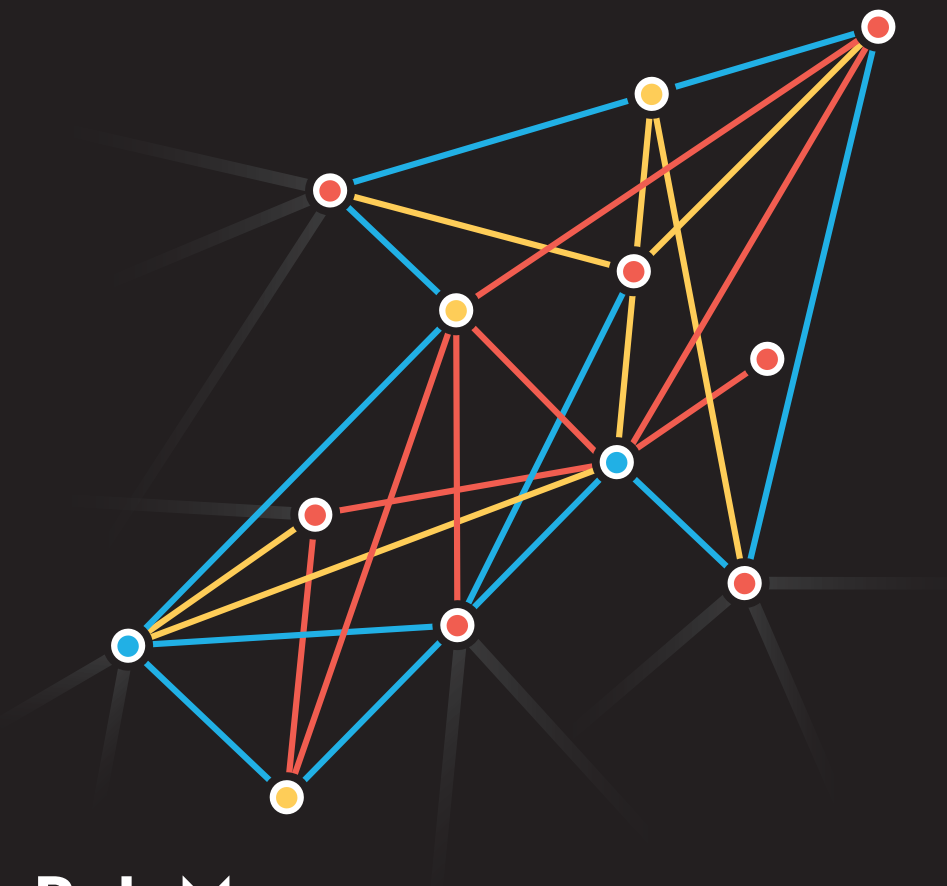
Ecosystem-Led Growth

A Blueprint for Sales and Marketing Success Using the Power of Partnerships



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WILEY

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Introduction

Most business books could have been a blog post.

After nearly two decades in tech, I have reached a point of rolling my eyes at most "revolutionary advances" that come along. Most new product categories turn out to be little more than incremental features. Most new buzzwords are marketing-manufactured jargon that serve a company more than its customers.

And yet here I am, at the helm of a book promising all of those things. At long last, I'm witnessing a profound enough new movement that it overcomes my inner skeptic through raw evidence and sheer momentum.

It's called **ecosystem-led growth** (**ELG**), a revolutionary new go-to-market motion that focuses on partner ecosystems as the primary way to attract, convert, and grow customer relationships.

ELG turns your partner ecosystem into your company's most efficient and scalable source of revenue growth. As you'll see time and time again in the chapters ahead, the customer relationships it generates have higher contract values, close faster, see higher win rates, and expand more meaningfully over time. The companies embracing it are out-executing their competition at a blistering pace.

They are doing this by using modern **account mapping** methods (see Figure I.1), powered by **ELG platforms** such as **Crossbeam**, to unlock a powerful new data layer made up of intelligence, context, and next best actions from across your partner ecosystem.

This new wellspring of partner data and influence ripples into every stage of their revenue funnels:

- You'll learn how **ecosystem-led marketing** is changing the way Stripe executives think about their funnel using ecosystem-qualified leads,



FIGURE I.1 The account mapping matrix.

Gainsight designs customer events by building curated audiences, and Okta Ventures moves the needle for its portfolio with qualified introductions (including a playbook that increased partner-influenced revenue from 3% to 80% of a company's new business in a single year).

- You'll get an inside look at how Braze, Fivetran, and many others have built an **ecosystem-led sales** motion inside of their revenue teams that use proprietary ecosystem intelligence, personalization, and co-selling playbooks to increase contract values, win at higher rates, and speed up deal cycles (including playbooks that have increased one company's close rates by 40%, grown its pipeline by 44%, and increased its average deal size by 50%).
- You'll see how innovators such as RollWorks and Bombora have systematically infused **ecosystem-led customer success** to key parts of their post-sale customer experience, reducing churn and expanding revenue per account over time (including a playbook that decreased churn rates by 3.5x).
- You'll learn how Gong, Intercom, and others have rolled out ELG playbooks to create a virtuous cycle of **ecosystem development**. These playbooks will show you how to prioritize partners, invest resources intelligently, and grow flourishing ecosystems at low cost and with lean teams.

The resulting map of ecosystem-led growth playbooks (see Figure I.2) will be our handy guide as we walk down your funnel, passing through your ecosystem at every step as it accrues even more scale and value to feed back into your company's growth.

The raw ingredients here are not new: partnerships, data, people, focus, and grit. What's new is the technology that pulls them together and the market moment that makes their potential so clear.

This book is being printed at a turbulent moment in economic history. In the early part of this decade, cheap capital and low interest rates from the pandemic era drove a bubble in the valuations (and burn rates) of growth-stage technology companies.

Just as rapidly, those valuations came crashing down, and those same companies were forced to quickly refocus on efficiency. The ensuing whiplash has led to the demise of many once-promising companies and made new superstars out of those that cracked the code of efficient growth. For most, however, unanswered questions about the best paths forward still remain.

Meanwhile, advances in artificial intelligence are undermining the strategies of old, making traditional growth playbooks commoditized at best and obsolete at worst. Add in the most complex regulatory, privacy, and security environment ever seen, and you have a market that will punish those who cannot adapt quickly.

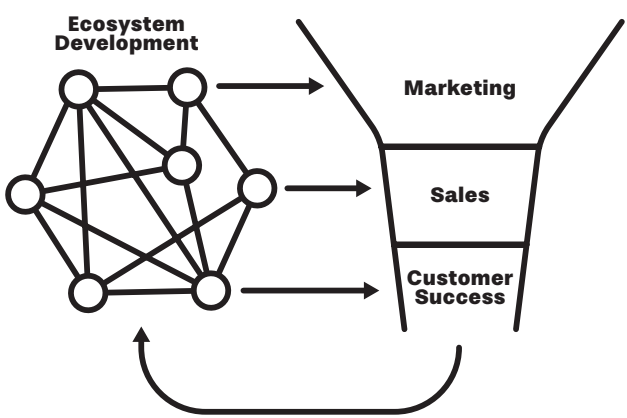


FIGURE I.2 The ELG playbook map.

So what happens when the **return on investment (ROI)** on every growth playbook goes upside down, yet the market demands lean and profitable growth? You get a once-in-a-career market moment where only the strong will survive and the definition of every "best practice" for growing an enduring company will be rewritten.

Companies must now discover new avenues of growth that are proprietary to them and unable to be commoditized. These strategies must scale without a ceiling along with the company's long-term trajectory. And they must be lean and efficient in how they deliver their results.

These new growth playbooks must be ecosystem-led.

In the chapters that follow, we'll dive into the origin of the ELG movement, the technology that paved the way, the market dynamics that make it so compelling, and the play-by-play instructions for bringing ELG to life inside your organization.

You'll learn about how shifting paradigms of artificial intelligence, regulation, and data networks are rewiring old-school methods such as outbound sales, inbound marketing, sales intelligence, and targeted advertising.

You'll tap into never-before-shared data about how ELG networks have skyrocketed to global scale in the past five years, multiplying from nothing to tens of thousands of companies strong.

You'll learn how to overcome the objections of those who resist change and how to inspire confidence in the security and trust vectors that underlie any successful ELG strategy.

You'll see groundbreaking outcomes in sales efficiency, scalability, demand generation, churn reduction, and product-market fit, all told by the companies that experienced them.

I hope this book provides a glimpse into the excitement and passion that my team and I feel every single day as we work with tech leaders to bring ELG to life in their companies.

I'm thrilled to take you on this journey, and the best time to start is right now. So let's begin.

1 Muscle Memory and Scar Tissue

When people ask me why repeat start-up founders are more likely to succeed, I say it's because they've developed a healthy mix of muscle memory and scar tissue—and they're willing to admit which is which.

The muscle memory comes from discipline, routines, and skills that are finely tuned over tens of thousands of hours of execution. The scar tissue comes from being wrong. A lot. It builds up during the countless times when, despite all that hard work, everything still goes sideways.

I happen to have a scar bigger than the GDP of Belize.

In June of 2019, a headline flashed across my phone, and I knew one of my most serious business missteps had finally been realized: Google had purchased Looker for $2.6 billion.

Back when Looker was founded in 2012, I was already four years into building a business intelligence software company called RJMetrics. Looker quickly became our main competitor in the space. They had a great product, and their team was first-class. Even so, I was disappointed at the outcome: we had all of those things *plus* a four-year head start.

We ultimately sold RJMetrics to Magento in a modest transaction that was orders of magnitude away from the $2.6 billion windfall earned by Looker. What was the difference between our companies?

It's easy to blame the "muscle memory" stuff—they had more experienced founders and marquee investors, and they just executed better. All true, but were those factors so much better than ours that it led to a 100x

difference in outcome? No, there was something much bigger and more profound at play.

Understanding what happened, and the fundamental difference between RJMetrics and Looker, would take me on a fascinating journey of discovery and realization—one that led me to first encounter the ecosystem-led growth playbook and then laid the groundwork for Crossbeam itself.

A Revolution in Business Intelligence

This gets nerdy, but I promise the payoff is worth it. My journey in the world of business intelligence software is how the ecosystem-led growth playbook came to be.

Let's start at the beginning. If you rewind the clock just a decade or so, the analytics needs of a modern business operator were undergoing some major changes.

Take Dave Eisenberg, who in 2010 was chief of staff at an upstart e-commerce menswear shop called Bonobos. Like any smart leader, he wanted to understand his customer lifetime value (CLV) and calculate the return on investment (ROI) of his acquisition channels. To do this kind of analysis, he needed to use several sources of data:

- Data from his ad networks to know how much Bonobos spent per click on different campaigns;
- Data from his marketing platforms to know which emails were sent to which people at what times;
- Data from his web analytics to tell him which visitors were referred from which sources;
- Data from his shopping cart to tell him who bought what, when they did it, and how much they paid; and
- Data from his payment provider to make sure he stripped out any discounts, refunds, or chargebacks.

None of these data sources could run the analysis Dave wanted on its own, because they were all "silos" that couldn't see into the other sources. Getting the answer meant that Dave needed to join all the data together in a separate, central location.

What Dave needed was called **business intelligence (BI) software**, a massive category that had existed for decades. Traditional BI software—which was the only real option for most of its history—consisted of three important components, often bundled up and sold together by a single vendor:

1. Software to **extract, transform, and load (ETL)** data out of all those pesky platforms and into a new, central storage location;
2. A **data warehouse**—the storage location in question—able to handle tons of data ("big data" in early 2000s parlance) and answer analytical queries quickly; and
3. A **reporting interface** where you could build charts and dashboards that display the resulting data and are accessed by your business users.

Any viable business intelligence offering consisted of all three of these pieces in some form or another (see Figure 1.1). Together, they were a singular stack of technology and data, all in one place from one vendor, that allowed a company to be run in a data-driven way.

Because of the scale of data involved, most enterprise deployments had this software deployed "on premise"—physically installed at the location of

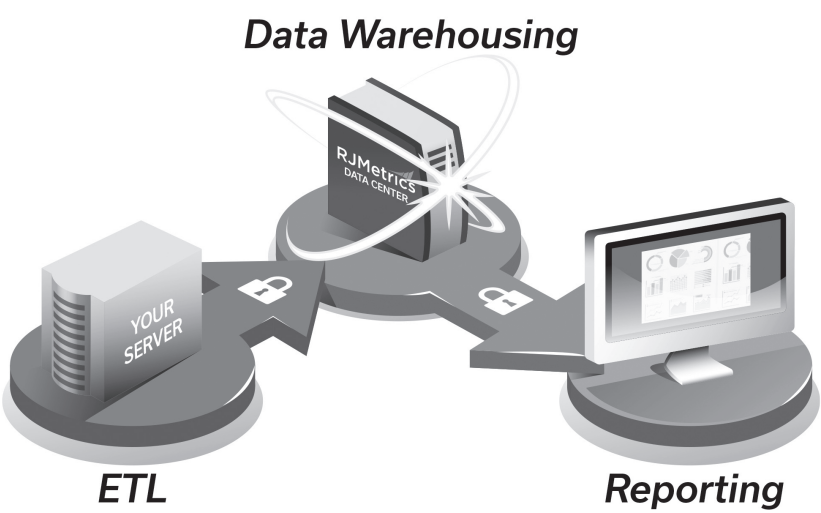


FIGURE 1.1 Artwork from RJMetrics website, ca. 2011.

the business and its end users. Players such as Microstrategy, Cognos, and Business Objects ruled the day.

But Dave was trying to build a modern, web-first company. Plopping an expensive server on premise and running desktop software to crunch his data felt like an anachronism. This was especially true in a moment when the shockwaves of the Great Financial Crisis were still affecting the start-up funding environment and upstarts such as Bonobos needed to squeeze as much **capital efficiency** out of their operations as possible.

It was use cases like Dave's that gave us the idea for RJMetrics. My cofounder Jake Stein and I dreamed of taking the classic on-premise BI paradigms and reinventing them in the cloud.

Your ETL scripts? We'll run them on our servers and have them extract your data from the most widely used online tools to allow for analysis on our platform.

Your data warehouse? We can spin up a free open source database called *MySQL*, host it for you on a server that we manage, and optimize it to run fast analytical queries.

Your reporting layer? Forget finicky desktop software that has to be installed on every client machine. You'll be able to log in from any web browser and create, manage, and distribute the charts and dashboards that make your business tick.

Jake and I quit our jobs in 2008, and RJMetrics was born. Dave at Bonobos became one of our first 10 customers, and hundreds more would soon follow.

The Rollercoaster of Product-Market Fit

Product-market fit (PMF) is the promised land for start-ups. It's that moment at which you have a product that lines up so perfectly with what the market wants and needs that the demand becomes **organic** and undeniable, yielding you the makings of unstoppable growth. PMF can't be faked, and no meaningful company can be built without first finding it.

In our early days at RJMetrics, we were inspired by start-up blogger Eric Reis, who preached the virtues of an efficient "build, measure, learn" cycle for navigating to success. (Reis would later coin the term *The Lean Startup* and author a legendary book of the same name.)

Our lean start-up journey took nearly two years of diligent work and iteration, but it paid off. By 2010, we found our product-market fit (see Figure 1.2).

The deals and the dollars came pouring in faster than we could process them. Our software was flying off the shelves, used by virtually every high-growth e-commerce company in the world. From Bonobos to Fab.com to Rent the Runway and hundreds of others, RJMetrics was ubiquitous among the jet set of next-generation commerce.

Until it wasn't.

We learned a key lesson about product-market fit the hard way. Achieving PMF is not just about iterating on your product; it's also about keeping your product in sync with the market. If the market moves, but your product doesn't move with it, you can lose your fit, and your growth will stop.

At RJMetrics, we got so blinded by the demand for our product that we didn't see a more meaningful evolution in our space happening right underneath our feet. In a span of just a few years, we went from ahead of

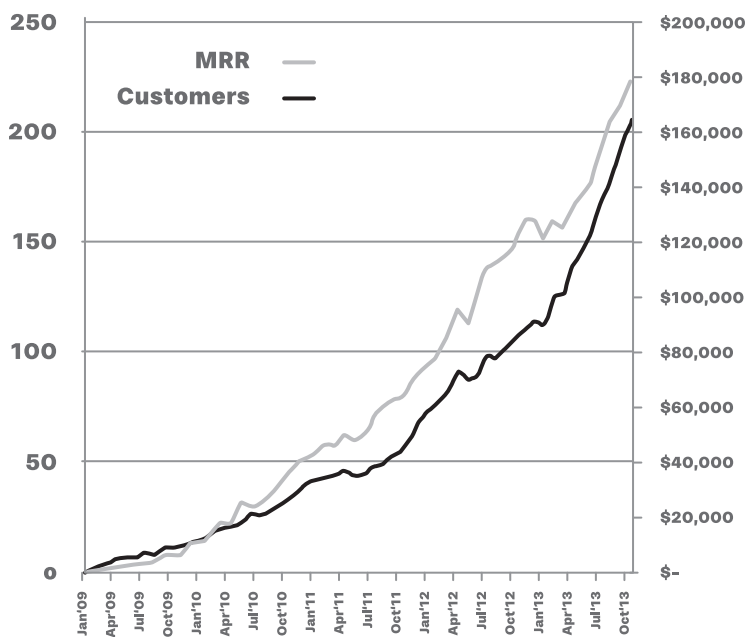


FIGURE 1.2 RJMetrics revenue and customer growth: the bootstrap years.

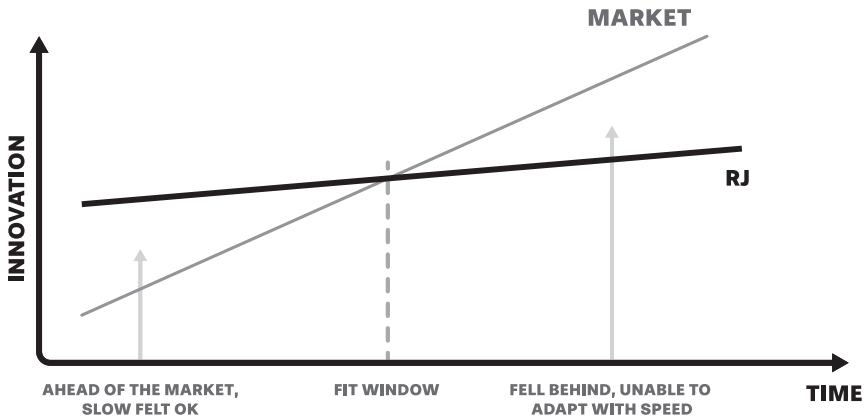


FIGURE 1.3 In product-market fit, the market moves too.

the times to strong PMF to behind the times (see Figure 1.3). By the time we were ready to admit it, we had already lost.

So what happened? What could possibly change a market so radically that an emerging leader could lose its mojo in such a short period of time?

The era of the ecosystem came to our space. And we didn't get on board.