

Support Network: Are VARs Getting Their Stimulus Needs Met By Vendors?

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In the months following the February passage of the American Recovery and Reinvestment Act (ARRA), speculation, not action, has largely been the norm—especially for how the stimulus is going to shape the IT spending climate in the coming years.

A few schools of thought have emerged on what the best opportunities will be specifically for solution providers, including in health care (given the \$20 billion-plus spend on electronic medical records and incentives for health-care professionals), education (given how cash-strapped K-12 school districts and higher-education institutions alike can use the money to refresh or upgrade their infrastructures) and energy and efficiency (given the popularity of, among other initiatives, President Obama's push for the so-called smart grid).

The impact on VARs from stimulus is hardly limited to those general categories from grants driving other forms of health-care funding, to transportation projects, to modernization of IT infrastructures in various government agencies at every level (federal, state and local), public-sector VARs have plenty of planning to do—especially since the majority of the funds they'll care about most haven't begun to flow yet, and won't, by and large, until 2010 and beyond. So 2009, it stands to reason, is the time for brass tacks: where's the money, and how can we get at it, the channel is asking *CRN*.

"People are tired of 50,000-foot views of the stimulus," said Ron Sheps, vertical markets manager at distributor Westcon Group Inc., which has developed a series of Webinars, training sessions and an online resource center for ARRA-focused VARs. "If I'm a reseller in Des Moines, Iowa, I want to know what's going on in Des Moines, Iowa. If I'm in Marietta, Ga., and a school district in Marietta, Ga., just got \$50,000 for a network, I want to know about it."

But as VARs look to capitalize on these opportunities and use what's available to them, from grant research to the Obama administration's www.recovery.gov site, to getting in touch with superintendents, state CIOs and other gatekeepers to position themselves as the go-to technology resource, how are they arming themselves with the best and most up-to-date information on the funding? Who's guiding their efforts?

In June, *CRN* and Channelweb.com will publish results of a comprehensive stimulus survey for vendors, through which we attempt to determine what the IT channel vendor community—especially those vendors with large public-sector practices and management teams—were doing to help their VARs better understand the opportunities created by the stimulus.

When we went to press in May, the results were, to put it mildly, less than encouraging. With a few notable exceptions—Hewlett-Packard (NYSE:[HPQ](#)), for example, has been on the leading edge with Webinars and ARRA strategy for its public sector VARs, and Microsoft (NSDQ:[MSFT](#)) this month produced a remarkable business intelligence tool, Stimulus360—many vendors simply haven't wanted to tell us what they have in store for stimulus training for their VARs, whether they have that training at all, or, if they're not preparing specific programs and targeted outreach, where they're directing solution providers to get the best information.

"Everything's been really high level so far, with everyone just talking big numbers with the states," said Glen Jones, CEO of TechPower Solutions Inc., a Redmond, Wash.-based solution provider. "It's been sort of frustrating to try and narrow down the real news, because what's coming from all the major distributors and manufacturers hasn't had much substance or detail."

Many solution providers interviewed by Channelweb.com say that distributors have, in recent weeks especially, begun to move faster to get them the specifics they need. Tech Data (NSDQ:[TECD](#)) Corp., for example, launched a stimulus resource center online for VARs, and Synnex (NYSE:[SNX](#)) Corp. and Ingram Micro (NYSE:[IM](#)) Inc. also have added a glut of ARRA-specific training tools to their VAR programs, conference curricula and Web training. In addition to training of its own, D&H Distributing Co. began offering VARs flexible financing for large-volume deals related to stimulus. And specialty distributors such as Westcon Group and Avnet (NYSE:[AVT](#)) Inc. have targeted stimulus outreach through seminars and Webinars as well, especially Westcon, whose "New Start America" program combines elements of everything from training to Web resources and deal trackers.

Often, say the distributors, solution providers have taken the lead on stimulus themselves. DLT Solutions Inc., for example, has not only launched its own resource center online, but is also, according to CEO Rick Marcotte, going to its vendors' public-sector teams and organizing "Tiger Teams" to isolate and go after the best ARRA opportunities.

"A lot of VARs are starting to hold seminars on their own, where they can get in front of 50 potential customers at a time," said Dan Schwab, co-president of D&H, Harrisburg, Pa., on what he's seen from VARs. "It's more from an informational perspective, because a lot of the stimulus money hasn't flowed yet, so it's really to set the table today for opportunities tomorrow. A lot of the funding isn't impacting business today, but many are proactively chasing it."

They may have to. With notable exceptions, say some VARs, many vendors don't quite have their act together with stimulus outreach for their partner communities.

"There are OEMs who are doing that, but candidly, I haven't heard from any of them. Nothing has come across my desk," said Bob Venero, CEO of FutureTech, a Holbrook, N.Y.-based solution provider. "But it's our job to not rely on them. We don't have to rely on the OEMs to be successful with this."

Venero sees stimulus opportunity for VARs right now as a "money scramble," in that organizations are marshaling what resources they have to put proposals together and get them in the hands of potential stimulus beneficiaries.

"To that point, we have put a little consulting practice together," Venero said. "We do a lot in the public sector and put a lot of time into understanding from those folks what they're looking for so we can touch a lot of areas within that customer base."

"It's been a terrible time for vendors. Most of them have gone through a long dry spell, and the macroshock of the economy deteriorating created what I'd call a hurry-up-and-wait attitude for them when the stimulus came out," said Dr. Harry Greenspun, chief medical officer at Perot Systems (NYSE:[PER](#)) Corp.

Greenspun said the Plano, Texas-based solution provider, which has developed ARRA consulting services for its health-care customers as well as its broader public-sector base, is seeing vendors trumpet stimulus with the hope that it might catalyze sales in a few flagging segments.

"What we're encouraging most of our clients to think about, though, is that irrespective of what vendor they ultimately go with, there's a lot of work they have to do ahead of time," Greenspun said. "The most important thing to do before selecting a vendor is really do a deep dive. It takes a long time."

The salient point there, Greenspun said, is that end users who stand to benefit from stimulus don't want hype—they want clear-eyed analysis and technology advice, which, when it comes from solution providers, gets those solution providers in the driver's seat to win the business.

Strike While The ARRA Is Hot

Above all, solution providers told *CRN*, don't forget that ARRA is a temporary opportunity—especially in places such as education that because of budget constraints are in huge need of technology refreshes.

"In our education markets we do a lot of E-Rate business, and those schools have been in communication already," said Jane Cage, COO of Heartland Technology Solutions, a Harlan, Iowa-based solution provider. "That's because there's a limited amount of products and services they can spend that [E-Rate] money on, and with stimulus, they can buy hardware they maybe couldn't buy before. For many of them, now, for the first time, they will have some money to spend."

And that's a spend emphatically in the "now," she added.

"Anyone who would spend stimulus money on long-term projects is probably not very wise," Cage said. "People are more looking at this as a one-time shot in the arm. They're asking about hardware—desktops, laptops and other things where this might be their only chance to get equipment—and they're looking for advice on the best choices."

"We're hearing from all of our partners that they'd like to work with us closer to take advantage of opportunities presented by the stimulus," said Josh Roberts, senior sales manager for higher education at CDW-G. "I think it's a little too early to explain them all, but the stimulus really

adds to what's been happening in education already, not changing it. We've been seeing IT more engaged in the education conversations than ever. The stimulus funding might make some of the spending a little less restrictive."

Among vendors who have been proactive with stimulus outreach for their VAR communities, another theme has emerged: framing the stimulus as a mere part—not the sole focus—of what's shaping the public sector spending climate in the next year or two.

"We're using our own WebEx to do training and holding weekly sessions for our partner community to share the information we've learned to put together proposals to capture grant money," said Dawn Duross, director of operations for Cisco Systems (NSDQ:[CSCO](#)) Inc.'s public-sector channels. "Knowledge transfer and partner enablement will help the Cisco community a lot, but there's still a lot to understand about how the money's going to flow from Congress. It's a complicated process."

Mike Humke, vice president of Public Sector for HP's Solution Partners Organization, has been using his public appearances in recent months to urge VARs not to "lead with stimulus."

"I've seen more advertising on this thing than you can shake a stick at. Everyone's got some sort of stimulus message," Humke said in a *CRN* interview. "The early take on our side is, we've taken a step back and we're saying to our partner community, let's be careful. Let's not lead with stimulus. Teachers, civilian agencies, state, local, whatever, they want solutions and they're looking for innovation. You need to be saying to them: Stimulus is an avenue that's going to help you get where you want to go."