. However, there are a few steps that partners can take to demystify these programs and understand how they work:
 - **Research the various partner programs offered by each cloud provider:** Each cloud provider has its own partner program, with different tiers and benefits. Understand what is available to you as a partner.
 - **Understand the requirements for each tier of the partner program:** Make sure to carefully review partner program requirements and determine which tier is the best fit for your organization.
 - **Attend training and certification programs:** Attending cloud provider training programs can help you better understand the cloud platform and partner program and prepare you to become a more effective partner.
 - **Use resources and support provided by the cloud provider:** Cloud partners often provide a range of resources and support to help partners succeed, including marketing materials, sales support, and technical assistance.

We hope this information has been helpful in initiating and advancing your co-selling partnership efforts with cloud service providers and wish you the best of luck as you launch and grow your business co-selling with hyperscalers.

The **WorkSpan Co-Sell with Cloud platform** currently helps hundreds of companies with their co-sell needs. From large enterprise tech companies to SMBs and startups, WorkSpan automates and streamlines their co-sell program to grow revenue with AWS, Microsoft, and Google. In fact, as of today, WorkSpan customers are creating and receiving more AWS co-sell referrals (inbound and outbound) than through any other source.

We'd love to help you on your journey as well! **Contact us to learn more.**

Conclusions

This survey has yielded valuable insights into the state of the market for co-selling with top cloud providers. One prominent revelation is that partner co-selling with hyperscalers matches the overall market showing AWS leading the pack, while Microsoft and Google contend closely for their share. This shows that companies are drawn to partnering with cloud hyperscalers for their market position and reach.

The survey uncovered the significant value that partners derive from co-selling with hyperscalers. Beyond the revenue generated, these collaborations offer partners a range of benefits, including enhanced brand visibility, building joint solutions together, co-marketing opportunities, and the validation that comes with being associated with industry giants. This highlights the strategic importance of co-selling partnerships beyond the immediate financial gains, emphasizing the broader business impact.

Navigating the landscape of hyperscaler partnerships presents challenges, notably in obtaining attention from Partner Development Managers (PDMs) and field sellers within these organizations. The survey has delved into these challenges and offered critical insights into effective strategies for capturing the interest of these key influencers that often have already strong relationships in their accounts. Understanding these challenges and strategies to overcome them is essential for partnership executives seeking to establish and nurture fruitful relationships with hyperscale cloud providers.

Finally, the survey's findings illuminate a pathway for growth in hyperscaler partnerships, with the majority of respondents indicating an expectation that less than 25% of partner-sourced revenue will come from co-selling with hyperscalers. There is ample room for growth. The report also underscores the manual nature of many companies' co-sell processes today - another opportunity to streamline and accelerate as they grow.

In addition to the report findings, please take a moment to review some of the additional insights from our outstanding expert contributors.

Special thanks to WorkSpan for taking on this project with us. And thanks to everyone that responded to the survey! We're excited to see these results and would love to hear from all of you as you dig into the results and start to apply the findings to your own business.

Happy co-selling!

Contributor Perspectives

Implications of Co-Sell and Cloud Marketplace Deployments by Bader Hamdan, Ecosystem Chief at Vectara.

With a \$50B cloud marketplaces opportunity by 2024, per Bessemer Venture Partners, there is no question that aligning Product strategies and GTM motions with hyperscalers can help drive solution relevance and partnering success. Launching a solution on cloud marketplaces is full of excitement and anticipated reward, from the potential of co-selling with hyperscaler sales teams to alignment on end-customer engagements while tapping into end-customer's cloud spend budget.

However, the way a Partner's solution is deployed on the cloud marketplace could drastically impact co-sell synergies. Of course, hyperscaler sales teams are encouraged to engage and rewarded with some level of compensation on marketplace solutions. While this is a blanket statement, there are more nuanced motivational factors in getting cloud sellers' attention for co-sell engagement... and it all starts and stops with cloud consumption. Every cloud seller will be looking at how this Partner marketplace solution drives their own customer's cloud consumption.

So who are the key cloud sales stakeholders and what are their considerations when it comes to aligning synergies and the motivation for co-selling a Partner marketplace solution with end-customers.

- Is it the Partner's sell-to sales lead, meaning the cloud sales AE that gets paid on the Partner's own cloud consumption?
- Or is it the sell-with end-customer sales lead, meaning the cloud sales AE that sells and gets paid on their end-customer's own cloud consumption?

Hyperscalers have multiple "integration options" for a Partner to deploy their solution, be it as a SaaS, VPC, etc. It is important to understand how the Partner's solution architecture drives cloud consumption via the data plane and control plane in the deployment strategy. We'll leave the technicality to the cloud providers and Partner's R&D teams to figure out, and most likely this is outside of the Partnership/GTM control due to how the solution is architected in the first place. But having a grasp of these cloud marketplace integration and deployment approaches is crucial to bringing clarity on which cloud seller ultimately "cares enough" for co-sell engagements as you build your GTM launch and co-sell engagement plans (and aspirational reality).

But, how does the technical solution element relate to when an actual end-customer buys the Partner's solution on the cloud marketplace. And specifically, what considerations must be kept top of mind as to how it actually motivates co-sell alignment with the cloud sellers.

When a Partner's solution architecture control & data plane are deployed in the Partner's hyperscaler cloud instance, it drives the Partner's cloud consumption, so the Partner's sell-to cloud AE earns an incentive. When an end-customer buys the Partner's solution off the marketplace, the utilization of the solution continues to consume cloud resources within the Partner's cloud instance, not the end-customer's cloud instance, so the end-customer's AE doesn't earn an incentive. That means there's almost no motivation for that end-customer's AE to co-sell with the Partner. So it's very important to consider if and how the Partner's marketplace solution purchased by an end-customer influences the end-customer's cloud consumption, to help motivate the sell-with cloud sellers beyond just the smaller incentive for the marketplace transaction itself.

When a Partner's solution architecture decouples the control & data plane, or both planes are actually deployed in the customer's VPC or cloud instance, this actually drives the end-customer's own cloud consumption, which is now great for the sell-with cloud AE the Partner wants to co-sell with.

In this scenario, there might still be some cloud consumption in the Partner's cloud instance, depending on how the architecture is deployed, in which the sell-to AE can still benefit.

Thus, to ensure co-sell engagement success, ask yourself and discuss with your R&D:

- Will our marketplace solution drive consumption in our own cloud instance?
- Will our marketplace solution drive consumption in the end-customer's cloud instance?
- Will our marketplace solution influence consumption in the end-customers cloud instance?

The devil is in the technical details on this one, as it all comes down to the Partner's solution architecture and deployment on the cloud marketplace when the end-customer purchases the solution. As you're outlining cloud marketplace co-sell aspirations and outcomes, collaborate with R&D and understand how and where the marketplace solution drives cloud consumption, and for whom exactly, to better understand which cloud sellers will be most motivated to engage on co-sell. While Partnership/GTM leads might not have much control on the technical solution, it is imperative to align closely with the R&D team to unpack these technical elements and build your GTM launch and co-sell plans accordingly.

Be intentional about the co-sell aspirations and set realistic expectations regarding the outcomes for listing on the cloud marketplaces. The architecture and deployment of the marketplace solution have implications that ultimately influence co-sell motivations of cloud sellers, as well as the efficiency of your cloud marketplace GTM success to drive your co-sell engagement journey with hyperscalers.

Unleashing Profits: Leveraging Partnerships with Hyperscalers Through a Strategic Co-Sell GTM System by Chaitra Vedullapalli, Founder & CMO at Meylah Corporation

In the ever-evolving landscape of cloud computing, strategic partnerships with hyperscalers have become imperative for businesses aiming to thrive in the digital era. As cloud hyperscalers manage a staggering \$200 billion in cloud agreements, investing in a deliberate hyperscaler strategy is no longer optional for cloud-hosted Software as a Service (SaaS) companies.

Recent survey results shed light on the current state of co-sell partnerships, offering valuable insights and highlighting the potential for unlocking profit through deliberate co-sell strategies. Most buyers in the marketplace are CTOs/CIOs, with emerging audiences such as CMOs and CHROs expanding their influence through the marketplaces. Recognizing this trend, businesses can leverage co-selling partnerships to gain visibility and access to stakeholders in these roles. By aligning solutions with specific needs and pain points, businesses can capture new markets and drive profitability.

Marketplace-driven sales quickly emerge as the leading sales motion in the modern business environment. According to Forrester, as customer appreciation for the convenience of marketplaces grows, industry experts predict that 17% of the \$13 trillion in B2B spending will flow to marketplaces by 2023. Acknowledging this trend, businesses can optimize their profitability by implementing strategic co-sell go-to-market (GTM) plays.

The survey reveals that among professionals, AWS emerged as the preferred hyperscaler partner, with 43.2% of respondents identifying AWS as their main co-selling collaborator. This choice aligns closely with AWS's market dominance and relentless innovation commitment. Following closely behind, Microsoft Azure garnered significant support, with 24.5% of professionals partnering with Microsoft. These findings demonstrate the undeniable influence and reach of these hyperscalers.

Notably, Google Cloud Platform (GCP) garnered the attention of 11.5% of respondents, showcasing its growing presence in the co-sell partner landscape. With its commitment to expanding its market share, GCP is an increasingly attractive option for businesses seeking a strong co-selling partnership.

While some may be inclined to pursue partnerships with multiple hyperscalers, assessing the scale and focus of your operations is crucial. Early-stage companies, in particular, can benefit greatly from focusing on a single hyperscaler, as spreading limited resources thinly may dilute the effectiveness of the partnership. By concentrating efforts and resources on a strategic alliance with a single hyperscaler, businesses can maximize the benefits and yield greater returns.

Co-sell partnerships with hyperscalers are pivotal in today's business landscape. By strategically aligning with leading hyperscalers like AWS, Microsoft Azure, or Google Cloud Platform, businesses can gain a competitive edge, broaden their reach, and unlock their profit potential. Embracing marketplace-driven sales and implementing deliberate co-sell GTM plays will position businesses for success, enabling them to establish themselves as influential brands and drive profitability well into the future.

Optimizing Hyperscaler Partnerships: Trends and Challenges Uncovered by Jake Makler, VP of Partnerships and Corporate Strategy at Quantum Metric.

A couple of interesting general themes jumped out at me as well as some GCP-specific ones that I will go into greater detail on, as that is where my experience lies. Firstly, I was surprised to find that 18% of respondents are not partnering with a hyperscaler, despite their significant industry influence. I recently met a partnership leader at a tech company that spent a decade hosted on Google Cloud before starting a GCP partnership. This experience emphasized an essential insight: every cloud-hosted Software as a Service (SaaS) company needs a deliberate hyperscaler strategy.

Additionally, I suggest weaving the partnership perspective into discussions around cloud recommitments. Such occasions offer a prime opportunity to negotiate added benefits, such as a dedicated partner manager or marketing support.

Another intriguing discovery was that over 50% of respondents were in partnership with more than one hyperscaler. While this multi-pronged approach may offer advantages for large-scale operations, early-stage companies could gain more from focusing on a single hyperscaler. Spreading limited resources thin can dilute the effectiveness of a partnership. In particular, attracting the attention of field sellers—a challenge noted among respondents—requires showcasing commitment and value through unique case studies, influential accounts, and executive sponsorship.

Looking at the GCP-specific answers, I noticed a couple of interesting trends: For GCP, 79% of respondents can attribute less than \$10M annually in co-sell, hinting at an underutilization of this key feature. With the competitive nature of hyperscaler partnerships, this level of activity is unlikely to capture Google's attention or make a significant impact.

Another notable finding was the perceived underperformance of GCP's "Marketplace Discovery," rated half as valuable as other hyperscalers. This is likely a reflection of the relative immaturity of GCP's marketplace, indicating the necessity of strong marketing or Account Executive alignment for visibility.

Despite these challenges, 45% of respondents anticipate over 25% of partner-sourced deals will originate from GCP in the next year—a significant expectation, particularly for those without a well-established ground game. My advice here would be to set modest initial targets for sourced revenue, focusing on influenced revenue while gradually establishing your presence and building your brand through co-sell and marketplace activities.

Lastly, the biggest challenge specific to Google, as noted by respondents, was gaining access to Partner Development Managers (PDMs). I recommend leveraging your company's expenditure and relationship with Google to secure access to PDMs.

To sum up, navigating the partnership landscape with hyperscalers is complex, necessitating tailored strategies for each provider. In my view, maintaining focus and commitment, setting realistic goals, maximizing co-sell opportunities, and fortifying relationships with PDMs are the keys to a successful hyperscaler strategy.

Standing Out in a Crowded Market: Maximizing Hyperscaler Partnerships for ISVs by Juhi Saha, CEO at Partner1

Most respondents reported having difficulty getting attention from hyperscaler PDMs and field sellers. There are thousands of ISVs, but only a limited number of PDMs and sellers, all with their own internal and external agendas and priorities. The ability to align interests with sellers, PDMs, and customers helps ISVs stand out in crowded markets. ISVs who own their niche and double down on a hyperscaler will be able to build deeper relationships with their hyperscaler of choice, maximizing incentives, benefits, and relationships necessary for growth.

This helps ISVs create a competitive advantage in the market, as PDMs and sellers will take notice of the ISV's success. ISVs can also leverage the resources of the hyperscaler to create unique solutions that fit their niche. Ultimately, this type of relationship can lead to long-term success for the ISV. The hyperscaler's ability to provide the necessary resources and expertise to ISVs can enable them to develop innovative solutions and increase their market share.

This symbiotic relationship creates a win-win situation, as the ISV can receive the necessary resources and expertise, and the hyperscaler gains a larger market share through the partnership. For instance, hyperscalers may invest in the ISV's research and development efforts and give them prioritized access to the hyperscaler's technical roadmap, allowing them to be at the forefront of new technology developments. Additionally, the ISV can also benefit from the hyperscaler's global reach and established customer base. This partnership allows the ISV to expand its reach and access new markets while gaining market mindshare and access to valuable data and insights from the hyperscaler.

For an ISV, the key to maximizing these benefits is to ensure that their value proposition for the hyperscaler's customers and sellers is crisp and clear. Sellers (and, if applicable, PDMs) hold the keys to accessing key stakeholders for the customers they manage and need to understand clearly how the ISV will benefit their customers, help the sellers retain and expand their business relationship with said customers while enabling them to retire quota and succeed in their own personal careers. ISVs should try to understand the incentives and priorities for each hyperscaler stakeholder they work with. They should also align their messaging so that it resonates with their respective audiences. Building credibility with sellers and PDMs takes time, so it is imperative for ISVs to stay top of mind for key hyperscaler stakeholders and showcase joint wins consistently.

By leveraging their expertise and understanding of customer needs, ISVs can create unique solutions tailored to their customer's specific needs and aligned with a hyperscaler's business priorities. while also taking advantage of hyperscaler's incentives and benefits. In this way, ISVs can stand out from the competition and maximize their growth potential.

Methodology

This survey was conducted online between May 17 and June 6, 2023, garnering 139 responses. Respondents were partner professionals from all levels, and 40% of the respondents worked at SaaS or technology companies. The remaining respondents came from a variety of industries, including banking, media, insurance, retail, education, telecommunications, consulting, and transportation. While 65% of the respondents were from the United States, the survey had respondents from all over the world, including Australia, Belgium, Canada, France, Germany, India, Ireland, Israel, Italy, Kenya, Netherlands, New Zealand, Singapore, Sweden, Switzerland, and the United Kingdom.

Acknowledgements

We'd like to thank the following people and companies for their feedback and for distributing the survey and sending completed referrals. This data was only made possible by the contribution of the community, and we're grateful to everyone who took the survey or shared it with their networks. Thank you to Richard Hendricks, Justin Eddy, and Sam Oberholtzer.

We also want to thank Bader Hamdan, Chaitra Vedullapalli, Jake Makler, Juhi Saha, and Justin Forth for their contributions.

This report was a collaboration between the Partnership Leaders and WorkSpan teams. A huge thanks to Asher Mathew, Chip Rodgers, Ben Wright, Juan Ignacio Aguerre and Tai Rattigan for their hard work.

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