

Partner Ecosystem Multiplier – The Microsoft Marketplace Opportunity

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In partnership with:



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Executive Summary

Software sales through hyperscaler cloud marketplaces, such as Microsoft Marketplace, will reach US\$163 billion by 2030 according to Omdia estimates. This will rise from US\$30 billion in 2024 with a 5-year CAGR from 2025-2030 of 29.1%. This significant growth will primarily be driven by both AI (with a CAGR of 37% via marketplaces) and cybersecurity (with a CAGR of 31% via marketplaces). By 2027, channel partners will be responsible for the majority of spend that flows through cloud marketplaces, and with an increase in associated professional services, the ecosystem multiplier opportunities will continue to expand. This expansion, driven by increasingly complex digital transformations, will drive services opportunities for both software companies and the wider Microsoft channel partner ecosystem. Microsoft Marketplace sits at the center of these opportunities as the enabler of these incremental services and solution opportunities tied to Marketplace sales. Omdia defines these opportunities as its **Partner Ecosystem Multiplier (PEM)**. To help Microsoft quantify its Marketplace PEM, for both its software and channel partners, Omdia has conducted an in-depth study focusing on the diverse ways partners can generate multiplier revenues within the Microsoft Marketplace partner ecosystem.

This study breaks down the value of the Microsoft Marketplace PEM across six services segments that map across the customer lifecycle and helps partners understand where in relation to the potential PEM they currently sit. Furthermore, the study uncovers the ways in which partners can expand their multiplier opportunities in the Microsoft Marketplace ecosystem. The study reveals that partners can achieve a multiplier of up to US\$6.26 for every dollar a customer spends on software solutions via Microsoft Marketplaces. Multiple factors affect the PEM, including breadth of offerings, maturity of partner, complexity of service offerings, scale of partner and local market dynamics (geographic factors).

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It is important to also highlight that **the Multiplier reflects the revenue opportunities** that partners can capture with their services and solutions in relation to customer spend on software solutions, as opposed to margins or profitability. Any insights related to profitability will be specifically highlighted.

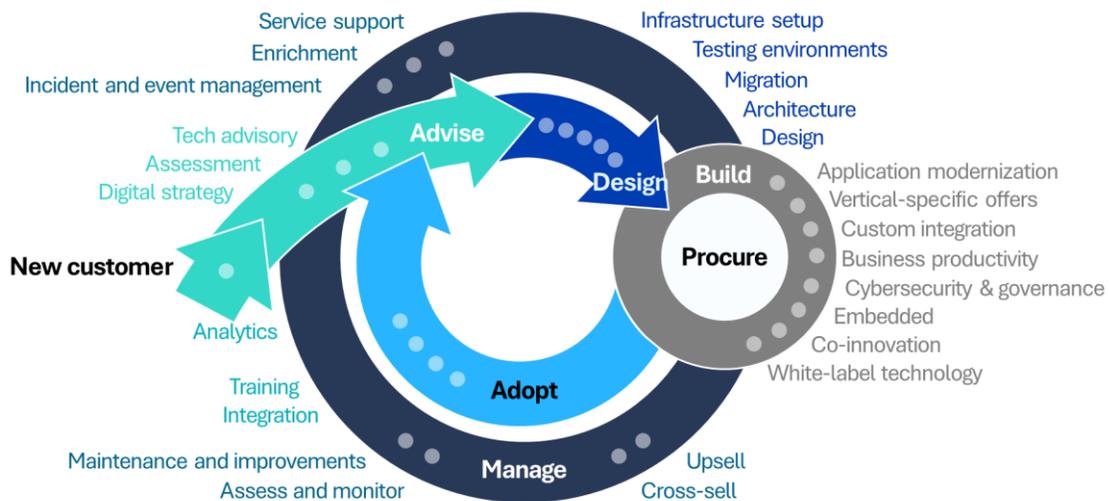
Research Methodology

Omdia conducted interviews with 16 Microsoft partners with Marketplace experience. These partners were selected across partner types to ensure the full potential of the Microsoft Marketplace ecosystem was captured. Omdia spoke to both software partners (12) and channel partners (4) to capture both direct services opportunities as well as opportunities available for channel partners of software partners via Microsoft Marketplace. Interviews conducted lasted between 45 and 60 minutes, and the data from these interviews were fed into the proprietary Omdia PEM model to help construct a holistic view of the total available multiplier in the Microsoft Marketplace ecosystem, particularly as it relates to partner activities and their work over time. In addition, Omdia leveraged three years of partner ecosystem studies that provided cloud marketplace-relevant data to further inform channel-specific opportunities within cloud marketplace environments, which collates more than 100 hours of channel partner interviews and insights as it relates to potential partner opportunities enabled by Microsoft Marketplace.

Partner Ecosystem Flywheel

To help illustrate the range of service opportunities that partners are offering, Omdia leveraged its **Partner Ecosystem Flywheel**. The Flywheel is a key visual of the PEM that serves two broad purposes. First, it shows the range of service activity types (shown below) that are typically delivered by partners when engaging in a customer technology deployment. The multiplier value is broken down into these activity types. Second, it serves as a visual aid to help understand where partners play across the customer technology lifecycle. Partners that engage across all activities of the Flywheel are better positioned to create the “spin” effect with customers, thus yielding further opportunities in the future.

Figure 1: The Omdia Partner Ecosystem Flywheel



- **Advise services** capture the consulting and professional services activities held either with new customers or existing customers that are embarking on new transformation projects. This typically involves an understanding of a customer’s digital strategy (or outcomes that need to be achieved with a

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particular project), an assessment of the existing infrastructure and systems, as well as an advisory on the specific technology solutions that need to be built or procured.

- **Design services** capture the activities required for customers to establish or expand their environment. This involves designing and testing the environment that will be used and ultimately migrating customer data onto the public cloud infrastructure.
- **Procure services** are the activities that partners conduct to acquire the necessary infrastructure for setting up cloud environments.
- **Build services** are the broadest and most diverse set of services within the Flywheel. Inclusive of industry and functionally focused software stacks, these services leverage the widest variety of partners within the ecosystem. This segment also includes a partner's own IP creation and software development, for example, as part of a customized solution.
- **Adopt services** are the services that allow partners to help customers use and unlock value from their investments. This could be in the form of ongoing customer success engagements or dedicated workshops to train customers in use. Business process and change management services allow partners to fine-tune these environments depending on customer demand, while data analytics are leveraged to identify opportunities, both for efficiency and further revenue in the future.
- **Manage services** are the end goal for many partners' projects and are by far the most operational of the services featured within the Flywheel. They can also be a key revenue driver as they offer an opportunity for consistent recurring revenue beyond the initial set-up of the environment.

Key Multiplier Findings

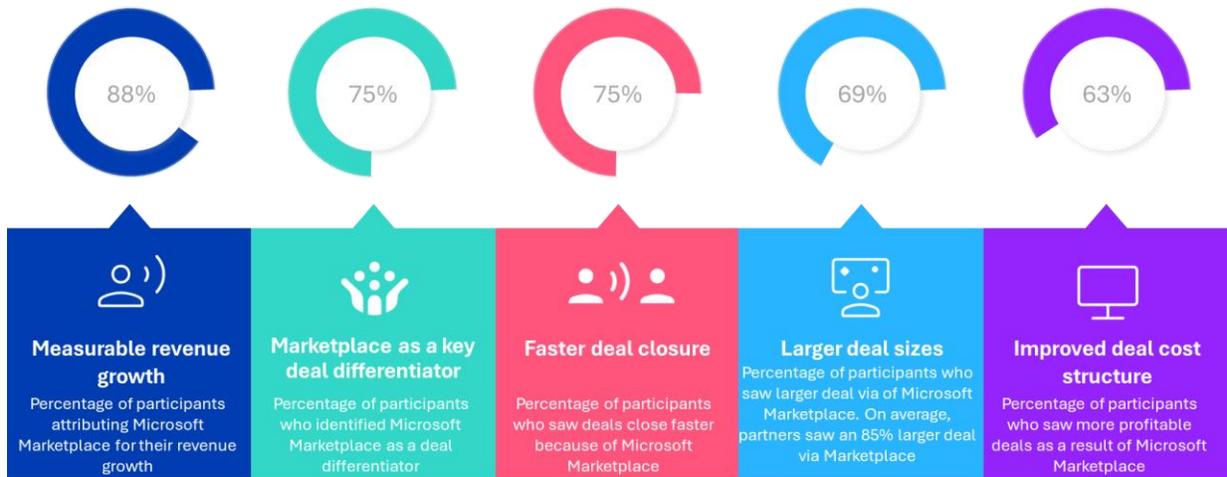
- **Channel partners can reach a US\$6.26 multiplier per US\$1 of software solution sold** via Microsoft Marketplace. Partners achieving this level have a breadth of services across the entire customer lifecycle.
- Omdia forecasts that there will be a **US\$297.8 billion partner services opportunity** enabled by Microsoft Marketplace transactions by 2030. The partner opportunity is driven by the fact that 43.2% of IT decision makers will look to increase their spend via Microsoft Marketplace in the next 18 months.
- **Software partners can capture a direct PEM opportunity of up to US\$1.75 per dollar of solution that they are able to sell, tied to the US\$163 billion of software sold via hyperscaler marketplaces by 2030.**
- **The biggest opportunity lies in the Manage phase.** Successful partners drive increased value for customers over time via their managed service offerings.

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Key Microsoft Marketplace differentiation findings

- 88% of study participants were found to attribute Microsoft Marketplace to their revenue growth. This has been driven primarily by customer demand to transact via Microsoft Marketplace.
- 75% of study participants identified Microsoft Marketplace as a key deal differentiator for customers.
- 75% of study participants saw deals close faster as a result of the procurement enablement and simplicity driven by Microsoft Marketplace.
- 69% of study participants saw larger deals when they transacted via Microsoft Marketplace. Partners and software companies who were able to generate these larger deals saw deals that were on average 85% larger via Marketplace compared to traditional motions.
- 63% of study participants saw their profitability per deal increase as a result of the efficiencies partners were able to drive via Microsoft Marketplace.

Figure 2



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Partner Ecosystem Multiplier Overview

Figure 3



Through this Partner Ecosystem Multiplier study, Omdia has identified that partners in the Microsoft Marketplace ecosystem are able to capture a multiplier of up to US\$6.26 for every dollar spent on software solutions sold via Microsoft Marketplace. This level of multiplier is achieved by the most mature channel partners, who are offering their customers a broad range of services across their lifecycle. Partners still developing their services maturity will only be able to unlock some of this opportunity, they will be able to do so by prioritizing services subsegments, explored in detail later in this paper.

The strength of the Microsoft Marketplace PEM is tied to the ability of partners to attach the necessary breadth of services to software solutions, particularly over the long-term customer cycle. 29.9% of the total PEM is tied to the **Manage** category of services, which drives both recurring revenue and the long-term revenue.

Overall, Omdia has separated out the distinct opportunities for both software and channel partners to explore the variations in outcomes across software and services. This paper will explore the variation and drivers behind both opportunities in detail.

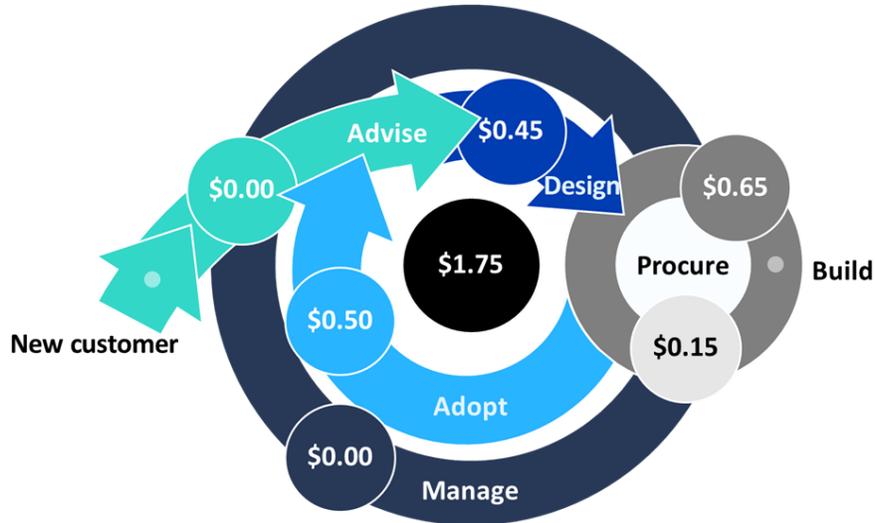
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“The last 12 months has really taken off. As we start our new fiscal year, customers are asking us to work through Marketplace almost daily” - SI

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Unpacking the software opportunities

Figure 4



While the SaaS market is worth US\$420 billion according to Omdia, the complexity of the solutions these software companies provide continues to expand, with increased dependence on specialized integration services, particularly as line of business users look to include these solutions directly into their business processes. This is driven further by the transition into the era of AI. As this dependence has increased, opportunities for services provided directly by software companies have also increased, and Omdia has defined these opportunities in the Microsoft Marketplace ecosystem leveraging its Partner Ecosystem Multiplier model. Omdia has uncovered that there are up to US\$1.75 of services available for every US\$1 of software sold via Microsoft Marketplace.

While software companies still focus on their products as a primary route to market, their customers increasingly want fewer service providers and deeper expertise from their trusted partners. Software companies with the ability to provide professional services are best able to meet customer expectations for maximized return on investment from their Microsoft Marketplace purchases.

“

“Customers need more and more support from us. We are planning to increase our services investment to meet the demand” - MSP

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Figure 5



Design – US\$0.45 per US\$1 of software sold via Microsoft Marketplace

Professional services teams within software companies are increasingly being relied upon due to the deeper understanding of their product to bridge the gap between off-the-shelf solutions and successful customer outcomes. Because of their deep expertise, in-house service providers can provide comprehensive implementation and expansion support to both new and existing Microsoft Marketplace customers. This includes customized design and implementation work, which includes custom configurations, data migration assistance and workflow automation setup. By offering this support, software companies increase customer satisfaction, retention rates and renewals. Most critically, they accelerate time-to-value, ultimately driving long-term partnerships with customers.

Build – US\$0.65 per US\$1 of software sold via Microsoft Marketplace

Software companies increasingly recognize their role within a broader ecosystem and are ensuring their solutions integrate seamlessly across customers’ cloud environments. By actively supporting customers with custom integrations, vertical-specific offerings and application modernization work, software companies are leveraging the opportunities created by their initial Microsoft Marketplace transactions to deepen their reach and integration into their customer environments as opposed to operating as an isolated system. By doing this, customers realize increased operational efficiency, improved data accuracy and a unified technology experience.

Adopt – US\$0.50 per US\$1 of software sold via Microsoft Marketplace

As they have identified their importance at the start of a customer cycle, software companies are increasingly understanding the importance of their role at the other end of the customer cycle. Driving clear adoption and training for their customers via Adopt services are not simply revenue opportunities, but ultimately for renewals and additional revenue opportunities over the long term. These enablement initiatives include a broad spectrum of educational resources including role-specific training modules, certification pathways and ongoing professional development to ensure users at all levels can utilize the software’s full feature set.

Omdia commissioned research, sponsored by Microsoft Procure – US\$0.15 per US\$1

Driving revenues via procurement services and margin management in Marketplace are not priorities for software companies in Microsoft Marketplace environments, this segment speaks to the available additional revenues available with a full knowledge and understanding of the partner programmatic support available to software companies working with their Microsoft support system.

Development opportunities in services for software companies via Microsoft Marketplace

Design

- **Industrialized Solutions** – Client expectations are becoming increasingly specific and thus solutions offered by the software companies serving them must match these demands. Developing specific motions in Microsoft Marketplace for varied industries will be a critical driver of increased revenue for software companies in the longer term as customers across all industries become increasingly comfortable with Microsoft Marketplace as a procurement option.
- **Bundled Solutions** – As conversations around IT procurement become increasingly strategic, by actively bundling, or bundling via professional services, in Microsoft Marketplace, software companies can drive increased revenues in both their software and potential additional services from their professional services teams.

Build

- **Agentic AI** – In Microsoft Marketplace AI, including agentic AI will be the fastest growing opportunity in the next five years, with a CAGR of 37%. With unification of marketplace in the Microsoft ecosystem via the new Microsoft Marketplace, customers will be looking for agentic capabilities in this single destination. Multi-agent protocols are already emerging, but will drive a key operational benefit for Microsoft Marketplace, bringing consolidation to the next level. As demands for agents grow, the ability to consolidate across multiple platforms via Microsoft Marketplace will be a key benefit.
- **Platform Integrations** – Complexity has been met with consolidation in the form of platform approaches. These types of platforms will vary, but the most successful software companies will be able to integrate into complementary platforms as much as driving their own platform success. The ability to seamlessly integrate will drive long-term success and customer retention.

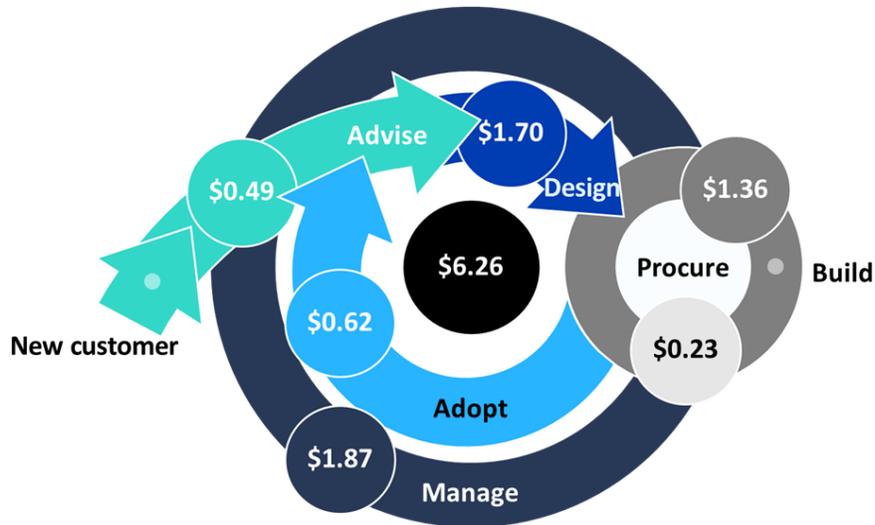
Adopt

- **Role-specific training modules** – By leveraging the deep understanding of their own solution, software companies must focus on understanding the utility of their software for specific business functions and develop training modules and systems to ensure maximum utilization and therefore return on value for end customers. Doing this will drive larger renewal and upsell opportunities.
- **Enhanced change management modules** – Deep integration that extends beyond mere technical connectivity within cloud environments to encompass embedding solutions into business processes. Ensuring this critical change management can be the difference between a failed integration and successful implementation of a long-term solution.

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Unpacking the channel flywheel

Figure 6



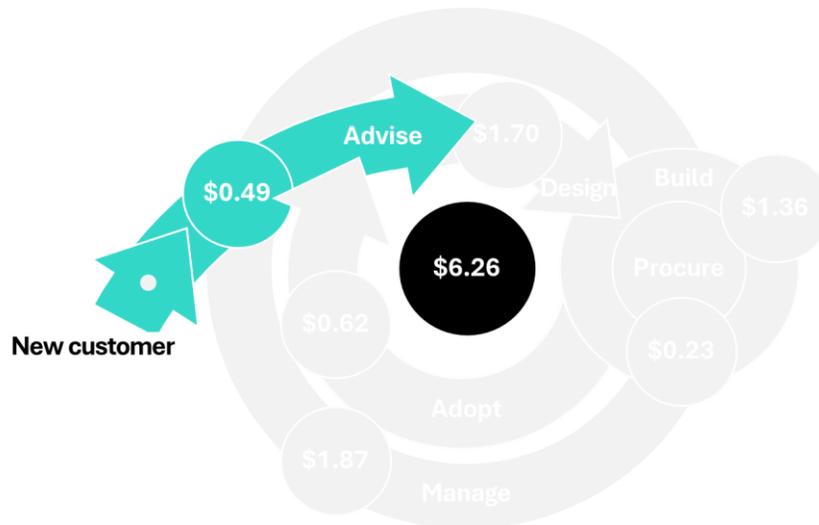
Increasingly, software companies are creating multiparty private offers to include their channel partners to drive optimum outcomes for their end customers. Recent introduction of resale enabled offers serves only to further enable the capability of partners to deliver these outcomes. Channel partners who work with their software company alliance partners across the customer lifecycle across all six services segments can achieve the highest multiplier of US\$6.26 per every US\$1 of software solution sold via Microsoft Marketplace. While size and scale are key drivers to the overall multiplier, the ability to provide managed services is key to long term partner revenue and profitability. This section will break down the six service segment opportunities available to channel partners building alliances with software companies with Microsoft Marketplace at the core.

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“Marketplace is allowing us to have more strategic conversations with our customers about their entire cloud environments with the related services opportunities” - SI

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Advise

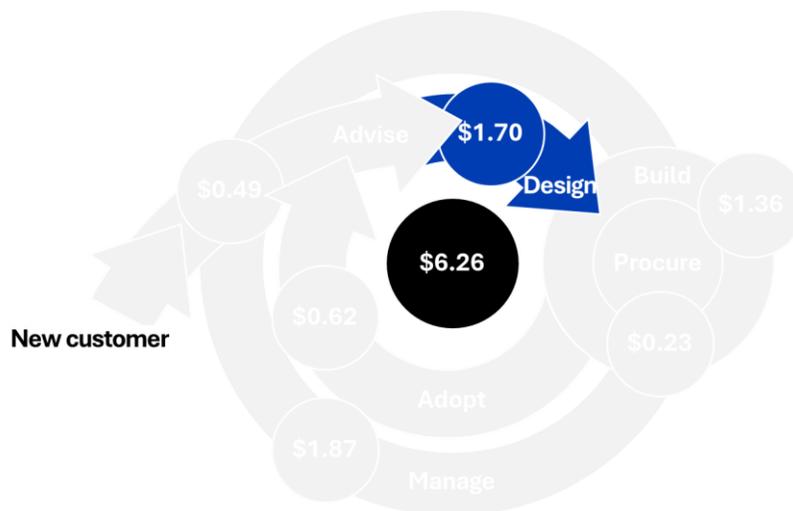
Figure 7



Advise services represent US\$0.49 or 7.8% of the total multiplier, making them the second-smallest component of the partner ecosystem flywheel for channel partners in the Microsoft Marketplace. These services include consulting activities such as Digital Strategy and Design, Infrastructure Assessment, and Technology Advisory and Planning services that prepare customers for their software use via Microsoft Marketplace. Despite their small direct contribution to the multiplier, Advise services play a crucial role in setting the foundation for successful implementations and establishing partners as trusted advisors. These services are vital for influencing customers in the long-term and embedding the selected software solution within a wider digital transformation. Even partners who do not actively bill for their activities in this segment see the benefits of participating in these activities. Whether they bundle these services with implementation services, manage services or as pre-sales activities, partners gain strategic advantage and increased longer term revenue across a customer lifecycle.

Design

Figure 8



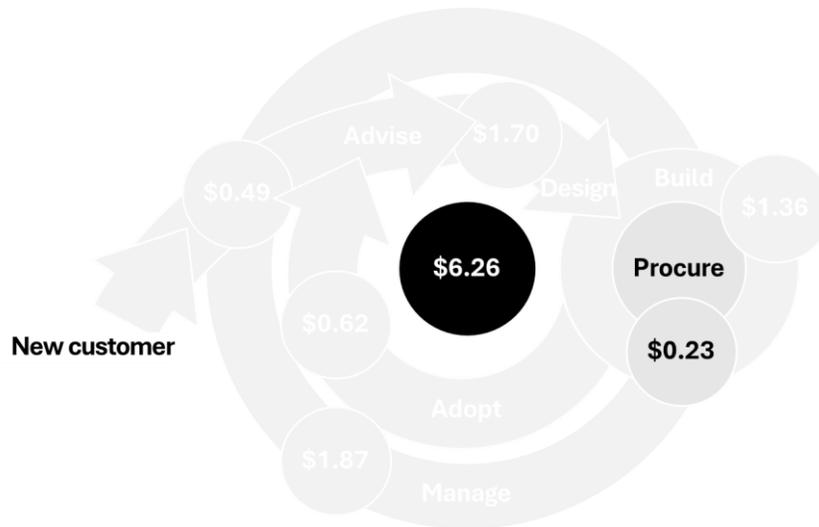
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Design services represent US\$1.70 or 27.2% of the multiplier, making them a significant component, the second-highest component of the partner revenue opportunity available to partners in the Microsoft Marketplace. These services encompass migration, testing, infrastructure set-up, architecture, and design; these are typically the most technically complex services in the Microsoft Marketplace ecosystem for channel partners working with their software company colleagues. Partners across all categories can compete and earn revenue in this category, with variation in potential multiplier coming from variance in size of customers.

While danger of conflicting competition between software and channel partners does exist in this category, there is room for both parties to generate strong revenue in complementary ways. While software companies can earn up to US\$0.45 per US\$1 of sold via Marketplace, the larger scale of opportunity available for channel partners supporting software companies in the Microsoft Marketplace speaks to the increased depth of consulting and implementation capability that partners are able to offer end customers, particularly as it speaks to larger scale enterprise customers.

Procure

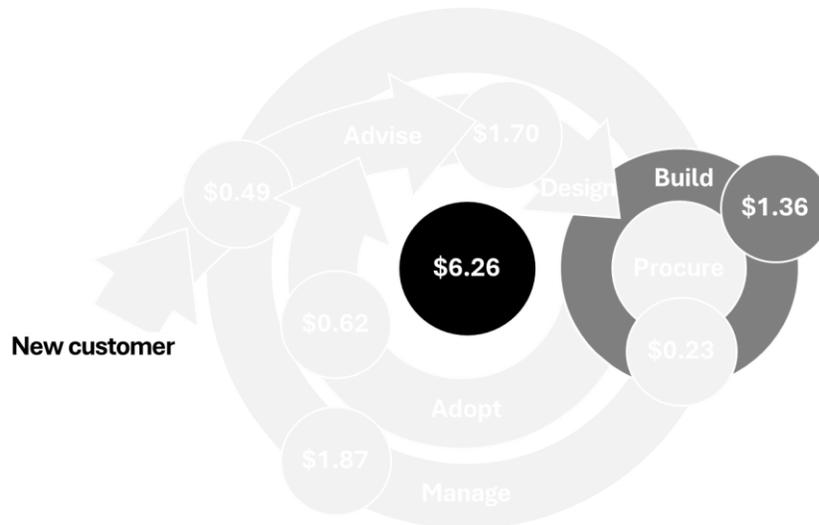
Figure 9



Procure services represent US\$0.23 or 3.7% of the multiplier, highlighting the importance of a full understanding of Microsoft Marketplace margin and programmatic support. The Procure segment is defined by the re-sell activities attributed to setting up software company environments via Microsoft Marketplace, including resell margins, rebates and procurement management services.

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Build

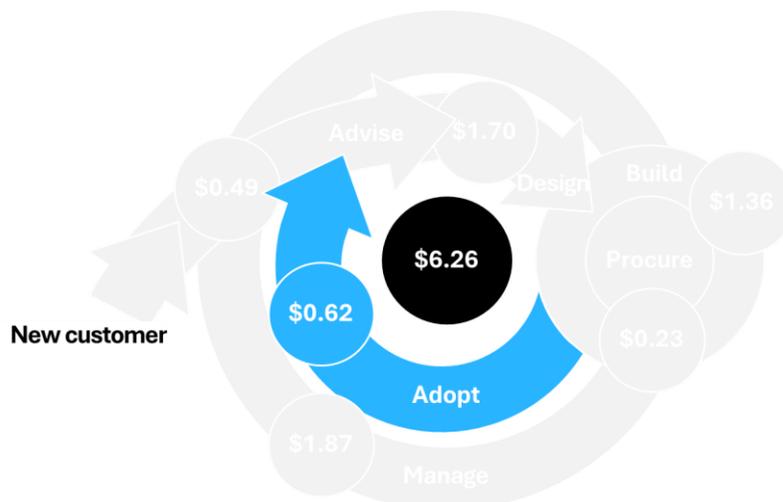
Figure 10



Build services represent US\$1.25 or 21.7% of the multiplier, encompassing customized agentic AI, software development, and bespoke integrations for customers. The size of this segment shows the importance of platform integration and customization as a partner opportunity. Among the service segments, Build provides the clearest opportunity for partners to collaborate within the ecosystem and provides a platform to build recurring revenue. These opportunities include vertical specific offerings, cybersecurity platforms as well as application modernization opportunities. Furthermore, many partners are utilizing this segment to enable successful platform integrations in their overall customer environment. Mature channel partners can differentiate themselves within the ecosystem by having the size and skillsets to create Build segment revenue in their projects. As Agentic AI grows as a topic, particularly within Microsoft Marketplace, multi-protocol agents will provide significant growth opportunities for all partners in this segment.

Adopt

Figure 11

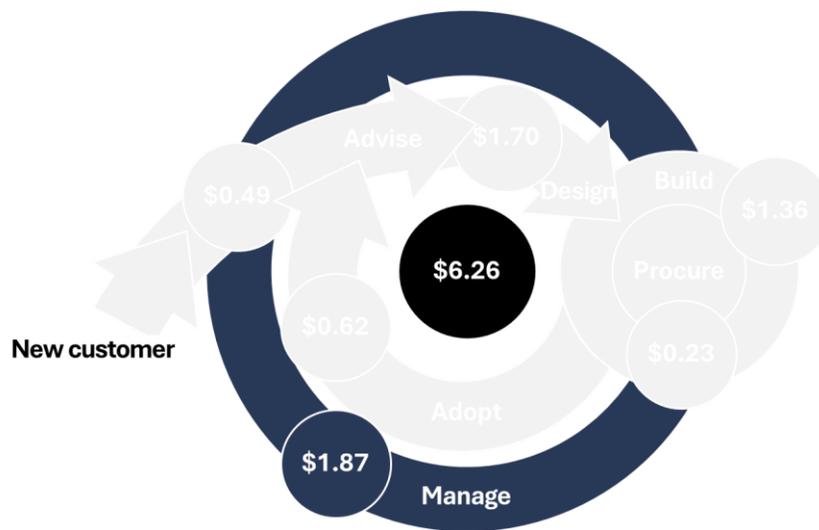


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Adopt services account for US\$0.62 or 9.9% of the total channel partner PEM opportunity in the Microsoft Marketplace. Adopt services enable partners across all categories to monitor and evaluate how environmental changes affect their customer businesses, encompassing change management and analytics services. Training is a significant part of the channel partner Adopt revenue stream, which allows these partners to expand and drive their overall PEM opportunity. Adopt services are also critical in communicating the return on investment created by software company implementations, which is becoming an increasingly important factor in driving increased long-term investment for customers. Increased utilization will allow channel partners to identify cross and upselling opportunities both with the software company they are working with and across their wider portfolio of solutions.

Manage

Figure 12



Manage services represent US\$1.87 or 29.8% of the multiplier, making them the largest contributor to partner revenue in the Microsoft Marketplace ecosystem. This category includes managed services that create additional value-creation opportunities and is typically an operational segment that yields recurring revenue for channel partners on behalf of software companies. The managed services in question encompass ongoing support, maintenance, and operational management of software implementations via Microsoft Marketplace, providing a stable and predictable revenue stream for partners who can successfully establish long-term customer relationships.

Partners can go beyond the wider managed services emphasis, despite strong profitability opportunities, and leverage the access generated by Manage services to understand upsell and cross-sell opportunities as they more deeply understand customer environments and demands over the long-term integration driven in this services segment. Partners that are most successful in driving the full PEM revenue closely tie their Adopt and Manage service offerings.

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Summary and action opportunities for Microsoft Partners

The Microsoft Marketplace Partner Ecosystem Multiplier study reveals that channel partners can generate up to US\$6.26 for every US\$1 spent on software solutions transacted via Microsoft Marketplace. This revenue potential varies significantly based on the maturity and service capabilities of partners within the ecosystem. In addition to this channel partner multiplier, software companies have been found to be able to generate a partner ecosystem multiplier of up to US\$1.75 for every US\$1 of their solution sold via Microsoft Marketplace.

Partners who successfully maximize their Microsoft Marketplace multiplier share these characteristics:

- **Breadth of services:** They offer services across all six segments of the Partner Ecosystem Flywheel and can support customers across their entire transformation lifecycle and beyond.
- **Strong long-term alliances:** Channel partners and software companies that maximize the nearly US\$300bn of services opportunity via Microsoft Marketplace by 2030 will have strong alliance and partnerships between themselves. Multi-party software and services offerings will be the foundational driver of improving partner profitability and revenue generation in the age of AI.
- **Laying foundations to wider digital transformations:** Partners who can influence wider scale digital transformation rather than only hyper-fixating on single areas of expertise are able to maximize their potential multiplier.

The PEM generated by the Microsoft Marketplace creates value that increases over time across a three-year project cycle. The initial year typically focuses on advisory and migration services, establishing the foundation for comprehensive protection. In the second year, partners shift toward optimization and managed services, introducing additional applications as customers begin to appreciate the full spectrum of an integrated Microsoft-driven ecosystem. By the third year, partners develop a deep understanding of both their customers' IT landscape and broader digital goals, enabling them to create tailored solutions that address specific needs while leveraging the foundation often laid by the initial solution transacted via Microsoft Marketplace.

Partners seeking to maximize their revenue potential within the Microsoft Marketplace should focus on developing comprehensive service capabilities across the entire customer lifecycle, with particular emphasis on managed services for sustainable recurring revenue and long-term customer relationships. The study demonstrates that as partners mature in the ecosystem and expand their service capabilities, they can unlock progressively higher multiplier opportunities, transforming from a partnership strategy into a powerful business accelerator.

For software companies, integrated services solutions will not only drive immediate potential services revenue via Microsoft Marketplace but also increase renewal and retention rates by maximizing return on investment with increased time to value. While not needing to maximize services revenues inherently, embracing a Microsoft Marketplace approach that includes services capabilities will greatly increase the return on investment felt from Microsoft Marketplace as a go to market motion.



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We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Omdia's consulting team may be able to help your company identify future trends and opportunities.

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