



Ecosystem Maturity Model

Find out how your company stacks-up on the Partner Ecosystem maturity curve.

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EBOOK

INTRODUCTION

The “Decade of Ecosystems”

We are living in what has been rightly called a “decade of ecosystems”. Today, a large set of industries act like an interconnected network of organizations, technologies, consumers, and products - forming an ecosystem.

So why do business ecosystems matter?

“No one organization can do it all in this era of digital businesses and a platform-driven economy.”

Ecosystems unlock new possibilities for growth and differentiation by opening completely new evolutionary paths and opportunities for innovation beyond the old industries and company borders.

By plugging into these ecosystems or forming their own, organizations can get access to entire networks. They can then find new customers, tap into new sources of data, and improve established business processes. With further inroads into business ecosystems and developments, the product may change the nature of the business, requiring new partners or changing the business model of the current stakeholders.

“Organizations gain competitive advantage with ecosystems enabling access to domain experts.”

Instead of innovations being initiated and realized from within, value networks provide customers with a value proposition that could not be achieved based on a company's competencies and resources alone.

A business ecosystem is also a concept that overlaps both the value network and value chain. In a value chain, organizations are horizontally-linked, and each provides products or services to the next operator. On the other hand, a value network delivers value for firms and societies participating in the network, not just to customers. A value network is more like a web, while a value chain is more like a funnel.

“Ecosystems are a partnership of equals for all organization sizes”

Ecosystems encourage fluid and varying cooperation between companies of different sizes and different specialties. Ecosystems are characterized by the structure, relationships and connections among members and the differing roles played by them. A whole new set of technologies are today available to manage these relationships and help organizations develop, design, and execute plans to find, recruit, onboard, develop, enable, incent, co-sell with, manage, measure, and report on partners.

These technologies under the umbrella of “ecosystem management” are also featured in Forrester’s [Channel Software Tech Stack 2021](#).

Ecosystems are a critical business priority for organizations to take advantage of these market dynamics and continue growing and leading in your market. If you agree, then the first question you’ll want to tackle is - how does my company stack up against others in the market?

That’s great! You’re asking the right question.

As the leader and having created the Ecosystem Business Management category, we recommend an Ecosystem Maturity Model to help you and your organization take a self-assessment, the first step along the journey to becoming a world-class ecosystem-led organization. Let’s dive in!

FORRESTER

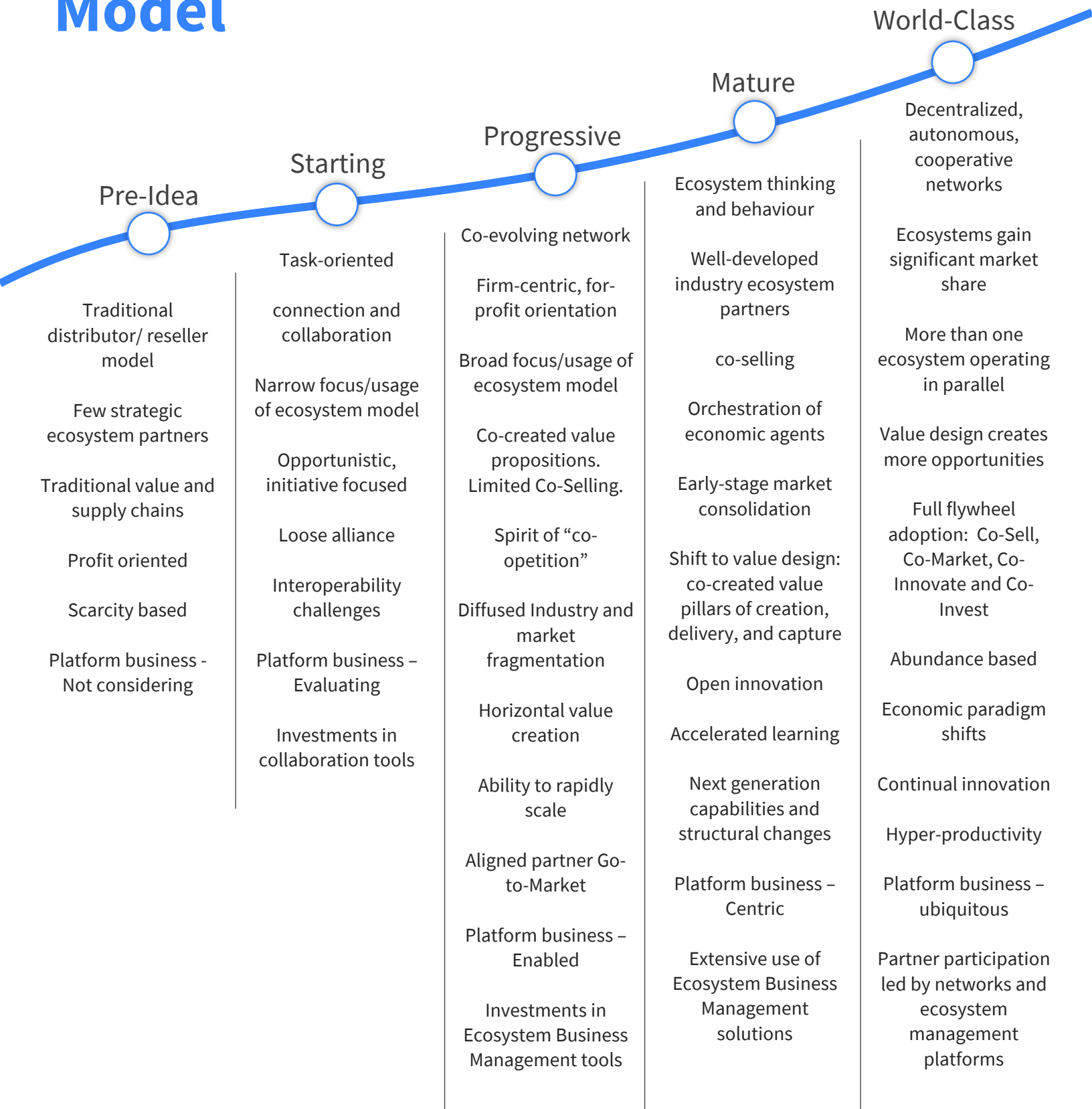
“We are in the decade of ecosystems. 20 years ago it was all about direct sales, then the next 10 years was about marketing automation. But today the winners are going to market with their ecosystem partners, creating solutions together, opening new markets and use cases, and bringing greater value to customers.”

Jay McBain

Chief Analyst, Canalys

(Former Principal Analyst with Forrester)

Ecosystem Maturity Model



STAGE 1

Pre-Idea

At this stage, you're seeing seeds of support within leadership to develop a partner ecosystem. While the core business still follows the traditional distributor/ reseller model, there are champions in the organization and recognition that there is a better way to create and co-sell products and services with partners. Organizations at this stage still have a linear approach, and joint value creation and distribution is nowhere on the horizon. The focus at this early stage of maturity is industry-specific and firm-centric.

This is where organizations can take a leap of faith and dabble in the concept of ecosystems. They may start working with a few existing vendors and test the scenarios of them being strategic partners in pursuit of creating value for customers by improving their products and services.

The available resources at this stage are scarce, leading to no major breakthroughs for a convincing move towards an ecosystem model of business. Sometimes organizations need an external push from competitors, regulatory changes, market demands, and rising customer expectations to push them across the threshold of being just at the pre-idea stage. Most eventually have that coming before they start their ecosystem journey.

Traditional distributor/
reseller model

Few strategic
ecosystem partners

Traditional value and
supply chains

Profit oriented

Scarcity based

Platform business - Not
considering

STAGE 1

Pre-Idea

The traditional distributor/ reseller model is followed where partners don't necessarily create value. Each partner simply delivers their unique value proposition and then leaves the ground for the other partner to deliver on their own.

Few strategic ecosystem partners are engaged at this stage. The need for strategic partnerships is not felt, as the organization is still identifying a product-market fit and might be deliberating on building open architectures and scalability into the product for partners to leverage and add value.

Traditional value and supply chain processes are everything at this stage since there are no formal ecosystems and players in place to add the value of any significance to what's being delivered to the customer.

Overly focused on what's in it for me strategy of the organizations at this stage of the ecosystem maturity is narrowly focused on wealth creation for the company and not value creation for customers and partners. There is a growing realization that collaboration excellence is the key to growth, but an organization-wide change in mindset is required.

Scarcity-based business models are prevalent as partners remain industry focused. They offer a scarce service or product, in a market that sooner or later becomes obsolete as competition generates a war of margins that ends up consuming the industry. The ecosystem at this stage is not ideal to support innovation.

Platform Business - Not considering: At this stage of the maturity model, organizations have still not considered setting a business and technical foundation for the platform-based products and services that would underpin their application environment.



“76% of business leaders agree current business models will be unrecognizable in five years—and ecosystems will be the main change agent.

Doing nothing is costly—in future years, 30% to 70% of revenue is predicted to flow through ecosystems, and without a strategy in place to leverage partner relationships, businesses will find themselves missing out on significant revenue.”

Accenture survey of C-level professionals

STAGE 2

Starting

Businesses at this stage start ecosystem initiatives, but they stay dominated by reselling as the primary partner activity. A reseller is a company or individual that purchases goods or services to sell them (typically for a low incremental margin) rather than consume or use them. Reaping the benefit of this new revenue stream, leaders in these organizations may show hostility towards new ideas and conflicting goals.

Organizations with a long-term vision and strategy may take small steps towards ecosystems and platform business models. They may form task-oriented connections and collaboration with partners on specific initiatives like joint solutions to deliver better value to their customers and achieve a higher wallet share in select accounts.

Organizations at this stage face interoperability challenges. Each partner in the ecosystem operates with its own unique set of systems, processes, and workflows which hinders true collaboration. The mindset of partners is still about controlling internal resources and other hierarchical controls. But there is a growing recognition that ecosystems and platforms are the way to go in the future. They try their best to put the basics in place to encourage collaboration.

The focus at this stage is limited mainly to building mock-ups, prototypes, and identifying innovation partners. At this stage, specific areas of business can be supported with ecosystem management tools that enable higher levels of collaboration and automation. These tools can be used to support co-innovation, co-marketing, and co-selling efforts within the ecosystem.

Task-oriented
connection and
collaboration
Narrow focus/usage of
ecosystem model
Opportunistic,
initiative focused
Loose alliance
Interoperability
challenges
Platform business –
Evaluating
Investments in
collaboration tools

STAGE 2

Starting

C-suite leadership realizes that ecosystems are a top priority and driver for innovation and success for the company. There is a growing need to define their long-term vision and take necessary steps to guide the ship towards a more ecosystem-ready stage. Perhaps, the only bottleneck is that executives often don't have the experience and capabilities to design and execute market-leading ecosystems.

Task-oriented connection and collaboration with a select group of partners and vendors happen during this stage of ecosystem maturity. There is limited development of mockups and prototypes based on specific use-cases that primarily surfaces from existing customer needs and engagements. Enabling specific product features also drives these task-oriented connections, that are focused on achieving limited objectives.

Narrow usage of the ecosystem model results in only a few prototypes and mock-ups seeing any type of scalability and execution in the market. However, these limited activities with partners help the organization identify potential partners in the future to support building a robust ecosystem. This is perhaps a critical threshold to cross for any organization to build the muscle required to move up on the ecosystem maturity scale.

Opportunistic, initiative-focused partnerships at this stage are the order of the day. Organizations come together around specific business opportunities momentarily and disengage as soon as those opportunities are won or closed. A lack of ecosystem framework and infrastructure at this stage could also be a reason why these opportunistic partnerships are not long-lasting.

STAGE 2

Starting

Loose alliance is what you can call ecosystem partnerships at this stage. There may be formal contracts in place with partners, but with loose binding force, leading to early exits - if things do go according to plan. While this arrangement may provide flexibility, they don't guarantee continuity.

Interoperability challenges make collaboration with partners and vendors difficult at this stage. As partners introduce some level of ecosystem thinking within their organizations, the interoperability challenges are not yet fully understood.

Platform Business - Evaluating: At this stage, often the entire organization or multiple business units come together to evaluate shifting to a platform business model. They will begin to establish the vision, collect requirements and foundational architecture for target solutions and use-cases. Building these solutions with partners is the most important attribute of this evaluation exercise.



Co-Sell Value Workshop

Evaluate where your organization stand on the journey to becoming a world-class ecosystem-led business.

Kickstart your journey to become a truly ecosystem-led organization

An exclusive 90-minute workshop to help you understand the challenges and opportunities of modern co-selling approaches.

[Book Your Slot Today!](#)



“On average, high-performing ecosystems drive 1.5 times the cost reduction, contribute 1.5 times more to annual revenue, and achieve 2.1 times the incremental revenue growth of low performing ecosystems.”

Ernst & Young, 2021 CEO Imperative Study

STAGE 3

Progressive

This is probably the most critical stage of an organization developing a partner ecosystem strategy, where organizations build a broader ecosystem focus that is beyond simple tasks and begins to scale with greater interoperability. This is a stage where the initial challenges of managing partnerships could be detrimental to the success and growth of the ecosystem.

According to a Gartner 2020 survey of managed service providers (MSPs), solution integrators and consultancies, 61% of respondents amongst participants of hyperscale cloud providers partner programs felt “visibility into opportunity pipelines” in those programs was below expectations. Another survey by IDC revealed that for partners, the most important attribute when considering partnering was “ease of doing business.” 91% of respondents ranked it highest among a list of other attributes like market/customer demand, best-in-class technology/ product, partner support resources.

At this stage, it is easier to build partner programs that are based on engagement frameworks that guide the success of partner ecosystems. Still, transparency, consistency, and clarity are the most critical determinants of the success of business ecosystems. There is space for opportunistic partner relationships, but you will get the most value from partnerships that are built for the long haul.

Co-evolving network
Firm-centric, for-profit orientation
Broad focus/usage of ecosystem model
Co-created value propositions. Limited Co-Selling.
Spirit of “co-opetition”
Diffused Industry and market fragmentation
Horizontal value creation
Ability to rapidly scale
Aligned partner Go-to-Market
Platform business – Enabled
Investments in Ecosystem Business Management tools

STAGE 3

Progressive

The focus at this stage is on having validated prototypes, customer journey maps, formal innovation agreements, employee engagement, and participation, setting co-innovation targets and opportunities. There are co-created value propositions and aligned partner go-to-market plans with a growing focus towards setting up a platform business with an ecosystem of partners contributing to customer value.

There is also limited co-selling based on specific use cases and scenarios. These use cases help partner organizations test assumptions on Minimum Viable Products (MVP) when developing new product and business solutions that can extend to business ecosystems.

Investing in scalable ecosystem business management tools at this stage could help simplify and automate partner engagement. Without a management tool, this high-level collaboration's true momentum and value among partners cannot be realized. The co-sell motions at this stage should ideally be converted to wins to keep all participating entities interested in the long-term vision of the partner program. Also, it is good to fail while stakes are low and learn from these failures to build a strong foundation for the ecosystem.

C-suite leadership believes that the biggest opportunity that an ecosystem brings is the ability to innovate. They see innovation as a great threat they face from competitors forming ecosystems.

Co-evolving networks emerge from a deliberate attempt to work together with partners to build and co-sell solutions to customers. Organizations now start to witness a network of partners available which prompts setting up of formal partner programs to attract and engage and drive ecosystem revenue.

STAGE 3

Progressive

Firm-centric and for-profit business orientation remains a priority for the partnering organizations at this stage. Wealth sharing among partners is still some distance away.

Broad usage of the ecosystem model at this stage is attributed to partners agreeing to collaborate in limited ways on specific co-selling activities.

Co-created value propositions are carefully drafted to showcase joint solution capabilities. Design-facilitated co-creation sessions are run that put all the considerations like customer data, market trends, customer experience, business ambition, and vision on the table, that can be helpful in generating a list of potential propositions.

Spirit of “co-opetition” grows as it reflects a win-win strategy for all partners as they allow the sharing of information and ideas.

Diffused Industry and market fragmentation occurs as many organizations that are linked to each other via modular interfaces in the design of a product and set the stage for the significant operational implications.

Horizontal value creation is reflected in the overall value of the new joint solution and the revenue it generates as partners come together around programs for co-sell motions.

Ability to rapidly scale the new information economy is driven by the economics of networks, where partners contribute to sharing development costs, marketing effort, demand generation and expanding reach within their own separate networks.

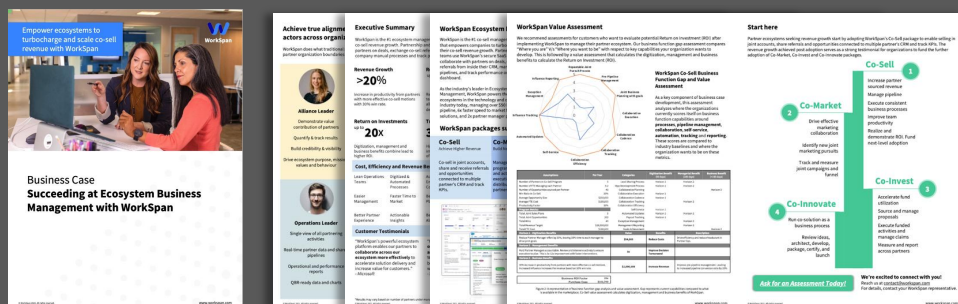
STAGE 3

Progressive

Aligned partner Go-To-Market approach helps the partner organization marshal resources to expand reach and achieve the business objectives with rapid speed.

Platform Business - Enabled: Organizations at this stage unlock unique technology capabilities in the product for developers via an application protocol interface (API). These products act as platforms on which other products rely on for user data/performance and are often characterized by large user bases or valuable technology.

Ecosystem Product Roadmap is defined and acted on by Product Management teams. Product Marketing has fully embraced the strategic priority of the company and has developed and are prioritizing roadmaps that include partner co-innovation solutions for shared customers. This helps in alleviating the risks involved in product development, while improving customer satisfaction and taking advantage of market opportunities that would be overwhelming for a single organization.



Learn how an **Ecosystem Business Management** platform impacts processes, pipeline management, collaboration, self-service, automation, tracking and reporting of progressive ecosystems.

Grab your copy of the **Business Case**



“Whether you are a 50-person organization or a 10,000-person organization or a 100,000-person organization like Microsoft, You still need that ecosystem around you because you just can’t do everything for everyone”

Gavriella Schuster

Diversity, Equity & Inclusion Advocate
Former CVP, One Commercial Partner
Microsoft

STAGE 4

Mature

At this stage, organizations achieve true ecosystem and value design orientation. They witness higher shared activities and relationships, allowing value to accrue to all ecosystem participants. The participants are invested in an ecosystem's thinking and behaviour. The industry ecosystem partners are well developed and contributing at this stage. The ecosystem also witnesses an early-stage market consolidation, focusing on jointly developed and offered products and services.

According to one [BCG research article](#), 83% of digital ecosystems involve partners from four or more industries, and 53% involve partners from six or more industries. This is exactly how mature ecosystems operate. Some partner programs could see even hundreds of partners collaborating. There is thus a focus on cost savings, developing and leveraging new revenue streams with a clear and shared process for joint product development. These ecosystems adopt open innovation to build next-generation capabilities to reap the benefits.

In most cases, the businesses become platform-centric, making the ecosystem achieve due importance, gain revenue share within the business, and run as an engine for growth.

This is a stage where extensive use of Ecosystem Business Management solutions is required to make it easy for partners to operate together at scale. These solutions help digitize all partnering processes, collaboration, and business reporting across all partner types and initiatives.

Ecosystem thinking and behaviour

Well-developed industry ecosystem partners

co-selling

Orchestration of economic agents

Early-stage market consolidation

Shift to value design: co-created value pillars of creation, delivery, and capture

Open innovation

Accelerated learning

Next generation capabilities and structural changes

Platform business – Centric

Extensive use of Ecosystem Business Management solutions

STAGE 4

Mature

Ecosystem thinking and behaviour finds ground within the organization as partners agree to follow a joint path and form teams within their respective organizations around ecosystem business. Partners then focus on the behaviour of participating organizations and develop specific operational implications for different “types” of ecosystem strategies, which can be identified as dominator, keystone, and niche firm.

Well-developed industry ecosystem with co-selling partners is established at this stage. The ecosystem now appears as a true network of partners, giving the ecosystem enough flexibility to add more solutions and partners depending upon customer demands.

Orchestration of economic agents happens as they establish strong peer-to-peer relationships allowing value to accrue to all ecosystem participants.

Early-stage market consolidation is seen at this stage as many participant organizations fell through the hype around ecosystems and only the more significantly profitable and sustainable partnerships continue.

Shift to value design: co-created value pillars of creation, growing core businesses, generating revenues from new products and services, and creating new value pools and capture is done at this stage.

Open co-innovation gives all participants in the ecosystem an opportunity to build solutions on top of the platform offerings and leading partners in the ecosystem.

STAGE 4

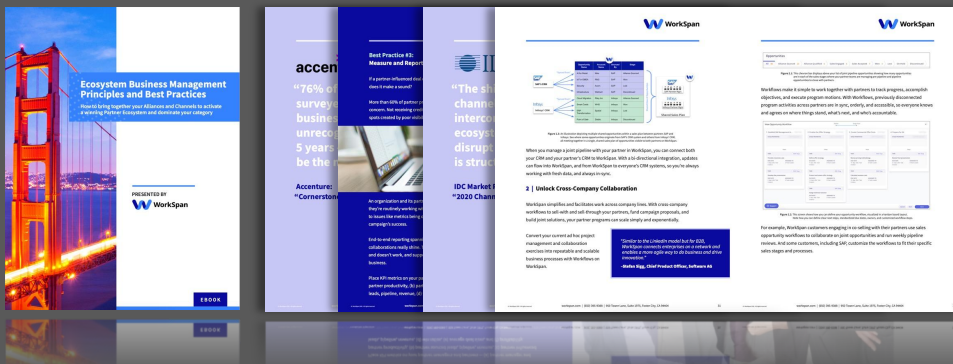
Mature

Accelerated learning within the employees, partners and vendors leads to better efficiency and ecosystem thinking and behaviour.

Next generation capabilities and structural changes bring continuous innovation at scale.

Platform centric business approach sets the deep foundation for the ecosystem to scale and thrive. Partners now actively develop offerings that target joint customers and add unique value that fits a customer need.

Ecosystem product roadmap success is challenged by steady flow of new product development. The challenges of shortening the product life cycle, increasing technical complexity, market uncertainty, and rising cost of development are alleviated by Product Management teams by accelerating new product development, sharing costs, risks and profits with partners and owning joint development tasks and activities.



Ecosystem Business Management Principles and Best Practices

Learn how to bring together your Alliances and Channels to activate a winning Partner Ecosystem and dominate your category

Download Now!



“The adoption of Ecosystem Business Management applications will establish common business practices, reduce redundancy, improve collaboration, and manage costs while maintaining a focused perspective of the desired customer experience.”

IDC Market Perspective: “Ecosystem Business Management Concept and Capabilities”

STAGE 5

World-Class

This is a stage of multiple ecosystems operating in parallel. They act like decentralized and autonomous organizations with a strong purpose orientation. This is when the ecosystem network takes center stage, leading to far greater collaboration among partners. The industry dimension of the business gets blurred with strong collaboration from partners from different domains.

These ecosystems are abundance-based with hyper-productivity. There is a clear ecosystem product roadmap with new offerings being launched regularly. These ecosystems now start to witness revenue and market share growth and even challenge many traditional competitors who are yet to make it big in the ecosystem business model. In addition to this, a deep focus on value design also helps in creating more opportunities for the partners.

There are still a few challenges ahead at this stage. Because of the large volume of partner programs, participants, solutions, leads, and opportunities, it becomes difficult to manage such a large-scale ecosystem. Multi-stakeholder ecosystems also introduce complexity with partners competing for increased roles and share within the ecosystem.

Decentralized, autonomous, cooperative networks emerge at this maturity stage. These ecosystems work autonomously, separate from their parent organizations and gain significant share of the business revenue. These ecosystems are the ones that are able to sustain their position within the marketplace.

Decentralized,
autonomous,
cooperative networks

Ecosystems gain
significant market
share

More than one
ecosystem operating in
parallel

Value design creates
more opportunities

Full flywheel adoption:
Co-Sell, Co-Market, Co-
Innovate and Co-Invest

Abundance based

Economic paradigm
shifts

Continual innovation

Hyper-productivity

Platform business –
ubiquitous

Partner participation
enabled by networks
and ecosystem
management platforms

STAGE 5

World-Class

Ecosystems gain significant market share and hence become essential to the overall business strategy of participant organizations. The ecosystems at this stage generate significant revenue and become strong players in the marketplace fuelled by success of iconic products and offerings.

More than one ecosystem operates in parallel at this stage. Organizations at this stage are able to tap ecosystems in different industry verticals operating with different sets of partners and customers. Amazon is an example of how they have built multiple ecosystems operating in e-commerce, cloud computing, digital streaming, and artificial intelligence business.

Value design creates more opportunities as partners actively innovate and adds more value to the joint solutions, opening new business opportunities within the same set of customers.

Complete flywheel adoption covering motions like co-sell, co-market, co-innovate and co-invest. The partners are completely entrenched into the ecosystem at this stage starting their engagement with co-development of offerings to marketing to selling and further innovation.

Abundance based ecosystem becomes the order of the day. This is because these ecosystems are purpose-driven and are formed to accomplish something, to advance a greater cause to contribute to society.

Economic paradigm shifts are seen at this stage with clear financial rewards for getting to this point, higher profitability levels being the key ones among them.

STAGE 5

World-Class

Continual innovation becomes easy as the ecosystem provides enough data on the future course of innovation in products and services. The platform products support open innovation and provide enough incentives for even new partners to join the network.

Hyper-productivity is achieved, as all participants in the ecosystem behave as a cohesive unit, sharing resources and significantly cutting down on cost.

Platform business becomes ubiquitous and acts as a General-Purpose Technology Platform enabling partners to build products and services on top of it.

New product development may bring change in the nature of the business, either requiring new partners, or changing the business model of the current stakeholders.



The ecosystem operating model

Think of your ecosystem operating model as the flywheel to revenue by co-selling, co-investing with partners to augment sales, co-innovating with partners to develop and refine offerings for the future and co-marketing with your partners to identify and create markets.

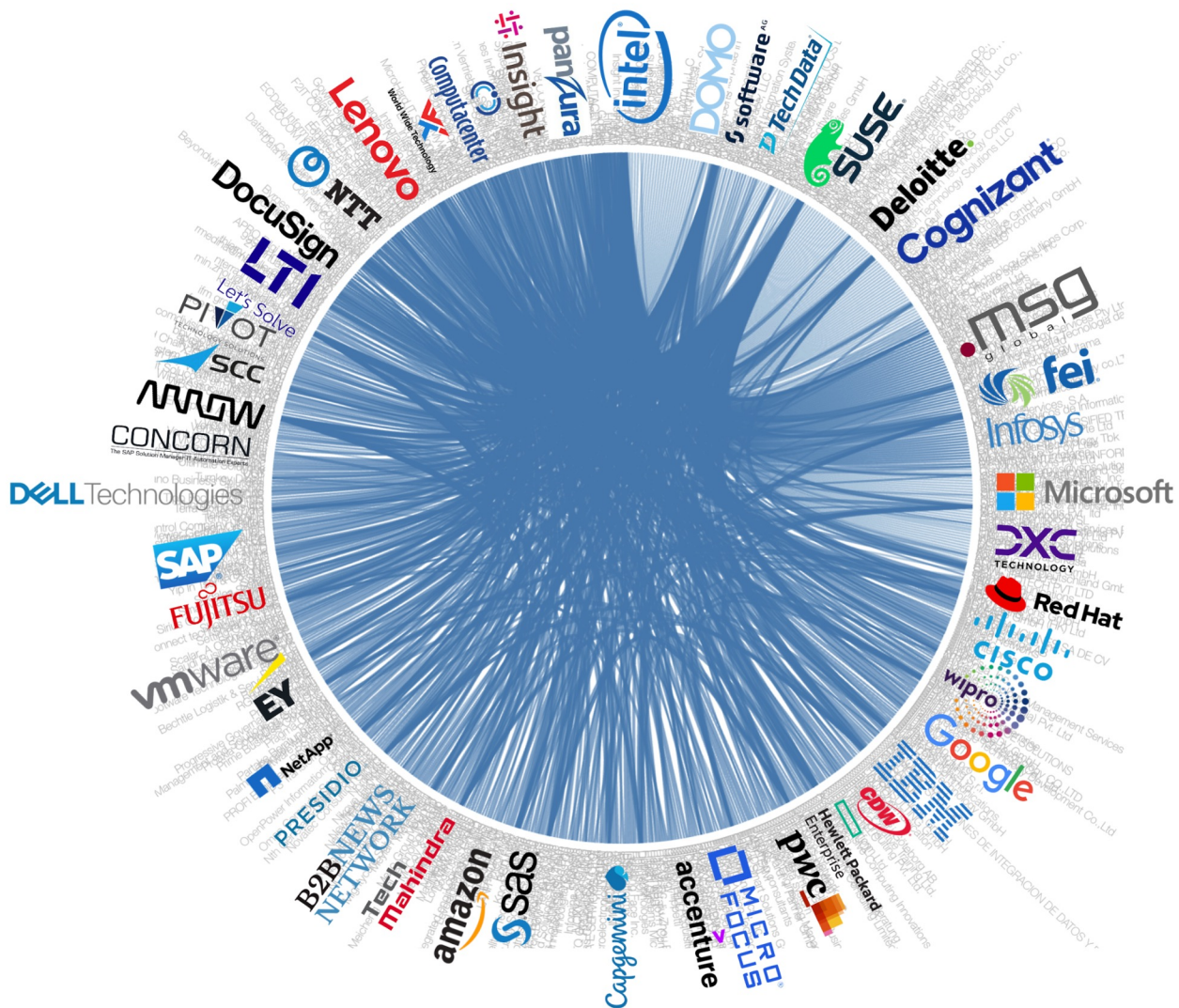
McKinsey & Company

“We estimate that at least a dozen sectors, including B2B services, mobility, travel and hospitality, health, and housing, are reinventing themselves as vast ecosystems, networks of networks that could add up to a \$60 trillion integrated network economy by 2025.”

McKinsey Quarterly: "Ecosystem 2.0: Climbing to the next level"

Harness the power of Ecosystem Networks

By plugging into these networks, organizations are finding new partnerships, opportunities for innovation, competencies, and resources that's helping them deliver better value to their customers.



A visualization showing actual collaboration connections between partner companies on WorkSpan Network. With so many active companies working together on the network, you might recognize partners you already work with every day.

Closing thoughts

So, what challenges do ecosystem partners face across these maturity stages?

The primary challenge is around providing visibility and collaboration across the full lifecycle of ecosystem partner engagement from planning to co-innovation, to demand generation, through to managing referrals and shared co-sell opportunities. Even with the leading partner programs with top hyperscaler, this remains a huge challenge. This is where investments made in ecosystem business management platforms could prove beneficial. These platforms help to digitize, connect and enable collaboration between partners.

Most tools, platforms and networks at this stage are self-service and partners feel incentivized to use these platforms and capture available business opportunities. Every contribution by partners helps achieve the ecosystem value, making the partner, employee and customer experience world-class.

While the engagement frameworks across different ecosystem maturity stages may evolve over time, the focus should ideally remain on making it easier for partners to engage and achieve business objectives. The actual linking chain across these stages are standard sets of tools, software, platforms, methodologies, best practices, templates, and workflows that help manage and automate the business processes and relationships between companies, producers, vendors, and ecosystem partners.

Partners at this stage complete the adoption of the complete flywheel of ecosystem management. The flywheel represents the following four segments:

1. Co-Sell: Refer opportunities and close business with partners
2. Co-Market: Collaborate to generate demand with partners
3. Co-Innovate: Build differentiated valuable solutions with partners
4. Co-Invest: Manage incentives to align execution with partners

WorkSpan is one such platform that connects ecosystem participants on a live network with cross-company business applications to co-sell, co-innovate, co-market, and co-invest to drive revenue together. WorkSpan is organized around partner programs that can be managed to run end-to-end business processes – from ideation to development to managing partner funds – all from a single interface.

Want to learn more about WorkSpan?

Start today. [Schedule a no-cost demo](#) for your partner ecosystem team.

Trusted By

WorkSpan digitizes partner ecosystems for the world's leading technology companies:



About WorkSpan

WorkSpan is the #1 co-sell management platform that empowers companies to turbocharge and scale their co-sell revenue growth. Partnership and Sales teams use WorkSpan's secure SaaS solution to collaborate with partners on deals, exchange co-sell referrals from inside their CRM, manage shared pipelines, and track performance on a live dashboard.

As the industry's leader in Ecosystem Business Management, WorkSpan powers the top 10 business ecosystems in the technology and communications industry today, managing over \$50 billion in joint pipeline, 6x faster speed to market for joint solutions, and 2x partner manager productivity.