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How to distribute software in the USA
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ACCOPRESS
GENUINE PRESSBOARD BINDER
CAT. NO. BF 2507 EMB

ACCO CANADIAN COMPANY LTD.
TORONTO
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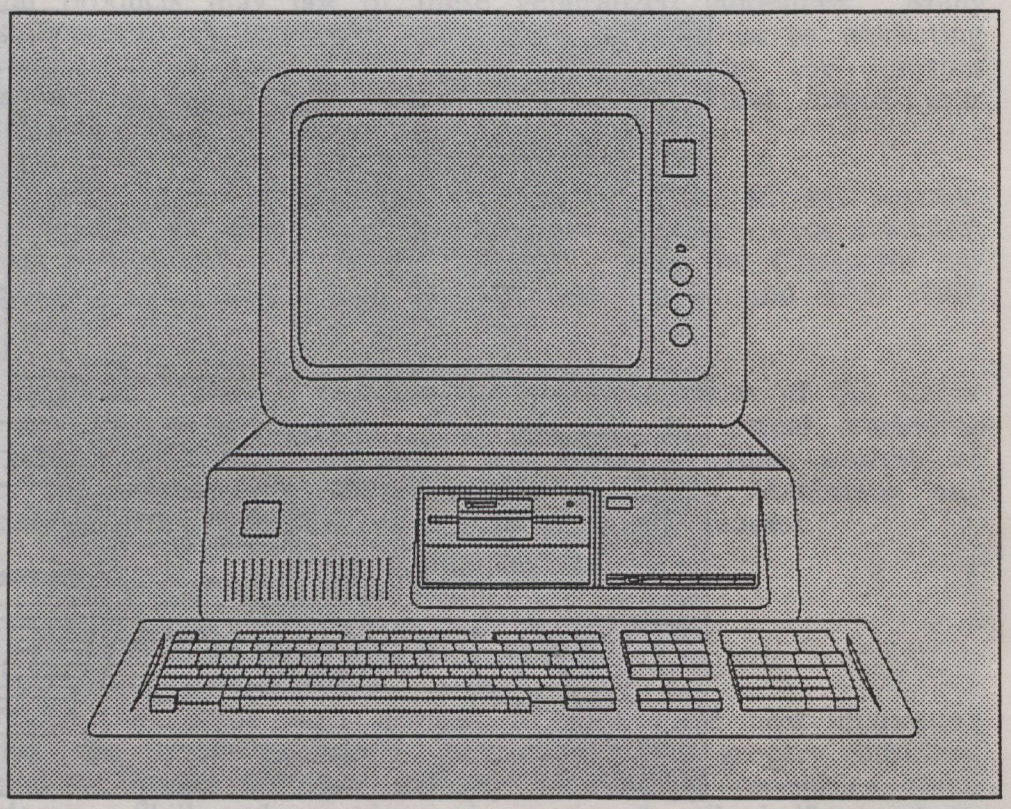
HOW TO DISTRIBUTE SOFTWARE IN THE USA



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January 29, 1990

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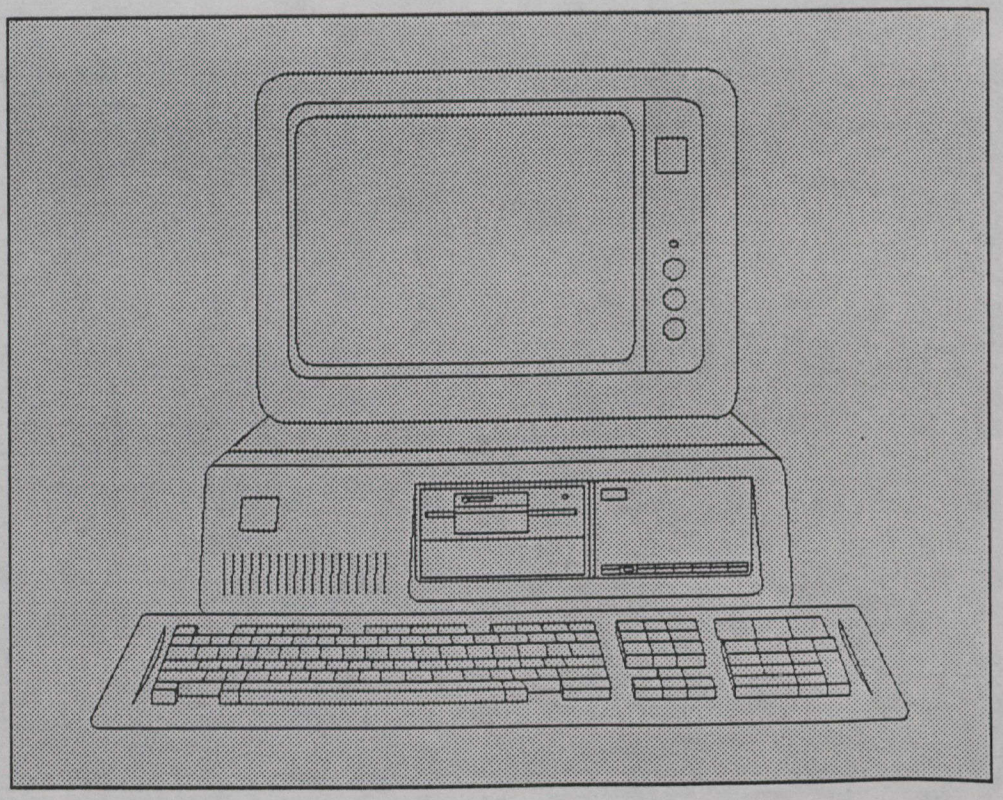

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Dept. of External Affairs
Min. des Affaires extérieures
DEC 12 1990

1. OBJECTIVES:

This report is a handbook of techniques for getting Canadian personal computer software into the appropriate distribution channel for the United States market. The market statistics included in this report will also help some mini and mainframe distributors to better service the growing overlap between their products and the increasingly powerful PC platform.

This report will offer general advice and guidelines about how to distribute software. Individual products may not fit these generalized guidelines. Many of the Canadian software developers have taken other approaches to marketing their software and still been successful. The report provides the statistics necessary to make an informed choice about the channels that match your product, human and financial resources.

The data contained in this report has been drawn from several sources. Dataquest of San Jose, has provided most of the data through direct consultations, as well as the best report on software distribution that the Consulate has seen in the marketplace. This report can be purchased for around $700 -$900 US.

Datapro has an older study on software distribution practices of the larger software producers and hardware vendors. It documents the actual marketing practices of such players as Lotus, Microsoft, and Epson. Other sources of information include the Software Publishers Association, Sentry Marketing, etc. Unless otherwise specified, the source of the charts in this report is Dataquest.

2. OVERVIEW:

Software producers would be well advised to hire their next marketing manager from either the book publishing industry or the grocery business, because the personal computer software industry increasingly resembles these commodity marketplaces. Skill and experience in getting "retail shelf space" is critical to success in the software marketplace. Software brilliance, like book writing brilliance, is not enough to succeed in this marketplace. Standard marketing tools, dollars, and "retail shoe leather" are required to tell the customer about your software product. The "big players" are increasingly reluctant to take a risk distributing a new software package into their channels, only to incur the expense of picking up poorly selling products from retailers. They want to sell proven high volume winners..

Industry experts estimate that it would require about $10 million dollars to "overtake" a major software product such as Lotus 1-2-3 or WordPerfect. To take market share from less popular software would require $1 - 2 million. As you can see, a careful plan is required by any software writer who plans to "play" in this market. This is not to say that there are no niche opportunities nor "guerilla marketing tactics" that can't overcome a lack of cash. However, prudent software vendors will set realistic sales goals for their product.

Venture capitalists are not likely to be the source of cash to market software products. Canadian software publishers will have increasing problems finding financing from venture capitalists because software is no longer seen as a sound investment. The first reason is that software does not require a large investment of time or capital expense to create the product. Anyone in their garage can write a great software package. As a result, venture capitalists have no "protection" for their investment and they run the risk that the product they finance will be overtaken before they get a return on investment. The risk is simply too high for even the big risk takers.

The second problem for venture capitalists is that few software writers have had two successes in a row. Therefore, there is only limited time to get a return on the investment the venture capitalists have made.

The simplest example of this phenomenon is the effect that Lotus 1-2-3 had on SuperCalc. SuperCalc was the leading package in the software area, but very quickly the SuperCalc organization was devastated by Lotus 1-2-3. Wordstar suffered the same fate and venture capitalists have not forgotten these lessons.

If you plan to pursue the venture market we highly recommend to you "Pratts Guide to Venture Capital." Besides listing all the key venture capitalists in North America, the book also contains an excellent guide to how venture works and how to come to the venture capitalist well prepared.

Given these concerns and the changing market conditions, the key difference between successful and unsuccessful software companies is their ability to enter the appropriate distribution channels. Every software publisher should review his or her product and choose the channel and strategy that best matches his product and resources. A list of tactics and options to use if you lack larger resources is contained in this report.

This report will describe the current trends and "rules of thumb" in the software marketplace. However, I thought it would be useful to summarize some of the main current trends at the beginning of this report. They are listed in the following chart.

Chart 1. Trends in the PC Software Marketplace:

POSITIVE	NEGATIVE
Rise of Super Stores	Chain consolidation
More shelf space available	Fewer stores to sell to get started
Strong growth retail sales	Decreasing prices/discounting
15% annual growth rate in mkt.	Over 20,000 packages currently on sale

Chart 1 (continued):

POSITIVE	NEGATIVE
Standards emerging (e.g. UNIX, Presentation Mgr,OS/2)	More full family of products
Increasing percent of purchases made by retail walk-in customers	Commodity trading
	More profit per unit needed
Change to total solution sales by the retail store	Decline of VAR channel
Increasing role of mass merchants	Higher advertising costs
More stores providing VAR type services	More Direct Sales by software publishers
	Increasing support requirements
Two-three percent annual growth in total market size	Eighty percent of software sold by top ten companies
	Eighty percent of shelf space owned by top five firms

Chart 2: Where Does Business Buy Its Software:

CATEGORY	*% 1988*	*% 1993*
PC Dealers	43	36
Software Only	10	17
Mass Merchants	2	10
VARs	5	2
Mail Order	22	15
Software Publishers Direct	18	20

Chart 3: Who Decides Within a Company, What Software Gets Bought:

Central Purchasing	40%
Recommended List	24%
Free to choose	36%

(Source: Sentry Market Research)

3. THE MARKET SIZE:

Dataquest predicts that North Americans will purchase 450 million different packages in the next five years, with a total value of $81.5 billion (US). This represents a compound growth rate of 15.3 percent. Experts estimate that there were 50,000 software titles for sale in 1989. Forty percent of all PC software purchases were made by people walking into a retail store, and this figure is expected to rise to 60% by 1993. The total value of these "walk-in" sales is $3.9 billion. The growth in direct sales has been at the expense of direct sales by hardware vendors and VARs.

The top 10 software publishers (including Borland, Software Publishing, Wordperfect, Lotus) sell 80% of PC software. They sell 15 % of this total direct to past customers.

The total software market is expanding. In 1988, 18% of homes indicate they own a PC. The total size of this PC market is expanding at the rate of 3%.

4. CHANNELS FOR DISTRIBUTION:

Listed below are the main types of distribution channels in the USA:

Chart 4. Main Channels of Distribution:

RETAILERS	*NUMBERS*	*MARKET SHARE BY TYPE OF REVENUE*
1) Computer Specialty Store	4,600	35.8%
2) Computer Dealers	3,950	"
3) Clone only stores	600	"
4) Super Stores	50	"

RETAILERS	NUMBERS	MARKET SHARE BY TYPE OF REVENUE
5) Software Only Stores	400	14.1%
6) Mass Merchants	20,000	13.9
- Office Equipment	4,500	
- Department Stores	500	
- Appliance/electronic stores	2,000	
- Discount	2,000	
- Toy	1,000	
- Book Stores	200	
- Misc	10,000	
7) Value Added Resellers (VARs)	4,650	2%
8) Systemhouses	4,700	"
9) System Vendors	50	"
10) Mail Order Houses	30	14%
11) Direct to Customer (software publishers)		20%
12) Software Distribution Specialist to Fortune 500	1	
13) Guerilla Marketing		
14) Major Wholesalers	250	

* Note that the figures in column two are from a different source so they do not match up directly with column one.

Chart 5. Software Revenue by Channel:

CHANNEL	*1988*	*1993*
PC Dealers	42%	35%
Mail Order	21	10%
Software Publishers	18	19%
Software Only Stores	10	13%
Vars Systems Vendors	5	1%
Mass Merchants	4	21%
System Vendors	3	1%

CHART 6. The Landscape of Channel Options:

	Direct Sales	
	Joint Marketing Programs	Aerospace
	Agents & Reps	
	Office Products Dealers	Defense
	Computer Retail Chains	
Your	Mass Merchants	Manufacturing
Products	Mail Order Firms	
	Major VARs	Health Care
	Distributors to VARs	
	OEMs	Education
	Systems Integrators	
	Strategic Alliances	Other
	And More ...	

(SOURCE: ART MONK ADVANCED TECHNOLOGY MARKETING GROUP)

5. HOW TO CHOOSE A DISTRIBUTION CHANNEL:

Each of the different channels enumerated above ministers to a different market need. For example, the value added reseller (VAR) channel is well suited to high priced software that commands a lot of service and customization. Mail order is suited to well known products which are competitively priced. If you have a very low cost clone of existing software, such as Sales Management Software, then an independent chain or bundling with a clone manufacturer may facilitate a joint marketing agreement. The Post recommends you hire an outside retailing expert to objectively advise you on your strategy and channel selection. The consultant's objectivity will save you from pursuing channels that reflect your hopes for product sales rather than the likely reality.

If your product is well suited to a particular hardware platform (e.g., Apple II has 67% of the educational market), you should also consider marketing through the major computer manufacturer. Most people such as Sun, Apple, and IBM run extensive third party software catalogs and offer other assistance that may help you to distribute products in the United States through their sales force or their VARs.

If your product is aimed at the large corporate accounts, such as the oil and gas industry, then working with large computer manufacturers that own this market, such as IBM, Prime, and NCR, or a Value Added Reseller (VAR) who specializes in this market, may be the appropriate tactic. Elsewhere in this report we will also describe Corporate Software, a firm that specializes in selling software to the Fortune 500. Corporate Software and Businessland are two options to use to sell packages of special interest to Fortune 500 firms.

Most retail stores can only sell, support, and demonstrate 20-30 products per location (ie. how many software products can you load on one hard disk?). This restriction is based on the fact that most stores only have one to five low paid, high turnover employees. With their limited training the computer sales clerk simply cannot learn any more packages.

Despite the "channel size restriction" that shelf space and employee learning curve produces, most PC software writers opt for the retail channel first. It should probably be the last option in a financially sound plan. Every firm should have a software marketing plan, and it should address such issues as: 1) how you are going to deal with each of the channels, 2) in what order, and 3) with what resources. Few if any software sellers who show up in the USA have such a plan, yet every major distributor, venture capitalist, and VAR will ask for it at the beginning of the negotiations. As Appendix A (a standard letter from Businessland to a software seller) indicates, a business plan is a basic professional requirement in the major US markets.

California is two markets. The California economy alone is the sixth largest economy in the world. It will pass France, in the year 2000. With an economy this large, you must segment the market and set up a service system for Northern and Southern California.

California is a foreign country, with its own business practices. Most Canadians are successful using a "generalist, or department store approach" to their products and services. This approach of offering full service works well in Canada. However, in California, a deep, specialist approach is required. For example, in Canada a car dealer may be a GM/Honda/Porsche dealer. In California, we have "Corvette only" dealers. Failure to adapt to these differences may be costly.

6. CHANNEL OPTIONS:

6.1 Computer Specialty Stores: (4,600)

Computer Specialty Stores offer PCs for both the home and business market. Most stock two or three hardware lines. The computer store approach to retailing emerged because of the wide variety of vendors serving this market, the high level of technical competence initially required to sell a PC, and the amount of "system integration" required to get the PC to perform the tasks demanded by the customer. The computer purchaser yearned for a place to shop for different pieces of hardware and software where he could get the best deal. He wanted a place where he could "road test" the competing claims. It is in the retail store where "user friendliness" gets put to the test.

Due to standardization, the customer could mix and match the system components and get the functionality and price that he wanted. As standardization increases, the need for a high service retail location will decline. Despite this trend, computer specialty stores still are a major force in the mass market software business.

Now that the PC has become a "shrink wrapped" commodity like other "toys," more vendors can sell PCs without the need to provide the high level of service initially requested in a computer specialty store. With the current increased margin pressure, the computer stores are less and less willing to take on new products that "clog" shelf space and produce little "churn." Like grocery vendors they have become cautious and stick with the market leaders who supply the in-store support and other value added services that assist sales. Like suppliers to the grocery business software vendors may have to "buy" shelf space with "co-op" advertising, in-store sales aids, training, etc. Do you have the resources to do in store training for 4,500 stores? If not, consider another channel or a partner/distributor that can provide these services.

Increasingly the computer retail stores are gaining revenue from value added activities like training and consulting, so that the line between them and VARs is declining. Eventually the VAR channel will further shrink in distribution importance.

There is a trend towards the development of company owned chains of computer stores (eg Businessland, 19%) and franchised chains of stores (eg Computerland, 29%). However independents and small independent chains remain the largest group (43%) in the distribution process. Their share of the revenue is however declining.

The size of retail computer stores is getting larger, and the average store is now selling $2 million of product a year. The new "Super Stores" sell up to $6.0 million per store. As Adam Osborne so succinctly put it, "Most computer stores have one manager and five clerks. The average clerk knows how to run three packages. Which product is this clerk going to forget to learn how to operate? Your product." Remember these statistics when choosing your channel.

In 1989, Businessland will sell $1.2 billion, and Ingram/Micro D will sell approximately $900 million worth of goods. Softsel will sell around $500 million and has about 5,000 products in its catalog. Micro America will sell $450 million. All these firms reported a 30% increase in sales in this year. To say these firms are into high volume is an understatement.

Getting shelf space in the major computer chains is increasingly difficult. The average buyer/product selector for these chains (eg. Businessland) receives anywhere up to 100 software packages a week to review and make a "retailing" decision on. If he has not heard of you or you package before it arrives on his desk he is unlikely to even unwrap it. Even if he finds the package attractive, he will want you to share in many of his costs to move the product.

Do you have the resources to do that ?

Products that are successful in getting into the major chains have "worked" the channel with press reviews, "seeded" Fortune 500 customers, etc, to make sure the chains are getting demand for the product before the software writer shows up at the distributor to make a pitch to have his product carried as a mainline product. Remember, software is only 10% of the typical computer retailer's revenues.

Chart 7. Leading Computer and Software Specialty Store Chains USA:

CHAIN	NUMBER OF STORES	HEAD OFFICE
Computerland	771	San Francisco
Intelligent Electronics (Formerly Entre/Connecting Point)	780	Virginia
Micro Age	362	Tempe, Arizona
Kenfil		Los Angeles
Valcom Computer	181	Omaha, Nebraska
Businessland	121	San Jose, San Francisco, CA
Nynex	90	New York
Todays	77	Exton, PA
Heath Zenith	61	Michigan
Sears	60	Chicago
Egghead	207	Oregon
Software Etc (Daltons)	230	Minnesota
INGRAM Micro D		San Francisco
First Software		
Federated (Atari)	40	
Softsel		Los Angeles
Upgrade Corp		
Software Publishing		San Francisco
Tandy	7,036	
Intertan	2,411	
Electronics Boutique	172	
Babbage's	156	
Inacomp	112	
Microamerica	35	
Computer Factory	66	
Waldensoft	50	
Computer Craft	21	
Dataphaz	8	

(Source: Software Industry Bulletin 11/20/89)

* Note: The market has changed a lot since the collection of the above data. Many of the chains have merged. This chart is intended to illustrate the nature of the market, not the current situation.

Due to the highly changeable nature of the market, these figures are not absolute. Software only, retailers, and some software publishing firms have been added to complete the total picture of the "big players."

6.2 Clone Only Stores:

These are computer dealers who specialize in distributing no "brand name" computers. It is worth noting that the largest seller of IBM PC products in the USA is the category "other" (ie the clone manufacturers). While these chains are hard to find and difficult to deal with, they may match the needs of small software producers who have a clone type software product that can be bundled with these clones to help them move the hardware.

6.3 Super Stores:

Historically, the average computer store has been quite small. Increasingly the larger chains have been adding large (10-20 k) square feet to their stores, to allow them to carry more products to better respond to customer needs. With the wider selection, these "Super Stores" will put a lot of pressure on the independents and thus some of the smaller stores may be forced to close. The upside of this trend is more shelf space for lower volume software products- the category most Canadian products fall into. However, most of the Super Stores are run by the major chains so this does change the difficulty of getting the product into the major distributors.

6.4 Software Only Stores: (815)

The number of software only stores has grown from 50 in 1985, to over 815 in 1988. This rapid growth rate reflects the larger portion of total system costs that software occupies. These software stores are now a major force in the total computer market. They do carry more titles than hardware vendors and therefore offer more opportunities for Canadian vendors. The Egghead catalogue alone has about 5000 titles. However, they are still hard nosed business people and will want to see a full business plan. Software only stores are growing at an average of 19%, but represent only 7% of the 12,759 outlets that sell software.

Like the major distributors, an application to have your product carried by these stores will require a business plan with lots of dollars attached, and the same retailing issues (shelf space, volume, coop advertising, etc) will have to be faced before you enter the market.

Chart 8: The Major Software Publishers are:

NAME	*LOCATION*	*SIZE/PEOPLE*
Apple Claris	San Francisco	300
Ashton Tate	LA	1,200
Autodesk	San Francisco	600
Borland	Scotts Valley San Francisco	600
Computer Associates	San Francisco	5,000
IBM	New York	
Lotus	Boston	1,200
Microsoft	Washington State	3,300
Software Publishing	San Francisco	300
Word Perfect	Orem, Utah	

6.5 (a) Mass Merchants / Retailers: (20,000)

Mass merchants carry low margin, low priced computers for the home market. They provide little support, but do offer credit privileges and wide access to the home and small business market.

Advantages: These firms are increasingly the key players in the mass market. Their share of software sold has risen and will continue to rise as the software becomes more and more standardized. The major vendors are operating increasingly like food retailers. "Spiffs," coop advertising, training, in-store displays, etc, are all being demand by the chains. Do you have the resources to undertake these tasks?

6.5 (b) Office Specialty Stores: (4,500)

Traditionally these stores have provided the "hard sell" sales force for office machines. They currently lack the "trained" sales force to sell sophisticated networks, currently the hot item in the market. However, these stores are increasing their capability quickly and may be a good channel for some office oriented software. Due to the "mom and pop" type operations of this channel it is hard to contact. The hard "door knocking" style of the copier / fax sales crew in this channel may offer a good starting point for a regional operation. Over 15,000 attendees went to their convention (National Office Machine Dealers) in Las Vegas last year.

6.6 Value Added Resellers: (5-10,000)

Value Added Resellers (VARs) and Value Added Dealers (VAD) carry highly specialized packages, systems, and vertical software. As PCs become a commodity product, VARs are selling less and less hardware and are more dependent on software sales for revenue. Given the small size of these firms (many have only 1-12 people) and the rapidly changing nature of the software market, VARs are hard to contact and even more time consuming to sell and service. However, as customers experience the problems of installing, maintaining, and integrating networks, the value offered by these system integrators may become much more apparent and their market share may increase.

VARs usually have an outside sales force and offer a high level of technical expertise. This channel targets the markets not covered by the stores (ie. small niche markets). If your product requires a sophisticated sales pitch this may be the channel for you.

VARs are hard to identify and contact because they seldom advertise and they are so small. Several publishers, such as Datapro, produce computerized directories of systemhouses, OEMs, and VARs. (See the appendix for a list of suppliers of these directories.)

On the average, a VAR sells twelve units of hardware a month, and 15 units of software. Despite this low volume, they receive over $4.8 billion per year in revenue. As you can see they are significant. IBM requires a $1.0 million per year purchasing commitment from its VARs, while Apple requires $500,000.

All major hardware vendors (eg. HP, Apple) have a VAR program. Canadian software vendors interested in using this channel may want to tap the resources of the vendor on whose hardware their software runs, to "get the word out" to VARs about their software. Most hardware specific VARs can be contacted at the major vendor solo shows such as DEXPO.

Since most Canadian companies do not create and sell mass market software but rather sell highly specialized product based on their typical applications in Canada, the Value Added Reseller market and the Value Added Dealer network are probably the most significant channel that Canadian software firms should be tackling. Most Canadian Consulates in the United States have been equipped with a DataSources VAR Directory, which allows a computer search of the geographical, application, and/or hardware Value Added Resellers for your product. The list was current as of November 1988, and is quickly becoming out of date due to the highly volatile nature of the VAR business. We would encourage you to use this resource, but be cautioned that these lists will quickly be out dated, due to the turnover rate of VARs. They are however, a starting point that is very easy to use and allows Canadian software manufacturers to very quickly establish distribution. Datapro also offers a listing of VARs and Systemhouses for around $500.

6.7 Mail Order Houses (300)

It is estimated that mail order accounts for 20% of the PC software in the USA, yet few if any Canadian software vendors I have spoken to, work very hard to sell through this channel. Mail Order Houses operate with a warehouse and often a telemarketing effort. These warehouses offer a much wider variety of software at a lower price than the stores. They carry a large product line and are thus more likely to carry new software titles than the chains. The key problem will be the difficulty in getting the advertising and reviews to draw the product through the mail order warehouses. Most mail order houses sell well known products in high volume at low prices. They do not advertise or otherwise generate demand for the product. This task will stay with the software publisher.

6.8 Going Direct

Many Small firms have such a targeted product that going direct via mail is a reasonable and realistic option. Such firms as IDC Boston, and Focus Research San Jose, can supply detailed lists of purchasing MIS managers that use they types of equipment that you want to sell to. This information costs around a $1.00 per name. Considering that you can make a pitch to 1000 qualified buyers for a mere $1,000, it is good value compared to a general Byte advertisement at $20,000.

A second option is to engage in a "media blitz" to all the key editors in your area. The easiest way to get an up to date list of editors who specialize in your product is to call Media Map Chicago, 617-275-5560 and obtain their quarterly updated media list. The cost is around $1600 US dollars. Trying to develop your own list or doing a general mailing to "the editor" is a waste of your time and money. The Media Map program or others like it, offers a very inexpensive way to get press coverage and generate demand for your product. Beware: Don't generate demand before you have a distribution system in place.

6.9 It is Harder Than Ever to Get a Best Seller:

Over 90% of the shelf space for Macintosh software products is occupied by Microsoft products. How is your company "strategizing" to gain shelf space against such well armed and funded competition? Like the food industry, the fight for shelf space is critical to your victory in the marketplace. This high level of competition is illustrative of the current restrictions and problems you will confront in merchandising your software.

6.10 Software Publishers

Increasingly, the big players are going direct. For people like Lotus and WP, sales of new releases and technical support are two new marketing opportunities. If your product is complimentary to these major software developers, you may want to consider a joint venture.

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.

7.2 Strategic Alliance with Vendors Who Want to Sell to the Canadian Government:

Most major vendors wish to sell their computer products to the major provincial or federal government departments. Many of these vendors have made a commitment to "Buy Canadian" products or to assist Canadian companies to export their products in order to ingratiate themselves as good corporate citizens with their political masters. As well it is usually just a good business decision. Take advantage of this need. Approach the major hardware vendors to see if both your marketing needs and their selling needs can result in joint distribution.

Generally strategic alliances with a major hardware vendor offer stability and reassurance to a purchaser nervous about standardizing on a software product from a small unknown company. One danger of big companies is that they will not put the energy and focus into your product that you can.

7.3 Major Retail Computer Chains:

Businessland, Softsel, Ingram, Computerland, etc, market a large percentage of the computer software sold in the USA. If you can get your product accepted by these chains you are halfway to making money with your software. Be aware, however that these firms receive 50-100 package a week to review. Many of them will simply send you the standard kit and ask you to send the demo product along. You may never get a response unless you call weekly.

Major software distributors and retailers carry a limited range of products. In order to get shelf space you must have the cash to draw the product through the retail chain via direct advertising, sales calls, work with VARs, etc. Specifically you as the product owner must have the cash to run large advertising campaigns, get product reviews, etc. Consider these cash requirements when planning strategy.

Major retailers will return your product to you if it does not sell. Several Canadian retailers have been shocked to receive large return shipments of their software that they thought had been sold. Instead, it had just gone into the channel but had not been sold. It was returned for a full refund.

7.4 Don't Ignore the Mail Order Houses:

Mail Order Houses such as 800 Software account for 18%-20% of the PC software sold. Most Canadian software creators are not aware of how important this channel is. Mail order software firms have the advantage of being able to "carry a larger number of titles," without being too deep in shelf stock. For many vertical markets and exotic software, this channel may in fact be the one best suited to your needs. On the down side, mail order people are really order fillers. They do not create demand through sales calls and advertising. They will not create product awareness.

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.

7.8 Choose the Channel, Based on Where your Product is, in the Product Lifecycle:

If you have a software product that opens up a whole new product area, you can choose a different channel from those firms who are producing a "me too" product that competes with a well established major product. If you have invented a new category of product, then go quickly to the retail chain and the press.

7.9 Plan your Approach to the Channel Before you Call the Distributor:

Regis McKenna, the Silicon Valley marketing guru, advises companies to develop a "communications strategy" before you approach the channels. This approach is described below.

Find out who influences a major player such as Softsel to carry a product. Do the press reviews of PC World, Byte, etc carry the most weight? If so, who does Byte call to get end user advice on packages? Find all the key influencer in the channels you plan to use and pre-sell them before you call Businessland, Softsel or other major players. For example, can you influence Ester Dyson, Seybold Report, or Dataquest, or the PC Manager at Chase Manhattan to look at your package and recommend it to Softsel? This tracking down of the "key influencer" (business press, trade press, analysts with key research firms, industry luminaries, key hardware vendors, etc) is the key to your seeming bigger than you are and to getting any press attention at all. Properly "worked," a public relations campaign can cost you very little for advertising yet get you substantially more reviews and product sales that an expensive advertising program. However you must plan your positioning, product introductions, dealer introductions, promotional support, and trade show program so they all work together to build momentum and manageable sales. Don't forget to build in the control systems to prevent you from going down the tube with success. Don't forget to communicate with your inventors and your own company about where you are going and how you are progressing towards this goal.

Many firms also fall victim to "press success" ie they get lots of reviews before they are big enough or organized enough to service them. You need to carefully segment you market and obtain reviews in publications that cater to your market not the general market. A good press review in Byte for a VAX utility program may produce 1500 inquiries of which only 20 really are qualified to buy. The costs of servicing these inquiries will eat into your profit picture.

Do things in order. Don't sent your product for review unless you can: a) produce it in a hurry, b) ship it now, c) have an 800 number or a local rep to take the order, d) have the funds to run an ad in the review issue with your telephone number so the customer can contact you, e) call 1,000 leads to qualify them, and f) afford to send out 3,000 review copies. Too many firms have gotten great reviews but didn't think through how they were going to take the orders and pick up the checks.

User groups are another example of an easily tapped group of influencer. Most major centers (eg. San Francisco, Boston) have very large computer user groups (25,000 members) made up of people who are the technical advisors or informal internal computer experts who advise staff within their organizations on the best new software programs. Most of these user groups will allow you to demo your product at their monthly meeting. This channel attracts the attentions of such major players as Borland and Microsoft etc. Why would Bill Gates or Mr. Kahn speak to such groups if they did not feel these groups are an important influencer of the purchase of their software?

Other key ways to get your product in front of the marketplace at low cost include seminars, technical papers, etc.

7.10 Consider Private Branding

The strongest new player in software distribution will be the large mass marketers such as Sears. Consider trying to strike a deal to private brand your software with these people because they will be looking for products to use to compete with the major computer stores as well as to increase their margins. Count on people like Sears to do private brands in software just as they have done in other parts of their marketing operations.

7.11 Target the New Super Stores:

The emergence of the new super stores with larger floor space indicates that the customers want a larger selection of software that better meets their specific needs. Super Stores with their larger shelf space may offer such a channel.

7.12 Geographical Focus, Your Product Introduction:

Remember you will have to advertise, line up dealers, get reviews, train dealers, provide sales support, sign up VARs, etc, in every local market you tackle. It makes a lot more sense to geographically focus this effort. California for example has a market that is as large as the total Canadian market. Plan the size and distribution of your sales force accordingly. Plan your press, advertising and other programs to take on one market sector at a time to conserve your resources.

Major Canadian computer consulting and product companies have come to the California market and found out that the strategy they used for success in Canada has not worked here. The two markets are totally different. You must be prepared top pay the price for your education. Don't think you are smarter or different than these other companies. Almost without failure this expensive learning curve has been the price all of these companies have paid.

7.13 Market "Add On" Products to Existing Major Accounts:

Many of the major software vendors (eg Lotus, Wordperfect) have site licenses with major corporations that run into the tens of thousands of units. With research, you can find these major sites. If your product is an add on to these products you should be able to sell directly to these major accounts. Also consider working with Corporate Software in Toronto, a reseller specializing in the Fortune 500 to gain access to these accounts.

7.14 Seeding the Market:

Epson dominates the dot matrix printer market. One of its early tactics was to give the most influential people in the market (press, consultants, Fortune 500 buyers, etc) a free printer to review and keep. It quickly became the standard all other machines were measured against. Consider a modern day version of this strategy.

7.15 Shareware:

Many vendors of inexpensive products have made money listing their products on shareware bulletin boards. High quality products have received $70 to $600 million in revenue through this channel. If you have no money, this is an option. There is a directory of shareware bulletin boards available.

7.16 Support and its Costs:

Software vendors are the only business that sells a low price product and offer unlimited service. Service to the product and to the dealer/VAR channel as well as the customer is critical to success but also very costly. Many vendors are now selling limited service with an option to purchase ongoing service. Try to plan a strategy that creates a revenue stream opportunity out of service. Such things as newsletters allow you to provide service at a reasonable cost as well as maintain an up to date list of purchasers for version two of the product. Lotus' 90 days only of free service is another example of this trend.

8. STRATEGIC ISSUES

8.1 Price:

There is no clear relationship between price of the product and its salability. Some consumers perceive the value of the product through its price. Others such as Borland, started with a low price to get market share then raised the price later. Unless your product is a mass market product, do not price it as a mass market product. Rather charge what the market will bear until the competition enters the market.

8.2 Standards:

It is increasingly difficult to sell a package that does not adhere to one of the main standards in the PC area. This standards issue will become increasingly more important as the user interface standard is added on top of the operating system choice. Opportunities exist in both the main and peripheral standards. Post suggests you review the market projections from Dataquest or another market research firm to find out how long it will take such standards as OS/2 to overtake DOS, Presentation Manager's life cycle, etc. These market projections will help you to plan you product introduction in such a way as to conserve your resources for maximum profit.

8.3 How Big a Distribution Channel Do You Need, and What Will It Cost to Set Up ?

This may sound like an odd question. However most of the Canadian software vendors that the Post has spoken to are unaware of the number of dealers they will have to line up in order to sell their products. A few examples may put this in perspective.

Epson has over 5,000 dealers for its printers. Ashton Tate has about 200 field service reps and does not directly market its products to end users. Ashton Tate has three non-exclusive distributors and 34 major dealers. These two channels account for 60% of their revenue. Ashton Tate's major accounts feed the product through 1,800 retail locations.

If we assume that it takes three days of personnel time to set up a dealer, then a major software product requires an investment of 15,000 days or 65 person years of work, assuming that the person works full time for 230 working days a year. Without expenses that represents an investment of over $5 million and we have not considered travel, training, support, and profit. On a package basis, this represents the sale of 26,000 copies of a package that sells for $200 profit. Considering the advertising and other costs it probably represents a minimum of 100,000 copies of the package.

8.4 Growth Rates:

If you are planning a new product, you may want to consider the following growth projections:

Chart 10: Growth Rates of Software Markets 1988-1993

CATEGORY	*GROWTH RATE*	*(1,000's)*
Productivity	61%	125,000
-Word Processing	9%	26,000
-Graphics paint	17%	10,000
E-mail	37%	3,600
Forms Tools	37%	3,800
Desktop Publishing	29%	9,000
Integrated Prod. Tools	21%	10,400
Spreadsheets	8.2%	18,790
Accounting	11.7%	7,500
Systems		
Network Servers	10.5%	688
Expert Systems	28.5%	598
Communications	10.4%	20,000
Utilities	8.4%	22,444
Entertainment	7.1%	53,500
Technical Scientific	10.9%	5,800

*Note: Macintosh sales grew twice as fast as MS-DOS sales, but MS-DOS sales were five times Mac volume, to account for 76% of domestic sales.

8.5 Have a Strategy and Stick to It:

Many firms, flushed with initial success, start to deal with every opportunity that comes in the door. They use all their people resources to do such things as mail replies to the 2000 leads generated by an unexpected press review of the product. After three months they have made no sales and they have used all the resources they had planned to use to call VARs. A cash flow crunch develops and the company is in trouble. Other examples include placing lots of expensive ads, etc.

Plan a complete strategy based on a competitive analysis and stick to the strategy and plan and only deviate when it appears certain that previous analysis was faulty.

8.6 Are you selling Products or Solutions:

Many software vendors assume they have a mass market product because their product runs on a PC. Increasingly the PC is taking on the applications of mini computers. Mini computer pricing,service and sales strategies may be what your product needs.

9. PRESS:

It is almost impossible to maintain an up to date list of who the writer on a specific subject for a specific magazine is. These writers are crucial to you receiving a free and good review of your product. Post suggests that you pay the fees to Media Map out of Chicago, to obtain their updated list of press contacts.

Remember that like the chains the major reviewers are overwhelmed with packages to review. You will likely have to really work to get their attention. Post submits that you consider testing your package on the "tier two" publications and then only do so on a regional basis. Don't forget to run an ad in the issue with your review in it. Don't forget to ask the sales person booking your ad, to speak to the editor to get your product reviewed. Consider targeting the VAR, reseller publications.

There are a large number of firms that specialize in the preparation of directories for your product area. To be listed you must simply fill out their forms. Don't forget to contact all the directories in your area of interest to get extensive free publicity. Please also call all the major publication for their editorial plans. These plans will list when they plan to d a major review of various topic areas. These publications are more likely to review your product at the time of a major buyers guide type of issue in order to ensure they offer their readers a comprehensive view of the market.

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.

TYPICAL BUSINESSLAND RESPONSE

January 1990

Brian P. Casey
Canadian Consulate Trade Office
4677 Old Ironsides Dr, #270
Santa Clara, CA 95054

Dear Sir:

Thank you for your interest in having your products carried by Businessland. Because we receive numerous requests each week from vendors who would like us to consider their products for resale, we have developed a process to help us facilitate product reviews in a timely manner.

Enclosed you will find a product review package which we have designed as the first phase of our process. It describes the information necessary for us to conduct a review. After receiving your response, we may require up to six weeks to review your information. In short, the review process consists of meetings attended by our Product Development Group, along with time allowed for processing of your information. We will be considering your products in relation to our current product line, and our current and future product strategies.

At this point it is not necessary for you to supply us with an evaluation unit. Please communicate all information in written form, and try not to follow up with phone calls. We will respond to your requests by mail or by phone as soon as possible.

Thank you again for your interest in Businessland. I look forward to receiving your information.

Sincerely,

Enclosures

BUSINESSLAND PRODUCT EVALUATION

PRODUCT SUBMISSION CHECKLIST

COMPANY DESCRIPTION - History, funding, officers, financial history, ownership, sales volumes.

PRODUCT DESCRIPTION AND HISTORY - Product specifications, target uses, compatibility, date of first production shipment, number sold to date

DETAILED DESCRIPTION OF MARKETING PLANS - Target market, channels of distribution, advertising plans and budgets, outside OEM sales arrangements or agreements

COMPARISON TO MAJOR COMPETITIVE PRODUCTS

SERVICE AND SUPPORT PLANS - Technical support hot lines, warranty period, availability of customer and sales training if appropriate, field sales support personnel

PRICING - Suggested retail price, anticipated range of margins available, location of manufacturing facility, licensing limitations

HARDWARE ONLY - Name of OEM manufacturer or suppliers if applicable, location of manufacturing facility, licensing limitations

SOFTWARE ONLY - Owner of source code rights, hardware configuration requirements

HARDWARE TERMS - 50% margin, 60 day notice on product changes or new products, 60 day price protection for price changes, 60 day terms, special discounts for demo inventory, unlimited return privileges during introductory period

SOFTWARE TERMS - 60% margin, free upgrades to current inventory in the event of new versions, 60 day notice for new versions or products, 90 day price protection, liberal stock balancing, 60 day terms, guaranteed 10 day delivery for cash payment, unlimited return privileges during introductory period, free demo stock

THE COMPANY

BUSINESSLAND, INC owns and operates a chain of retail centers which sell and service microcomputers and related office equipment to business and professional people. The Company's commitment to customer support is evidenced by it's extensive, high quality customer training program, knowledgeable marketing representatives, and after-sale service and support. Customers are professionally advised in choosing the right office automation system for their business needs, and in using their system to realize the full potential of the equipment they purchase.

All Businessland centers are company-owned and operated. This allows for absolute control, ensuring the same high standards of product selection, service, training, and support in every center.

HISTORY

BUSINESSLAND, INC was founded in April 1982 by David A. Norman and Enzo N. Torresi. Mr. Norman, founder and former president of Dataquest, Inc, the respected high technology market research firm, coupled his market expertise with Mr. Torresi's technical experience as president and founder of Olivetti Advanced Technology Center, Incorporated.

During the first 10 months, the founders raised a total of $23.5 million in venture capital financing. In December 1983, the company completed it's first public stock offering which raised an additional $50 million. Shares are traded in the over-the-counter market.

The first Businessland center opened in San Jose, California, in November, 1982. As of September, 1986, 98 Businessland centers were operating in 32 states. The company currently intends to open approximately three centers per quarter.

SOURCES FOR MARKETING DATA

Publication	Phone	Cost	Uses
Guide to VARs & Distributors c/o Ziff-Davis One Park Avenue New York, NY 10016	212-503-5393	$795.00	Lists potential distributors, dealers, & VARs for CDN products. Available on floppy.
ERA Directory Electronic Reps Assoc P.O. Box 545 San Carlos, CA 94070	415-341-3596	no chg, must send a written request	Best guide to selecting a manufacturers rep. Best for hardware...
Rich's Guide 2348 Leghorn St. Mt View, CA 94043	415-964-4343	139.00	Lists key personnel in all Silicon Valley firms. Available in diskette form.
PATCA Directory P.O. Box 8629 San Jose, CA 95155	408-287-8703	15.00	List of Consultants and Systemhouses in Northern California.
Selecting & Using Manufacturers Reps in the USA	External Affairs US Trade Div	free	Guide to selecting & managing a California Rep.
Computer Industry Almanac Simon & Schuster New York, NY	214-231-8735	32.00	Lots of useful info on the computer industry. Lots of market stats and general goals.
Telephone Industry Directory	301-340-2100	$147.00	Telephone contacts
Directory of American Electronics Assoc 5201 Great America Pk Santa Clara, CA 95054		$70.00	Best description of established high tech firms. Describes size, products, & contacts.

Semiconductor Industry Association Directory 10201 Torre Ave, #275 Cupertino, CA 95014	408-973-9973		Lists the heavy hitters in the chip industry.
Trade Shows & Exhibits Schedule c/o Successful Mtgs New York, NY	212-986-4800	105.00	Annual Directory of Trade & Industrial Shows
Pratts Guide to Venture Capital c/o Oryx Press Phoenix, AZ	602-254-6156	125.00	Total guide to all venture Capital firms in the US
Major Defense Systems Producers USA c/o Noyes & Somerzille			The cheapest good guide to defense contracts.
Guide to High Tech Trade Shows in the US. c/o External Affairs 125 Sussex Drive Ottawa, Ontario	613-996-9134	free	
Software Publisher Association Directory 1101 Connecticut Av NW Washington, DC		$250.00	Lists approx 250 software publishers, distributors, etc.
Software Industry Bulletin c/o Digital Info Grp 51 Bank St Stamford, CT 06901	203-348-2751	$295.00	Excellent source of retailing data on software.
Reseller Management Magazine P.O. Box 650 Morris Plains, NJ	2021-295-5100	$5.00	Lists complete details on all major and minor distributors. The best $5 you can spend. Published once a year.

CONTACTS

47th Street Computers
36 E 19th Street
New York, NY 10003

Allenbach Industries
6350 Palomar Oaks
Carlsbad, CA
619-438-2258
Employees : 150
Software Manufacturing

Addison Wesley Publishing
Consumer Software
Reading, MA 01867
Elizabeth Grose, Software Editor
Tel: 617-944-3700 Fax: 944-9338

Apple Computer
20525 Mariani Ave
Cupertino, CA 95014
Tel: 408-974-4954
Employees: 7,000
Sales: $6 billion
David Szetela, Manager Developer

ASC 11 GROUP
2001 L St NW
Washington, DC 20036
Tel: 202-775-3940
Bulk buyer/distributor for resellers.
Sales: $1.0 billion

Atari
1196 Borregas Ave
Sunnyvale, CA 94086
Tel: 408-745-2000
Sales: $350 million
Sigmund Hartmann, VP Software

Autodesk
2320 Marinship Way
Sausalito, CA 94965
Tel: 415-331-8093
The defacto standard for CAD type packages. Use them to sell your CAD package.

Babbages
Stores: 140

Broderbund
17 Paul Dr
San Rafael, CA
Tel: 415-492-3200
Employees: 250
Gary Carlson, VP

Byte Publications
One Phoenix Mill Lane
Peterborough, NH 03458
Tel: 603-924-9281

Businessland
1290 Ridder Park Drive
San Jose, CA
Tel: 408 437 0400
Stores: 88
Sales: $1.2 billion
David Norman, President
Major Distributor

Casey Johnson Sales
978 Hamilton Ct
Menlo Park, CA
Tel: 415-328-6892
Employees: 32
Targets CAD/CAM

Compu Add Corp
12303 Technology Blvd, #G
Austin, TX
Tel: 512-250-1489
Sales: $240 million
Mail Order

Computer Associates
1240 Mackay Drive
San Jose, CA 95131
Abraham Pozanski
President Microcomputer Products
Employees: 5000
Titles: 200
Tel: 408-432-1727

Computer Craft
1616 S. Voss Rd, #3100
Houston, TX
Tel: 713-977-8419
Phyllis Cohen, Vice President
Retailer

Computer Intelligence
3344 N Torrey Pines
La Jolla, CA 92037
Tel: 619-450-1667
Employees: 250
Key contact for leads for direct mail program. Best place to get names of MIS managers, VARs, etc

Computerland
5964 West Las Positas
Pleasanton, CA 94566
Tel: 415-734-4000
Sales: $54 million
William Tauscher, President
Stores: 462
Owns Connecting Point
Corporate Software
410 University Ave
Westwood, 02090
Sales: $12 million
Focuses on Fortune 500. Also has office in Toronto.

Costa Distributing
967 N. Shoreline Rd
Mountain View, CA
Tel: 415-968-1200
Employees: 60
Data com distributor.

Dataquest
1290 Ridder Park Drive
San Jose, CA
Tel: 408-437-8700
Fred Thorlin Software
Key source of market research on the computer industry. Source of best report on the software industry.

DistribuPro
2034 Bering Drive
San Jose, CA 95131
Tel: 800-821-7468
Employees: 35
XENIX Accounting

Educational Resources
2360 Hassell Road
Hoffman Estates, IL
Tel: 312-884-7040
Employees: 45
Distributes educational software.

Egghead
22011 SE 51 St
Issaquah, WA 98027
Tel: 206-391-0800
Employees: 2,000
(150 direct sales people)
Sales: $38 million
Sales per Employee: $192,000
Stores: 206
Larry Foster, VP New Products
Retail firm

Electronic Arts
1820 Gateway Dr
San Mateo, CA
Tel: 415-571-7171
Employees: 220
Sales: $17.3 million
Sells Home computer products

Entre Computer Centres
1430 Spring Hill Rd
McLean, VA 22102
Tel: 703-556-0800
Margaret Rodenberg, VP

Fry's Electronics
440 Mission Ct
Fremont, CA 94539
Tel: 415-770-3700
Small retail chain. Key influencer of Bay Area firms.

Gordon Publications
Reseller Mgmt Magazine
Box 650
301 Gibraltar Drive
Morris Plains, NJ 017950-0650
Tel: 201-292-5100
Firm offers a directory of distributors each March to its subscribers.

Hewlett Packard - PC Software
3410 Central Expressway
Santa Clara, CA 95051
Tel: 408-749-9500
Fax: 408-773-6440

IBM ENTRY SYSTEM
44 South Broadway
White Plains, NY 10601
Tel: 914-686-6204
James Cannavino

Inacomp
1800 W. Maple Rd
Troy, MI 48084
Tel: 313-649-0910
Sales $1.0 million
Stores: 102
Michael Rusert, VP

Ingram Computer / Micro D
2128 Elmwood
Buffalo, NY 14207
Tel: 716-874-1874
Stores: 110
Jeffrey Keever, President
John James, VP Products
Largest independent microcomputer retailer

International Microcomputer Software, Inc
San Rafael, CA
Sales: $8 million

Kenfil
16745 Saticoy St
Van Nuys, CA 91406
Tel: 818-785-1181
Employees: 95
Sales: $150 million
Alex Poppas, Senior VP
Melissa Russell, Purchasing Dir
Distributor

The Learning Company
6493 Kaiser Drive
Fremont, CA 94555
Tel: 415-792-2101
Employees: 55
Bill Dinsmae, President
Mary Balcer, New Product Develop-mt
Educational software

Media Map
130 The Great Rd
Bedford, MA 01730
Tel: 617-275-5560
Source of good data on press contacts, to increase the number of reviews your product gets. Also reviews trade shows. Provides disk copy of up-to-date press reviewers of software products. Automate your press reviews.

Micro D (see Ingram)
Santa Ana, CA 92704
Tel: 714-540-4781
Employees: 550
Bruce Martin,Vp Purchasing
Largest national distributor

Microsoft
16011 NE 36th Way
Redmond, WA 98073
Tel: 206-882-8080
Employees: 4,300
Mike Marples, VP Operations

Micro United
2200 E. Golf Rd
Des Plaines, IL 60016
Tel: 800-323-1783
Employees: 2,000

National Software Testing Lab
Plymouth Corporate Centre
Box 1000
Plymouth Meeting, PA 19462
Tel: 215-941-9600
Private for profit lab, tests software for directory services

NEXT
3475 Deer Creek Rd
Palo Alto, CA 94304
Tel: 415-424-0200
John Ison
Third Party software

PC Connection
6 Mill St
Marlow, NH 03456
Tel: 603-446-3383
Employees: 200
Sales: $22 million
Mail order

PCW Communications
501 Second Street, #600
San Francisco, CA 94107
Tel: 415-546-7722
Employees :200
Publisher PC World Mac World

Regis McKenna
1755 Embarcadero Road
Palo Alto, CA 94303
Tel: 415-494-2030
PR firm for high tech (expensive)

Silicon Valley Computer Society
2464 El Camino Real, #190
Santa Clara, CA 95051
Tel: 408-286-3984
Members: 25,000
Key group to work channel before entry, and for details on SIGs

Softkat
20630 Nordhoff St
Chatsworth, CA 90025
Tel: 818-700-9000
Employees: 160
Mike Nelson, Sr VP, Marketing
Distributor of educational and home products

Softsel Computer Products
546 Oak St
Inglewood, CA 90302
Tel: 213-412-1700
Employees: 477
Sales: $800 million
David Wagman, Chairman
Susan Miller, President Softsel Canada (acquired Micro America)
Major worldwide distributor

Software Etc
7505 Metro Blvd
Minneapolis, MN 55435
Tel: 612-893-7000
Employees: 1,505
Sales: $100 million
Stores: 226
Major Distributor

Software Industry Bulletin
51 Bank St
Stamford, CT 06901
Tel: 203-348-2751
Chris Elwell
Market info on software sales

Software Publishing
1901 Landings Drive
Mountain View, CA 94039
Tel: 415-962-8910
Employees: 489
Fred Gibbons, President

Software Resources
2165 E Francisco Blvd
Box 9610
San Rafael, CA 91912
Tel: 415-485-0800
Employees: 50
Product lines: 3,500
Sandy Green

Status Software
3860 Convoy St, #106
San Diego, CA
Tel: 619-560-6886
Employees: 19
Sales: $2 million
Small retail chain

Sun Microsystems
2550 Garcia Ave
Mt View, CA 94043
Tel: 415-960-1300
Employees: 7,500

Tandy
1500 One Tandy Centre
Fort Worth, TX 76102
Tel: 817-390-3011

Valcom, Inc
10810 Farnam
Omaha, NE
Tel: 402-392-3900
Bill Fairfield, President

WordPerfect
Employees: 1,500
Sales: $280 million

800 Software
918 Parker Street
Berkeley, CA 94710-2526
Tel: 415-644-2526
Employees: 100
Sales: $36 million
Steve Brown, President
Mail Order

LIBRARY E A/BIBLIOTHEQUE A E
3 5036 20076916 7

DOCS
CA1 EA985 90H52 ENG
Casey, Brian P
How to distribute software in the USA
43258076

60984 81800