

The Pendulum Still Swings

The ecosystem model is shifting from one you join to one you run. Here's how to get organized before the wave flips.

FOR CEOs, BOARDS & INVESTORS

Why every company now needs its own ecosystem, how to pay for the shift while the old model still works, and the two mistakes leadership makes most often.

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THE SHORT VERSION

01

The big platforms are building what their partners used to sell. Their partner programs are no longer a safe bet.

02

Where this ends up: you run your own ecosystem and the platform becomes a supplier.

03

Keep the old model paying the bills while you build the new one. That balance is now a CEO and board job.

When I ran the partner and developer programs at Microsoft and Red Hat, I reported into the C-suite at both companies. The question was always where the ecosystem should sit. A central team? Product? Sales? Marketing?

Every one of those mattered, so the programs that worked best pulled all of it together. The ecosystem was a company asset, and it had to be owned at company level.

I explained it with one picture: a pendulum. On one side is **product**: the technology, plus the hooks and architecture that let other companies build on it. On the other is **business**: pricing, marketing, support and the distribution that turns the product into revenue. The CEO and the board sit at the pivot, and their job is to stop it swinging too far either way. Lean too far toward product and you build things nobody pays for. Lean too far toward business and you sell things the product can't deliver.

For a long time only the big platform companies had to worry about this, because they were the ones running ecosystems. That's changed. In the AI era every company has to run its own, so every company now has to manage that pendulum.

01 · THE SHIFT

The platforms are absorbing what partners used to provide

For years the playbook was simple: build your product, plug it into Microsoft, Google or AWS, and lean on their partner program and marketplace to reach customers.

Here's the call we're making at Align Growth Global (AGG): the ecosystem model we've known is going away. The big platforms are building more and more of what their partners used to provide into their own products. If your whole strategy is being a good partner in someone else's ecosystem, you're on borrowed time.

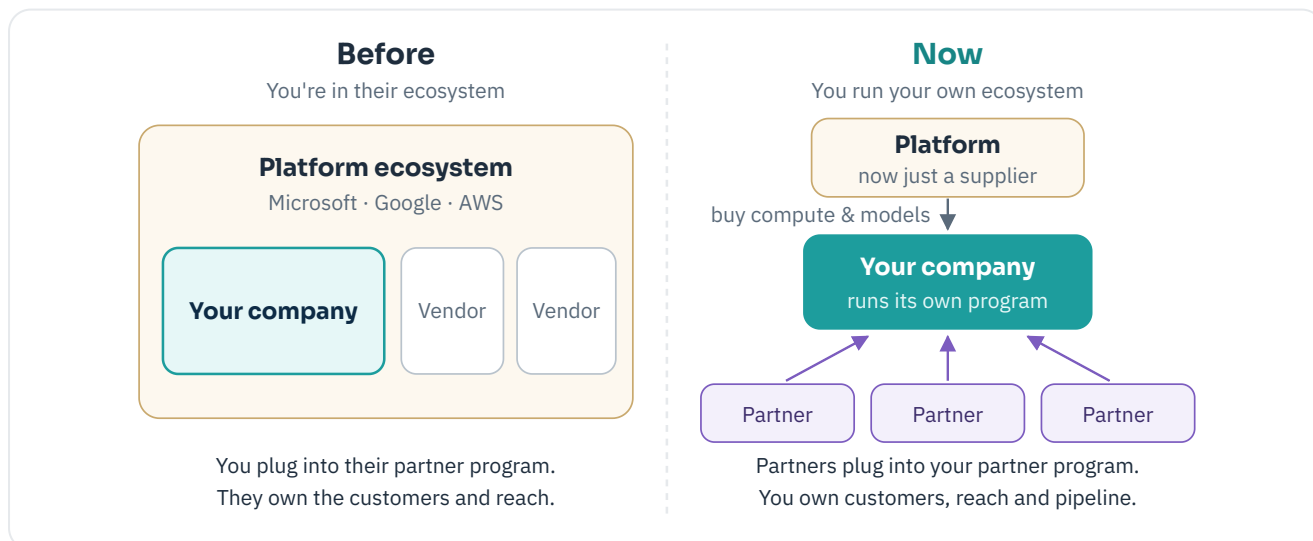


FIG. 1 Where this ends up: you run your own program and partners plug into you.

The platform will still be there, but as a supplier you buy compute and models from rather than an ecosystem you depend on. The customer relationships and the pipeline are yours.

02 · THE TRANSITION

Keep the old model running, and start building the new one now

We're not there yet. The channel still moves product, the platforms still bring in deals, and plugging in still pays the bills. If you walk away now, you'll run out of money before the new model is up and running. So get as much as you can out of the channel, co-selling and the marketplace, and use it to fund the company.

The risk is doing only that. If you sit and wait for things to become clear, you may find the platform has started doing what you do, your distribution has dried up, and you have very little of your own to fall back on.

**You can't build your own ecosystem after the old one has gone.
You have to build it while the old one is still paying for it.**

03 · THE PIVOT

Organize the company around both sides of the pendulum

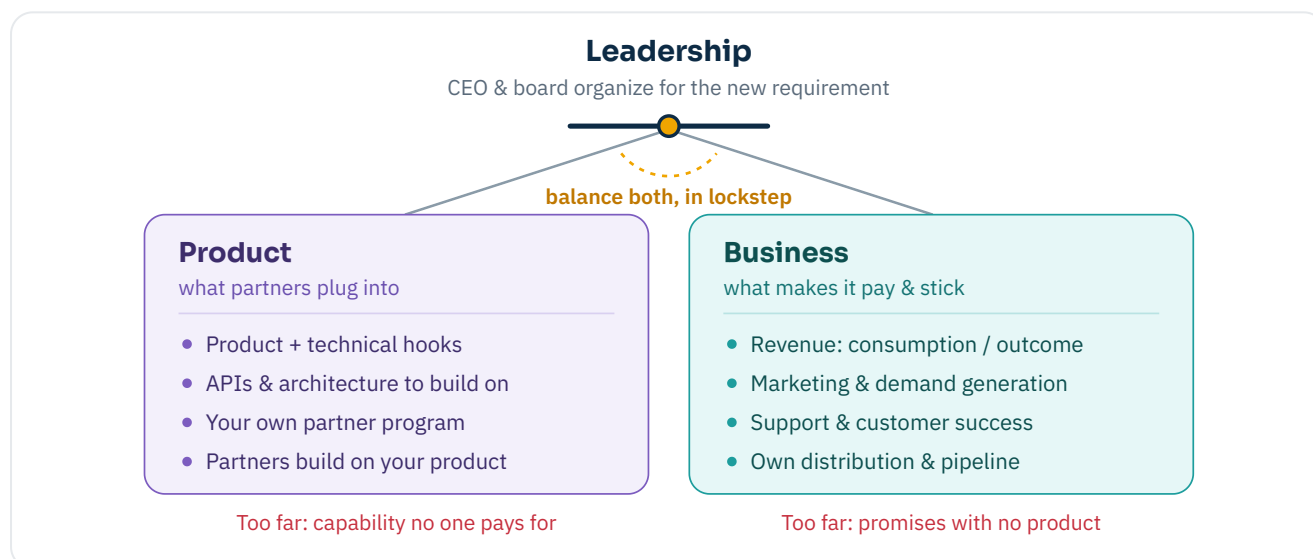


FIG. 2 What belongs on each side, with leadership keeping the two in balance.

Work out what belongs on each side and build the company around it. Hiring plans show whether a company is serious. If the open roles and the org chart are still built for the old model, with partner managers whose whole job is looking after someone else's program, you're not really building for what comes next.

04 • THE RISKS

Two ways to get it wrong, and both cost more than they used to

MISTAKE 01**Building product with no plan to make money from it**

Engineering ships the integrations and AI features, but nobody has worked out how to price them, who sells them or how they get supported. And because AI runs on compute you pay for by usage, a feature that's popular but not earning anything costs you more every time someone uses it.

MISTAKE 02**Selling ahead of the product**

Sales and marketing get ahead of what the product can actually do, or the product is built on technology a competitor can rent from the same provider. Customers sign up based on what they were told, and when the product falls short, they don't renew.

It used to be possible to build first and sort out pricing later, or sell first and let the product catch up. That's much riskier now that AI costs grow with usage. You need to build the product and the business model behind it at the same time, while today's model is still funding you. That's the real job at the pivot, and it belongs to the CEO and the board.

The bottom line

The pendulum hasn't changed, and neither has the job at the pivot: keep product and business in balance. What's different now is that every company has to do it, and there's much less room to get it wrong. Our advice: start building your own partner program and customer base now, while the old model still pays for it.

ABOUT THE AUTHOR**MW**

Mike Werner is a co-founder of AGG, where he leads Platform Strategy & Intelligence. He spent 35 years at Microsoft and Red Hat building partner and developer programs, and has worked through six platform transitions.

ECOSYSTEM JUMPSTART

Start building your own ecosystem while today's model still pays for it.

AGG helps technology companies build and run their own ecosystems. We help you keep today's model working while you build the one that will replace it. An Ecosystem Jumpstart is a good place to start.

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