

The Partner Opportunity For AWS Marketplace SIs, GSIs, And Resellers

A Total Economic Impact™ Partner Opportunity Analysis

SEPTEMBER 2023

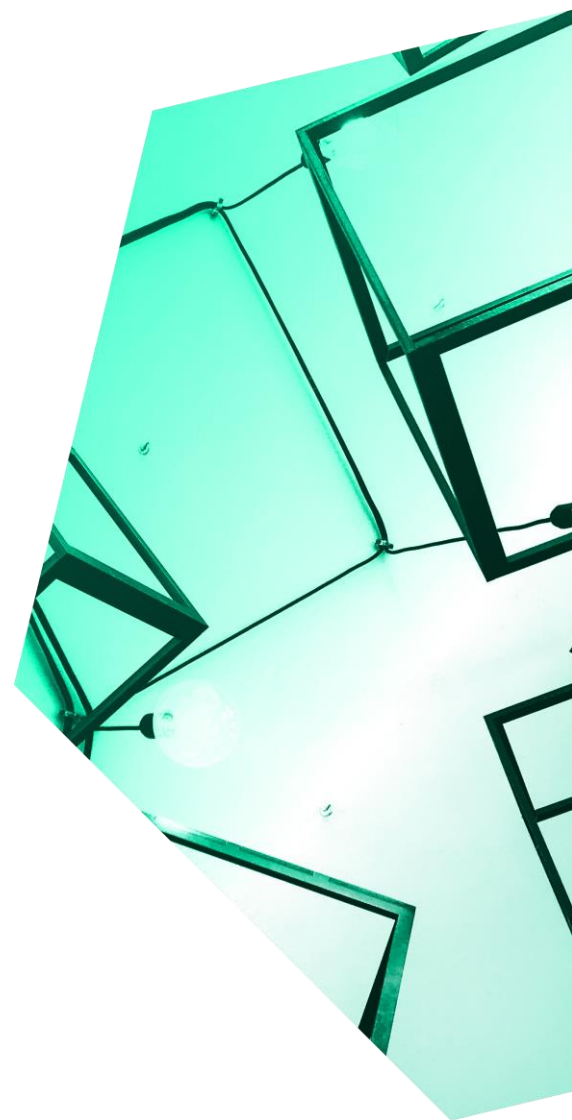
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ABOUT FORRESTER CONSULTING

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Executive Summary

Software-as-a-service (SaaS) marketplaces are growing, with adoption three to four times greater in 2021 and 2022 than in 2020 and with increasingly large and complex new software, data, and services purchases and renewals.^{1,2} B2B customers are seeking flexibility and to streamline procurement, easily research and vet, and simplify management.³ With the Channel Partner capabilities of AWS Marketplace, AWS channel partners can acquire net-new customers and ISV partners to drive profits.

The Amazon Web Services (AWS) digital marketplace, [AWS Marketplace](#), is where B2B customers can easily procure, provision, and govern third-party software, data, and professional services. AWS Marketplace has over 15,000 transactable listings across more than 70 categories from more than 3,500 independent software vendors (ISVs), 300 data providers, and 1,300 channel partners. Channel partners, including systems integrators (SIs), global systems integrators (GSIs), and resellers offer services and resell ISV software to more than 330,000 active subscribers across 30 regions with AWS Marketplace driving net-new revenue with new customers and new ISV relationships.

AWS commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study to examine the potential business opportunity and return on investment (ROI) channel partners may realize by building and scaling an AWS Marketplace practice.⁴ The purpose of this study is to provide potential and existing partners with a framework to evaluate the potential business opportunity associated with

KEY STATISTICS



Return on investment (ROI)
234%



Faster deal close
50%



Increased deal size for a
North American Reseller
4x to 5x

reselling software and offering services in AWS Marketplace.

To better understand the revenue streams, investments, and risks associated with an AWS Marketplace practice, Forrester interviewed 27 representatives of 14 existing AWS Marketplace channel partners with experience collaborating with AWS to build, innovate, and scale AWS Marketplace practices. These partners include GSIs, SIs, resellers, managed service providers (MSPs), professional services partners, and a distributor. They are largely global businesses headquartered in North America, Europe, and Asia, and their annual revenues range from less than \$100 million to more than \$25 billion.

Net-new customers and partner business

133%+

Private offer growth rate

40%

Net-new business

To illustrate the financial impact and subsequent business opportunity for AWS Marketplace partners, Forrester aggregated the characteristics of these interviewees and combined the results into a single [composite organization](#) that is a global business headquartered in North America with \$2.5 billion in Year 1 revenue split between various revenue streams with software resale accounting for 25% of revenue at \$625 million. It is an AWS Marketplace channel partner that resells software and offers services to its enterprise commercial and public sector customers via private offers across multiple listings.

Win rate increase for a North American SI/MSP

19%



KEY FINDINGS

Revenue opportunities. The composite partner organization captures the following AWS Marketplace business revenue streams, which are representative of those experienced by interviewees' organizations:

- **Resale private offer gross profits attributed to new business worth \$2.4 million.** The composite partner organization builds relationships with AWS Marketplace ISVs and resells their software with the AWS Marketplace Channel Partner Private Offers (CPPO) program. This benefits the composite partner organization's existing clients and drives significant net-new business with new ISV relationships. Over the three-year analysis, this revenue stream makes up 68% of the

composite's total AWS Marketplace business gross profits.

- **Professional services private offer gross profits attributed to new business worth \$797,000.** Besides reselling third-party software and data with CPPOs, the composite partner organization also sells services via private offers in AWS Marketplace. The composite partner organization tailors these services for AWS customers and customers of the software it resells. Over the three-year analysis, this revenue stream makes up 22% of the composite's total AWS Marketplace business gross profits.
- **Influenced professional services gross profits worth \$380,000.** The composite partner organization benefits holistically from the AWS Marketplace partnership. Customers buy follow-on services from the composite partner organization both in AWS Marketplace and through other purchase channels. Over the three-year analysis, this revenue stream makes up 10% of the composite's total AWS Marketplace business gross profits.

Average services gross margin in Year 3

37%

Key outcomes. Benefits that provide value for the composite partner organization but are not quantified for this study include:

- **Faster sales cycles.** Interviewees told Forrester that their organizations realize faster sales cycles

with AWS Marketplace compared to traditional purchase channels. Because of streamlined procurement in AWS Marketplace, the composite partner organization closes deals 50% faster.

- **Customer experience and value.** With AWS Marketplace, the composite partner organization helps its customers experience benefits including a quick and agile procurement process, cost savings, AWS-committed spend retirement, and more. This allows for better customer experiences and allows the composite partner organization to be a more valuable partner.
- **Feedback, influence, and access opportunities.** The composite partner organization values the engagement opportunities it has with the AWS Marketplace team. This includes opportunities such as the Partner Advisory Council. As a result, the composite partner organization builds a stronger cooperative relationship with AWS Marketplace.

“We have had several large-scale, seven-figure-plus transactions that would not have happened without AWS Marketplace.”

Vice president, North American reseller

- **Support.** As it builds and grows its practice, the composite partner benefits from support provided by the AWS Marketplace team. This support helps the composite organization get its practice off the ground and helps it stay up to date with news, updates, and best practices.

- **Funding and incentives.** The composite partner can access funding and incentives such as funded headcounts from the AWS Marketplace team as it drives revenue and builds a successful practice. These opportunities have the potential to offset costs and enable further practice growth.
- **Security and timeliness of payments.** As its AWS Marketplace business grows, the composite partner organization values the security and timeliness of payments from customers via AWS. This benefit provides a layer of safety as the composite partner organization develops this new practice.

“We’re able to protect our resale business by having the ability to execute [with] AWS Marketplace on transactions [coming up for renewal].”

Cloud sourcing team managing director, GSI

Investments. Beyond the delivery costs, which are embedded in the gross margin calculations of each revenue stream, the composite partner also invests in:

- **Partnership management investments totaling \$285,000.** To manage and strengthen its relationships with AWS Marketplace and relevant ISV partners, the composite partner organization commits up to 0.5 of an FTE to partnership management per year. This role devotes time to planning, guiding the strategic direction of the partnerships, co-selling and go-to-market (GTM) activities, and more. Over the three-year analysis, this investment makes up 26% of the composite’s total AWS Marketplace practice operating expenses.

- **Marketplace operations investments totaling \$216,000.** The composite partner organization allots up to 1 FTE per year in a marketplace operations role. This function manages the day-to-day operations related to AWS Marketplace, including managing private offers and overseeing transaction-related processes. Over the three-year analysis, this investment makes up 20% of the composite's total AWS Marketplace practice operating expenses.
- **Sales training and enablement investments totaling \$190,300.** As a best practice, the composite partner organization devotes up to 0.5 of an FTE per year to sales enablement. This role trains the composite's employees, including 70 sales employees in Year 3, which ensures the staff is well-informed and enabled. Furthermore, this role assists in educating ISV partners and customers as needed. Over the three-year analysis, this investment makes up 18% of the composite's total AWS Marketplace practice operating expenses.
- **General and administrative investments totaling \$393,000.** The composite partner organization invests up to 2% of practice revenue towards broader supporting business operations

including finance, legal, IT, marketing, and more. Additionally, the composite partner organization reduces its finance-related expenses with AWS Marketplace as compared to with traditional purchase channels. Over the three-year analysis, this investment makes up 36% of the composite's total AWS Marketplace practice operating expenses.

Net results. The representative interviews and financial analysis found that a composite partner organization experiences total present value (PV) gross profits of \$3.62 million over three years versus investments and overhead expenses of \$1.08 million, adding up to a net present value (NPV) of \$2.54 million and an ROI of 234%.

“The growth we’re seeing is unbelievable. Our year-over-year growth is up over 1,000%, so it’s not going away. We want to make sure we’re hand-in-hand with AWS and along for the ride.”

Cloud marketplace lead, North American SI

“Our customers value the benefits of procuring through AWS Marketplace, and we value our customers. ... At the end of the day, it’s all about taking care of the customer.”

Alliances director, North American reseller

AWS Marketplace Partner Pro Forma Revenue And Margin Opportunity: Three-Year Analysis (USD)

Ref.	Metric	Source	Year 1	Year 2	Year 3
PL1	Resale private offer revenues attributed to new business	A4	\$1,710,000	\$6,300,000	\$16,065,000
PL2	Professional services private offer revenues attributed to new business	B5	\$161,000	\$689,700	\$1,943,100
PL3	Influenced professional services revenues	C5	\$57,500	\$302,500	\$977,900
PL4	Total revenue	PL1+PL2+PL3	\$1,928,500	\$7,292,200	\$18,986,000
PL5	Resale private offer gross profits attributed to new business	At	\$222,300	\$819,000	\$2,088,450
PL6	Professional services private offer gross profits attributed to new business	Bt	\$56,350	\$248,292	\$718,947
PL7	Influenced professional services gross profits	Ct	\$20,125	\$108,900	\$361,823
PL8	Total gross profit	PL5+PL6+PL7	\$298,775	\$1,176,192	\$3,169,220
PL9	Total gross margin	PL8/PL4	15%	16%	17%
PL10	Partnership management	Dt	\$121,500	\$81,000	\$135,000
PL11	Marketplace operations	Et	\$57,200	\$64,350	\$143,000
PL12	Sales training and enablement	Ft	\$42,850	\$87,425	\$100,075
PL13	General and administrative	Gt	\$77,140	\$127,614	\$284,790
PL14	Total operating expenses	PL10+PL11+PL12+PL13	\$298,690	\$360,389	\$662,865
PL15	Operating income	PL8-PL14	\$85	\$815,803	\$2,506,355
PL16	Operating margin	PL15/PL4	0%	11%	13%

“Our AWS Marketplace team that we work with [has been a champion] of ours and a delight to be partners with.”

— Senior sales director, North American reseller/distributor



ROI
234%



GROSS MARGIN
17% in Year 3



PAYBACK
12 months

Revenue Streams (Three-Year)



“AWS has created the gold standard on how to transact in a marketplace.”

— Alliances director, North American reseller

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those partners considering building and growing an AWS Marketplace practice.

The objective of the framework is to identify the revenue streams, investments, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the holistic opportunity for partners building and growing an AWS Marketplace practice.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by AWS and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in an AWS Marketplace practice.

AWS reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

AWS provided the partner names for the interviews but did not participate in the interviews.



DUE DILIGENCE

Interviewed AWS stakeholders and Forrester analysts to gather data relative to AWS Marketplace.



INTERVIEWS

Interviewed 27 representatives at 14 partner organizations with existing AWS Marketplace practices to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite partner organization based on characteristics of the interviewees' organizations.



FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewees.



CASE STUDY

Employed four fundamental elements of TEI in modeling the impact of an AWS Marketplace practice: revenue, investments, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of investment and partnership decisions. Please see Appendix A for additional information on the TEI methodology.

The AWS Marketplace Partner Journey

■ Drivers leading to the AWS Marketplace practice investment

Interviews			
Role	Partner Type	Region	Revenue
Cloud sourcing team managing director Technology and practice managing director Capability development lead Operations manager Sales director	GSI	Global, headquartered in Europe	\$25B+
Director of cloud platforms Cloud marketplace lead	SI	Global, headquartered in North America	\$15B to \$25B
Director of cloud and services partners Senior manager of cloud alliances Senior manager of public cloud marketplaces	Reseller	Global, headquartered in North America	\$15B to \$25B
Director	Reseller	Global, headquartered in Europe	\$5B to \$15B
Cloud marketplace manager	SI/MSP	Global, headquartered in North America	\$1B to \$5B
Vice president of partners and alliances Senior director of operations	SI	Global, headquartered in North America	\$1B to \$5B
Executive vice president Vice president	Professional services	Global, headquartered in North America	\$1B to \$5B
Alliance leader Alliance manager	Professional services	Global, headquartered in North America	\$1B to \$5B
Director of business development and alliances Senior cloud marketplace manager	Reseller/MSP	Global, headquartered in North America	\$1B to \$5B
Vice president of vendor management Alliances director	Reseller	Global, headquartered in North America	\$1B to \$5B
Vice president	Reseller	Global, headquartered in North America	\$1B to \$5B
Regional director	Reseller/MSP	Asia	\$100M to \$1B
Founder and CEO	Professional services	Global, headquartered in North America	<\$100M
Senior sales director Business development manager	Reseller/distributor	North America	N/A

“We recognized three years ago that the cloud marketplace route to market was big. ... It was going to accelerate and become more relevant for our customers.”

— Director, European reseller

PARTNER GOALS, CHALLENGES, AND DRIVERS

Interviewees' partner organizations were diverse in size, background, functional and vertical specializations, type, and degree of engagement with AWS. They partnered with AWS to build and scale their AWS Marketplace businesses for a myriad of reasons, including:

- **Traditional purchase channel challenges.** To start, interviewees described the challenges with traditional purchase channels. These challenges include long sales cycles, outdated operational processes (e.g., using purchase orders), and late payments. There was general customer dissatisfaction with traditional procurement processes, and this led to a desire for a better, more modern purchase channel. The cloud sourcing team managing director for a GSI said, "We've got to get into this because it's going to affect our numbers."
- **Marketplace purchase channel opportunities and outlook.** After discussing the challenges with traditional channels, interviewees elaborated on the opportunities marketplaces present and what they see as a positive future. They said AWS Marketplace could provide quicker and more streamlined procurement with better experiences for customers. In fact, the senior cloud marketplace manager of a North American

reseller/MSP said AWS Marketplace is "the distribution of the future."

"It came down to customer satisfaction. We had customers asking for [AWS Marketplace]. We listened, and we came up with the internal processes to be able to support their request."

Alliances director, North American reseller

SELECTING THE RIGHT PARTNER

In choosing to partner with AWS Marketplace, interviewees emphasized the importance of the following factors:

- **Customer demand for AWS Marketplace.** Most commonly, interviewees told Forrester that their customers wanted to and insisted upon purchasing software, data, and services with AWS Marketplace. In particular, they said customers wanted to draw down their AWS spend commitments, which they could do by transacting via AWS Marketplace. The alliances director of a North American reseller stated, "The big push was customers asking to transact that way, and so we had to figure out how to do that so we could take care of our customers."

Similarly, the vice president of partners and alliances at a North American SI explained: "You [could] observe the growth trend in the infrastructure, and then you could observe the growth trend on AWS Marketplace. ... We also had the on-the-ground evidence of more clients starting to talk about it, that sort of groundswell of support, and client managers asking questions

"We're client-focused. We serve our clients, and [AWS Marketplace] is where our clients are. ... The trends are strong and impossible to ignore, and this is happening with or without us."

Vice president of partners and alliances, North American SI

about it. That's where we decided to invest because we saw an opportunity to lead."

- **A streamlined procurement process and associated benefits for customers and channel partners.** Interviewees told Forrester their organizations saw this streamlined procurement process as a key reason to get started with AWS Marketplace. Some interviewees' organizations already were or became customers to experience those benefits when purchasing software, data, and services, too. The capability development lead at a GSI said, "The transaction being simplified ... has certainly appealed to us."
- **Mutual alignment between AWS, ISVs, and channel partner customers.** Given their preexisting relationships, interviewees noted alignment between all AWS Marketplace cohorts. Their customers were AWS customers, their ISV partners were AWS Marketplace partners, and their organizations typically had preexisting relationships with AWS. The alliance manager of a North American professional services partner said, "We have a considerable number of AWS customers. ... [AWS Marketplace] ties well into our larger AWS strategy."

The operations manager of a GSI said: "Thinking about what led us to partner with AWS Marketplace, it's been a natural progression from being an AWS reseller. Our customers were asking for it, and it gives us the opportunity to deliver to our clients." The director of cloud platforms at a North American SI noted: "We do ISV resell, so it always felt like it'd be a good fit. It started to gain momentum, and all our ISVs started to be more mature with how they were pursuing AWS Marketplace."

- **The maturity and scale of AWS Marketplace.** Interviewees told Forrester their organizations value the maturity and scale of AWS

Marketplace. They referenced its number of ISVs, data providers, and active subscribers.

- **Ongoing investment in AWS Marketplace and continuous improvements.** Interviewees said they value AWS's ongoing investment and that this made them feel that AWS Marketplace would be a viable, adaptable, and improving long-term purchase channel.
- **Dedicated support, opportunities for feedback, and great experiences with the AWS Marketplace team.** Finally, the interviewees told Forrester the support their organizations received while evaluating AWS Marketplace factored into their decisions. They had great experiences with the AWS Marketplace team and expected that they would receive strong support and have opportunities for feedback over the lifetime of the partnership. The director of a European reseller said, "AWS listened and understood the value of a value-added reseller (VAR)."

"Where the customers are going, you tend to follow. That was what it was all about when looking at this opportunity. Then, once we dug in, we saw all the goodness that came with it."

Senior manager of public cloud marketplaces, North American reseller

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite partner company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the 14 partner organizations, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

- The composite partner organization is an AWS Marketplace channel partner that resells software and offers professional services.
- It is a global business headquartered in North America.
- It has earned the AWS Marketplace Skilled Consulting Partner (MSCP) designation.
- The composite organization has \$2.5 billion in Year 1 revenue. This revenue is split between hardware, software, service, and other revenue streams. Its software resale generates \$625 million in Year 1, which is 25% of its total revenue.
- The composite primarily serves enterprise commercial customers and public sector customers.

- The composite partner has 10 qualified opportunities relevant to AWS Marketplace in Year 1. This grows by 200% to 30 opportunities in Year 2 and by 133% to 70 opportunities in Year 3.

Key Assumptions

- **AWS Marketplace channel partner**
- **Resells third-party software and offers professional services**
- **10 qualified opportunities in Year 1 with year-over-year growth**

“As usual, AWS led from the front in terms of innovation. They were the first to have a mature [marketplace] offering, which is no surprise.”

Cloud sourcing team managing director, GSI

Analysis Of Partner Revenue Streams

■ Quantified revenue data as applied to the composite

Revenue Streams And Gross Profits						
Ref.	Revenue Streams	Year 1	Year 2	Year 3	Total	Present Value
At	Resale private offer gross profits attributed to new business	\$222,300	\$819,000	\$2,088,450	\$3,129,750	\$2,448,034
Bt	Professional services private offer gross profits attributed to new business	\$56,350	\$248,292	\$718,947	\$1,023,589	\$796,583
Ct	Influenced professional services gross profits	\$20,125	\$108,900	\$361,823	\$490,848	\$380,138
	Total gross profit	\$298,775	\$1,176,192	\$3,169,220	\$4,644,187	\$3,624,755

RESALE PRIVATE OFFER GROSS PROFITS ATTRIBUTED TO NEW BUSINESS

Evidence and data. The primary AWS Marketplace revenue stream interviewees discussed was reselling software via Channel Partner Private Offers (CPPO) with AWS Marketplace. Interviewees said their clients value AWS Marketplace and that the procurement process is simplified and quick. Beyond this client value, interviewees highlighted the net-new business driven by the partnership. They said new customers insisted upon using AWS Marketplace, they formed new ISV relationships, and the resulting go-to-market and co-selling opportunities drove new software resale business.

- Interviewees told Forrester their organizations maintained and grew the number of ISVs they worked with due to the AWS Marketplace partnership, which resulted in an increased number of qualified opportunities. The senior manager of cloud alliances at a North American reseller explained: “We have a vast portfolio of partners that we work with. ... We have net-new startup partners coming in, and they look at AWS Marketplace as a force multiplier for their business. Our success has been recognized, and we’re able to create net-new partnerships.”

- With this increasing number of opportunities, interviewees said their organizations won deals at the same rate or better than traditional purchase channels. The senior manager of public cloud marketplaces at a North American reseller explained: “Our win rate is higher [with] AWS Marketplace because we have a reputation for doing it well. The sellers have confidence. We present ourselves well, [and] we know the inner workings of it.”

“Of the total revenue going through AWS Marketplace, half is net-new transactions to us. If it wasn’t for our AWS Marketplace practice, we would not have that.”

Vice president, North American reseller

- Interviewees told Forrester their organizations transacted as many as 200 or more resale private offers annually. They commonly reported strong year-over-year growth and were optimistic about the future. The cloud marketplace manager of a North American SI/MSP said: “We see significant growth year-over-year transaction-wise. Last year, we did 200. [As of mid-year, we’ve done] 150 to 160 transactions, [so we] will exceed that.”
- Of these private offers, interviewees told Forrester that many were net-new due to the AWS Marketplace partnership. The cloud marketplace lead of a North American SI explained: “In 2021 and 2022, 25% [of our deals] were net-new, meaning had we not had the capability to run it through AWS Marketplace, we would not have gotten the deal. [Customers] ran it through us because we could transact, and it was actually ISV partners bringing deals to us.”

Similarly, the alliance manager of a North American professional services partner said, “[We wouldn’t have gotten] 50% of those [deals] ... maybe more.”

director of an Asian reseller/MSP explained: “AWS Marketplace is easier to renew. There’s less we need to do.”

- Interviewees said their organizations’ deal sizes ranged depending on the software sold, customers, and other factors. Most deals averaged in the mid-six-figure range for one to three years or more. On the high end, the cloud marketplace lead of a North American SI told Forrester: “We have the largest CPPO in AWS history. It was over \$50 million. These are large deals.”
- Interviewees noted that deal sizes could be larger with AWS Marketplace. The senior manager of public cloud marketplaces at a North American reseller explained: “The [AWS spend] commitments are driving AWS Marketplace consumption. ... Bigger customers want to manage their commitment. ... On average, they’re far bigger than our average order. ... It’s four or five times bigger.” The same interviewee also noted the increased speed of these AWS-committed spend-influenced deals, stating: “There are milestones in place because of the commitment. ... That can put additional urgency on [the deal].”

Win rate increase for a North American SI/MSP

19%

- Relatedly, not only did interviewees say the AWS Marketplace partnership drove new business, but it also helped their organizations maintain and grow existing business with easier renewals compared to traditional channels. The regional

“[Using] AWS Marketplace [provides] an easy foot in the door with clients. It’s a conversation they all want to have.”

Cloud marketplace lead, North American SI

- Furthermore, interviewees also indicated that deals could be larger and grow as their organizations built stronger relationships with customers as trusted advisors and procurement partners. The cloud marketplace manager of a North American SI/MSP said, “We’re more embedded in those [customer organizations], so we’re getting more opportunity to sell other products and/or services.”

The vice president of a North American reseller elaborated: “[AWS Marketplace] is allowing us to help customers evolve ... the way they’re deploying third-party software and procuring in the cloud. That has value. We’re able to provide that traditional VAR value of helping our customers identify, select, procure, deploy, and integrate the right solutions at the right price at the right time. [AWS Marketplace] allows us to do that in a more modern way that aligns with the way modern procurement teams want to buy and aligns with the [AWS-committed spend] framework.”

Increased deal size for a North America Reseller

4x to 5x

- Interviewees reported resale gross margins of up to 18%. The cloud marketplace manager of a North American SI/MSP said: “Margins depend on the technology. Because we have a tremendous security division, we’re making 18%. [For] something that’s a commodity, [we’re] seeing 10% or 12%.”

Interviewees said that compared to other channels, they noted similar or better margins with AWS Marketplace. The senior manager of public cloud marketplaces at a North American reseller reported: “We did the analysis. The AWS Marketplace margins are higher.”

Average resale gross margin

13%

Modeling and assumptions. Forrester assumes:

- The composite partner organization resells software via AWS Marketplace as an AWS Marketplace channel partner.
- The composite partner has 10 qualified opportunities relevant to AWS Marketplace in Year 1. This grows by 200% to 30 opportunities in Year 2, and by 133% to 70 opportunities in Year 3 as it adds new listings in partnership with new ISV partners.
- With an average private offer deal length of 1.5 years, the composite partner’s total contract value (TCV) is accounted for with a pull-through rate calculation detailed in [Appendix B](#).
- The composite partner’s AWS Marketplace partnership drives net-new business.
- The composite partner’s average resale annual contract value (ACV) and TCV grow as it upsells, cross-sells, and signs longer deals.
- The composite partner offers some discounts to its customers.

Forrester modeled a detailed breakdown of the AWS Marketplace resale private offer gross profits revenue stream. Please reference [Appendix B](#).

Risks. This revenue stream may vary based on:

- The organization’s number of qualified opportunities relevant to AWS Marketplace per year and its win rate for converting those opportunities into private offers. This may vary based on the number of AWS Marketplace ISV partners the organization works with and its sales and marketing capabilities.
- The organization’s average contract length.
- The percentage of resale private offers attributed to new business and existing business. This may vary based on the size of the organization and its prior state.
- The average resale annual contract value. This may vary based on the organization’s customer base, their needs, and the software sold.

- The organization’s average resale gross margin. This may vary based on the software sold and the discounts it offers to its customers.

Results. Forrester calculated a three-year total PV gross profit (discounted at 10%) of \$2.4 million.

“We experienced tremendous growth with a minimal lift. The growth year-over-year is in the thousands of [percentage points].”

Director of business development and alliances, North American reseller/MSP

Resale Private Offer Gross Profits Attributed To New Business					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Resale private offers (TCV-adjusted)	APP:B6	9.0	31.5	76.5
A2	Resale private offers attributed to new business (rounded)	A1*40%	3.6	12.6	30.6
A3	Average resale annual contract value	Interviews	\$475,000	\$500,000	\$525,000
A4	Resale private offer revenues attributed to new business	A2*A3	\$1,710,000	\$6,300,000	\$16,065,000
A5	Average resale gross margin	Interviews	13%	13%	13%
At	Resale private offer gross profits attributed to new business	A4*A5	\$222,300	\$819,000	\$2,088,450
Three-year total: \$3,129,750			Three-year present value: \$2,448,034		

PROFESSIONAL SERVICES PRIVATE OFFER GROSS PROFITS ATTRIBUTED TO NEW BUSINESS

Evidence and data. Interviewees told Forrester that in addition to reselling software with AWS Marketplace, their organizations also sold services. Like resale, interviewees' organizations created private offers for different services including assessments, implementations, trainings and certifications, managed services, and premium support. Successful practices considered the software they resold and the needs of AWS customers when designing offerings.

- To start, interviewees highlighted how easy it is to sell professional services on AWS Marketplace. The capability development lead at a GSI declared, "It is very simple to post a professional service listing on AWS Marketplace." The senior cloud marketplace manager of a North American reseller/MSP also said, "It's very easy to list your own services, and the ease of procuring them through the AWS Marketplace holds true."
- Interviewees reported that the improved ease of selling services resulted in up to a 50% attach rate to resale private offers. They also said they see services as an emerging opportunity for their organizations and anticipated growth. Much of this was also net-new business. The alliance manager of a North American professional services partner stated: "Some of our ISV relationships are specific to AWS Marketplace. So, it could have been 50% of those that we wouldn't have an opportunity to transact if we did not have strategy around AWS Marketplace."
- The alliance manager of a North American professional services partner explained why AWS Marketplace software resale was as a key driver for the sale of services, saying: "Software resell is typically low margin, but [it] provides us with more opportunities to deliver services since these ISV

partners that are key to AWS are driving the largest quantity of transactions on an annual basis given they have hundreds of thousands — if not millions — of customers leveraging their software."

- The professional services deal sizes interviewees reported ranged from five to six figures and varied depending on the services offered, the organization's customers, and other factors.
- Interviewees said their organizations considered AWS customers, their AWS Marketplace ISV partners, and, in some instances, their organizations' own intellectual property (IP) when deciding what services to offer. The alliance manager of a North American professional services partner said their organization listed "any professional service we can deliver to AWS customers."

The director of business development and alliances at a North American reseller/MSP specified, "We are bundling software resell with implementation services."

"We've taken a major focus on developing and launching different professional services within AWS Marketplace geared to our AWS customers, as well as some newer initiatives designed to complement specific ISV product offerings in AWS Marketplace."

Alliance manager, North American professional services partner

- Interviewees reported AWS Marketplace professional services gross margins ranging from 25% to 45%. The cloud marketplace manager of a North American SI/MSP explained: “Depending on the technology, [our gross margin is] on average about 35% or 33%.” On the higher end, the alliance manager of a North American professional services partner said, “For services, we’re in the range of 35% to 40%.”

- The composite partner’s attach rate increases year-over-year as it enhances and grows its services offerings on AWS Marketplace.
- The composite’s gross margin improves year-over-year due to efficiency gains from training and experience.

Risks. This revenue stream may vary based on:

- The organization’s number of AWS Marketplace resale private offers per year.
- The organization’s percentage of AWS Marketplace resale private offers that lead to AWS Marketplace professional services private offers.
- The organization’s average deal size for professional services, which is driven by the type of service, the length of the deal, the customer base, and other factors.
- The organization’s average gross margin and its ability to improve efficiency over time.

Results. Forrester calculated a three-year total PV gross profit of \$797,000.

Reported professional services gross margins of interviewees’ organizations

25% to 45%

Modeling and assumptions. Forrester assumes:

- The composite partner offers professional services via AWS Marketplace, and a percentage of customers that purchase software also purchase these services.

Professional Services Private Offer Gross Profits Attributed To New Business					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Resale private offers attributed to new business	A2	3.6	12.6	30.6
B2	Professional services private offer attach rate	Interviews	40%	45%	50%
B3	Subtotal: Professional services private offers attributed to new business	B1*B2	1.4	5.7	15.3
B4	Average professional services annual deal size	Interviews	\$115,000	\$121,000	\$127,000
B5	Subtotal: Professional services private offer revenues attributed to new business	B3*B4	\$161,000	\$689,700	\$1,943,100
B6	Average professional services gross margin	Interviews	35%	36%	37%
Bt	Professional services private offer gross profits attributed to new business	B5*B6	\$56,350	\$248,292	\$718,947
Three-year total: \$1,023,589			Three-year present value: \$796,583		

INFLUENCED PROFESSIONAL SERVICES GROSS PROFITS

Evidence and data. Interviewees told Forrester that aside from selling software and services with AWS Marketplace, the success of the partnership led to further follow-on service opportunities both with AWS Marketplace and with other channels. Because of this, interviewees attributed some direct follow-on service deals to the business driven with AWS Marketplace. These follow-on services could include one-time professional services as well as recurring support or managed services.

Interviewees discussed the holistic impact of AWS Marketplace. The regional director of an Asian reseller/MSP stated, “It’s an accelerator for us across the board.” The alliance manager of a North American professional services partner added, “We leverage AWS Marketplace to get customers familiarized with the services [we] can deliver and our capabilities.” Finally, the director of business development and alliances for a North American reseller/MSP stated, “[AWS Marketplace] has led to further professional services deals and other business.”

Modeling and assumptions. Forrester assumes:

- The composite partner offers professional services through different purchase channels.
- The composite’s attach rate increases year-over-year as it enhances its AWS Marketplace practice.
- The composite’s gross margin improves year-over-year from efficiency gains due to training and experience.

Risks. This revenue stream may vary based on:

- The organization’s number of AWS Marketplace resale private offers per year.
- The organization’s percentage of AWS Marketplace resale private offers that lead to influenced professional services deals.
- The organization’s average professional services deal size, which is driven by the type of service, the length of the deal, the customer base, and other factors.
- The organization’s average gross margin and its ability to improve efficiency over time.

Results. Forrester calculated a three-year total PV gross profit of \$380,000.

Influenced Professional Services Gross Profits					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Resale private offers attributed to new business	A2	3.6	12.6	30.6
C2	Professional services attach rate for deals transacting outside of AWS Marketplace	Interviews	15%	20%	25%
C3	Subtotal: Influenced professional services deals	C1*C2	0.5	2.5	7.7
C4	Average professional services annual deal size	Interviews	\$115,000	\$121,000	\$127,000
C5	Subtotal: Influenced professional services revenues	C3*C4	\$57,500	\$302,500	\$977,900
C6	Average professional services gross margin	Interviews	35%	36%	37%
Ct	Influenced professional services gross profits	C5*C6	\$20,125	\$108,900	\$361,823
Three-year total: \$490,848			Three-year present value: \$380,138		

UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their partner organizations experienced but were not able to quantify:

- **Faster sales cycles.** According to the interviewees, their organizations sold software and services faster with AWS Marketplace compared to with traditional purchase channels for both the public and commercial sectors. The alliances director of a North American reseller summarized, “It comes down to the customers being satisfied with not only being able to procure faster through AWS Marketplace, but also [being able to] impact their infrastructure commitments.”

Similarly, the director of a European reseller said, “The sales cycle is much quicker because you don’t have to go through the same approval process.” They added: “At the point where the purchase has been decided, it’s 25% [faster]. ... At month or quarter end, AWS Marketplace is a huge benefit. ... You don’t have to get a purchase order created. ... It can be transacted in days.”

Marketplace side, because there are more processes involved, [transactions typically take] 90 to 120 days. There is a quicker sales cycle when leveraging AWS Marketplace.”

“With AWS Marketplace, we’ve taken the time from when the customer says ‘yes’ from 14 business days to five or six business days. It’s better for us, better for the customer, and better for the ISV.”

Cloud marketplace manager, North American SI/MSP

- **Customer experience and value.** When discussing the benefits of AWS Marketplace, interviewees always mentioned the cost savings and business benefits for their customers, such as AWS-spend commitment retirement and consolidated billing. The alliances director of a North American reseller explained, “AWS Marketplace is essential for [my organization] to create end-to-end value for our customers.”

The director of cloud and services partners at a North American reseller similarly stated: “It starts with how [we] view our value proposition to customers. Our mission is all about how we take technology and make it work for our customers. That is where AWS Marketplace comes in. Through AWS Marketplace, we’re able to offer our customers the ability to simplify the procurement of software and services. We are helping them along their technology journey, and AWS Marketplace is a part of it, where they procure software and services as well.”

Increase to deal close speed

50%



Some interviewees reported even greater time savings. The alliance manager of a North American professional services partner said, “A quicker close is the primary benefit that we get by leveraging AWS Marketplace.” They detailed: “Transactions via AWS Marketplace are typically between 30 and 60 days. On the non-AWS

- **Feedback, influence, and access opportunities.** Because their organizations were building their practices, interviewees said they appreciated the access and feedback opportunities they had to influence the future of AWS Marketplace. The alliances director of a North American reseller said: “I was selected to the Partner Advisory Council. I get firsthand knowledge of new functionality [and] questions on what we would like to see changed. ... Some of [what] we suggested has been implemented. It’s been a great feedback mechanism.”
- **Support.** Having embarked on the journey of building and growing a new practice area, interviewees said they value the support they received from AWS and the AWS Marketplace team. The alliances director of a North American reseller stated, “It’s because of the support we got from our AWS channel account manager that we got this practice off the ground.” The vice president of partners and alliances at a North American SI added: “[AWS] support is good and high-performing. They do a good job.”
- **Funding and incentives.** Some interviewees highlighted how their organizations received funding and incentives, which played a role in offsetting costs and growing their practices. The cloud marketplace lead of a North American SI said, “AWS gave us a funded headcount for AWS Marketplace.” The senior manager of public cloud marketplaces at a North American reseller noted, “AWS has funded partner activities with us.”
- **Security and timeliness of payments.** With the health of their organizations’ practices in mind, interviewees said they also value the security and timeliness of payments. The senior director of client operations at a North American SI said: “It’s the speed of the transaction, the speed of our ability to recognize the revenue, and that we always get paid. ... clients always pay [AWS], and we always get paid.”

AWS Marketplace Channel Partner Best Practices

When speaking with Forrester, interviewees shared advice based on their organizations’ experiences reselling third-party software and data and offering professional services with AWS Marketplace.

Their advice includes the following:

- Be a customer and get started with AWS Marketplace to gain experience.
- Invest sufficient resources for AWS Marketplace.
- Educate customers, team members, and partners.
- Involve stakeholders during AWS Marketplace adoption.
- Develop and document standard integrated AWS Marketplace processes.
- Collaborate with ISV partners.
- Stay connected and up to date on AWS Marketplace.

FLEXIBILITY

The value of flexibility is unique to each partner. There are multiple scenarios in which an AWS Marketplace partner might implement an AWS Marketplace practice and later realize additional opportunities, including:

- **Greater customer insights.** Interviewees noted that with AWS Marketplace, their organizations have an opportunity for greater insights. The cloud sourcing team managing director of a GSI explained: “When we do the billing for the customer, we can see ... their invoice. Having them purchase via AWS Marketplace gives ... insights into purchasing habits.” They continued: “Customers are partnering with us to go through their plans ... with purchasing, which generally would have gone [through traditional channels]. ... That’s an opportunity to get visibility and resell far more.”
- **New global and market/sector expansion opportunities.** Oftentimes, the interviewees told Forrester about new expansion opportunities due to the AWS Marketplace partnership, including to new regions and sectors. The business development manager of a North American reseller/distributor explained: “It’s helping expand our business not just into accounts that we usually focus on, but sectors that we don’t, like the Canadian public sector. It’s opening doors.”

- **AWS alignment and synergy opportunities.** By initiating this partnership with AWS Marketplace, interviewees noted opportunities for greater alignment with AWS and potential synergies. The cloud marketplace manager of a North American SI/MSP stated: “Our senior leadership is aligned. ... A lot of that was driven around the success that we have in resell and the success we have around AWS Marketplace. We’re more aligned than we were three years ago.”

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in [Appendix A](#)).

“It’s growing fruitful relationships with AWS and our customers, of course. ... We have a growing AWS practice. ... Success in AWS Marketplace shows we can take on bigger things, and [it] is a great way to get our foot in the door with other aspects of AWS. ... That is a huge value.”

*Business development manager,
North American reseller/distributor*

“The streamlined route through AWS Marketplace offers a much more simplified experience compared to the traditional approach.”

Regional director, Asian reseller/MSP

Analysis Of Partner Investments

■ Quantified investment data as applied to the composite

Total Investments							
Ref.	Investments	Initial	Year 1	Year 2	Year 3	Total	Present Value
Dt	Partnership management	\$67,500	\$54,000	\$81,000	\$135,000	\$337,500	\$284,961
Et	Marketplace operations	\$35,750	\$21,450	\$64,350	\$143,000	\$264,550	\$215,870
Ft	Sales training and enablement	\$42,850	\$0	\$87,425	\$100,075	\$230,350	\$190,290
Gt	General and administrative	\$38,570	\$38,570	\$127,614	\$284,790	\$489,544	\$393,067
	Total investments	\$184,670	\$114,020	\$360,389	\$662,865	\$1,321,944	\$1,084,188

PARTNERSHIP MANAGEMENT

Evidence and data. The interviewees’ organizations committed time to a partnership management function to manage relationships with both AWS Marketplace and AWS Marketplace ISVs. This function played a role in the partnerships’ strategic directions and creation of value stories, and it drove commitment. Overall, this function helped build stronger relationships between all AWS Marketplace participants, which led to successful practices.

- Interviewees reported using up to one FTE in this partnership management function. The vice president of a North American reseller explained, “For strategic partners, like AWS, we have an alliance manager.” Managing the organization’s AWS Marketplace partnership is a subset of that role’s broader AWS responsibilities.

The alliances director of a North American reseller said they “Easily [spend] 10 hours a week” on AWS Marketplace and that “this could be a full-time role.”

- Interviewees told Forrester about partnership management activities for AWS Marketplace,

such as coordinating with their organizations’ AWS Marketplace channel account managers and participating in the Partner Advisory Council. The vice president of a North American reseller discussed the alliance management function, saying, “[We] make sure that we’re aligning all the initiatives on your side and our side to make sure that we’ve got mutual success criteria.”

“There was a lot of time [invested]. ... It was all in the spirit of the partnership and of creating a program that was going to be mutually beneficial.”

Vice president, North American reseller

- The cloud marketplace lead of a North American SI explained their organization's regular communication and collaboration with the AWS Marketplace team: "We have a channel account manager from AWS [who's] specific to AWS Marketplace. We have weekly meetings with them to go over pipeline [and more]." Relatedly, the senior manager of public cloud marketplaces at a North American reseller added, "Even through today, we're having meetings about AWS Marketplace and making sure that everything is running smoothly."
- Many interviewees noted growing partnership interest from AWS Marketplace ISVs, which necessitated time for vetting. The cloud marketplace manager of a North American SI/MSP expressed, "It's becoming a full-time job interviewing ISVs." They further explained: "I will vet them. If I like what they say, then I pass them on to the security team for a deeper dive around the technical capabilities. If ... we want to move forward, then we'll have a deeper conversation around the value of CPPO to them. ... We do quite a bit of interviewing."
- Interviewees noted that after partnering with an AWS Marketplace ISV, their organizations devoted time to strengthening those relationships, engaging in co-selling and joint go-to-market activities. The regional director of an Asian reseller/MSP detailed: "It's a lot of investment in time. Imagine each [GTM partner] wants your entire attention. They want to do GTM

business with you. They want to give you funding, but you need to give them something back, like revenue. ... It's a lot of work."

- The cloud marketplace lead of a North American SI said: "We're having meetings weekly with these ISVs and trying to stay up to date on what's new. And if we solve an issue, we roll that out to the field." They added: "We have a lot of ISVs that are offering [go-to-market] funds. ... Navigating all those that come through is a full-time job on its own."

Modeling and assumptions. Forrester assumes:

- The composite partner organization employs a partnership management FTE who specifically dedicates time to AWS Marketplace.
- The time committed to partnership management for AWS Marketplace increases as the organization's practice grows.
- The average fully burdened annual salary for a partnership management FTE is \$270,000.

Risks. This investment may vary based on:

- The scale of the organization's AWS Marketplace practice, the number of ISV partners it works with, and the time spent on partnership management.
- The fully burdened annual salaries of the employees who engage in this work.

Results. Forrester calculated a three-year total PV investment (discounted at 10%) of \$285,000.

Partnership Management						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	Partnership management FTEs	Interviews	0.25	0.20	0.30	0.50
D2	Average fully burdened annual salary for an alliance leader	TEI standard	\$270,000	\$270,000	\$270,000	\$270,000
Dt	Partnership management	D1*D2	\$67,500	\$54,000	\$81,000	\$135,000
Three-year total: \$337,500			Three-year present value: \$284,961			

MARKETPLACE OPERATIONS

Evidence and data. Besides discussing a partnership management function for managing alliances with AWS Marketplace and ISV partners, interviewees also detailed their organizations' marketplace operations functions. Depending on the organization, this role could also include some of the partnership management and training and enablement functions or some collaboration with those separate roles. All in all, this role is critical for the day-to-day functionality of an AWS Marketplace practice, according to interviewees.

- The number of FTEs for this marketplace operations role varied based on the size of the organization and its volume of AWS Marketplace business. Regardless, interviewees indicated that a dedicated focus was important for this operations function. The senior director of client operations at a North American SI said, "We built a team dedicated to cloud marketplace transactions."
- Interviewees also detailed the responsibilities of this marketplace operations function. Operations activities included publishing and managing private offers, reviewing contracts, overseeing internal transaction-related processes, collaborating cross-functionally, and more. For example, the cloud marketplace manager of a North American SI/MSP said, "[It includes] everything from doing the physical transaction, creating the offer, sending the link, and making sure it's executed on."

"We see the value in AWS Marketplace. That's why we've made a conscious decision to invest. ... AWS has also seen the value we are bringing them, and they invest in us, too. It goes both ways."

Director of cloud and services partners, North American reseller

Modeling and assumptions. Forrester assumes:

- The composite partner organization employs marketplace operations FTEs.
- The time the composite commits to marketplace operations increases as the practice grows.
- The average fully burdened annual salary for an operations manager is \$143,000.

Risks. This investment may vary based on:

- The organization's number of AWS Marketplace private offers and the time spent on marketplace operations.
- The fully burdened annual salaries of the employees who engage in this work.

Results. Forrester calculated a three-year total PV investment of \$216,000.

Marketplace Operations						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Marketplace operations FTEs	Interviews	0.25	0.15	0.45	1.00
E2	Average fully burdened annual salary for an operations manager	TEI standard	\$143,000	\$143,000	\$143,000	\$143,000
Et	Marketplace operations	E1*E2	\$35,750	\$21,450	\$64,350	\$143,000
Three-year total: \$264,550			Three-year present value: \$215,870			

SALES TRAINING AND ENABLEMENT

Evidence and data. Interviewees told Forrester it was critical to educate their teams, their ISV partners' teams, and their customers. This investment included the time of a sales enablement function to training and enabling, as well as the time of employees. In total, this education helped employees learn about AWS Marketplace, its benefits for their organizations' customers, and the processes for transacting as compared to with traditional purchase channels. Interviewees noted that once employees, ISV partners, and customers were well-informed and comfortable with AWS Marketplace, they saw positive practice impacts.

- While interviewees said the specific role varied, they commonly recognized the importance of education, and they tied the training and enablement function to a successful practice. The vice president of a North American reseller explained: "It's a combination of educating our field teams to understand what AWS Marketplace is, what our opportunity is, what the customer value is, [and] why they need to talk to their customers about this, and then educating them on internal processes around how easy it is to [transact with] AWS Marketplace."
- Primarily, interviewees' organizations focused on training their sales teams and any employees who would work with AWS Marketplace. The number of sales employees trained ranged from 30 to more than 1,200 based on the size of the organization and the scale of its AWS Marketplace practice. Common activities included periodic webinars, office hours, and self-paced training material consumption. Interviewees reported 1 to 2 hours of training per employee per year with more training up front, which could include utilization of the AWS Marketplace Training Academy.
- One common practice interviewees highlighted was the creation of internal training materials and

documentation. The business development manager of a North American reseller/distributor shared, "We've developed dozens of training documents over the last couple of years to guide team members." The senior director of client operations at a North American SI added, "We created our own internal site with videos and recordings to help [employees]."

- Last, interviewees said that with well-informed sales employees and ISV partners, it's also important to educate their organizations' customers about AWS Marketplace. The cloud marketplace manager of a North American SI/MSP shared: "Anytime a customer wants to engage in a conversation around CPPO, one of us will give them a high-level [overview] of what the value is. ... Then, when there's an opportunity, we'll walk that customer [through] how to accept the opportunity in real time. Then, we'll also show them where it shows up in their AWS [Management] Console."

Modeling and assumptions. Forrester assumes:

- The composite partner organization prioritizes the education, training, and enablement of its employees to support its AWS Marketplace practice.
- The average fully burdened annual salary of a sales enablement leader function is \$153,000.
- The composite organization trains 10 new sales FTEs initially for Year 1, 20 new sales FTEs in Year 2, and 40 new sales FTEs in Year 3. These employees also receive ongoing training in subsequent years.
- The average fully burdened hourly salary for an account executive is \$115.

Risks. This investment may vary based on:

- The average fully burdened annual salary of the organization's sales enablement leader function

and the time they dedicate to training and enablement.

- The roles and number of team members at the organization who require education, training, and enablement.
- The time the organization requires for initial and ongoing training, which may be influenced by its prior state.
- The fully burdened hourly rate of an FTE.

Results. Forrester calculated a three-year total PV investment of \$190,300.

Sales Training And Enablement						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Sales enablement FTEs	Interviews	0.25	0.00	0.50	0.50
F2	Average fully burdened annual salary for a sales enablement leader	TEI standard	\$153,000	\$0	\$153,000	\$153,000
F3	New sales FTEs trained	Composite	10	0	20	40
F4	Existing sales FTEs trained	F3 ^{PYs}	0	0	10	30
F5	Time for initial training on AWS Marketplace (hours)	Interviews	4.00	0.00	4.00	4.00
F6	Time for ongoing training on AWS Marketplace (hours)	Interviews	0.00	0.00	1.50	1.50
F7	Average fully burdened hourly salary for an account executive	TEI standard	\$115	\$0	\$115	\$115
Ft	Sales training and enablement	$(F1 * F2) + (((F3 * F5) + (F4 * F6)) * F7)$	\$42,850	\$0	\$87,425	\$100,075
Three-year total: \$230,350			Three-year present value: \$190,290			

GENERAL AND ADMINISTRATIVE

Evidence and data. Beyond the core investments in partnership management, marketplace operations, and sales training and enablement, interviewees also reported broader business investments. They noted teamwide commitments from finance, legal, IT, and more to support their AWS Marketplace practices. Additional general and administrative expenses could be for rent, utilities, and more.

- Interviewees told Forrester that adopting AWS Marketplace involved a teamwide commitment. The operations manager of a GSI said: “There were several teams involved. It took cooperation and participation from our legal teams, finance, and tax.” The alliances director of a North American reseller added: “A dozen people across all disciplines [were involved]. That’s accounting, sales operations, [and] marketing.”
- Common adoption tasks included legal reviews, AWS Marketplace Management Portal setup, process design and documentation, material creation, and more. The operations manager of a GSI explained: “[We] started with the legal agreements review. We proceeded with the AWS Marketplace Management Portal setup. ... We also had to outline our quote-to-cash process, how we book revenue, and what the payment and transaction flow looked like. There were also supplemental legal terms that we had to put in place.”
- Furthermore, interviewees discussed the cost savings their organizations could realize with AWS Marketplace compared to with traditional

purchase channels, particularly for finance. The senior director of client operations at a North American SI stated, “We know the people that don’t have to touch those transactions.” They continued, “We’re going to save money.”

“We don’t get involved in the accounts payable part of the transaction. We don’t have to collect from customers. There’s a tangible benefit there.”

Alliances director, North American reseller

Modeling and assumptions. Forrester assumes:

- The composite partner allocates up to 2% of practice revenue to these expenses each year.
- The composite gains operational efficiencies and benefits from AWS Marketplace-driven cost savings that drive the proportional investment lower.

Risks. This investment may vary based on the organizations’ general and administrative needs and its ability to gain efficiency over time.

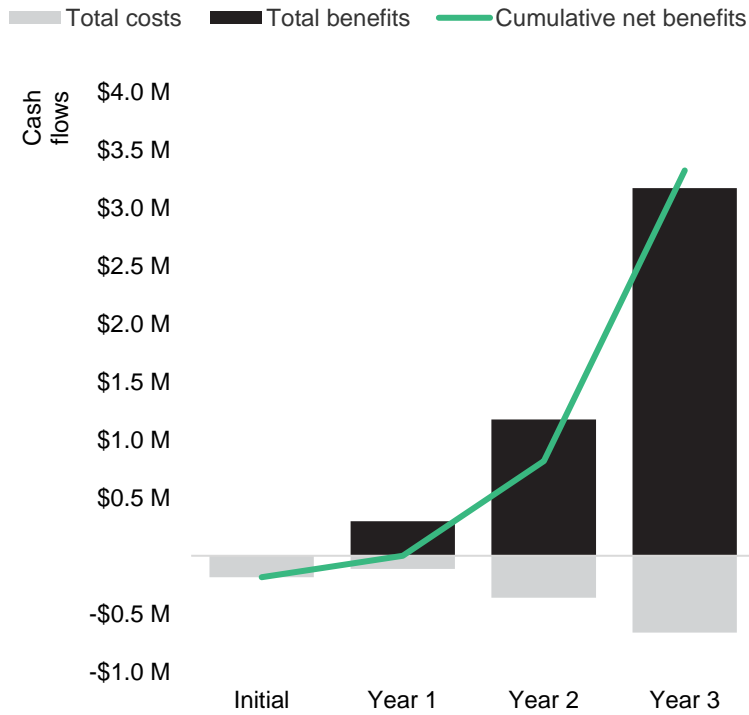
Results. Forrester calculated a three-year total PV investment of \$393,000.

General And Administrative						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Total AWS Marketplace revenue attributed to new business	A4+B5+C5	\$1,928,500	\$1,928,500	\$7,292,200	\$18,986,000
G2	General and administrative (percent of revenue)	Composite	2.00%	2.00%	1.75%	1.50%
Gt	General and administrative	G1*G2	\$38,570	\$38,570	\$127,614	\$284,790
Three-year total: \$489,544			Three-year present value: \$393,067			

Financial Summary

CONSOLIDATED THREE-YEAR METRICS

Cash Flow Chart



The financial results calculated in the Revenue Streams and Investments sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These ROI, NPV, and payback period values are determined from the unadjusted results in each Revenue Stream and Investment section.

Cash Flow Analysis

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total investments	(\$184,670)	(\$114,020)	(\$360,389)	(\$662,865)	(\$1,321,944)	(\$1,084,188)
Total gross profits	\$0	\$298,775	\$1,176,192	\$3,169,220	\$4,644,187	\$3,624,755
Net benefits	(\$184,670)	\$184,755	\$815,803	\$2,506,355	\$3,322,243	\$2,540,567
ROI						234%
Payback						12 months

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.



PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.



NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.



RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.



DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.



PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Additional Financial Table

Resale Private Offer Gross Profits Attributed To New Business					
Ref.	Metric	Source	Year 1	Year 2	Year 3
APP:B1	Qualified opportunities relevant for AWS Marketplace	Composite	10.0	30.0	70.0
APP:B2	Average win rate when transacting through AWS Marketplace	Interviews	90%	90%	90%
APP:B3	Resale private offers	APP:B1*APP:B2	9.0	27.0	63.0
APP:B4	Longer contract pull through-rate	Interviews	50%	50%	50%
APP:B5	Resale private offers pulled through from prior years from longer deals	APP:B3 ^{PY} *APP:B4	0.0	4.5	13.5
APP:B6	Resale private offers (TCV-adjusted)	APP:B3+APP:B5	9.0	31.5	76.5
APP:B7	Resale private offers attributed to existing business	60%*APP:B6 (rounded)	5.4	18.9	45.9
APP:B8	Resale private offers attributed to new business	40%*APP:B6 (rounded)	3.6	12.6	30.6
APP:B9	Average resale annual contract value	Interviews	\$475,000	\$500,000	\$525,000
APP:B10	Resale private offer revenues	APP:B6*APP:B9	\$4,275,000	\$15,750,000	\$40,162,500
APP:B11	Resale private offer revenues attributed to existing business	APP:B7*APP:B9	\$2,565,000	\$9,450,000	\$24,097,500
APP:B12	Resale private offer revenues attributed to new business	APP:B8*APP:B9	\$1,710,000	\$6,300,000	\$16,065,000
APP:B13	Average resale gross margin	Interviews	13%	13%	13%
APP:B14	Resale private offer gross profits	APP:B10*APP:B13	\$555,750	\$2,047,500	\$5,221,125
APP:B15	Resale private offer gross profits attributed to existing business	APP:B11*APP:B13	\$333,450	\$1,228,500	\$3,132,675
APP:Bt	Resale private offer gross profits attributed to new business	APP:B12*APP:B13	\$222,300	\$819,000	\$2,088,450
Three-year total: \$3,129,750			Three-year present value: \$2,448,034		

Appendix C: Supplemental Material

Related Forrester Research

[“SaaS Marketplaces Are The New Frontier Of Enterprise Software,”](#) Forrester Research, Inc., May 3, 2019.

“The Total Economic Impact™ Of AWS Marketplace,” a commissioned study conducted by Forrester Consulting on behalf of AWS, May 2022.

“The Partner Opportunity For AWS Marketplace ISVs,” a commissioned study conducted by Forrester Consulting on behalf of AWS, May 2022.

“Reduce Risk Exposure And Friction With Trusted Online Marketplaces,” a commissioned study conducted by Forrester Consulting on behalf of AWS, May 2022.

Appendix D: Endnotes

¹ Source: [“Scoring Our 2021 Cloud Predictions,”](#) Forrester Research, Inc., February 14, 2021.

² Source: [“The Buyer’s Journey: Business Applications,”](#) Forrester Research, Inc., March 27, 2023.

³ Source: [“The SaaS Marketplaces Landscape, Q2 2023,”](#) Forrester Research, Inc., June 27, 2023.

⁴ Total Economic Impact is a methodology developed by Forrester Research that enhances a company’s technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

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