7.5 Create your Own Channel:

Borland Software is one example of a firm that thought about new ways to market their software by going direct and selling the product cheaply. Borland then used its reputation and list of contacts to sell new and more expensive products direct. Borland is just one example of a firm that looked at distribution and pricing in a new way. They overcame the resistance in the distribution channels and were successful because of it.

Other major innovative success stories include the "by the cash register" vending of simple computer utilities. In this approach, software is packed like razor blades, and located right beside the cash register. These $20 - $30 packages (eg. LabelMaker) are seen as software chocolate bars that you buy on "impulse" at the cash register.

Another approach is database marketing. Many computer market research companies have lists of major computer sites and the key purchasing contacts. Direct mail to the manager of large hardware sites that have platforms that might use your software is one cost effective way to bypass the retail channel and hit high potential sales leads.

7.6 Don't Ignore the Independent Retailers:

In Silicon Valley, computer stores such as Frys, Wolf Computer, etc, are not major chains. They do control major shares of local markets. These independents are easier to approach than the national chains. Once the product is successfully sold through these dealers, it is a lot easier to sell to the major retail and distribution chains. Independent small chains are an excellent starting point for Canadian software vendors.

7.7 Consider Sale of Part of the Firm to Major Player:

Canadian software vendors often overlook a good deal. Most software writers want to retain "control" of their product and the huge "anticipated" profits. They forget that setting up a dealer network has cost the major vendor big money and that owners of these channels hold the key to your making any money at all. A strong distribution channel is worth a lot more than your software. The smartest thing many software producers can do is to license or sell the product to a major hardware or software vendor. Given the short shelf life of a highly successful product (remember Wordstar, Visicalc) Canadian software vendors will not have the time to both get their product to market and do the product updating and improvement. Try to strike a good deal with a major player if you want to see real profit and get the market share a good product deserves. When the vendor asks for 51% of the company remember to compare the 50% of a big pie he offers to the 100% of the little pie that you may be able to generate yourself.