



As B2B e-commerce transactions accelerate, channel leaders must reevaluate their partner marketplace strategy

Maturing B2B marketplaces are attracting buyers, products, and services sellers and also avoiding channel conflict

B2B partner marketplaces are gaining traction due to market conditions, competitive pressures, and evolving buyer preferences

A New Era Of Partner Marketplaces

Webvan is commonly known as one of the biggest failures of the dot-com era. Given the popularity of online grocery and home delivery today, many assume that Webvan was simply ahead of its time. Upon deeper analysis, many believe that Webvan's decision to build its own fulfillment infrastructure was a key contributor to its ultimate downfall. Although having a first-mover advantage can be a competitive differentiator, it may not be sufficient to guarantee success.

Like online grocers, B2B marketplaces are once again surging in popularity. Just as former Webvan executives went on to join Amazon and reinvent the model, this second generation of B2B marketplaces has learned from past failures. In this brief, we explore the key differences of today's B2B marketplaces and those of the past, explain why suppliers must rethink the need for a marketplace strategy, and consider the attributes required for a channel-friendly marketplace.

Modern B2B Marketplaces

A modern marketplace is a digital platform that connects buyers with sellers of complementary offers, often from third-party providers, and also includes application and services partners. However, today's B2B marketplaces are very different from the partner locators and first-generation marketplaces that relied on geocentric matching logic and lacked mission-critical integrations with enterprise resource planning and financial payment infrastructures. Many B2B e-commerce sites have since evolved and addressed these challenges with expanded features and functionalities that differentiate them from failed versions.

- **Increasing partner participation.** Some entrants into B2B marketplaces failed to attract commitment and participation from sellers; some marketplaces had as few as three partners sign up to offer goods and solutions. This failure underscores the need for suppliers to employ a strategy for attracting sellers. To incentivize partner participation, many leading suppliers now include featured marketplace placement and promotion as a benefit of their partner program tiering structure.
- **Building mutual respect and valued relationships.** Early or immature marketplaces alienated partners that were concerned about the introduction of channel conflict. In contrast, today's marketplaces deliver a personalized buyer experience across the entire commercial process — including custom pricing, solution bundles, and directing buyers to partners for in-depth

Best-In-Class Partner Marketplace Attributes

Robust Search Capabilities	A Featured Showcase	Rich Catalog Pages	Social Proof	AI And Automation
<ul style="list-style-type: none"> • What search capabilities are supported? • Does it include partner type (e.g., app, services, integration, consulting)? 	<ul style="list-style-type: none"> • Does the supplier highlight or feature solution listings for preferred partners? • Are multiple bidirectional communication options offered? 	<ul style="list-style-type: none"> • Does the marketplace provide customizable solution pages? • Can partners include rich media assets to market their offering? 	<ul style="list-style-type: none"> • Does the partner marketplace leverage ratings? • Does it use engagement metrics or feature supplier badges to provide buyer assurance? 	<ul style="list-style-type: none"> • How does the marketplace support bundling and “others like you” suggestions? • How are next-best actions recommended?

solution exploration. This is a valuable source of partner opportunity identification and customer value creation, not disintermediation.

Rethinking Partner Marketplace Strategies

Many large suppliers are reevaluating the value of marketplaces as the public-facing platform featuring both upstream (e.g., cloud partners, platform partners) and downstream partner solutions (e.g., independent software vendors, app partners) and services. The momentum of cloud adoption and preference for anything-as-a-service (XaaS) models have forever transformed buyer procurement and consumption, giving rise to internal and external forces that are leading suppliers to rethink their marketplace strategy.

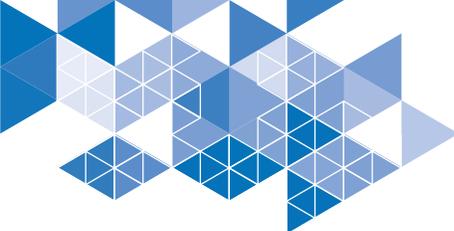
- **Buyer and customer preferences.** With the increased digital literacy of buyers and customers and the additional rise of line-of-business buyers of B2B technology, marketplaces play a significant role in delivering on buyer preferences for open, connected, intuitive, and immediate experiences. Partner marketplaces also support buyers’ expectations of multiple options and ways to procure what they need — either direct or via third-party marketplaces (see the brief “Introducing The SiriusDecisions Buyer Empowerment Model”). Modern marketplaces now include reviews and ratings, volume of conversion, and badged certifications to address expectations for consumer-grade experiences and virtually signal trust and credibility for

offers (see the Core Strategy Report “Building The Digital Organization”).

- **Partner ecosystem and solutions orientation.** Solutions to buyer needs are increasingly likely to include multiple suppliers and/or partners to deliver the entire business outcome (e.g., supplier one, plus service provider partner one, plus support partner two, plus solutions integrator partner three). To expedite customer time to value, partner marketplaces must now facilitate and support multi-party and multi-partner journey orchestration.
- **Timed entry.** Forrester predicts that as marketplaces make their mark, there is likely to be a subset of winners in the space (see the blog post “What I See Coming For The Channel In 2020”). Suppliers must evaluate the importance of timing in their strategic approach to participating across multiple marketplaces; this includes general business marketplaces (e.g., Amazon Business, Alibaba) and the launch of their own partner marketplaces. To validate buyer and customer appetites before expanding investments, conservative suppliers often start by piloting partner marketplaces with offers that complement, integrate, or interoperate with their solutions.

Channel Rules of Engagement

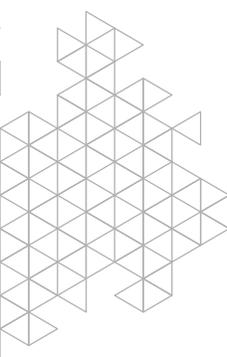
SiriusDecisions Command Center® data confirms that 79% of suppliers report a plan to continue or increase investment



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in partner marketplaces in the next 12 months. As organizations adopt, operationalize, and optimize their marketplace approach, they must use a strategic channel lens to govern in the following areas:

- **Ensure channel growth strategy alignment.** As with all channel marketing initiatives, channel marketers must collaborate with corporate strategy, channel sales, and portfolio marketing to confirm that partner marketplace efforts align with the route-to-market strategy, channel strategy, and growth goals. Because partner marketplace management is a new or expanded area of focus for channel marketers, they must consider the required investments of time and people in coverage, skill development, and/or technology to activate a marketplace strategy.
- **Recognize the influence of non-transacting partners.** When developing the partner marketplace approach, channel marketers must think beyond traditional resell motions and partner types. Partners that influence the entire post-sale customer lifecycle — from early solution adoption to renewal and growth — and include non-transactional partners (e.g., apps, services, integration partners) are crucial. Consider the business, process, and customer value of including these partners in a marketplace that showcases their specialized expertise, engages customer audiences, and delivers customer success.
- **Support partner-to-partner matchmaking.** Location is but one attribute of facilitating partner connections within a supplier ecosystem. When building complementary relationships within a supplier's community of partners, remember that domain expertise, supplier certification, proven post-sale customer delivery, and customer experience excellence are all attributes that partners value. To build the next wave of value-added services and solution expansion for customers, suppliers are advised to weigh the importance — and business impact — of including partner-to-partner matchmaking as part of their partner marketplace capabilities.



The Sirius Decision

B2B marketplaces — and partner marketplaces as a subset — are not one-size-fits-all virtual experiences, nor should a supplier's approach to participation be generic. In times of increased budget scrutiny and scarce resources, suppliers must evaluate, test, and validate partner marketplace approaches to avoid relearning any painful lessons of the dot-com era and failing to launch profitably. With today's marketplaces extending well beyond high-volume, small-dollar, commodity transactions, suppliers must continually revisit their partner marketplace strategy.