

Overhaul beneficial to NZ companies, says IBM

by Simon Hendery

IBM is overhauling its multimillion-dollar New Zealand software business, a move it says will benefit about 50 local companies which on-sell its products.

Since 2002 IBM has channelled all its software sales through a single New Zealand distributor, Express Data, which in turn has supplied about 50 "reseller" companies who on-sell the software to their IT-user clients.

The distributor/reseller sales model is common in the IT industry and many software development businesses and service providers make additional money acting as resellers.

Now IBM New Zealand has decided

to scrap the exclusive nature of its software distribution deal and has invited seven other distributor businesses to submit proposals on how they might work alongside Express Data.

IBM is the world's second largest IT company by revenue, behind Hewlett-Packard, and has about 350,000 employees worldwide and about 1000 staff and contractors in New Zealand.



Phill Patton

Through a string of acquisitions over recent years, IBM's software arm has become an important part of the global technology giant's business which also includes selling hardware, consulting and providing IT services.

The IBM brand best known to New Zealand business users is Lotus, a platform for running email and other tools that enable collaboration between workers.

IBM New Zealand's software manager, Phill Patton, said the significant growth since 2002 in the range of software the company sold was behind the rethink of its distribution model. IBM had notched up double-digit growth in its New Zealand software business for each of the past three

years, he said. "This is not about Express Data doing a bad job or anything like that. It's about really evaluating what's best for us in the marketplace as the product... has grown."

Patton said the company had an open mind as to whether one, or more than one, additional distributors would be appointed to work alongside Express Data. The businesses it has picked to pitch for the business have been asked to submit initial written proposals by tomorrow and a final decision on the new distribution arrangement is expected in May.

Patton said enhancing its distribution processes would ensure IBM's community of resellers were able to make the most out of their relation-

ship with the company.

Ken Fairgray, director of sales and marketing at Crossware, an Auckland-based software developer and Lotus Notes reseller, said there were several positive aspects to the sales channel changes IBM was working on.

... "It can be quite onerous at the moment dealing with IBM from a bureaucratic point of view. For people reselling software, it can be quite time-consuming from an admin point of view which ultimately decreases your profit on each individual deal. We perceive that's one of the things being tackled head-on, so it's admirable."

Express Data's Paul Plester said the company looked forward to continuing a strong relationship with IBM.