Selling Software Online in the United States

Getting a foothold in the highly competitive, crowded U.S. software market can be a daunting, if not impossible, task for a small Canadian software company.

Now there is another way for such a firm to penetrate the U.S. market — selling on the Internet which has become a home to a new distribution channel: online sales of software.

Each month new online shopping services and "cybermalls" appear on the World Wide Web. Two examples of such shopping websites are the **Internet Shopping Network (ISN)** and **CyberSource**.

ISN has been on the Internet since April 1994 and, since then, has collected data on all visitors to their home page. **ISN** was purchased by the Home Shopping Network in September 1994. From 600 companies, **ISN** lists 20,000 products, ranging from computer to consumer goods.

A customer chooses the item online and then telephones the order in and provides a credit card number. The order is then shipped by overnight mail from the manufacturer/distributor to the purchaser. **ISN** experiences 250,000 hits per day and processes a sale every 2.5 minutes.

CyberSource was also founded in 1994 but sells only software. It currently lists over 8,000 packages and offers many of its products through Ingram and Merisel.

A transaction with **CyberSource** is done online and the software is sent to the customer across the Internet. Its target market is large commercial accounts and institutions primarily because they have high speed broad band connections.

Lessons Learned

The lessons that **ISN** and **CyberSource** have learned are that people buy from them because of low price, convenience and service (such as online assistance and independent product reviews).

It is also important to have a responsive system with 1-800 numbers and customer support. You must also merchandise your products and offer free items and keep the customer coming back by making daily changes, posting editorials, product reviews, have a "what's new" section, debugging information, manuals, etc. As well, it is important to link to the vendors and other relevant websites.

Online Advantages

Among the many advantages offered to the software publisher by selling online some are:
. free advertising
. merchandising
. public relations
. beta testing
. 100 per cent registration of software
. offer product trials where 90 per cent to 95 per cent buy (since they are corporate customers)
. receive customer feedback
. receive market information on customers
. no inventory concerns.

If you have products that you would like to sell on the Internet today, you may explore working with one of these Northern California companies:

Internet Shopping Network
world wide web: http://shop.internet.net
e-mail: info@internet.net
1-800-677-7467

CyberSource (Sells Software Products Only)
world wide web: http://software.net
e-mail: pubinfo@software.net
1-800-617-7638

For additional information, also contact the Canadian Consulate Trade Office in San Jose, California at 408-289-1157 or by e-mail at canada-trade-sanjose.org

CommerceNet

If you are more interested in developing software tools or platforms to enable electronic commercial transactions over the Internet, an alliance of Northern California firms that is developing leading edge products and services for electronic commerce is **CommerceNet**.

CommerceNet, launched in April 1994, is a consortium of over 80 companies experimenting with commerce on the Internet. Some of the **CommerceNet** alliance members are Bank of America, Federal Express, IBM, Hewlett-Packard, Netscape and Silicon Graphics. Some of the products and services that **CommerceNet** provides are: **Starter kits** (ISDN from Pacific Bell and BBN BARRnet; hypermedia browsers and networking hardware);

Directories (top-level directories, alphabetical and categorized; specialized third-party directory and