Harnessing Gravity
Building successful alliances that promote self interest and generate revenue

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Harnessing Gravity

- The most successful alliances result from 'natural attraction' between companies pursuing their own self interests to generate revenue.

- Best examples result from a compelling market opportunity

- Key Success Factors:
  - Both parties understand the need to partner in order to ensure success
    - Works better if there is an urgent need. Timing is everything !
  - Value proposition is clear
  - Activities to make relationship successful are easy to identify and straightforward to execute
  - Partners have a mutual need to be successful in the endeavor
  - Often results in acquisition of the smaller partner

Case Study
Microsoft and IBM – 1980's

- The IBM PC was a great example of an alliance with lots of 'gravity' at the beginning.
  - The IBM PC and DOS and were the result of market forces that created the need for a commodity computer
  - There were several personal computers and several operating systems, but the PC and DOS were unique
  - IBM tried to acquire Microsoft early in the relationship
  - Alliance activities around Windows and OS/2 failed because the partnership didn't have a singular need to be successful
    - Both parties could be successful on separate paths
  - The compelling need for the alliance changed as GUI systems replaced the need for the DOS

Case Study
Critical need for success in a limited period of time - software company – 1990's

- Y2K created needs to identify what was ready and update what was not

- Desktop and server asset inventory and software upgrades were critical

- Alliance between large software firm and tiny upstart allowed desktops and servers to be inventoried and upgraded to latest software with 90%+ accuracy

- Over $1B in revenue delivered from combined solution in 24 month period up to 1/1/00

Case Study

Storage hardware company delivers storage solutions thru partnerships – 2000's

- New storage platform being delivered to the market with short development cycle
- Partner focused model developed to deliver storage solutions of unstructured data
- Over 80 new storage solutions delivered to the marketplace in less than 2 years
- Results: Fastest growing product in company history !

Things not to do

- Creating an alliance to get a press release and on a web site
    - 'Barney alliances' and 'Seinfeld' deals
- Approach a prospective partner talking about how you could benefit from working with their channel or sales force
- Join a prospective partner's development partner program and do nothing
- Approach a prospective partner without understanding the specifics of a plan to bring them new business and revenue
- Identify a go to market plan that doesn't pay the partner sale force

Key success factors in effective alliances

- Understand your unique value proposition
- Identify the key value proposition to partner
  - New markets
  - Revenue that is of interest to the partner
- Evaluate and identify what is necessary to make the partnership work before inking the deal
  - Development and integration efforts
  - Training and marketing resources
- Identify how a partner's sales force will be paid for business generated by the partnership