

PARTNER VELOCITY

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# The Partner Revenue Gap

Why most partner programmes don't generate revenue and what to do about it, from first programme design through to full activation



EXECUTIVE SUMMARY

## The Revenue Your Partners Should Be Generating

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There is a gap sitting inside most technology businesses that have a partner or channel programme. It is the gap between the revenue those partners were supposed to generate and the revenue they are actually generating. For the majority of businesses, that gap is large, growing, and entirely avoidable.

This paper addresses two distinct groups of readers. The first is a business that does not yet have a formal partner programme but knows it should it has relationships with resellers, agents, ISVs, or referral partners that are generating some revenue on an ad-hoc basis, and it wants to build the infrastructure to make that systematic. The second is a business that built a partner programme, launched it with optimism, and has watched it underdeliver ever since. Partners signed but not selling. Portal built but unused. MDF spent but unattributed.

Both situations represent the same underlying problem: the gap between having partners and making them productive. And both are fixable not with a better strategy document, but with structured operational work that most businesses have never properly resourced.

This paper sets out what that work looks like. It draws on direct operational experience — including an ISV programme built from nothing to \$5 million in influenced revenue in its second year, and a declining partner account taken from \$3M to \$9M in 24 months to show what good looks like, and what separates a partner programme that generates revenue from one that generates reports.

Whether you are building your first partner programme or trying to fix one that is underperforming, the starting point is the same: an honest assessment of where you stand, and a structured plan for getting from here to where your partners should be taking you.

## PART ONE

## Why Partner Programmes Fail to Generate Revenue

The promise of a partner programme is straightforward: bring in businesses that already have relationships with your target customers, give them the tools and incentives to sell your product, and multiply your revenue without multiplying your headcount. The reality, for most businesses, is considerably more complicated.

Industry research consistently finds that between 60% and 70% of signed channel partners generate no meaningful revenue within their first twelve months. This is not a fringe finding. It is the dominant pattern across technology and SaaS businesses of all sizes. The partners are not the problem. The way these programmes are designed, launched, and managed is the problem.

# 60–70%

of signed channel partners generate no meaningful revenue in their first 12 months — across tech and SaaS businesses of all sizes

There are two versions of this problem, and it is worth being precise about which one applies to your business before reaching for a solution.

### The Businesses That Have Never Built a Programme Properly

Many businesses arrive at the partner programme question sideways. A reseller contacts them and asks for a commercial arrangement. An ISV integrates with their product and starts sending referrals. A consultant in their network begins recommending them to clients. Revenue starts coming in from these relationships not much, but some and the business begins to wonder whether it can be systematised.

The answer is almost always yes. But the systematising has to be done properly. The most common mistake at this stage is treating the programme as a legal and administrative exercise: draw up an agreement, build a partner page on the website, set a commission rate, and announce to the market that a partner programme now exists. What is missing is everything that makes a partner actually sell: the commercial structure that motivates the right behaviour, the enablement that gives partners the tools to have confident conversations about your product, the onboarding process that gets them productive before they lose interest, and the ongoing relationship management that keeps them engaged and accountable.

A partner programme built without these foundations will generate some revenue — the partners who were already motivated will sell regardless but it will not scale. The business will have the infrastructure of a channel without the engine of one.

## The Businesses Whose Programme Is Underperforming

The second and more common version of the problem is a programme that was built with genuine intention and has progressively disappointed. The partners are signed. The portal is live. The MDF budget is being spent. The QBRs are happening. And yet the pipeline from partners is thin, the active partner rate is low, and the channel lead is struggling to explain to the board why the investment is not producing the return that was promised.

The causes of this underperformance are consistent enough to be listed. Across businesses of different sizes, sectors, and stages, the same failure modes appear:

- 1. No activation architecture.** Partners are onboarded into a portal and told to reach out when they have an opportunity. There is no structured first-90-days programme, no defined milestones, and no accountability cadence. The partner does not know what they are supposed to do next.
- 2. Incentives designed without partner input.** Commission and discount structures are set by finance teams working from internal economics rather than from an understanding of how the partner's business works. The result fails to motivate the behaviour the vendor needs.
- 3. Enablement built for the wrong audience.** Sales materials are created for the vendor's direct team and handed to partners without adaptation. Partners sell differently to direct teams, and materials that work for one are almost always wrong for the other.
- 4. No relationship infrastructure.** Partner managers are stretched too thin, with no tiering, no priority framework, and no rhythm of engagement that creates accountability. The partner feels ignored. The vendor cannot understand why the partner is not selling.
- 5. The wrong success metrics.** The business tracks partners signed — a recruitment metric — and treats it as a performance metric. Partner-sourced pipeline, active partner rate, and revenue per partner are rarely measured.

Each of these failure modes is addressable. None of them are structural. They are operatio the result of building or running a programme without the activation expertise needed to make it work. And that expertise is the gap this paper is about.

## PART TWO

# What a Partnership Programme Actually Requires End to End

Most discussions of channel programmes focus on one phase of the problem: the strategy, or the tools, or the activation, or the management. The reality is that every phase depends on the ones that precede it. A brilliant activation strategy applied to a programme with a broken commercial structure will fail. A well-designed programme that is never properly activated will stagnate. The phases are not optional.

What follows is a plain-English description of what each phase of a functioning partner programme requires not a theoretical framework, but an operational checklist drawn from the experience of building and running these programmes from the inside.

## 1. Programme Design — Getting the Foundations Right

The design phase is where most programmes either set themselves up for success or inadvertently guarantee underperformance. The decisions made here — on commercial structure, partner types, tier design, and onboarding architecture define what the programme can achieve before a single partner has been recruited.

### Commercial structure and economics

The commercial framework of a partner programme the discount structure, the margin available to partners, the MDF policy, the deal registration process, the co-selling arrangement must be designed from the partner's perspective, not the vendor's. The question is not 'what can we afford to give partners?' It is 'what does a partner need to earn in order to prioritise selling our product over a competitor's?' These are different questions and they produce different answers. A discount structure set by a finance team without partner input is one of the most reliable predictors of a dormant channel.

### Partner types and tier design

Not all partners are the same, and a programme that treats them as if they are will disappoint all of them. Resellers, referral partners, ISVs, agents, and distributors have different economics, different sales motions, and different needs from a vendor relationship. A programme that works well for a reseller will not work for an ISV, and vice versa. Tier design should reflect genuine differentiation different benefits, different obligations, and different support levels rather than a gold-silver-bronze structure that exists as a badge rather than a commercial reality.

### Onboarding architecture

The onboarding process is the first experience a partner has of working with you, and it sets the tone for everything that follows. A well-designed onboarding process has defined milestones, a

structured first-90-days programme, clear accountability on both sides, and a mechanism for identifying and resolving blockers before they become reasons for the partner to disengage. Most onboarding processes consist of a welcome email and a portal login. That is not an onboarding process.

## 2. Partner Recruitment Selective, Not Broad

The instinct in most businesses is to recruit as many partners as possible. More partners means more potential revenue. This instinct produces large, unwieldy partner bases where the majority of partners are never activated, and the management overhead of maintaining relationships with partners who will never sell crowds out the time available to develop the ones who will.

Effective partner recruitment is selective by design. The right question is not 'how many partners can we sign?' but 'which specific partners, in which specific verticals, with which specific customer relationships, would create the most value for both sides?' Strategic recruitment — identifying and approaching the top ISVs in a target vertical, or the resellers with the deepest relationships in a specific geography produces smaller partner bases with higher active rates and greater revenue per partner.

## 3. Activation Where Revenue Is Won or Lost

Activation is the phase that determines whether the investment in programme design and partner recruitment produces any return. It is also the phase that is most consistently under resourced, most frequently confused with onboarding, and most often treated as something that happens automatically once the programme infrastructure is in place. It does not.

Activation is the deliberate, structured process of turning a partner who has signed an agreement into one who is actively selling. It requires an enablement infrastructure built for how partners sell not how the vendor's direct team sells. It requires a cadence of engagement that creates accountability without creating burden. It requires early pipeline incentives that generate momentum before deals close. And it requires someone who has the time, the skill, and the authority to run this process with discipline.

The 30-day pipeline incentive an incentive that rewards activity rather than closed revenue in the early stages of a partner relationship — is one of the most reliable tools in the activation toolkit. It works because it addresses the real problem in the early stages of a partner relationship: not motivation, but momentum. Partners who are not yet selling are usually not unwilling to sell. They are stuck. They do not know how to start. A well-designed early incentive gives them a reason to take the first step, and the first step is the hardest one.

## 4. Ongoing Management Making the Channel Compound

A partner programme that is properly designed, selectively recruited, and well-activated will generate revenue. But the compounding effect where a programme gets progressively better and

generates progressively more revenue as relationships mature, as enablement improves, and as partners gain confidence only happens with structured ongoing management.

This means quarterly business reviews that are genuine strategic conversations rather than reporting exercises. It means a partner tiering system that creates genuine aspiration to move upward. It means a relationship cadence that is frequent enough to maintain accountability but not so burdensome that it becomes a reason for partners to disengage. And it means metrics that measure what actually matters: active partner rate, partner-sourced pipeline, revenue per partner, and time from partner sign-up to first deal not partner count.

The most common reason well-designed programmes stagnate is that the ongoing management phase is treated as maintenance rather than growth. The programme is handed to an existing team member who is already stretched, given a set of administrative tasks, and expected to sustain the momentum that activation created. Without dedicated focus and the right skills, that momentum dissipates. The programme flatlines. And the business concludes that channel is not a viable growth lever when the real conclusion should be that it was never properly resourced.

## PART THREE

## What Happens When This Is Done Right: Two Outcomes

The following two case studies are drawn from real engagements. They represent the two ends of the partnership spectrum: one is a build-from-scratch programme, the other is a reactivation of a relationship that had been allowed to decline. Both produced outcomes that a properly resourced, properly structured programme makes possible.

### CASE STUDY 01 · BUILDING FROM ZERO · ISV ECOSYSTEM

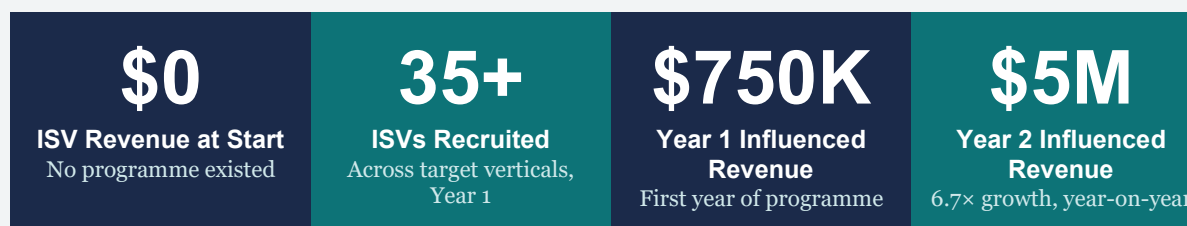
#### The Situation

A hardware vendor had an ISV ecosystem that was entirely unmanaged. Independent Software Vendors whose applications ran on the vendor's hardware were influencing purchasing decisions every day — recommending hardware platforms to their own clients as part of solution design — but the vendor had no formal programme to engage them. No certification pathway. No referral structure. No commercial relationship. No way to identify which ISVs were most strategically valuable, or to give them the tools and incentives to advocate more actively. The opportunity was significant, entirely visible, and completely untapped.

#### What Was Built

The programme was designed from the outside in. Before any infrastructure was built, a Voice of Partner research exercise was conducted across the ISV market: what did ISVs value in a vendor relationship? What made them recommend one hardware platform over another? What were the best and worst features of existing programmes in the market? Programme design followed the research rather than preceding it a discipline that is more unusual than it should be.

The commercial structure referral fees, tier benefits, co-selling arrangements was built to reflect what ISVs told us they needed, not what the vendor's finance team assumed they would accept. A tiered programme was designed with genuine criteria for advancement and genuine benefits at each tier. Legal and NDA documentation was automated and embedded into the marketplace terms, removing a process that had previously required weeks of manual back-and-forth. Certification pathways, partner finder portal listings, and marketplace presence were built as core programme infrastructure. Recruitment was then conducted strategically: the top ten ISVs in each target vertical were identified and approached individually, with founding-tier membership offered as an incentive to join early.

**The Outcome**

The jump from \$750K to \$5M in Year 2 did not happen because more ISVs were recruited. It happened because the ones already in the programme were properly activated with clear commercial incentives, accessible sales team relationships, and a certification that gave them something credible to sell with. The foundation was built correctly in Year 1. The compounding happened naturally in Year 2 because the foundation could support it.

## CASE STUDY 02 · REACTIVATING A DECLINING PROGRAMME · TECHNOLOGY DISTRIBUTION

**The Situation**

A major technology distribution partner one of the most strategically significant in the vendor's channel had seen revenue fall from \$5M to \$3M over two years. The relationship had not structurally failed. It had been operationally neglected. Joint business planning had stopped. Commercial disputes around discount structure and MDF access had been left unresolved, creating friction in every conversation. The partner's sales teams had quietly begun defaulting to competitor solutions where the path of least resistance was simpler. The vendor interpreted this as a partner performance problem. It was a programme management problem.

**What Was Done**

The engagement began with a structured diagnostic: a Voice of Partner session with the partner's executive team not a sales conversation, but a genuine listening exercise. What was working? What had driven the \$3M that remained? What had caused the decline? What did the partner need from the vendor that they were not currently getting? The commercial friction points were identified and resolved before any forward-looking plan was built. This is a discipline that sounds obvious and is rarely practised: fix what is broken before adding anything new.

A joint 30/60/90 day activation plan was built with the partner's leadership not presented to them, but built with them. Structured time was spent with the partner's sales teams, purchasing function, and services team: understanding how they sold, what drove their product recommendations, where they needed better support. A 30-day pipeline incentive was introduced to generate early momentum. A co-marketing campaign to the partner's existing customer base was agreed, with MDF release tied to pipeline targets rather than activity volume. The key difference throughout: joined-up value messaging built for how the partner sold, not how the vendor's direct team sold.

## The Outcome



The difference between a \$3M account and a \$9M account was not a better product or a stronger market. It was structured programme management: diagnosis before prescription, commercial issues resolved before momentum was attempted, joint planning with shared accountability, and deliberate engagement with the people who actually make selling decisions — not just the executive relationship.

## PART FOUR

# How Partner Velocity Works

Partner Velocity is a specialist partnership consultancy. We work with technology businesses SaaS companies, ISV platform vendors, hardware businesses, and technology distributors at every stage of the partnership lifecycle, from building a first programme from the ground up to activating and managing an existing one that is underperforming.

This is not a strategy consultancy. We do not produce reports and leave. The work is operational: we build the commercial framework, the partner-facing infrastructure, the onboarding architecture, and the activation playbooks —and then we run them, either directly or alongside the client's own team, until the programme is generating results and the client's team can sustain it independently.

The range of work we do spans the full partnership lifecycle. For businesses building a first programme: commercial structure and discount design, partner type definition and tier architecture, legal framework and onboarding documentation, partner recruitment strategy and outreach, and the enablement infrastructure partners need to sell. For businesses with existing programmes that are underperforming: partner health diagnostic and segmentation, incentive restructuring, activation programme design and execution, enablement rebuild, and management system design. For businesses that need ongoing partnership leadership without the overhead of a full-time hire: retained fractional channel director engagement, running partner cadences, QBR facilitation, pipeline management, and internal team coaching.

## 01 DIAGNOSTIC SPRINT

Understand where you stand before building anything

A fixed-scope, time-bounded engagement that produces a clear picture of the current state of your partner programme or, for businesses building from scratch, a clear picture of the opportunity and what a programme designed to capture it would require. Output: a Partner Health Scorecard, a gap analysis, and a prioritised recommendation for what to build or fix first. This is the right starting point for any business that is not certain what is actually causing its programme to underperform.

## 02 PROGRAMME BUILD

Design and build a programme that is ready to activate from day one

A structured engagement that designs and builds a complete partner programme from the commercial framework up: discount structure and MDF policy, partner type definitions and tier architecture, legal and onboarding documentation, partner portal and marketplace setup, enablement materials built for how partners sell, and a recruitment strategy for the first cohort of partners. Typically delivered over 90 to 120 days, with the client's team involved throughout so that ownership transfers cleanly at the end.

## 03 ACTIVATION ENGAGEMENT

Turn signed partners into selling partners

A focused activation programme for businesses whose partners are signed but not selling. Built around the Voice of Partner diagnostic, the Segment-Enable-Activate sequence, and a structured first-90-days programme for Tier 1 partners. Includes incentive design, enablement rebuild, cadence establishment, and pipeline reporting. Output: measurable pipeline movement from previously dormant partners within 30 to 60 days.

## 04 RETAINED PARTNERSHIP LEADERSHIP

Senior channel expertise without the full-time overhead

An ongoing retained engagement where Partner Velocity operates as a fractional Channel Director: running partner cadences, managing QBRs, coaching the client's internal team, reporting on pipeline health, and providing the strategic and operational leadership the programme needs to compound over time. Designed for businesses that need senior partnership expertise consistently but cannot yet justify or sustain a full-time Head of Partnerships.

Every engagement is designed with a defined exit criterion: the point at which the client's own team can run the programme without external support. We design for our own obsolescence — because a programme that depends on a consultant to function is not a programme. It is a managed service.

## PART FIVE

## Where to Start: A Diagnostic for Your Business

The right starting point depends on where your business currently sits in the partnership lifecycle. The following questions will help identify which of the two primary scenarios — building from scratch or fixing an underperforming programme applies, and what the first priority should be.

### If You Are Building Your First Programme

Three questions worth answering before you build anything:

- Do you have a clear view of which partner types resellers, referral partners, ISVs, agents — are most commercially aligned with how your product reaches customers? Building a programme for the wrong partner type is one of the most common and expensive early mistakes.
- Have you designed your commercial structure discount levels, margin, MDF policy, deal registration from the perspective of what a partner needs to prioritise selling your product over a competitor's? Or from the perspective of what your finance team is comfortable offering?
- Do you have an onboarding process that takes a partner from signed agreement to first active sales conversation within 30 days? If the answer is no, the programme will begin generating dormant partners from day one.

### If Your Programme Is Underperforming

Three diagnostic questions that will quickly locate the problem:

- What percentage of your signed partners have generated at least one qualified lead in the last 90 days? If the answer is below 30%, the programme has an activation problem — not a partner quality problem.
- When did you last conduct a structured Voice of Partner exercise — a genuine listening conversation with your partners, not a QBR? If the answer is never, or more than six months ago, you are making programme decisions without the information needed to make them well.
- Does your partner manager know the name of the economic buyer at each of your Tier 1 partner accounts, and have they spoken to them in the last 30 days? If not, the relationship infrastructure is not functioning at the level required to drive revenue.

These questions are not rhetorical. They are diagnostic and the answers determine what kind of work is needed and how urgently. The most expensive partner programme is one that continues running without producing results, because the cost is not just the programme budget. It is the compounding opportunity cost of partners who could be generating revenue but are not.

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## **Partner Velocity**

We help technology businesses build, activate and manage partner programmes that generate revenue — from the first commercial framework through to a fully functioning channel.

If you would like a frank conversation about where your programme stands and what it would take to close the revenue gap, we offer a no-obligation diagnostic call.

[\*\*partnervelocity.co.uk\*\*](https://partnervelocity.co.uk)

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