# THE CHANNEL'S GREATEST UNTAPPED OPPORTUNITY:

A New Model for Scalable Services Delivery

**IN TODAY'S SAAS ECONOMY, SUCCESS ISN'T JUST ABOUT GREAT TECHNOLOGY — IT'S ABOUT CUSTOMERS' ABILITY TO DERIVE BUSINESS VALUE FROM THAT TECHNOLOGY.** Channel partners are on the front lines of enterprise technology adoption: Buyers increasingly lean on them to implement new tech with efficiency, expecting proactive guidance, seamless implementation, and fast time-to-value.

But most distributors, value added resellers (VARs), and hyperscalers aren't equipped to meet services demand. They either lack the headcount, certifications, or bandwidth to deliver services at scale — especially across portfolios that span dozens or hundreds of vendors. This creates a costly gap between what customers expect and what partners can deliver.

**This whitepaper introduces a new model – ENSOURCING – that closes this gap. Ensourcing paves the way to client outcomes, margin, and stickiness through fast, high quality professional services (PS) that can be quickly scaled up or down without the overhead, liability, or complexity.**

# The Channel's Greatest Untapped OPPORTUNITY

As solutions grow more complex, professional services become the bridge between license and outcome.

Because of this, the demand for services is exploding, with the promise to unlock several key benefits:

- **INCREASED PRODUCT VALUE.** SaaS tools need proper deployment, optimization, integration, user onboarding, and process alignment to drive value.

- **LOWER CUSTOMER CHURN.** Customers who are guided through deployment and adoption are far more likely to renew — and to expand.

- **HIGHER REVENUE.** Packaging services with products increases average deal size and overall revenue per customer.

- **GREATER CUSTOMER RETENTION.** Data shows that customers with services attached at the point of sale show 95%+ renewal rates, making it easier to hit sales targets.

Enterprise customers need services to speed up deployment and optimization. Historically, they could obtain these services from the SaaS vendor themselves or from the channel ecosystem.

**But most SaaS vendors are stepping back from services delivery.** They cap services revenue at 10-15% of total revenue, preferring to focus their teams on building and shipping product. Instead, they're pushing services demand to channel partners — distributors, VARs, and hyperscalers.

For channel leaders, this creates a massive opportunity to become true strategic partners with their customers. But there's a catch: success depends on their ability to train and scale a diverse partner ecosystem to deliver consistent, high-quality services across dozens or hundreds of vendor portfolios. This requires time, training, oversight, and operational infrastructure that most simply don't have.

The obvious solution seems straightforward: create a shared ecosystem marketplace where distributors, VARs, and hyperscalers can cross-sell each other's services. In theory, this should balance supply and demand fluctuations — partners working together to fill capability gaps and deliver comprehensive services to end clients.

But, in practice, this rarely ever happens because of the ever-pervasive challenge: **Channel Conflict.** The fact is, no channel partner is going to introduce another channel partner (i.e., competitor) into their client relationships — especially when that competitor could potentially hijack the account.

# Unpacking the CHALLENGE

Many ISV/SaaS channel and alliances leaders are stuck between limited services options and a patchwork of partner capabilities that don't scale and/or cannibalize each other. The 80/20 rule is in full effect: **80% of channel-driven revenues come from a handful of partners,** even though they theoretically have access to an expansive partner network spanning thousands.

**WHY IS THIS?** Today's channel partners manage massive portfolios across cybersecurity, data, cloud, and AI. Each vendor they represent has a different architecture, onboarding requirements, and success metrics. Trying to build service capability for every ISV is a logistical and financial impossibility. Channel partners, both big and small, struggle to meet the demand for professional services across their portfolios because they can't keep pace with needs for speed, scale, or capital.

**Large channel partners act as marketplace drivers.** They represent and sell thousands of competing and overlapping products, so their ability to deeply understand, implement services, and keep up with product changes specific to one ISV is limited. Plus, there's conflict of interest as they support competitive products.

**On the other end of the spectrum, there are many small VARs** with limited capacity, limited headcount, and limited investment dollars to support ISVs' services needs. Margins are so low that they can't afford to invest in professional services that would need to be constantly changing to keep pace with the products they support.

When channel partners share services opportunities across the marketplace, all too often one partner hijacks the customer relationship, creating channel conflict and distrust.

Ultimately, most partners either under-deliver services, offload the work to competitors who may hijack the customer relationship, or leave services to the ISVs who have limited bandwidth. This puts the customer experience at high risk and forfeits valuable margin.

Channel partners want to help ISVs close bigger deals, deliver more value, and drive retention — but without the operational drag or partner conflict that traditional services models bring.

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**Common partner challenges include:**

- **LACK OF TECHNICAL BENCH:** Little to no in-house experts are certified to deploy ISV products.
- **SLOW RAMP-UP:** Onboarding a new delivery resource can take 4–6 weeks, during which customer expectations may already be missed.
- **INCONSISTENT DELIVERY:** Using freelancers or offshore firms results in wildly variable outcomes.
- **MARGIN EROSION:** Building and managing services teams is expensive — it's often unprofitable, and most channel partners don't have the budget to train and scale deep services capabilities.
- **CHANNEL CONFLICT WITH THIRD PARTY PROVIDERS:** Channel partners may perceive third party delivery partners as competitors if they outsource services work to another firm.

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# Why Traditional Services Models FAIL the Channel

Here are the three most common paths channel partners take to meet the need for professional services — and why each method fails to scale in an ARR-focused, SaaS- driven world:

**Build Their Own Services Team**

**Rely on the ISV's Services Team**

**Outsource to Global System Integrators (GSIs), Freelancers, or Third Party Providers**

## Build Their Own Services Team

This path is costly, time-consuming, and high risk. Hiring top talent is difficult in today's market. Certification and enablement take time. Managing utilization rates and overhead eats into profits. Scaling means adding more headcount — linearly increasing costs with demand.

Even large national VARs struggle to make this model profitable across more than a handful of vendors. For mid-market or regional players, it's not feasible.

## Rely on the ISV's Services Team

While this may seem safe, it puts the partner in a passive role. By referring services back to the vendor, the channel partner:

- Loses control of the customer experience
- Sacrifices revenue and strategic account influence which impact long-term account stickiness
- Risks vendor saturation or delay, leading to implementation backlogs

Plus, most ISVs want out of the services business in the first place.

## Outsource to Global System Integrators (GSIs), Freelancers, or Third Party Providers

These options are unpredictable. Freelancers may lack necessary certifications, especially for enterprise customers. GSIs are costly and often slow to mobilize. And third party providers create channel conflict. Inconsistent delivery reflects poorly on the channel partner's brand. Worse, it could damage vendor trust.

## Introducing ENSOURCING: A Growth Multiplier for the Channel

Ensourcing is a new category of service delivery designed for scale, simplicity, and strategic alignment. Introduced to the market by longtime white label PS firm Entelligence, ensourcing is an approach to professional services that embeds elite talent within ISV or channel partner organizations while keeping operations lean, consistent, and cost- effective.

**What It Is Not:**

**X** It's not traditional outsourcing.

**X** It's not a vendor services resell.

**What It Is:**

✔ It's a white-labeled PS delivery model that gives distributors and channel partners elastic, on-demand access to on-brand certified consultants that have been trained in each ISV's deployment methodology.

✔ It's a new category: Think "services-as-a-platform" – partner-aligned, vendor- certified, outcome-driven.

## What ENSOURCING Means for Channel Partners

Channel leaders are on a mission to grow services revenues through extensive partner enablement, while protecting the customer experience and preventing margin erosion. Ensourcing uniquely addresses each of these goals.

**Channel partners sell the service.** They ensure delivery from Entelligence, keeping control of the customer relationship, roadmap alignment, process, and margin.

**Services are delivered under the channel partner's brand,** while utilizing the ISV's reference architecture, services playbooks, and outcomes. Services scale up and down elastically. High quality delivery is consistent across the ecosystem. Entelligence doesn't resell anything to end users under the Entelligence brand, so there's no channel conflict.

**Channel partners accelerate ARR and retention,** without taking on headcount, operating expenses (opex), or losing ownership of the customer journey. No need to build and manage a large services staff, yet customer outcomes are better.

**With ensourcing, distributors and their channel partners turn services from a constraint into a competitive advantage — for everyone in the ecosystem.**

# CHANNEL PARTNERS: Get Started in 4 Steps

## 1 — Align Services SKUs to Your ISV Portfolio

Entelligence works with your Alliances and Sales teams to build a catalog of SKUs aligned with your top vendors — using their architectures, pricing models, and deployment playbooks.

**Example SKUs:**

- Palo Alto Next-Gen Firewall QuickStart
- Cortex Cloud Residency Program
- VMware VCF JumpStart

## 2 — Sales Enablement

Your sellers are armed with pitch decks, pricing, and scoping templates. They'll have everything they need to quote and sell services confidently — just like product SKUs.

## 3 — White-Labeled Delivery

Entelligence deploys expert consultants on your behalf, under your brand. These experts:

- Follow the ISV's methodology
- Are trained and certified before deployment
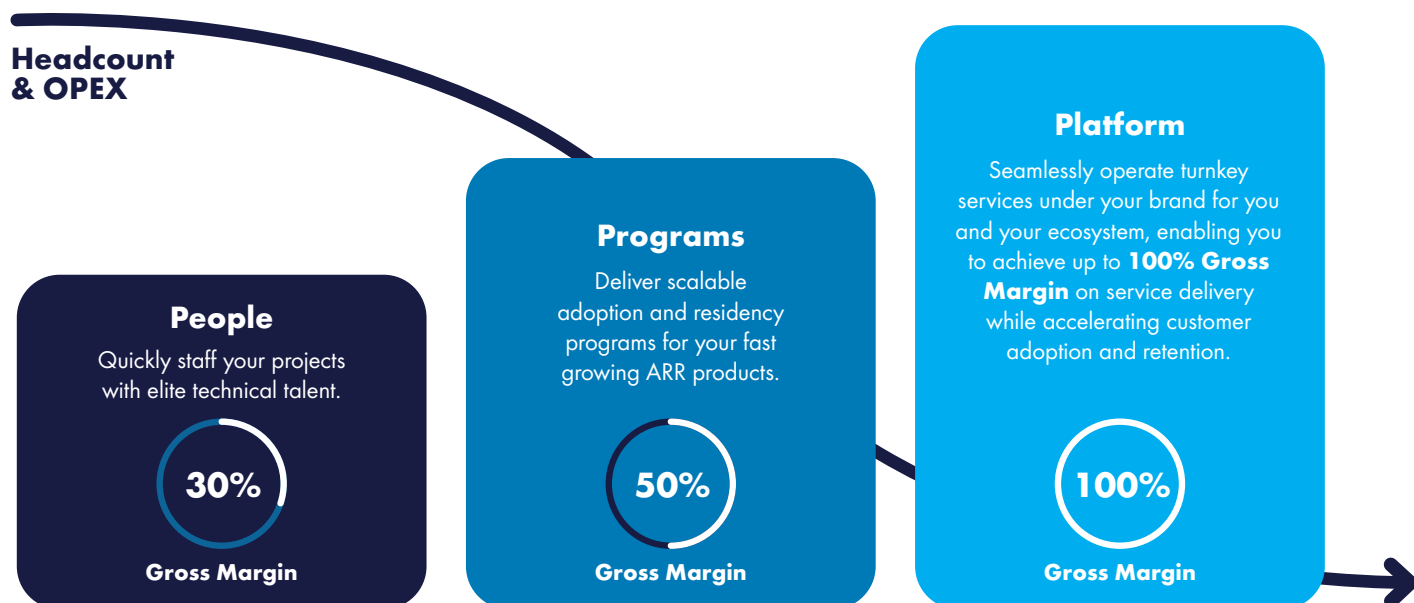- Wear your jersey—from email signature to service documentation

## 4 — Reporting and Optimization

You get visibility into every engagement. Post-engagement surveys and delivery dashboards help drive improvements and expand revenue opportunities.

# 3 Phases of Ensourcing Maturity

Each step on the maturity curve unlocks higher impact.

**Headcount & OPEX**

**People**
Quickly staff your projects with elite technical talent.

**30%**
Gross Margin

**Programs**
Deliver scalable adoption and residency programs for your fast growing ARR products.

**50%**
Gross Margin

**Platform**
Seamlessly operate turnkey services under your brand for you and your ecosystem, enabling you to achieve up to **100% Gross Margin** on service delivery while accelerating customer adoption and retention.

**100%**
Gross Margin

## PHASE 1: People (Transactional)

- **USE CASE:** High-touch channel programs that need extra PS bandwidth, with focus on launching fast with pre-scoped services
- **SOLUTION:** Ensured consultants deliver quick start deployment engagements and short-term residencies
- **HOW IT WORKS:** Partners sell services; Entelligence embeds trained professionals as an extension of their team
- **BENEFIT:** Expand delivery capacity instantly, with no recruiting or onboarding
- **BEST FOR:** Channel partners new to services, high volume deployments, and tactical implementation needs

## PHASE 2: Programs (Repeatable)

- **USE CASE:** High-growth products or GTM plays that need repeatable, scalable service offerings
- **SOLUTION:** Structured ensourcing programs – like "AI QuickStart," "Security Optimization Workshop," or "Cloud Migrations-as-a-Service" – are established regionally or across product lines
- **HOW IT WORKS:** Entelligence delivers pre-built service programs that partners can white-label and scale
- **BENEFIT:** Standardized services yield faster time-to-value and better partner consistency
- **BEST FOR:** Partners who want to standardize offers across territories or verticals, and outcome-based engagement models

## PHASE 3: Platform (Systemic)

- **USE CASE:** Mainstream technologies needing a fully scaled services engine to support dozens or hundreds of partners
- **SOLUTION:** A full services catalog is established across the channel partner's portfolio, and the partner sells services across vendors as another SKU; Services offerings are fully integrated into existing configure price quote (CPQ) and sales motions
- **HOW IT WORKS:** Entelligence becomes the back-end PS engine for the partner ecosystem—while partner brands stay in front
- **BENEFIT:** Centralized services infrastructure with zero opex and full channel alignment
- **BEST FOR:** Large VARs and distributors, embedded services strategies, and white- label marketplaces or digital offers

## RESULTS Speak for Themselves

Vendors love channel partners who drive ARR. When partners deliver outcomes, they become an extension of the vendor's value chain. Average partner margins on ensoured services are 30–50%, without hiring or managing delivery staff. And customer retention increases.

Channel partners, both large and small, that adopt ensourcing are expanding product consumption and revenues, with deeper vendor relationships and lower churn. Customers who receive fast, expert implementation stay loyal and sticky.

Faster, more effective deployments lead to greater adoption of licensed features — driving value for customers and expansion opportunities for partners. With ensourcing, channel partners can launch a services offering across 5 vendors in 30 days, instead of 12-18 months using a traditional model.

### CASE STUDY: VAR EXPANDS MARKETSHARE ACROSS DIVERSE SOFTWARE PORTFOLIO WITHOUT ADDING OPEX

#### CHALLENGE
Global VAR supporting thousands of technology companies had an opportunity to capture significant marketshare of one ISV's leading cloud products, but they didn't have enough services capability to support it.

#### SOLUTION
The VAR ensoured consultants from Entelligence to provide quick start deployments and residencies under the VAR's brand, while running the ISV's services playbook.

#### RESULTS
- **38% increase in new services revenue**
- **27% increase in deal margins**
- **No additional headcount or opex**

## Conclusion

The future of SaaS growth depends on scalable, efficient, and brand-aligned services delivery. Ensourcing offers a path to meet customer expectations without sacrificing control, margin, or momentum.

Entelligence pioneered ensourcing after 28 years in the professional services industry, working with top-tier platforms like AWS, Google Cloud, HPE, Broadcom, NetApp, ServiceNow, and Palo Alto Networks to scale white-label services under their brand—and the brands of their partners.

**The Entelligence Difference:**

1. **QUALITY:** White-labeled services run the ISV's playbooks under the channel partner's brand
2. **SCALE:** Fast, seamless, elastic services delivery
3. **COST:** Services capacity added without the overhead of headcount or opex
4. **TRUST:** Entelligence doesn't sell anything to end users under the Entelligence brand, eliminating any channel conflict

## Alliances and Channel Leaders: Act Now

Every technology company is chasing one thing: customer outcomes. That's where ARR comes from. Channel partners who can consistently attach and deliver services win vendor preference, retain customers, and command premium margins. Those who can't get commoditized.

1. **Pick 1–3 ISVs where services are most needed**

   Think: security, data, AI, cloud
2. **Book a co-design session with Entelligence**

   We'll map SKUs to playbooks and help price your services catalog
3. **Train your sellers**

   We'll provide messaging, objection handling, and presales support
4. **Quote and launch**

   Attach services on your next deal—delivery begins in days, not weeks
5. **Measure, scale, and expand**

   Use dashboards to track success and build repeatable, scalable growth

## About Entelligence

Entelligence is the execution layer behind the world's most important enterprise technologies. For nearly 30 years, we've helped vendors and their partners deliver expert-led services that accelerate adoption, retention, and revenue.

Whether you're a global distributor, national VAR, or emerging channel partner — Entelligence gives you the power to scale.

## Entelligence.com