

**Topic:**  
CAD/CAM  
Resellers

## CAD Reseller Outlook

### Over 170 VARs assess market trends, opportunities and threats

*iCAD is produced by Business Advantage, a B2B research, business development and marketing consulting practice operating in the global IT, Digital and Telecommunications sectors.*

Business Advantage has been gathering information on UK CAD/CAM resellers for 10 years. During our interviews this year with 174 of the most active and successful resellers, we took the opportunity to ask them their views on market trends and the opportunities and threats arising for them.

The 2002 UK CAD/CAM Reseller Database is now available for purchase. It contains in-depth information on over 200 of the UK's most active and successful resellers addressing the CAD/CAM market. [See below for more information.](#)

### Market Trends

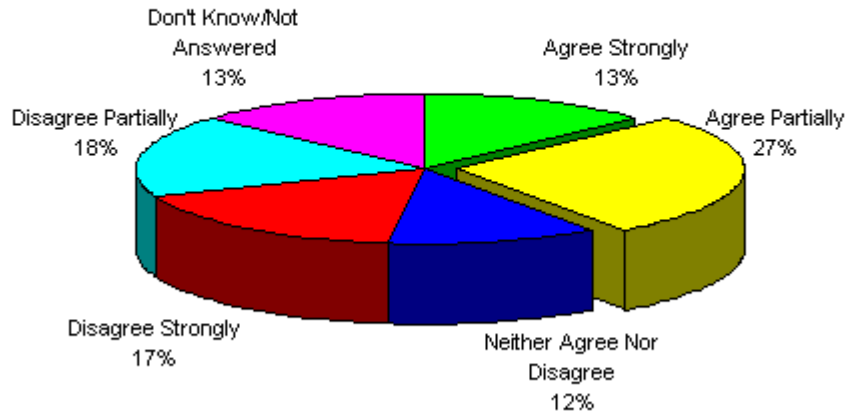
We put a series of statements to the resellers about potential directions that they or the market could be heading in, and asked if they agreed or disagreed with them.

#### **"Software Developers Will Increasingly Sell Directly To Their Customers"**



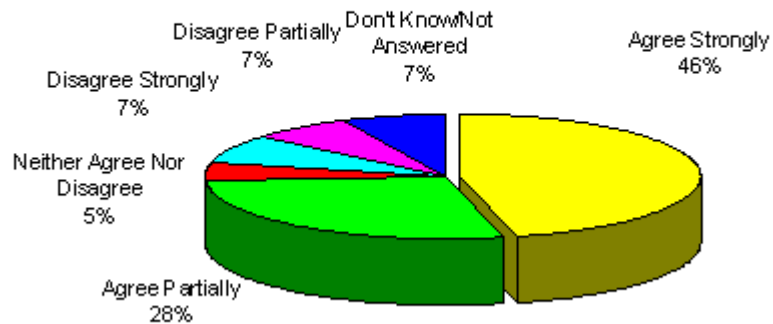
The majority of resellers (67%) are expecting vendors to expand their e-sales facilities. Only 7% disagree strongly with this suggestion. It's likely that resellers of high-end CAD products are more likely to believe that their products are less well suited to this distribution method.

***"Most CAD/CAM/CAE Users Will Pay A Subscription Fee For Using Software In Future."***



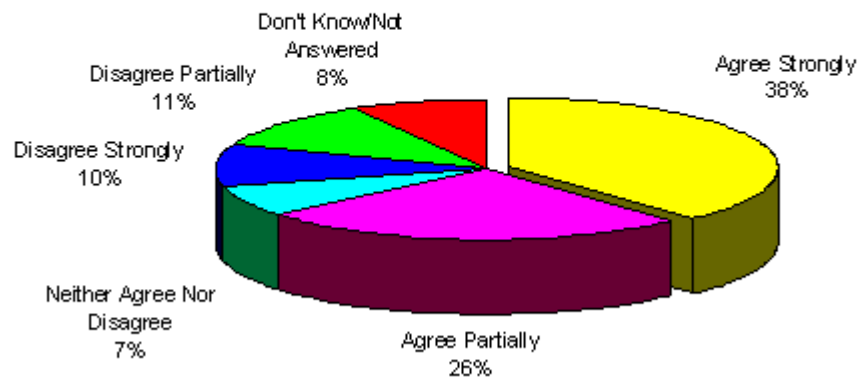
Resellers are fairly evenly split on this issue. Whilst it's possible that the majority of vendors will offer this option in future years, there are no signs that a majority of users are attracted to adopting this model in the foreseeable future. In May 2001 *iCAD* revealed that only one in five CAD users were willing to consider the subscription option in future ([Attitudes To Renting Software Among CAD/CAM Users](#)).

***"My Company Will Need To Focus On Services More Than Products In Future."***



Only 14% of resellers disagreed with this notion to some extent. For the majority, the mature state of their market and the probability of vendors offering direct purchase or subscription options means that they must continue to find ways of helping customers to add value to what they have already by the surround services they offer.

***Partnerships With Other Types Of Technology  
Suppliers Will Become Increasingly Important  
To My Business***

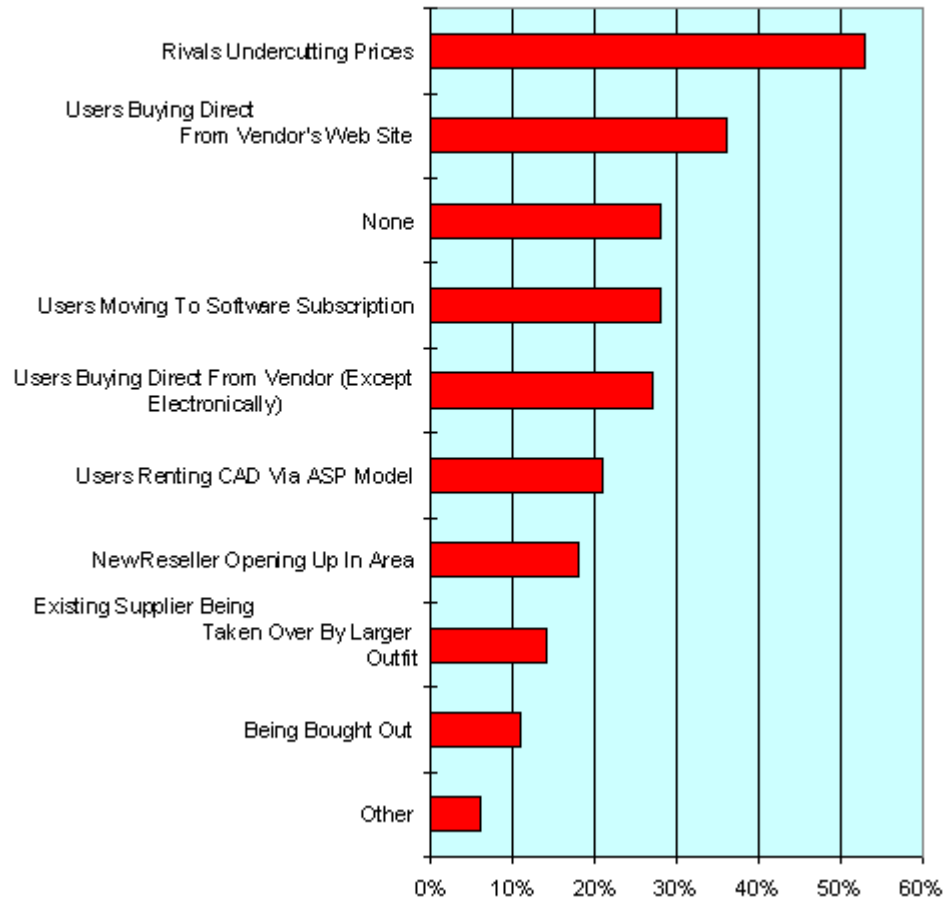


Nearly two out of five resellers believe that forming partnerships will be important to help them maintain or increase market share.

### The Threats

What issues are most likely to keep resellers awake at night? Even with the spectre of vendors carving up their distribution channels hanging over them, it's the old fashioned fear of a rival undercutting prices that the highest proportion of resellers identified as a major threat to their business.

#### *What Do You Consider To Be The Major Threats To Your Business Within The Next 12 Months?*



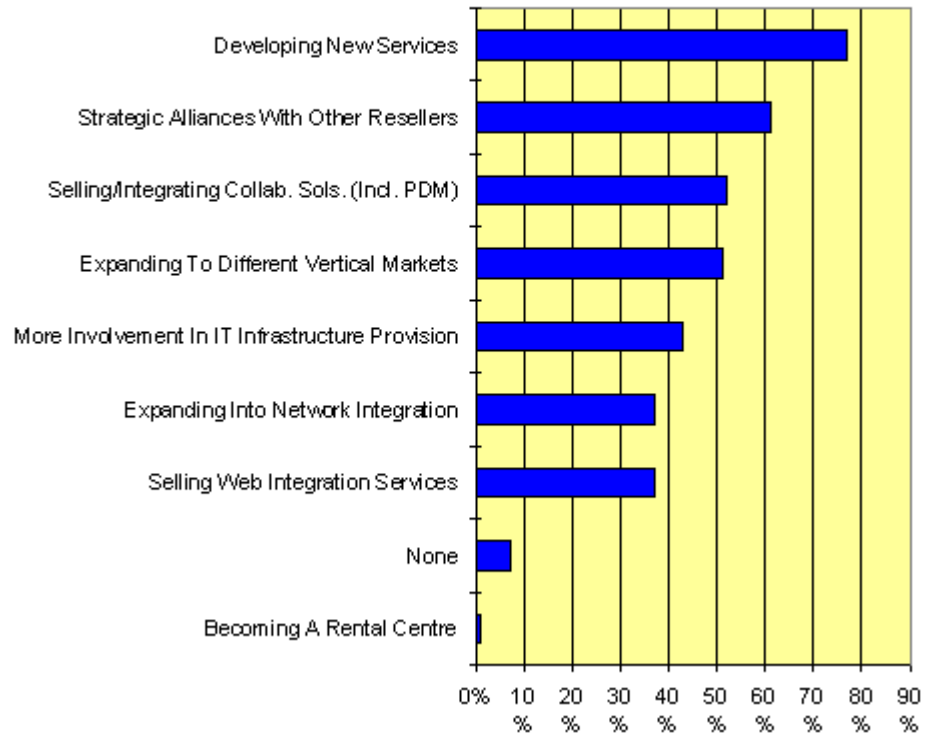
All the various options open to vendors for providing software to customers directly feature prominently. Of these options, the facility for customers to purchase via the web is seen as

a major threat by the highest proportion of resellers (36%), while the possibility of customers renting via the ASP model was identified by one in five. Only three resellers identified the economic downturn as a major threat, while 28% were confident enough to state that they saw no major threats to their business in the coming year.

**The Opportunities**

Looking on the bright side, 93% of our sample identified at least one major opportunity for the next twelve months. No one mentioned selling a bucket load of new CAD/CAM systems.....so no surprises that over three-quarters thought that developing new services is the way forward. Many resellers clearly see limits to what can be achieved in the design solution arena; diversification into new areas was a common theme.

*"What Do You See As The Major Opportunities For Your Business In The Next 12 Months?"*



## Conclusion

There are widely differing views among VARs on the future of distribution channels, and no consensus on the long-term picture or the short-term implications to their business. More software vendors are sure to push the subscription model in future years, yet only 40% of resellers feel (to varying degrees) that the majority of customers will adopt it in the long term. It's perhaps surprising that one in five feel that the specific ASP subscription option is a threat for the coming year when various studies (including iCAD's 'ASP Low Down') have shown that awareness of and positive intentions towards this model are low.

Over a third of resellers are worried about the short-term effects of customers purchasing directly from vendors; the fact that less concern (28%) is expressed about the subscription option is probably related to Autodesk's decision to offer subscription via its authorised channel partners.

**THE UK CAD/CAM RESELLER DATABASE** is the product of in-depth telephone interviews with 174 of the most successful resellers. It enables resellers to be targeted from a wide range of criteria, and for products to be channelled through the most appropriate and active companies. The information on each reseller includes:

Full contact details, including company name, address, tel & fax numbers

Web site address

E-mail addresses

Senior decision-makers and job titles

Type of Reseller

CAD/CAM Software sold

CAD/CAM hardware sold

CAD/CAM peripherals sold

CAD/CAM application expertise

Value added services offered

Size of company by number of employees

Size of company by turnover

Size of company by number of CAD/CAM systems sold per year

When company first started

When company first started in CAD/CAM sector

The UK CAD/CAM Reseller Database costs **£995 + VAT** and includes a 50-page report on the CAD market and an analysis of the reseller survey. The report is available on its own for **£250**. For more information, or to order, please email us at [info@business-advantage.com](mailto:info@business-advantage.com) or call **+44 (0)1689 873636**.

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