

# The price is not always right



IT can bring significant business benefits. But to get the most from IT, a business needs to trust its systems – and that means having confidence in the company that supplies, manages and maintains them. So where's the best place to buy your equipment in the long run and just how significant is the price tag?

For many businesses the primary day-to-day concerns are keeping customers happy and cash-flow. Without the first, there would not be any cash anyway, and unless you can keep it coming in, you won't be able to pay your suppliers and employees. Most small businesses are also under a lot of time pressure and there is never enough money to buy new equipment.

This is why businesses will often take the quickest and cheapest route to buying computers and will either go to their local retailer or buy direct. Others may shop on-line. Companies that have an established relationship with a reseller will always turn to their regular trusted supplier and those who are more techno-savvy and keen to get the best deal may shop around on the web.

All these ways have their pros and cons and will suit different types of buyers for different reasons. In this article, we have

tried to outline what these pros and cons are and give you some idea of which route may suit you best.

## Direct

The advantages of buying direct are that it is usually quick and simple – that's the whole rationale of its appeal. No hard sell, no time-wasting and no mistakes. Just a simple transaction and while it can work out like that, it can also be much more complicated and difficult.

If you buy direct from the vendor, you may think that you will get the best possible price. You may, but there is no guarantee that you will. You should also be wary of being up-sold or cross-sold onto another specification. What often happens with mailers is that the cheapest possible box is advertised to get the attention of the potential customer – then, when you call to place your order, you are told either that the item in question has sold out or that it is not available with a particular type of screen or memory or hard disk capacity. You will instead be offered a higher specification at a slightly higher price. What you end up buying won't always be what you intended to buy.

You also need to consider what happens after you have bought the machine direct. It

is likely that you'll receive a deluge of marketing material promoting special offers from the company and you may also be called with details of these offers. But the real bone of contention is support and assistance. Direct suppliers do have hotline support numbers but it can be hard to get through and, once you do, they may not always be able to help you – and there will not be someone just around the corner who can pop in and sort it out for you.

You can, of course, buy support and on-site maintenance from the direct supplier or a third party, but the point is, you will still have to pay and you won't get the same sort of personal service that you might expect from a local reseller.

## Retail

The attraction of buying from a retailer is that you can see what you are getting. The PCs and printers that are available are on show and all you have to do is pick up the box and take it to the check-out, just as you would in any other store. If you are confident about computers and feel that you know what you are doing, this is not a bad way to buy – especially for home users. You can make your decision and a few hours later have your PC set up and running.

For businesses it is a little more of a risk. There are different types of retailers of course and the one most people will know is PC World, which within its operation has a special Business section. There are business advisors and support and services on offer and for very simple solutions, this type of operation may well do a good enough job. But if there is any serious complexity involved, such as setting up a network or remote home working, you might find the technical capabilities of the local store being stretched and end up dealing with someone remotely.

Locally-based independent retailers on the other hand, can provide much more hands-on expertise and are very similar in their

approach – and in the advantages they offer – to local resellers. The advantage that the independents can offer you is that they are local and usually, very enthusiastic and knowledgeable about the technology. You just need to be confident that they understand your business and will be happy to give you the help you need, when you need it.

### Web and Mail-Order

Buying off the web or from a mail-order catalogue from a reseller, is just as quick and easy as it is to buy from a direct supplier. And with these companies you will get a choice of leading brand products and a whole raft of options and services to choose from – should you need them. You will also get very competitive prices if you buy through this route.

While you are more likely to find that web retailers do have access to decent stocks of product, the disadvantages of buying this way are similar to those you'll experience if you buy from a direct seller – you are detached from the supplier to a certain extent. They will of course, have their own support desk and offer maintenance and support services but you will have to pay for these after an initial period. What's different though is that they are backed up by all the other vendors and responsibility can't be shifted onto anyone else – you are their customer and they need to solve the problem – whether it's with the hardware or the software.

You are also going to get bombarded with offers and promotions if you buy off the web or via mail-order, but you may like what you see. There are quite often some real bargains on offer though these resellers.

### Local Reseller

The advantages of buying from your local reseller are that they should, in theory, always be around to help you out when you run into trouble. Business-to-business resellers are focused on the needs of businesses and

typically don't sell to home users – they will be much better qualified to understand your business needs and to deliver more complex IT solutions. So, if you need a wireless network or want to secure your systems from virus attacks and hackers, or find out about the potential of using Voice over IP (i.e. making telephone calls over the Internet), this is the place to go.

The disadvantages are few – there is a perception that you will pay more by going to a traditional reseller but this is not often the case. Computers are now very inexpensive and software prices are more or less fixed. What you must expect though is that you will have to pay something for the expertise, experience and guidance that the reseller is able to give you.

What you do have to recognise though is that resellers need to make a living and they can't be at your beck and call 24 hours a day, 7 days-a-week and also that, in time, they will move on to look after other new buyers, or their biggest regular customers.

If you have a business of more than five people, you are almost certainly better off buying from a reseller in the long run.

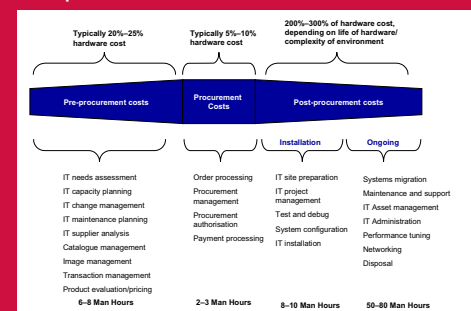
### How to choose a reseller

- Ask other local businesses for recommendations, you'll find out more this way than from a sales pitch
- Ask potential suppliers for examples of tangible business benefits they've achieved for other companies
- Invite them to visit your company so that they understand your business needs and market place
- Choose a supplier that considers your budget before they make a recommendation
- Have a clear expectation of what you want in terms of hardware, software and services.

## What's the cost? Is it cheaper to buy direct or indirect?

Research carried out by IDC indicates that over the lifetime of a PC it is cheaper to buy through a channel player that can offer desktop lifecycle management. The price tag on a direct piece of equipment appears to be cheaper, but in the long term the costs of maintenance and support mount, and the channel is best placed to meet the demands customers may have for their equipment.

The IDC white paper - PCs are not paper clips. Is your technology procurement strategy costing you money? - estimated that the hidden lifetime costs of running a desktop are £225 per machine.



Purchasing IT systems at the lowest price with no regard for your business goals or the overall costs of ownership is likely to lead to a strained relationship with your supplier and cause problems in the long run.

### What not to do!

- Don't ask for advice then ignore it
- Don't add in extra problems to a service call that were not originally flagged
- Doing your own thing without a phone call.

### Rudeness

- Penny pinching, mix and match, patching up
- Don't compare reseller pricing to that you could get direct or on-line as you pay for expertise.