

Talking Technology

High Tech: Choose your distribution channel wisely

By Steve Burns, Capital News contributor

The promise of the online world is: Build it and they will come. But as many dot com companies and investors have learned the hard way, this is not always true.

This week we go inside Access Reservations Systems (www.ars.bc.ca) for an interview with company president and CEO Peter Graham.



Access Reservation Systems (ARS) provides a number of services, including Directbook.net, which is a growing network of hotels, motels, campgrounds, etc., that allows a customer to make a secure confirmed reservation, via the Internet, directly into a computer located at each property.

Owners or property managers are able to make their property available to a wide variety of customers online.

ARS also can provide property managers with desktop software that allows them to manage their inventory of available rooms.

This is a multiproperty software reservation program that manages reservations for a variety of uses. Uses can be motel/hotel rooms, seat bookings, campsite bookings, etc.

The software prevents over-booking and generates a variety of reports including confirmation slips, invoices, parking passes, arrival and departure reports and revenue reports.

While all of this sounds very useful, ARS has had difficulty reaching their target market, "we chose to market through Internet Service Providers or ISPs.

The idea was that the ISP would take on our product and market it directly to the properties.

While this could have been successful, it really did not work for us. Unfortunately, ISPs, particularly dial up providers, started to struggle for their own survival, which meant that they didn't focus on selling our product at all."

"While this was a hard lesson learned for us, we now know that going direct to the hotels, motels and campgrounds is by far the best strategy.

"I often wonder what our company would look like today had we gone direct from the beginning. When we launched our product, we were one of very first online reservation systems."

Choosing the right distribution and sales strategy for your technology product can be one of the most critical decisions you make.

In some markets, such as with entering the U.S., the costs associated with having your own direct sales force is simply too high for most companies to go it alone.

As one software CEO put it: "Finance dictates policy."

That is a polite way of saying that their strategy was completely shaped by their limited financial resources.

However, choosing the wrong distribution channel or the wrong distribution partner can be a fatal decision.

For example, one software company I was talking with recently gave exclusive rights for their product to a software dealer in the U.S. for a one year period without any guaranteed minimum sales levels.

This move almost cost them their business, as they watched sales dwindle in Canada with virtually no results from their U.S. partner.

Fortunately for ARS, although they have learned the channel lesson the hard way, they are still thriving.

"We continue to sign on properties to our online and stand alone systems. Both users and property managers find our system very easy to use," Graham said.

The company has also integrated their product directly with accounting software packages, which makes it more attractive than ever.

"We now integrate with Simply Accounting and we are working on a partnership with Intuit, which will integrate our product directly with Quickbooks."

While the company will not be relying on these software companies to sell their product, these new partnerships certainly provide ARS with much greater market exposure than they have ever had.

With new properties signing on quickly, perhaps the next time we go online to book a hotel or campground or we check into a hotel, we could see the ARS system at work.

Making online reservations and helping to manage a property, is what this system does best.

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