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news

Dell gives indirect answers

Head of direct vendor claims he welcomes reseller sales that include services

**Miya Knights in San Francisco
and Ben Tudor**

MICHAEL DELL, CHAIRMAN OF direct-selling vendor Dell, has admitted that UK resellers are freely buying Dell kit, but has questioned the definition of a reseller.

Dell said: "What you have is a situation where [as a reseller] I can call Dell and buy Dell products for less than I can buy Hewlett-Packard's. So I'm going to buy Dell, put some solutions or services on it and provide it to my customers. That's fine. But are they resellers?"

"A traditional reseller was someone who would make a mark-up on selling on a box.

What we're really seeing is guys who are providing a service."

Keith Humphreys, managing consultant at EuroLAN, agreed. "Dell's talking sense. People in the channel are not using hardware to make money. They are using hardware sales to sell services," he said.

Dan May, operations director at VAR Ramsac, said Dell was right. But he added: "In the past few years resellers have taken a shift to services, because the hardware margins just don't exist.

"But SMEs like to have the personal touch. For many using the Dell web site to order a high-end server is quite technical and they need a reseller's support."

Dell said he is happy for VARs

to buy from his firm. "If someone wants to buy two Dell computers, put some software on them and sell them to an office, we're not going to say, 'No you can't do that.' But we're not actively courting discounters," he said.

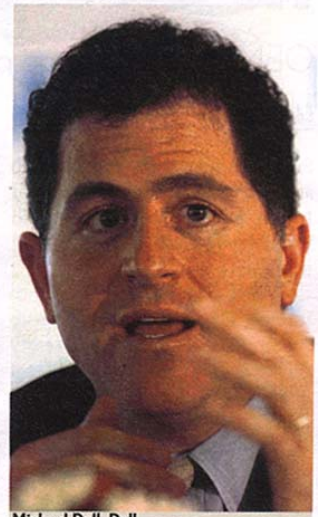
However, May pointed out that Ramsac has preferred account status with Dell, which means it has its own account manager and gets a discount on the web prices.

"The margins aren't huge, but they are definitely attractive enough to make being a Dell reseller worthwhile," he said.

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Michael Dell, Dell