

Dealer Panel - Distribution

Welcome to the Comms Business Dealer Panel: Every month we will put questions and topics forward to our dealer/ reseller community to get their perspective from the ground.

The first topic up for debate is distribution, how do dealers/resellers perceive the distributor and what kind of support are they getting from them? Do they need more/ different kind of support perhaps? The role of the distributor has changed significantly over the past few years and it looks set to change further. We wanted to know how this change is affecting our boys in the trenches.



Pinacl Solutions UK Limited - Mark Lowe:

The support of the distributor plays an important role in our continued success.

Value and relationships are key differentiators for a value-added distributor; responsiveness and reliability are attributes that are critical to their success. Pinacl's key

Cisco distributor Comstor, no longer offer us the traditional services around logistics, product and marketing support, they help us take solutions to market faster and more efficiently, we use their expertise and technical support to compliment our internal resources, we leverage their training programmes and use their sophisticated hands-on Lab Environment to ensure we remain experts across our sales and technical teams.

We anticipate the role of Comstor will continue to develop as a valued partner, who is totally focused on our business, from technology education, to certification and accreditation, all the way through to strategic business planning. In partnership with Cisco they continue to make key strategic investments which help accelerate the business of Pinacl.

Comstor aren't just a distributor anymore, they are a strategic business partner for Pinacl.



Broadband-SOS:

Don't like. Prefer 2 do as much direct as pos, even if that means losing margin. Been held up on mobile deals cos of dist... also very few are "channel focussed" in the truest sense.

08UK - Tynan O'Hara:

New potential customers demand more from their suppliers now than ever before, and rightly so in the current economic climate. Distributors/ Resellers previously may have been able to focus on one route to a new sale with one standard solution (via one carrier network) with one set of pence rates, this is no longer the case at all as particular services from a range of technologies from multiple carriers may be of interest to any potential business customer.

We have had to raise our teams overall industry knowledge so our ability to fully understand how to integrate newly emerging technologies into business systems, is now much improved compared to three years ago.

We have had to become 'an advisor' where smaller companies (especially start-up's) may practically lack both the funds and the 'know how' to allow the director/owner to make the correct decision. With 'Convergence & the I.P Revolution' business users, whom may not understand these newer technologies, need far more technical support and guidance and want far more explanations of if they should & how to integrate these 'cost saving solutions' into their business. Distributors now have to be far more willing to realise that projects can just get dropped because of lack of the budget. "We can't afford to replace all our old modem/routers now" for instance will put a stop to any move towards any I.P solution.



Baytek Voice and Data - Dennis Hobday:

Personally I find our distributors too passive. My expectation is we should both be partners driving business for both parties.

We obviously have our responsibilities, however the best model for success is working together. How many of our suppliers representatives ask us for a forecast of business? When did you last see an incentive aimed at our sales teams?

I have also noticed marketing budgets have disappeared, when were telephony products last advertised outside industry magazines? To make this a win win situation they should take our demands as a positive, be confident as we are in their proposition and together we can exceed expectations.

In telecoms in particular 'voice' is the killer application, every business depends on clear communications so whatever happens in the economy the best based communications suppliers will always be in the right place to grow and prosper.



Conexion Communications - Mark Thomas:

Progressive adaptation is the best friend of the established distributor, as long as this does not fly in the face of market reality. As we all learned the first time round, in 1999, only a few naive strategic planners and over optimistic new entrants voted for the white knuckle ride of catastrophic change! In the real world, what the customer and the market needs is progressive change and leadership in line with normal buying cycles.

Cloud based services need not rock the foundations of the distribution system, but distributors should now be considering strategies that embrace rather than reject this inevitability; forming distribution channels with new breed hosted providers and traditional vendors as they transition to accommodate hosted models. In so doing they will retain market leadership and secure the largely unchanged demand for end user phone terminals.



Connect Express - Nick Howells:

We have been using Comstor as our primary distributor for Cisco for many years. The support from technical, sales, account management, marketing, training and finance help us grow in a difficult market place. The speed, accuracy, competence and expertise they show in all the above facets certainly make them stand out in their field. The programs and schemes they run with Cisco certainly benefit us, This includes the Mentor Program, Smart Business Architecture and Collaboration Club.



The Disti View:

There are two sides to every story and this story wouldn't be complete without the distributor take on things. Some of the biggest players in our market have come together to say how business has changed for them and how they plan to tackle the future as their role progresses.

Nine Group - Paul Ballinger:

Distribution has to change and accept a new responsibility in the Channel. In our opinion the rationalisation of the UK Distributors has weakened the proposition, focussed on potential land grab and reduced margin for the vendor. It hasn't generated any superior insight into the marketplace typically approached by the Channel, which would historically be the route of supply for the UK SME business (including the BT LB).

We are constantly hearing that "margin is being deliberately eroded". Where they have multiple distributors, the vendors don't appear to have any control and the SME is seeing the sale become 'sale centric' – as opposed to the greater value and longer relationship potential of the 'customer centric' approach.

Distribution seems to almost be predicting its own demise with this kind of behaviour and I would expect to see dwindling margins in the future unless they recognise the role they should play.

The role of the distributor is clearly one of single touch through to the SME, with a valuable education program that will not only address the margin issue, but also allow the Channel to provide consultative advice to the customer, including the packaging of end to end solutions. Supplying all that the customer needs will only make the proposition stronger and provide a greater relationship for the future.

The business demands from SME customers are largely the same as MLE customers. They need the same call control, the same level of customer service and the same software integration. This is clearly an opportunity to generate greater profitability, longer relationships and increased education.

SMEs make up nearly a third of the UK marketplace – Distribution can't ignore it.



Westcon Convergence - Ioan MacRae:

We believe the future for distribution will focus on the demand from partners and vendors for not just a distributor but also a trusted advisor. A distributor will only sell solutions and services into the market that are either in current demand or soon will be, having a trusted supplier sharing the skills to sell, implement and maintain these solutions is of significant value. Also as partners increasingly look at diversification, acquisition

and consolidation, the guidance of a distributor with the knowledge and resource already in place can be pivotal to the change being successful. To accommodate this Westcon Convergence continues to invest in offering a fully skilled team with blended capabilities across the solution portfolio and wherever possible all via a single point of contact.



Nimans - Richard Carter:

Today, the Manchester-based company is a world away from its early origins, adopting technologies such as Hosted Telephony, SaaS, SIP, The Cloud, Unified Comms and Video Conferencing as part of its single solution ethos which also includes full financial and technical support as well as world class logistics and an in-house training academy.

A dedicated network services division is one of the most obvious beacons of how Nimans has transformed its business model – opening up new markets and revenue opportunities for its reseller base. A business alliance with O2 illustrates how Nimans continues to team-up with industry names – sharing knowledge and expertise. "We are dealing with multi suppliers at different levels to bring together one solution – reducing the pain. I think ultimately that's what resellers are looking for. They want a pain free life from a trusted source."



Packet Media - Neil Latham:

Packet Media has historically kept away from simply distributing our goods. The Reasoning for this was that we found customers did not always fully understand how particular products worked, which resulted in them becoming frustrated and believing that the technology was lacking. We take pride in the knowledge that we have acquired over our twelve years of service and believe we have some of the most highly trained staff in the industry; meaning if a customer has had difficulty with a product, there has been someone at the end of a phone that can guide them through any necessary changes or if needs be, perform a site visit.

With the economic problems that have swept the nation recently we have had to be more flexible. Consumers simply do not have the funds to commit to long-term- this resulted with us adapting our stance on distribution and offering the technology as a standalone option, (rather than a managed service). Although we believe that it is often more beneficial to choose a service provider over simply purchasing the goods; we do acknowledge that not all companies need this option, and in times when budgets have been cut, purchasing an end product is often far more attractive.



Channel Telecom - Clifford Norton:

In terms of distribution of network services the main drivers for change are the huge shift to hosted telephony and SIP Trunks. The take-up of hosted telephony solutions has been accelerated by the inability of dealers to get finance for conventional PBX sales because of the credit crunch. At the same time the hosted telephony model has major benefits for both the channel and customers. Dealers benefit from an ongoing revenue stream requiring little support. Customers benefit from a scalable telephony solution that requires no capex, can move to any location and is always state-of-the-art.

The recession has also been a key driver for SIP Trunks, because at up to half the price of the equivalent ISDN service the savings are too compelling for customers to ignore. The twin trends for hosted telephony and SIP Trunks sees the channel moving away from hardware sales of customer premises equipment, taking the role instead of service providers. The pace of technical innovation and change is increasing and customers want to deploy technologies such as presence, fixed-mobile convergence with 'one-number' contact solutions and next generation access such as Ethernet. Both network distributors and dealers have to accept the challenge of rapid change as an opportunity for sales – evolve or die!



Do you want to contribute to the Comms Business Dealer Panel? If so contact David Dungay at David@CommsBusiness.co.uk or on 01892 559398.