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Building a Lifecycle Approach to GSI Alliance Strategy

Introduction

Over the nearly 30 years TBR has been in business, we have had the opportunity to advise hundreds of clients on their [ecosystem strategy](#). All of our clients, which principally include the telecommunications industry's largest vendors across technology product and services domains, participate in ecosystems. We author hundreds of vendor-specific reports, industry benchmarks, market landscapes and market forecasts each year.

While our research and services are often used for competitive intelligence and market intelligence, an equally active and fast-growing use case for our research is ecosystem intelligence — understanding the performance and strategies of current and/or prospective partners.

One partnership area where this is particularly true is among global systems integrator (GSI) alliances. [TBR deeply tracks the GSI space](#) through both our Professional Services and Cloud research teams, who collectively author vendor-specific reports and/or benchmarks on the financial performance and business strategies of 40-plus of the largest commercial and federal systems integrators. Our research subscriber base includes more than 20 of the world's largest GSIs, representing more than 5,000 decision makers who are responsible for crafting corporate and business strategies, including those related to alliances.

In this special report, TBR uses this experience to dig into the trends driving GSI alliances and provide our recommendations to technology partners on how to approach building a GSI alliance strategy.

What is a global systems integrator alliance?

To answer that question, we must first define “strategic alliance.” TBR partner the Association of Strategic Alliance Professionals (ASAP) describes it as:

“A close and collaborative relationship between two or more entities that share assets, strengths, risks, rewards and control. Typically, strategic alliances have a broad and long-term impact on corporate performance and valuation. Often, strategic alliances are formed to create competitive advantage and greater value for the partners than they would be able to achieve independently.”

Building on that definition, GSI alliances are simply a subtype of strategic alliance, as defined by ASAP, held between a technology vendor and a global systems integrator.

What is a GSI?

While definitions vary, generally a GSI is a large and established professional services vendor that can operate multinationally with a global delivery model supported by hundreds of thousands of employees, serve large enterprises with a complete life cycle of services, and build a multimillion-dollar business around a particular software alliance. Examples of GSIs include Accenture, Atos, Capgemini, Deloitte, DXC Technology, Infosys, Cognizant, Tata Consultancy Services (TCS) and Wipro.

Why should technology vendors care about GSIs?

Ecosystems are the future of technology GTM strategies

GSIs are part of an underlying trend in the technology industry in which buyers are moving toward the consumption of products and services via ecosystems rather than traditional direct sales or channel models. Ecosystems are already responsible for [just under two-thirds](#) of all technology and telecom industry spending, according to Analyst Jay McBain at the Channel Partners Conference & Expo. McBain believes in the next decade well over 90% of technology sales will be “channel-assisted,” meaning that partners influence the purchase, even if they are not the ultimate source of the transaction. This overall market trajectory underpins the importance of all types of ecosystem partners, including GSIs.

GSI's own the market, especially the upmarket

TBR's *Cloud Professional Services Market Forecast 2021-2026* estimates the total market size for cloud professional services, including consulting, systems integration, application development and maintenance, and managed services, will more than double from 2021 to 2026, to \$231 billion. TBR's current estimates suggest that just the top five GSIs in revenue own one-quarter of that market.

Partnering with GSIs is the predominant route to market for enterprises investing in technologies including cloud. Companies have long-standing relationships with GSIs that span advisory, integration and managed services work, often in the form of decade-plus outsourcing relationships. GSIs are often at the heart of an enterprise's technology strategy, including the sourcing decisions for hardware and software that are made to support that strategy. Our data suggests that GSIs will continue to remain the primary force driving enterprise technology adoption, thus making them a critical element of cloud technology vendors' ecosystems strategies.

TOTAL CLOUD PROFESSIONAL SERVICES REVENUES
MARKET SHARE OF TOP 5 VENDORS (IN \$ BILLIONS)

2021	2021 Market Share	Vendor	2020 Revenue	2021 Revenue	2020 to 2021 YTY Change	2026 Revenue	CAGR (5-year)	2026 Market Share
1	9.8%	Accenture	\$ 9.67	\$ 10.70	10.6%	\$ 35.89	27.4%	15.6%
2	6.8%	IBM	\$ 5.47	\$ 7.46	36.4%	\$ 19.51	21.2%	8.5%
3	4.1%	Deloitte	\$ 3.68	\$ 4.45	20.9%	\$ 18.14	32.5%	7.9%
4	3.1%	DXC Technology	\$ 3.24	\$ 3.40	4.8%	\$ 4.37	5.2%	1.9%
5	1.8%	TCS	\$ 0.90	\$ 1.97	117.7%	\$ 9.43	36.8%	4.1%
	25.5%	Total Top 5	\$ 22.96	\$ 27.97	21.8%	\$ 87.35	25.6%	37.9%
	74.5%	Rest of Market	\$ 76.18	\$ 81.53	7.0%	\$ 143.15	11.9%	62.1%
	100.0%	Total Market	\$ 99.14	\$ 109.50	10.4%	\$ 230.50	16.1%	100.0%

SOURCE: TBR ESTIMATES AND COMPANY DATA

Note: Market share percentages may not total 100% due to rounding.

Evolution to industry cloud solutions favors a GSI-led engagement model

In TBR's *4Q22 Cloud Ecosystems Market Landscape*, we discussed the resurgence of industry clouds and postulated that this resurgence will influence how industry-specific vendor ecosystems are formed. We wrote, "The need for industry-based configurations has risen drastically as adopters pursue custom outcomes set against their industry backdrop. As such, the nuanced nature of industry-based requirements and compliance standards that mature enterprises must adhere to across industries such as financial services, healthcare and government, require vertically tailored offerings."

In this model, services providers, including principally GSIs, will serve as the critical interface between end users who have specific needs and the technology vendors that provide

component solutions capable of addressing those needs. Cloud and software vendors are the primary technology providers delivering the applications required to complete client jobs. GSIs act as ecosystem orchestrators, working closely with cloud vendors and drawing on relationships across other elements of the technology supply chain to provide best-fit, industry-oriented solutions that deliver client outcomes.

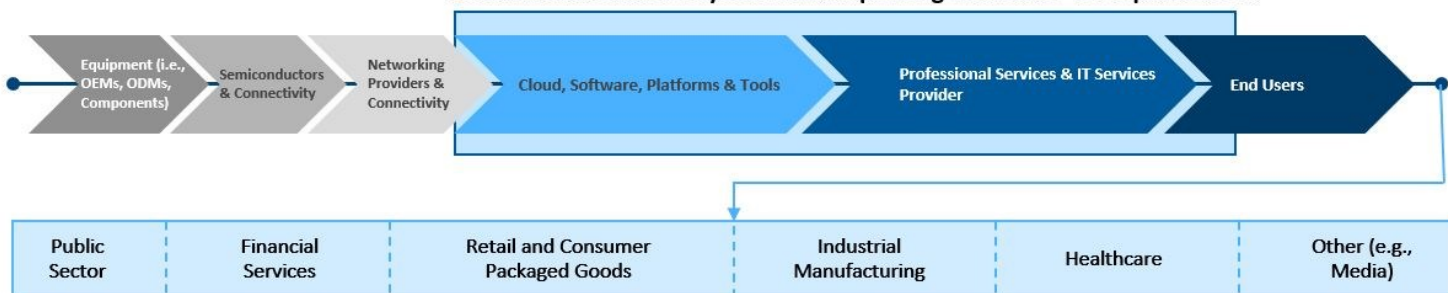
How to use research and data to build and expand a GSI alliance strategy

Once convinced that GSIs should be an important pillar in their ecosystem strategy, small and midsize cloud and other technology providers often grapple with where and how to get started and then how to build structure and scale. Regardless of a technology provider’s alliance program status or maturity, alliance efforts never cease.

In the remainder of this report, we provide our recommendations, along with insights and perspective from ASAP, showing how all sizes of technology vendors can build, grow and optimize an ecosystem strategy that includes profitable GSI relationships by leveraging research and data. We do not claim to be sales experts at positioning deals to GSIs — that is not us. But TBR has decades of experience in using research to help ISVs and other technology vendors build and grow GSI relationships.



System integrators, together with their hyperscaler partners, are best positioned to orchestrate the ecosystems underpinning end users’ DT aspirations ...



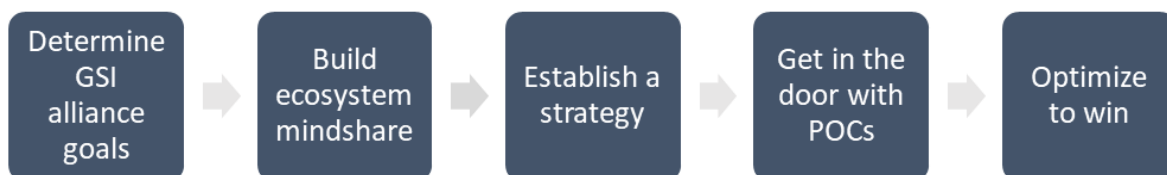
... ecosystems that will be defined by the industry in which the end users reside.

SOURCE: TBR

The GSI alliance journey

TBR views the path to a successful GSI alliance program as a five-step process, with many small steps, tasks and requirements associated with each step. Technology vendors may be anywhere in this journey, depending on the maturity of their GSI alliance program, if they have one. It should be noted that this is our perspective, based on the support we have given companies along this journey with our research and advisory services. We have drawn elements of this framework from [ASAP's Alliance Life Cycle framework](#) to make it specific to ISV-GSI partnerships.

Alliances quickly become specific and situational, particularly as technology vendors start to engage with partners. Take for example, [this alliances playbook](#) that Deloitte offers on how to become a Deloitte alliance partner. Obviously, technology vendors that want to partner with Deloitte need to follow the playbook. It is our goal to provide an overall strategic framework that can help companies get those types of at-bats with Deloitte and/or any of the GSI partners that technology vendors would like to form relationships with.



1**Determine GSI alliance goals**

It is imperative to be prepared before taking any tactical steps to approach a GSI about a potential relationship. GSIs are complex organizations, and there are many parties vying for their attention. They are steadfastly focused on driving business outcomes for themselves and their customers.

Technology vendors first must get clear on their internal goals for partnering with GSIs. Specifically, they should focus on how and where business opportunities can be driven with GSIs, and what the required investment and risk are from the GSI side. Basically, technology vendors should paint a realistic picture of expected business outcomes from their GSI programs, which will not only help them get aligned internally but also reflect those goals in a hardened business case for GSIs. Because that is what GSIs will care about — what is in it for them.

Alliance goals, as noted above, must be rooted in a firm's ability to execute on partnerships. At this stage (and then going forward), partnership capabilities should be audited to ensure technology vendors are ready to successfully onboard, manage and grow GSI alliance relationships. ASAP has developed [a helpful tool](#) to aid in this process.

2 Build ecosystem mindshare

Once there is a clear picture of what is being chased, it is time to get started. It is tempting to want to jump right in and start engaging with GSIs and pursuing deals. It can at times be beneficial to start that process alongside this step. But it should not replace efforts to build ecosystem mindshare.

For smaller technology vendors, there are a lot of barriers to establishing a relationship with a GSI. There is a lot of noise in product categories; for example, the marketing technology category, per notable tech blog chiefmartec, has almost 10,000 providers. GSIs usually have invested significant time, resources and energy into building practices around specific partner solutions (e.g., SAP, Microsoft, Oracle). Unseating established relationships swimming in the same streams can be a challenge, as GSIs have already derisked their relationships with established technology partners. GSIs are also fragmented and matrixed, making it difficult to determine the right doors to open and what messages to deliver to whom.

For all those reasons, we think a great place to start for ISVs exploring GSI alliances is by building mindshare in the ecosystem. What does that mean, exactly? Getting a name and alliance-specific value proposition and business case out there to an audience of GSIs, with the goal of raising awareness. Think of this effort in the same way you would about a sales and marketing funnel.

This is a top-of-funnel effort to build awareness in the addressable market (GSIs). Build targets in the same way a business would for direct customer sales — establish specific named account targets and go broader than GSIs to regional systems integrators (RSIs) or smaller boutique systems integrators if that is what the strategy calls for. Consider the entirety of the ecosystem too — even if the end goal is to build relationships with the GSIs, building credibility with their current technology partners could be another angle through which to gain access to targeted GSIs.

There are several ways to tactically go about building ecosystems mindshare:

- Determine a clear owner(s) for alliances, and establish clear KPIs for that person(s) as it relates to building ecosystems awareness.
- Ensure GSIs and other partnership programs and key partnerships have a dedicated web page
- Create and distribute original content (e.g., white papers, webinars, guides, case studies) that outlines the value of the GSI program.
- Network with key personas in the target GSI ecosystem by participating at events, hosting events or becoming a member of a professional association such as ASAP.
- Sponsor a third party, such as an analyst firm, that has an owned audience with the GSIs to create content, or host an event or workshop that brings the company's GSI partnership value message to the audience (this is often where TBR supports ISVs).

3 Establish a strategy

As you are building awareness as a viable option in the GSI product arsenal in your area(s) of product focus, start thinking about formalizing the GSI strategy.

There are two big challenges that we find companies grapple with when they reach this stage: (1) determining what the GSI program specifics will be and (2) determining the right GSIs to partner with.

The first part of that equation requires answering the question “What is in it for the GSIs?” This starts with the business case value proposition associated with the deal flow and the revenue that can be brought to the partner. But it also extends into the full set of relationship benefits and incentives such as co-selling and co-marketing assets and enablement, technical training, discounts (if there is a resale model), investment in jointly created IP assets, accelerators, and/or services, resource certifications and partnership management such as dedicated alliance managers.

Often at this stage, we find that companies seek out benchmarks and competitive research to understand how their direct peers and proxies are building partnership programs. A great start is an evaluation of the stated partnership benefits and requirements on direct and aspirational peers’ websites. We find it is valuable to go deeper through interview conversations to understand what works and what does not about peers’ partner programs. Client partners and other leaders at GSIs can typically compare multiple technology partners within a given domain, providing guidance that is invaluable in building or refining a company’s partner program.

With a vetted partner program in place, the next step is choosing the right subset of GSIs to target for relationship development. Businesses want to focus on the partners that offer the most mutual benefit. This is where we get lots of questions from executives leading the GSI programs of technology companies; they want to know who the top 10 GSIs for HCM software are in North America and why, or which two or three of the best GSIs for project management software in the telecom vertical have the biggest revenue and headcount.

These types of questions beget a structured, data-driven research approach to partnership prioritization that we call a partnership scan. A scan basically involves establishing a set of criteria that determine a best-fit partnership and then evaluating the full universe of potential partners against those criteria, using secondary and primary research methods (with the help of a research partner like TBR, if and where necessary).

Scoring is established for each criterion (we use a weighted average model and assign different weights to each criterion) and used to identify a short list of ideal candidates (usually between five and 10). Each of the short-listed candidates is then profiled in depth, creating a battle card of sorts that can be used to pursue each relationship. This type of analysis can then be repeated and adapted over time as the criteria that define ideal GSI partnerships evolve.

Businesses will have to define their own scan criteria, but in our engagements, here are a few that are almost always included:

- Partner revenue (overall and/or by business line, geography, vertical, customer type and/or other segmentation that is relevant)
- Revenue growth
- Headcount by level/role in the relevant segment(s)
- Certifications and skills of staff in the relevant segment(s)
- Number of clients in the relevant segment(s)
- Breakdown of current clients by relationship length, client size/type
- Current IP assets
- Services portfolio breadth and depth
- Current partnership relationships in the relevant segment(s)
- Recent acquisitions or large-scale investments in the relevant segment(s)
- Leadership experience and tenure in the relevant segment(s)

4

Get in the door with proofs of concept (POCs)

In a series of LinkedIn posts such as [this one](#), Subhashish Acharya, Centric Software’s director of Strategic Alliance & Ecosystems: Enterprise Digital Transformation, draws out a tactical playbook for how to build a go-to-market model as an ISV aspiring to work with GSIs. This type of tactical business development matchmaking is outside the usual scope of how we support ISVs and GSIs, so for this particular section, we will rely on these posts and others to support our recommendations. In his posts, Acharya advocates for a stepwise approach to building a relationship with a given GSI that can be summarized by the following steps:

1. Understanding how GSIs operate and how they are structured
2. Navigating a specific GSI organizational structure to target the right people with the right messages
3. Identifying and building deals that can be brought to GSIs, versus expecting GSIs to sell the business’s product
4. Targeting the GSI client partner with a business value and outcome-focused message for a given deal

All these points are important, but we think No. 3 is particularly valuable advice. There is a tendency to think that if a business can only get into a relationship with a GSI, opportunities will come knocking. This might be more true for other types of indirect channels that are focused on high-volume product sales, but with GSIs, the primary orientation is delivering a valuable solution for the customer, not selling the business's product. One of the best ways to build rapport with GSIs is to bring baked, vetted, business-case-supported deals to specific client partners. Acharya outlines this in further detail in one of his posts:

“SI Client Partners are very careful and plan meticulously before jumping in with you on a product Biz Dev Cycle, which is either not mature enough, not budgeted adequately and not approved yet by the customer. As a product alliance/sales rep, if the Client Partner is not being attentive to you, check the maturity of your sale first. The Client Partner is not responsible in selling your software, really. The Client Partner is responsible in selling a total solution/value, and you are a part of it.”

When getting started with any given GSI relationship, take this advice to heart. Build assets and playbooks that focus on business value, and bring value to the GSI with vetted deals to get noticed, build constituency and expand trust. This is exactly what Deloitte recommends in the playbook we shared above; it aims to form “teaming arrangements” with companies for specific deals before expanding those arrangements into partnerships.

5 Optimize to win

Once a GSI strategy is in place and being executed on through successful POCs, it is time to scale. At this stage, we find that a lot of technology vendors run into the problem of: “if you cannot measure it, you cannot manage it.” This applies both internally and externally. If businesses do not have the right internal technology and processes to track partnership performance throughout the sales and delivery life cycle, they lack the critical data and insights that can be used to their advantage.

We find the same often goes for external data. If a technology vendor is engaged with a particular GSI, that vendor does not really know the full picture of the opportunity that GSI presents. There is some level of insight, certainly, based on how the relationship has performed historically, what the GSI says about how the vendor is doing today and what to expect about the future, and what can be extrapolated from the vendor’s pipeline and other resources. But the vendor lacks an objective view of where it stands. Are competitors and/or other industry proxies generating more revenue with that partner? Do they have more joint investment in certified headcount and/or IP assets and solutions? Or is the vendor at the top of the heap?

This is another entry point where TBR is often engaged as a third party to help, be it through our available subscription research or custom research services. Vendors understand that if they can put their GSI relationships in a benchmarking context, they will be able to identify areas of strength and areas where they have gaps versus their peers’ relationships with those GSIs. If they can understand those gaps, they can take action to address the most important and urgent gaps, directly impacting their revenue performance through their GSI partners.

For us, the mechanics of this look a lot like the mechanics of the scan model outlined in Step 3. While Step 5 evaluates the same metrics, it uses a different lens. Instead of looking just at the GSI partner overall, as in Step 3, benchmarking looks at the GSI-ISV intersections that are relevant comparisons to their business. In addition to those core benchmarking metrics, this type of analysis involves speaking to partners to get their qualitative impressions on their different partnership relationships. Having a third party is a benefit here too. Third parties can get objective views of technology partners from GSIs that GSIs will not always offer directly to their technology partners. As with scanning, this type of benchmarking works best if there is commitment to making it a process, not a project. Performance and relationships change over time. If this type of assessment is only run once and then considered finished, the opportunity to build a longitudinal analysis of GSI ecosystem performance and opportunities is lost.

In addition to the types of benchmarking we support, another tool to use for partnership optimization and scale is a scorecard model. A scorecard is a means of assessing a particular alliance relationship, often hand in hand with the partner, on a recurring cadence such as quarterly or annually. ASAP's comprehensive [Alliance Scorecard Model](#) can be used for this purpose.

Conclusion

We hope this framework and guidance help to get the ball rolling wherever a business may find itself in the life cycle of building GSI partnerships. As we have tried to note, this is a process that is never finished. Even if a state of maturity with the entire addressable ecosystem of GSIs is reached, those relationships are going to ebb and flow over time. The needs and goals of businesses change, to be sure, but so do those of the GSIs. Not to mention the disruption in the GSI ecosystem generally; there is seemingly a new announcement daily about a GSI merging with another or breaking apart elements of its business into entirely new entities. As of this writing in March 2023, both Atos and EY are evaluating breakup plans that would divide each firm into two corporate entities.

To see the GSI data many leading vendors use to build their partner strategies, [sign up for this exclusive 60-day free trial](#) and access our entire portfolio of qualitative and quantitative analysis.

To go deeper and learn from the best in the business on how to build an ecosystem strategy targeting GSIs and other critical partnership channels, join ASAP in Tampa, Fla., April 3-5, 2023, for its 2023 Global Alliance Summit. Peers at Nutanix, Kong, Tackle.io and many other companies will be there, as will representatives from major GSIs such as Genpact, KPMG and Avanade. [Visit the conference website](#) for more information and to register.



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