

## Welcome to IF Consulting's weekly e-mail newsletter

March 19, 2004

Our regular email tackles the topical issues that surround all marketing channels and their underlying strategies.

This newsletter is also available as a PDF on our Website (<http://www.i-f.com/E-comLinks02.htm>) if you want to download a version for your hard copy file.

### Changes afoot for software giant's marketing channels

Sun Microsystems Executive Vice President of Software Jonathan Schwartz announced this week that the company plans to offer "per-citizen" pricing for its Java software to countries outside of the United States. The per-citizen pricing, which may be 40 cents per individual user, would allow nations which have less developed technology infrastructure, such as China or the Philippines, to have access to affordable networking technology.

Schwartz claims that these countries would welcome such a pricing scheme because it would allow them to offer their citizens access to Internet-based services, such as e-government services which would enable them to sign up for health care.

Schwartz also outlined other creative ways Sun is planning to bolster sales including distribution and pricing initiatives. Sun is currently in the process of identifying channel partners that will be able to deliver to markets where the company has not previously had a strong presence. "Sun is doing a re-evaluation of what resellers can help them move forward in their software and solutions efforts," said Tom Kuni, president of Metuchen, one of Sun's solution provider partners. "Sun is realizing that [the partners that] got them the way they are now might not take them to where they want go."

In addition, Schwartz said he is not entirely opposed to pirating of Sun software. In a comment referring to competitor Microsoft's reputation for cracking down on corporations and even educational institutions that run one licensed copy of Windows for multiple users, Schwartz said, "Piracy [is] a really good developer program. If you're going to steal software, steal my software. When your software is pirated, you are building [developer] skills around it."

<http://www.crn.com/sections/BreakingNews/breakingnews.asp?ArticleID=48346>

### IF Comment

What is the world coming to when software companies are saying they don't mind if their software gets pirated?? Encouraging developers to 'steal' your software and thus encouraging more programs written on your platform is one way of pulling sales through your channels!

Sun's innovative "per-citizen" pricing should also help their solution providers sell more of their product. Pricing products and services for end users is always a big challenge for suppliers. It becomes an even more tricky issue for price sensitive market segments, like the SMB market Sun is attempting to target.



Marketing Channel  
Strategy Consultants  
Maximizing shareholder value  
through creating the best route  
to market

IF Asia Pacific Pty Ltd  
An International IF Company  
ABN 38 970 704 536

390 St Kilda Road Melbourne  
Victoria 3004 Australia  
Telephone +61 3 9867 8822  
Facsimile +61 3 9866 3969

email [channels@if.com](mailto:channels@if.com)  
[www.i-f.com](http://www.i-f.com)

USA  
Europe  
Australia  
Latin America

Not only will Sun's innovative subscription pricing allow it to move into the more price sensitive SMB market segment, but should also provide an ongoing revenue stream and has the added benefit of encouraging users to buy Sun hardware.

Based on what we are at IF are seeing today, we encourage all our readers to be on the look out for more and different innovative marketing channel strategies. The first words that come to mind when looking at Sun's strategy is "off the wall". We think marketing channels are going to start coming "off the wall".

### **Snippets**

Herman's World of Sporting Goods was one of Thomas Dzwilewski's favorite places to shop, until the 700-store chain collapsed into bankruptcy in 1996. He liked it so much he bought the name and trademark with a partner in 2000; however the brand is being resurrected through different marketing channels. Instead of retail storefronts, Herman's will operate through a network of franchisees using vans to sell and deliver sporting goods to the team sports market.

[http://www.newsday.com/business/local/newyork/ny-bzherm053695781mar05\\_0\\_7182631\\_story?coll=ny-nybusiness-headlines](http://www.newsday.com/business/local/newyork/ny-bzherm053695781mar05_0_7182631_story?coll=ny-nybusiness-headlines)

(Due to the length of this URL, you may need to cut and paste it into your browser's address bar)

A spokesperson for the South African arm of retailing giant Spar confirmed this week that the company is looking to establish itself in the emerging market of India. The company would need to build a critical mass of outlets to justify the distribution investment if it went ahead with moving the franchised Spar model into India. Spar does not run corporate outlets, but relies on entrepreneurs to become its franchisees; another aspect of the Spar model that could possibly be a good fit in India.

<http://www.busrep.co.za/index.php?fSectionId=&fArticleId=375857>

An Arkansas man who sought to purchase two Miller distributorships in 1999 and 2001 proved to a jury last week that Miller intentionally interfered with his purchase in order to reduce the number of Miller distributors in Arkansas. The distributorships that the potential distributor Ed Roleson Jr. wanted were ultimately sold to Miller's "choice" distributors. Roleson sought compensatory damages of \$2.5 million and punitive damages of \$10 million. The jury awarded \$1.6 million. Miller plans to appeal the award.

<http://www.paragoulddailypress.com/articles/2004/03/12/news/news01.txt>

### **Share the Knowledge.**

If you have colleagues who would be interested in receiving our weekly email please forward this e-mail to them.

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