

Local channel presence appeals to cost-conscious vendors

Packet Technologies' ability to function as a vendor on behalf of small offshore companies that can't afford to maintain a local presence is helping them to develop and manage their products in New Zealand. Chris Bell reports

SPECIALIST IT DISTRIBUTOR Packet Technologies (Pactec) is offering offshore vendors channel representation, without them having to establish an expensive local presence. Pactec says its go-to-market model helps offshore vendors address what it claims is a challenge for local resellers: they often don't have the time and resources to promote all of their products to customers.

In the arrangement proposed by Pactec – which currently provides product representation for a wide range of companies, including WatchGuard, Exinda, Aladdin, Arcmail and Avocent – it effectively acts as the vendor, providing product training, branded literature and pre-sales support. “We take products to the channel, train resellers, create brand recognition, generate demand and talk directly to the decision-makers. We act as the vendor in New Zealand,” says Pactec on its website.

Meanwhile, small tech firms are approaching Pactec, hoping to join forces with it to become part of what co-director Frank Ollie describes as a “co-operative”, with the benefit of combined resources and lower costs. After Crawford Technologies and Packet Engines merged on 1 April 2008 to form Pactec, Ollie says he and co-director John Crawford received approaches from smaller IT firms keen to become part of a similar arrangement.

He likens the co-operative to social network-



Frank Ollie

ing, mentioning sites such as Facebook and LinkedIn, saying he often uses the latter to provide him with industry intelligence and profiles of executives.

However, while such resources are valuable to third parties, he suggests that using them to store your personal information may be unwise: “Put my own stuff on there? No way!”

Ollie and Crawford developed the co-opera-

tive approach when they became frustrated that there were “too many vendors for too few resellers”. Nevertheless, Ollie reckons 96 percent of sales went through resellers in the last quarter.

Ollie says Pactec is now aiming to bring a sales-focused company into its co-operative on a trial basis and the company is also talking to a services company. Current economic conditions, he says, make business “particularly difficult for smaller organisations”.

One or two-person companies neither want to take the risk of adding more staff, nor do they want to surrender the ability to spend without being questioned.

However, because there's no need for any company that joins forces with Pactec to cease trading, and co-operative members are able to opt out at any time, being part of the arrangement appeals to small companies that wouldn't otherwise have the resources to grow, Ollie reckons.

The company wouldn't bring competing products into the Pactec fold and it will only represent vendors that have no local presence. Its website requests exclusive representation.

Pactec plans to continue using this as a method for growth, as it has been approached by a number of vendors seeking cost-effective New Zealand representation. However, Ollie says Pactec will remain a specialist rather than become a mass distributor.