

# US Channel Partners Cite Greater Revenue Predictability and Profitability from Managed Services and Cloud Solutions

**New Nintex-commissioned survey of Resellers and System Integrators finds increased sales from managed cloud services and faster sales cycles compared to on-premise technologies**

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BELLEVUE, Wash., July 7, 2016 /[PRNewswire](#)/ -- U.S. based channel partners report that managed services and cloud solutions are making their revenues more predictable and their businesses more profitable, according to a new survey commissioned by Nintex.

These channel partners, which include resellers, value added resellers (VARs), and system integrators (SIs), responded that cloud-based technologies and managed services offer more predictability (consistent with almost 50 percent of respondents) and higher profitability, as compared to on-premise technology solutions (about 30 percent of those surveyed).

Managed services, in particular, continue to gain momentum with channel partners. In the last year, nearly a quarter of respondents said that more than 50 percent of their sales were tied to managed services. Respondents also reported the sales cycle is either 'the same or faster' for both managed services and cloud solutions as compared to on-premise technologies. Approximately 40 percent of the respondents indicated that they have a different sales strategy for managed services and cloud-based technologies, with nearly 34 percent of partners indicating that they take a vertical approach to selling.

"It's clear that an emerging path to profitability for channel partners is to grow their managed services practice areas," said **Nintex VP of Channels and Product Marketing Josh Waldo**. "A cloud-service subscription model presents an incremental partner revenue opportunity, even as customers continue to consume much of their software on premise."

Thirty-seven percent of respondents felt managed service solutions in the cloud improved their business valuation while nearly 40 percent of respondents said service margins are higher, and nearly the same amount said revenue is more reliable (36 percent) compared to selling on-premise technologies. Short-term challenges, equally cited by respondents, include upfront service margins that are not as high as project-based work, and lower resale margins and vendor incentives.

**Waldo** adds, "The survey underscores the continued viability of the traditional on-premise solution while highlighting the future profitability of recurring revenue from managed cloud services."

Partners surveyed also reported that a diverse set of business leaders are involved and collaborating in the

buying process. About 75 percent of respondents see both IT and lines of business (LOB) leaders as decision makers for managed services and cloud-based offerings. While more than 25 percent say LOB leaders are the primary decision-maker, and only 17 percent indicate IT as the sole decision-maker – reinforcing similar findings from a December 2015 Nintex channel survey, <http://www.nintex.com/company/news-press/news-archive/2015/nintex-channel-survey-results-2015>. Partners report working with sales, marketing, and HR leaders on a regular basis in addition to tech audiences.

Growing pains continue to exist for the channel, however. Thirty-seven percent of partners identified hiring the right talent as the biggest challenge – which aligns with findings from the Nintex channel survey published in March 2016, <http://www.nintex.com/company/news-press/news-archive/2016/us-channel-partners-face-business-model-shifts>, and dealing with vendor support models (nearly 30 percent) as the second issue they face with scaling their managed services and cloud solution approaches.

## Survey Methodology

The channel-driven survey by Nintex was conducted by Research Now in May 2016 and completed by more than 150 leaders from channel organizations in the United States. These individuals hold senior roles in sales, IT, and leadership. More than half of the respondents work for organizations with more than 500 employees, and more than 60 percent of those surveyed organizations report revenues ranging from \$26 million to greater than \$100 million.

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