

Chart 9. Profit Per Employee of Major Software Vendors:

VENDOR	PROFIT
Acclaim Entertainment	\$110,000
Adobe	26,000
Software Publishing	10,000
Lotus	56,000
Microsoft	55,000

(Source Digital Information Group, Stamford, CT)

6.11 Fight Over the User Interface:

UNIX, OS/2, Presentation Manager, etc, are vying to be the major user interface that will combat the Macintosh. Software developers must assure that future editions of their software are compatible with winning interface despite the confusion in the marketplace. With IBM and Microsoft propelling these standards, they will probably be the winners in the mass market.

7. STRATEGIES TO GET INTO THE CHANNELS:

7.1 Strategic Alliances:

Most of the major software and hardware vendors offer a variety of joint marketing and distribution options to software developers to improve sales of their products. The "third party vendor managers" in each hardware companies are excellent resources for such things as: training, finance, advertising, equipment loans, and trade show space in major vendor booths. They are also a channel to the decision maker for company branded products. Most of the major vendors in Canada (Apple, HP) have staff in Canada dedicated to this task. Some like HP and Apple will almost require you to work with their subsidiary in Canada or at least prescreen you before you call on San Francisco based decision makers. Despite complaints from Canadian vendors (many of whose products were not mass market quality) that the key decision makers are not in Canada and thus their product was ignored by the major hardware people, these contacts are important to you.

Some hardware vendors dominate a market, for example, elementary schools. Apple has 68% of this market, while IBM has 44% of the universities. Don't forget to segment the market very precisely and then choose your partner.