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eBook:

A Practical Guide to Smarter Partner Incentives

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Background to this eBook on Incentives

Are your partner incentive programs truly driving growth, or are they just an expected investment, draining valuable resources without delivering measurable returns?

In Q3 2025, Channelscaler hosted a webinar featuring an expert panel that explored what it really takes to build and scale modern, impactful incentive programs that strengthen partner loyalty, increase sales, and drive ecosystem-wide success.

The panel, hosted by Margaret Adam, Director of Product Marketing at Channelscaler, featured senior channel leaders:

- **Brian Kroneman**, AVP, WW Channel Programs & Strategy at **SentinelOne**
- **Alli Oneal**, Senior Manager of Global Partner Programs & Partner Experience at **Barracuda**
- **Sean O'Connell**, VP Product at **Channelscaler**

This eBook shares expert insights from the webinar, combined with poll responses from attendees, to provide an essential guide to motivating channel partners and why you need to look beyond the sale for incentive success.

If you'd like to know more, please contact: Brenda O'Sullivan

"Incentives have always been one of the most powerful tools in the channel. But as the industry evolves, so does the way we motivate our partners need to evolve. It's also very easy to get incentives wrong."

Margaret Adam
Director of Product Marketing at Channelscaler

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Meet the Panel

Brian Kroneman

AVP, WW Channel Programs & Strategy

SentinelOne

Alli Oneal

Senior Manager of Global Partner Programs & Partner Experience

Barracuda

Sean O'Connell

VP Product

Channelscaler

Moderated by:

Margaret Adam

Director Product Marketing

Channelscaler

The Evolution of Incentives

Historically, to design an incentive, you really only needed **3** things.

- A budget
- A timescale
- A product, action or activity you wanted to promote

These rolled up into a simple program to motivate and reward partner sales teams to focus on selling particular products or hitting specific revenue or volume targets.

While this straight-forward approach of rewarding partners to drive the business was once the cornerstone of the traditional reseller model, the channel marketplace has evolved into a far more complex and dynamic ecosystem.

Today, we operate in a landscape that includes a broad range of different types of partners who contribute value throughout the entire customer journey.

This transformation calls for a fundamental rethink of how we motivate, empower, and reward our channel partners in a more holistic way.

The analyst firm Canalys summed it up well when they framed the partner's role as more than just closing the deal.

"From driving market awareness (getting the customer to the dance) to closing the deal (getting them on the dance floor) to net retention/renewal (keeping them dancing all night long) partners are playing an increasingly important role. The modern buyer experiences 28 moments (on average) that lead them to a purchase decision and vendor selection."

Source: Canalys Insights – How do vendors capture the 28 presale moments of the new customer journey? (hint: through-partner marketing) Rodney Hur, Lisa Lawson and Jay McBain

Brian Kroneman,

AVP, WW Channel Programs & Strategy at SentinelOne

"Understanding who is actually involved with that particular opportunity is key.

Whether you're talking about an individual sales rep, solution engineer or focusing on a particular partner, the challenge is figuring out how they are being able to influence and transact and how can we leverage incentives to reward those behaviors."

The Five Dimensions of Incentive Design

The future of incentives needs to look beyond the traditional, *"you sell more, you earn more"* approach to partners.

Modern sales incentives are still about performance – but now it's not just *"who sold the most?"* but *"who helped land the biggest long-term client?"* or *"who contributed to the team's success?"* and *"who created an upsell into a customer?"*

Considering the five dimensions of incentive design enables vendors to think more holistically about the why, when, who, how and what of incentives to deliver programs that attribute and reward success more broadly.

Why → Business Objectives

- Revenue focused
- Market penetration or expansion
- Customer satisfaction/ renewal rates
- Partner loyalty/ satisfaction

When → Lifecycle Stage

Pre-sale
- Lead generation
- Opportunity creation
- Deal Registration
- Demo or POC

Sale
- $ value
- Multi-year deals
- Multi-product deals

Post-sale
- Onboarding
- Customer satisfaction
- Renewals
- Cross-sell/ upsell

Who → Recipients / How → Program Type

Recipients	Program Type
Partner at Organizational level	• Rebates • MDF • Flexible Cash Use
Partner Individuals/ teams • Sales • Technical • Customer support	• Commissions • SPIFFs • Gamified Programs

What → Reward Type

Financial Rewards
- Flat rate per sale, lead, referral, demo etc
- Percentage of sale
- Tiered rewards based on performance metrics
- MDF funds

Non-financial rewards
- Training & Certifications
- Badging/ Recognition
- Merchandise/ goods
- Access to Exclusive Resources/ events

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Why Run Incentives?

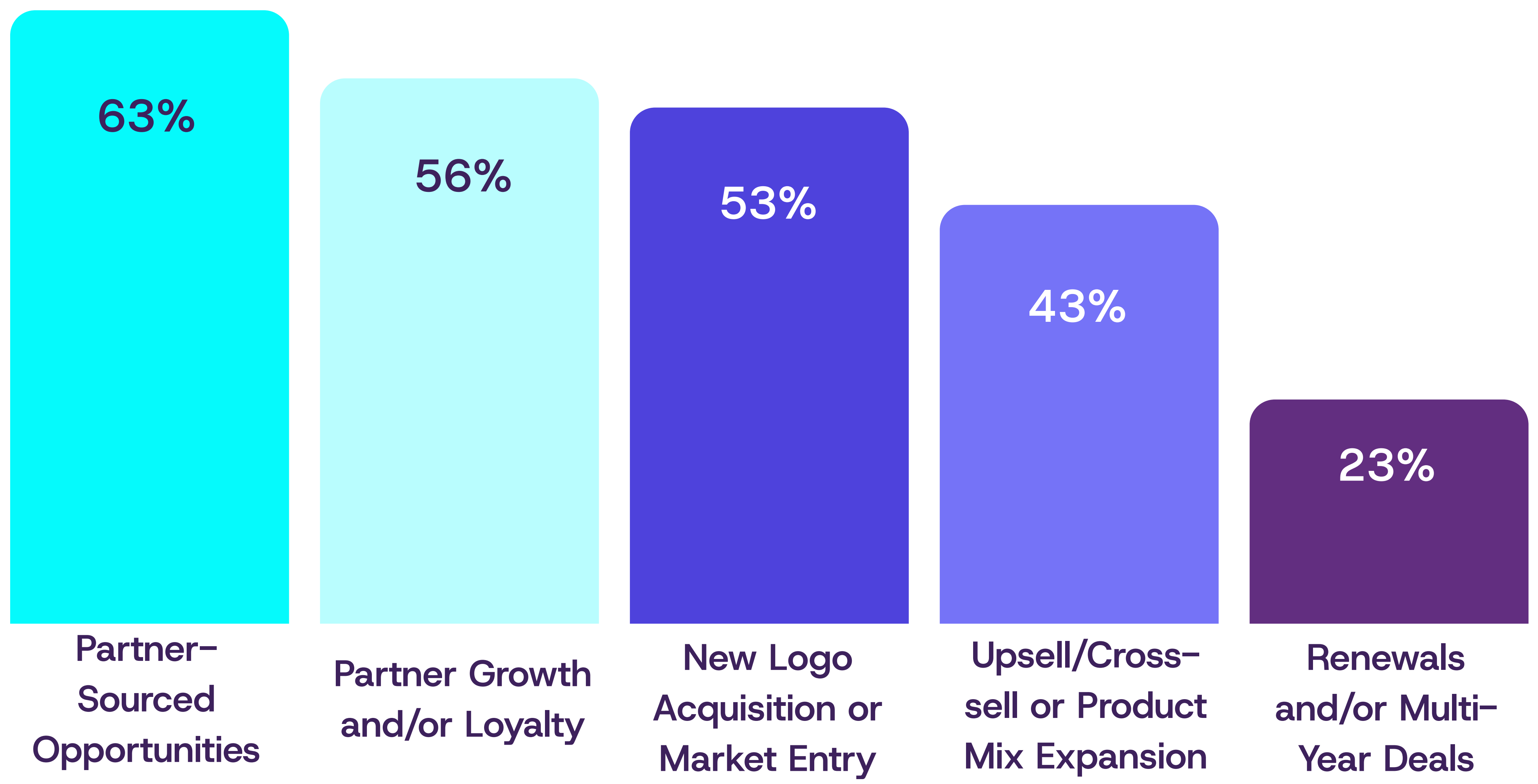
We asked webinar participants to identify the business goals that they designed their incentive programs to support.

Unsurprisingly, the majority of vendors use incentive programs primarily to drive revenue growth and market expansion. Three of the top four responses were directly tied to revenue, with 63% of respondents citing 'Partner-Sourced Opportunities' followed by 53% selecting 'New Logo Acquisition or Market Entry,' and 43% indicating 'Upsell/Cross-Sell or Product Mix Expansion.'

'Partner Growth and/or Loyalty' was the second most popular response, indicating the ongoing importance of building positive relationships with partners.

Only 23% of respondents identified 'Renewals and/or Multi-Year Deals' as something they currently aim to support with their incentive programs, suggesting that while long-term retention has value, vendors are prioritizing growth-focused initiatives in their incentive strategies rather than maintaining their existing customer base. However, the tide is turning towards a more holistic view of using incentives across the customer journey and across the partner ecosystem.

Top Business Goals Vendors Aim to Support with Their Incentives Programs



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When to Incentivize and Reward?

Today's channel partners are deeply embedded at every stage, influencing decisions, delivering services, ensuring long-term customer satisfaction, and the all-important customer renewal.

- **From Transactional to Transformational:** Partners are no longer just order takers; they are strategic advisors, service providers, and technology integrators. Their value extends across the entire customer lifecycle. This means incentives must evolve beyond purely sales rewards to recognize comprehensive engagement.

- **The Rise of Service-Centric Partners:** Business models are built on recurring revenue and long-term customer relationships, making incentives for ongoing service delivery, customer retention, and service adoption far more relevant than just upfront sales.

"We know that pre-sale touch points are increasingly critical in today's more complex sales. If you think about your partners providing very early education in terms of building awareness, providing a demo, doing a solution design, or providing a proof of concept. And then, of course, you've got the post-sales portion. Obviously, the customer retention piece is also key. So, we've now adapted our rebate program to focus on all of those different journeys within the customer lifecycle."

Alli Oneal

Senior Manager of Global Partner Programs & Partner Experience at Barracuda

When – Beyond the Sale

The extended role of partners to influence and support throughout the entire customer journey includes many activities that could and should be included in incentive programs.

- **Lead Generation & Sourcing Opportunities:** Identifying and bringing new prospects into the funnel – a critical early-stage contribution.
- **Pre-sales Activities:** Conducting product demonstrations, running proof-of-concepts (POCs), assisting with complex solution design, and creating detailed bills of materials (BOMs). These activities, while not direct sales, are pivotal for closing deals.
- **Implementation & Onboarding:** Ensuring smooth deployment, successful adoption, and initial customer satisfaction – laying the groundwork for long-term relationships.
- **Ongoing Support & Management:** Providing continuous service, troubleshooting, and ensuring optimal performance, which directly impacts customer loyalty.
- **Customer Retention & Renewals:** A vital, often overlooked area where partner involvement significantly impacts customer lifetime value (CLTV) and your recurring revenue streams.
- **Upselling & Cross-selling:** Expanding existing customer accounts with additional products or services, driving incremental revenue from a loyal base.

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Why Incentivize Beyond the Sale?

The strategic advantages of rewarding these 'non-sales' activities are immense and contribute directly to your bottom line.

Key benefits include:

- **Fostering Loyalty and Stickiness:** When partners feel valued for their broader contributions, they are more likely to prioritize your solutions and invest more time and resources in the partnership.
- **Building Capabilities:** Incentives tied to training, certifications, and specialized accreditations directly enhance partner expertise, leading to more complex sales, better customer outcomes, and increased stickiness.
- **Increasing Customer Lifetime Value (CLTV):** Rewarding retention and renewals directly impacts your long-term revenue streams and reduces churn.

Who to Reward?

The decision of who to reward requires careful consideration of two key factors.

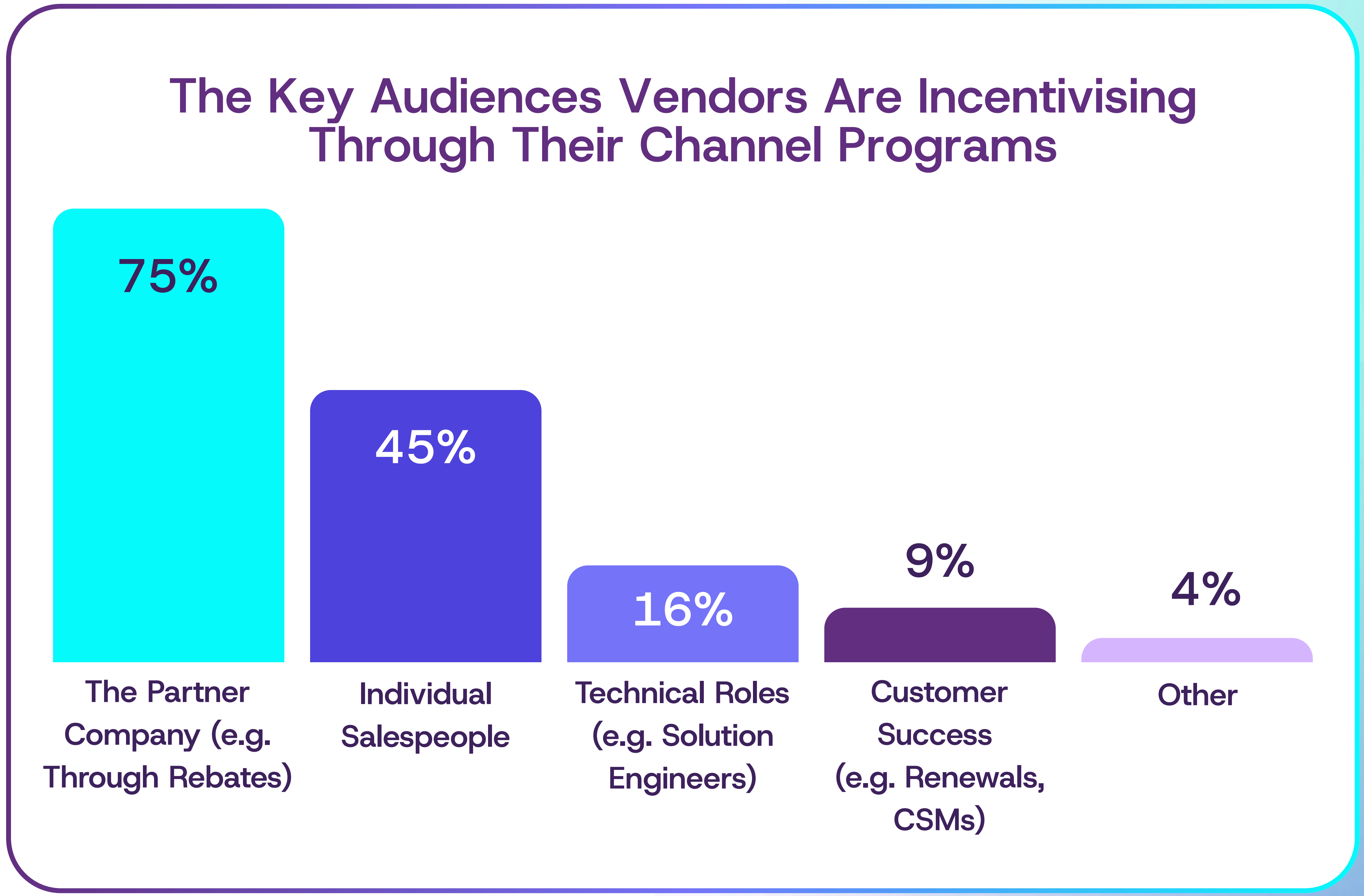
- Whether to reward at an individual or company level
- Which teams and roles to incentivize

Some partners prefer to manage incentive rewards themselves due to their own policies or because of tax implications. Implementing a **"company paid incentive program"** that rewards the organization rather than individuals can mitigate these challenges, allowing partners to distribute funds internally as they see fit.

The webinar poll results show that vendors overwhelmingly prioritize incentivizing partner companies (**75%**) showing a strategic focus on influencing organizational behavior and aligning business outcomes at the company level.

In terms of rewarding individuals, **45%** of respondents identified individual salespeople as targets, indicating that vendors see value in motivating frontline revenue generators directly.

However, technical roles (**16%**) and customer success teams (**9%**) receive considerably less attention, despite their importance in driving solution adoption and renewals and this is where we are starting to see most movement towards more equitable incentive programs to reward attribution not just achievement.



How to Reward?
Common Types of Incentives

- **MDF:** Market Development Funds (or Business Development Funds) are financial resources provided by a vendor to its partners to help promote and sell its products or services.
- **Rebates:** Company-level monetary incentives based on achieving a certain sales threshold over a longer period (e.g., quarterly, annually). Can be volume-based, growth-based, or even tied to specific product lines.
- **SPIFFs (Sales Performance Incentive Funds):** Short-term, individual monetary incentives (or other rewards like gift cards, merchandise, travel) awarded to sales reps or other individuals for specific, defined activities.
- **Commissions:** Sales commissions are payments made to salespeople based on the value or volume of the sales they close. Usually calculated as a percentage of each sale or a flat rate for each deal.
- **Gamified Programs:** Utilizing points, badges, and leaderboards to reward specific accomplishments (e.g., certifications completed, demos run, trials initiated, content consumed) in a competitive yet engaging way.
- **Flexible Cash Use:** Providing partner companies or resellers with cash-based rewards or funding that they can allocate according to their own business needs – such as marketing, sales enablement, training, or infrastructure – rather than restricting funds to predefined uses.

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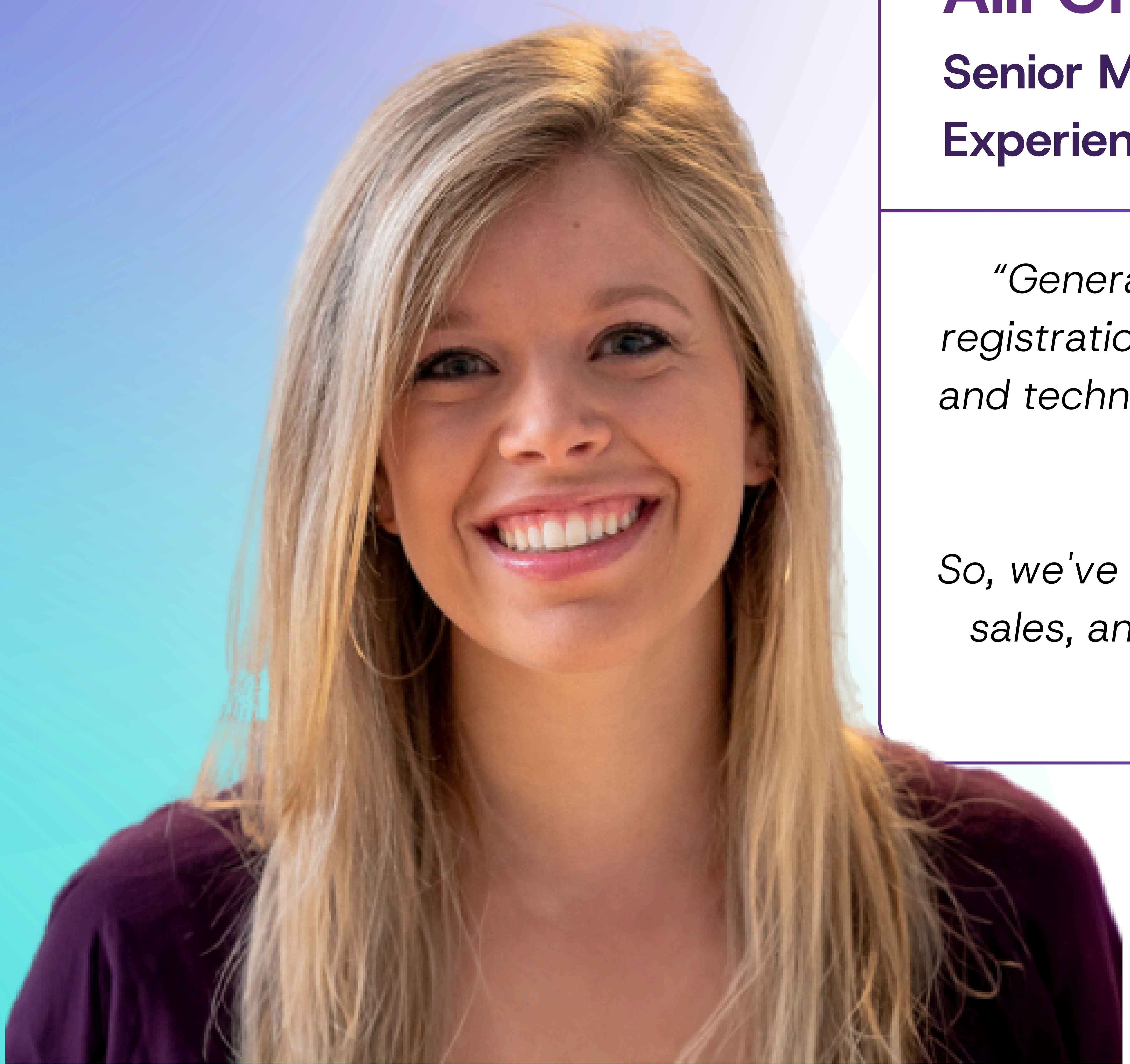

Alli Oneal,

Senior Manager of Global Partner Programs & Partner Experience at Barracuda

"Generally, SPIFFs are targeted at setting a meeting, getting a deal registration closing the business, but we know that those sales engineer and technical folks are as deeply ingrained, if not more deeply ingrained in that process than the sales folks.

So, we've also introduced a rewards program, looking at roles outside of sales, and a sales engineer community for our partners that provides rewards for the technical folks."

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How to Reward – Types of Programs

Vendors are prioritizing partner level monetary incentives to drive performance.

The most widely used programs are Marketing Development Funds (**59%**) highlighting a strong focus on empowering partners to generate demand, and company-level rebates (**57%**), which are likely re-invested to support partner growth.

Individual sales incentives (SPIFFs – **48%**) and referral/influence-based rewards (**44%**) remain key tools for motivating partner reps and expanding reach. Meanwhile, gamified programs (**17%**) are gaining interest.

We've built a gamification and rewards program based on the accomplishment of different tasks, like certifications, demos, and trials, and we're certainly seeing a lot of excitement from that technical community. Sometimes, though, they're not the ones who get recognized by the SPIFF program or who receive the cash and rewards available within the sales engineering community – whether that recognition comes in the form of badging, prizes, or swag that's more closely aligned with what a technical person would be interested in."

Alli Oneal

Senior Manager of Global Partner Programs & Partner Experience at Barracuda

Most Common Incentive Program Types Vendors Are Running or Planning to Launch

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What Type of Rewards?

"Cash is still king in a lot of cases… But sometimes that cash can be used in different forms and fashions. So, it's almost used as a lever to do different things rather than simply going into someone's wallet."

Brian Kroneman
AVP, WW Channel Programs & Strategy at SentinelOne

Most Popular Reward Types Offered in Vendor Incentive Programs

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What? Reward Types, Beyond Cash

Non-cash incentives are rewards or motivators given to partners that don't involve direct cash payments. They can be powerful tools for boosting motivation, loyalty, and performance without increasing base compensation. This is particularly important for partners whose policies prohibit them from accepting cash incentives. For example, most strategy consulting and systems integrator partners will not accept any form of monetary incentive. However, there are other ways to recognize and motivate behavior, popular examples include:

- **Training and Certifications:** Essential for building partner expertise and competence in your solutions. Highly valued by consulting firms and technical teams.
- **Specializations, Badges and Recognition:** Publicly acknowledging partners for achieving specific expertise levels or exceeding performance targets builds prestige, reputation, and encourages internal investment.
- **Access to Exclusive Resources:** Providing licenses, sandbox environments, early access to new features (beta programs), and direct access to your solution engineers or product teams creates a sense of being both trusted and valued.
- **Access to Company / Industry Events:** Access to conferences, sessions with customers and executives, helps not only foster relationships but also enable these partners, ultimately, building trusted relationships.
- **Rewards Catalogue:** Merchandise, electronics, gifts cards, company swag (branded items), experiences let the recipient choose a reward to suit them.

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Managing Incentives Programs

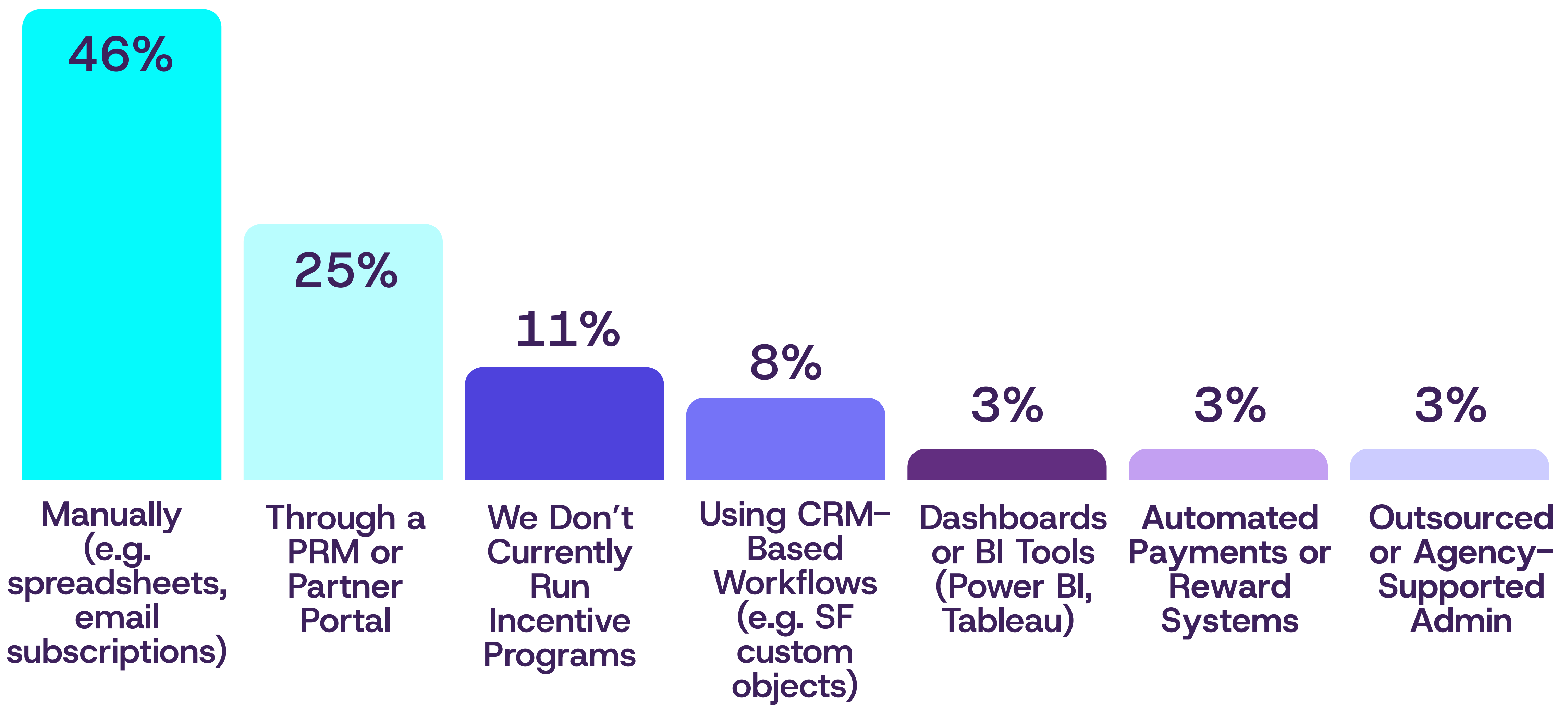
Poll data from the webinar highlights a clear link between how vendors manage their incentive programs and the challenges they face in doing so effectively.

The majority of vendors (**46%**) still rely on manual processes, such as spreadsheets and email, to manage their incentive programs. Only a quarter (**25%**) have adopted more structured tools like Partner Portals or PRMs, while alternative solutions such as CRM workflows, BI dashboards, and automated / outsourced reward systems each see minimal adoption (**3–8%**).

"When it comes to tailoring incentive strategy, first you have to recognize what systems are in place to measure partners throughout the journey."

Brian Kroneman
AVP, WW Channel Programs & Strategy at SentinelOne

How Vendors Are Managing and Executing Their Incentive Programs Today



"Having rewards can help the business to incentivize and really grow the partnership. Set yourself up to have a system; thankfully Channelscaler has been super helpful in terms of helping us put that together."

Brian Kroneman
AVP, WW Channel Programs & Strategy at SentinelOne

"The technology and the Channelscaler platform have been a game changer for us. We leverage Channelscaler to support us with our incentive programs, and that has just been a night and day difference for us both in monitoring program performance."

Alli Oneal
Senior Manager of Global Partner Programs & Partner Experience at Barracuda

"From an automation perspective, the whole data piece is key. You need your data to be able to make an informed decision in relation to what do you need to put in place?
Do you go after a particular behavior at an individual level?
Do you go more for the partner entity level?
What are the data points?
What is actually going to move the needle within your partner base?"

Sean O'Connell
VP Product at Channelscaler

Challenges when Managing an Incentive Program

The heavy reliance on spreadsheets identified in the previous survey means that ROI is hard to validate.

You need to make the incentive visible to partners; otherwise, they will not be able to tie the activity with the reward, and the impact of that incentive is lost.

"First and foremost, partners need to be able to see that this exists, so it needs to be clearly visible, front and center, to the partner that there's a potential reward available. They want to be able to click quickly and easily, understand it, and see how they are progressing towards those rewards. If you make something overly complicated, the partner will walk away."

Sean O'Connell
VP Product at Channelscaler

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Data-Driven Partner Incentives

Data is essential to building effective automation strategies and incentive programs. Whether launching a rebate or refining a SPIFF campaign, success depends on your ability to capture, analyze, and act on the right data.

Pair that data with tools for tracking, visibility, and feedback, and you can create programs that not only reward but motivate partners to engage and perform.

The Five Pillars of Data-Driven Incentives

1. Foundational Partner Data– Who are your partners?
Not all partners are alike. Capturing core attributes like tier, specialization, and region enables segmentation and targeted incentives.

2. Engagement Data – How involved are they?
Track interactions like portal logins, content usage, and event participation to gauge partner investment and tailor rewards accordingly.

3. Performance Data – Are they delivering?
Transparent performance metrics help partners understand expectations and drive improvement.

4. Market & Customer Insights – What's happening outside?
Align incentives with real-world trends, buyer behaviors, regional demand and competitor actions to stay competitive and relevant.

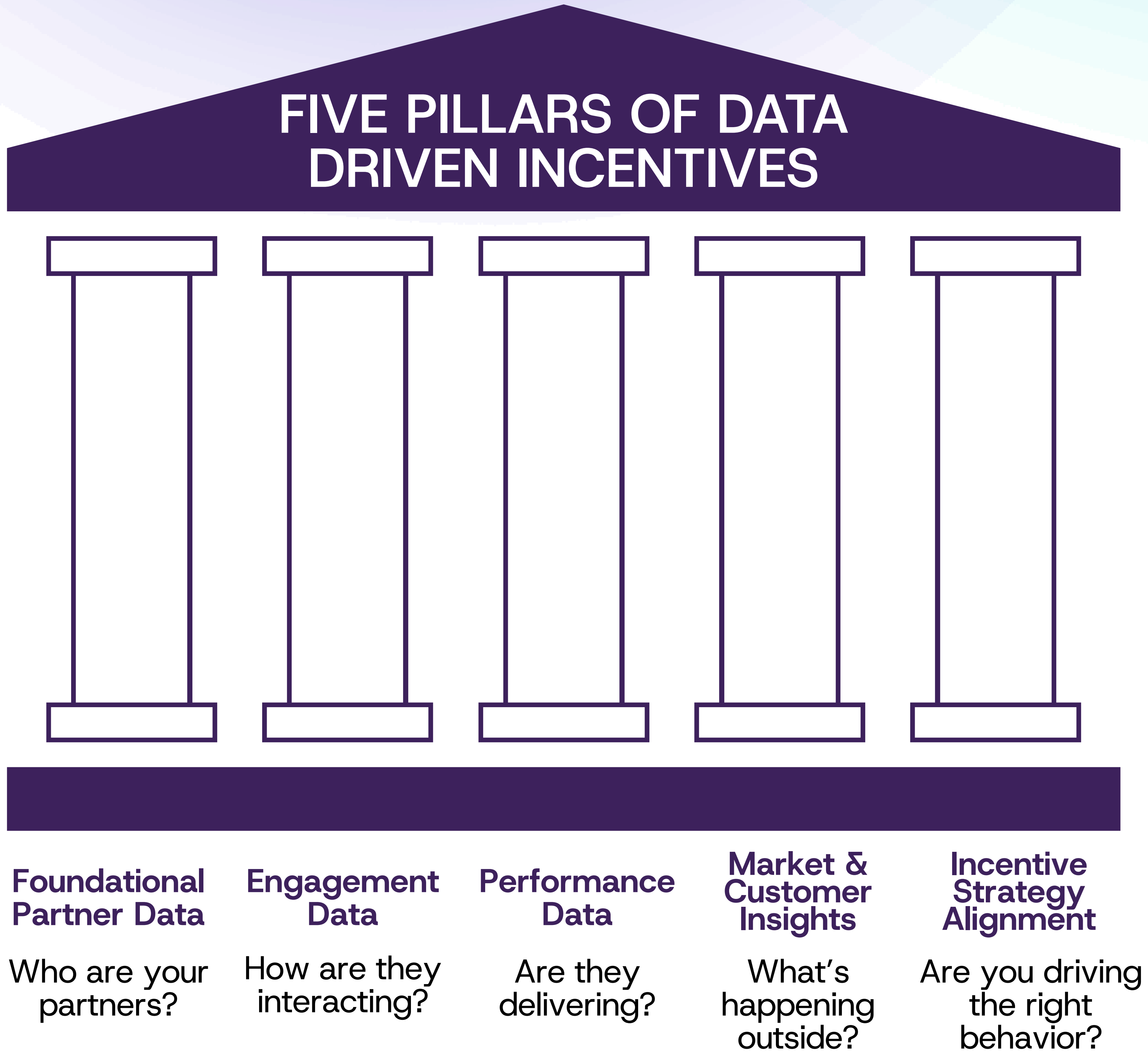
5. Incentive Strategy Alignment – Are you driving the right behaviors?
Incentives should reflect the outcomes you want. Programs succeed when they are transparent, purposeful, and motivate partners to act.

"When thinking about what new incentives we want to introduce, I always ask: Can we track it? Can we monitor performance? Do we have the right data to support this?"

Alli Oneal
Senior Manager of Global Partner Programs & Partner Experience at Barracuda

"Each step along the way, we think about what tools are available to us. What can we track and transparently show to partners, so we can reward and highlight that behavior?"

Brian Kroneman
AVP, WW Channel Programs & Strategy at SentinelOne



"Your incentives – your motivations – must align with what you're actually asking partners to do. At the heart of this is data. The programs that succeed are those that deliver transparency and visibly reward the right behavior."

Margaret Adam
Director of Product Marketing at Channelscaler

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The Future of Incentives with AI

As incentive programs become more complex and data-driven, artificial intelligence (AI) is playing an increasingly pivotal role in shaping how businesses design, manage, and scale their partner strategies. From smarter targeting to enhanced partner experiences and improved compliance, AI is transforming traditional incentive models into agile, scalable, insight-led programs that drive measurable results.

The following outlines three key ways AI is reshaping the future of partner incentives.

1. Smarter Targeting with AI:
AI can analyze partner performance and engagement data to identify high-potential partners, recommend which partners to focus on, and what incentive mix to use.

2. Enhanced Partner Experience:
AI enables intuitive, self-service support for partners to simplify and guide partners through claiming and tracking rewards. For example, *"What incentives am I eligible for?"*, *"How close am I to earning this incentive?"*, *"What do I need to do next?"*

3. AI-Powered Compliance & Validation:
AI can detect suspicious claims and overuse patterns and automate document validation (e.g., invoices, proofs of performance).

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Driving Incentives with AI

Sean O'Connell,
VP Product at Channelscaler

"AI's going to play a big role in figuring out who to target – looking at performance and engagement data to predict which partners to go after and suggesting the best incentives, whether that's a SPIFF, a rebate, or an MDF program.

Agentic AI will make it easy for partners to ask simple questions like, "Am I close to any incentives? What am I eligible for? What do I need to do to qualify?" creating an easier process for partners to understand the incentives, and also guide them towards how to claim their reward.

The last piece, from an AI perspective, where it'll start to play a big role is compliance. By spotting unusual patterns of people trying to take advantage of incentives and catching suspicious claims, to checking proof-of-performance documents it will help prevent abuse and save valuable manual processing time."

8 Common Incentive Mistakes to Avoid

In today's rapidly evolving partner landscape, relying on outdated incentive models or manual attribution is a surefire way to fall behind your competitors and lose partner mindshare.

- **Lack of Clear Communication:** If partners don't know about it or understand it, it won't work. Promote incentives proactively and clearly.
- **Overly Complex Rules:** Keep the program mechanics simple. Too many rules or hurdles will lead to frustration and disengagement.
- **Untimely Payouts:** Delays kill motivation. The quicker you reward the desired behavior, the more that resonates with your partner base.
- **Inadequate Rewards:** The incentive must be *"enough to excite the partner."* If the reward is too low, it won't drive behavior.
- **Unrealistic Targets:** Don't make it too hard for partners to achieve rewards. If partners don't think they are going to see the results of their efforts, they may focus their energies somewhere more beneficial.
- **Ignoring Non-Sales Roles:** Limiting incentives to only sales reps can alienate critical pre-sales or technical contributors who have a significant, but often unseen influence on decision makers.
- **Lack of Measurement:** Failing to track ROI means you can't optimize the program or justify the budget for future investments.
- **Give Programs Time to Breathe:** It's tempting to pivot quickly if something isn't working, but new incentives need time for the message to spread through your partner community and for adoption to occur.

"Keep it simple. Keep the rules and the reward structures easy for the partner to understand. If it's overly complicated, partners just won't engage."

Margaret Adam

Director of Product Marketing at Channelscaler

Key Takeaways

"Recognize the Unsung Heroes. It's really shining the light on the often-overlooked roles that truly drive success, because while salespeople are typically rewarded directly, the real impact often comes from others within the partner organization.

Technical Teams (Solution Engineers, Architects) are probably the ones that have the most influence on success; their expertise in solution design, product demonstration, integration, and problem-solving is invaluable, yet often goes unrewarded.

Customer Success Managers are crucial for ensuring customers are happy, realize ongoing value from your products, and are more likely to renew.

Let's focus the love where it's truly due."

Brian Kroneman,
AVP, WW Channel Programs & Strategy at SentinelOne

"It's really about finding the right incentive mix for you and your partners. It's not just about choosing one incentive over another, but about understanding how different incentives work together to support your overall strategy. For us, it's rarely a question of turning one program on and another off – it's about adjusting the levels, dialing one up while maybe dialing another down, based on where we are in the journey and what outcomes we're aiming for.

The key is staying flexible and thoughtful about what mixture truly drives the right behavior and long-term success."

Alli Oneal,
Senior Manager of Global Partner Programs & Partner Experience at Barracuda

"The speed with which you reward partner behavior is fundamental.

The quicker you reward the desired behavior, the more that resonates with your partner base.

If you offer an incentive but delay the payment by six months, people forget what they're actually being rewarded for.

So it's critical that you have a timely tracking and payment mechanism so that they can immediately associate the reward with the behavior. That validation is more likely to drive more and more of the desired behavior."

Sean O'Connell,
VP Product at Channelscaler

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Additional Resources

Whitepaper: The Global Channel Leader's Playbook 2025 Part 2: Scaling Partner Engagement, Revenue, and Ecosystem Growth

Whitepaper: The Global Channel Leader's Playbook 2025 Part 1: Designing a High-Performance Partner Program

eBook: Building the Business Case for Partner Relationship Management (PRM) in 10 Steps

eBook: Partner Journey Excellence:

eBook: Building the Business Case for a Partner Performance Dashboard
Drive partner success with data, metrics, and actionable insights

eBook: A Guide to Partner Leveling (Tiering) Programs in 2025

eBook: Driving ROI through effective Channel Partner Renewals

eBook: Utilizing Partner Performance Dashboard to Build a Stronger Partner Ecosystem
A data led approach to analyzing, managing, and optimizing your partner ecosystem

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In a competitive partner ecosystem, ease of doing business is everything. Channelscaler empowers you to scale with confidence, win partner mindshare and grow revenue with clarity and control.

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