

10. DEALER CONTRACTS - TERMS AND CONDITIONS:

Listed below are some of the issues that have to be considered in planning the distribution of a product through the dealers. Before approaching VARs, Dealers, and Distributors, you will have to have a detailed answer to these questions for each channel, as well as a budget for what you as a vendor plan to spend for such things as advertising etc..

Minimum Configuration to be Considered a Dealer: For example, must have store front and demonstration capability, minimum volume.

Major Account Program: Who is responsible ? What are the discounts offered ?

Training: Who provides ?

Technical Assistance: What is the estimated cost ?

Termination Policy: On what conditions will we terminate this relationship ?

Discount: Typical discounts for dealers are 50% for a major package. Expect to give more if you do not have a high volume package.

Staff Dedication to the Product: Most computer store staff know three products. Getting past this major clog in the distribution channel is key to your success in selling your software. How many people will the vendor dedicate to your product and vice versa.

Major Account Status: Usually requires one million dollar per year to get major account status and the resultant discounts.

Territory Restrictions:

Competitive Products:

Shipping Procedures: American firms will want to know that your product, coming from a foreign country will get into the country quickly and easily. They do not want their customers to wait.

Payment Terms:

Returns and Updates: How will they be handled ? Most major dealers want to be allowed to return the product within 30 days of shipment.

Price Protection: Usual is 45 days advance notice of price increase or decrease.

Cancellation of Orders: Usual is that it must be done before shipment.