November 17, 2007

In 2007 we mark the 25th anniversary of the year that IBM took a plunge into uncharted waters by making POS products available for resale through an "alternate channel" of independent Business Partner companies.   As a key contributor to the success of that effort, I want you to join me in celebrating this milestone.

Enclosed is a small token as your reminder of the ***Quarter Century of IBM Business Partner Excellence*** that has followed. Thank you for your contributions, your confidence in IBM's good intentions for the program, and for your help and friendship along our journey.

Kindest regards,

Pete Benda, IBM retired
Raleigh, NC
petebenda@nc.rr.com
919-622-9134

P.S. *There's more of the story on the back side of this letter (and in an enclosure) if you are interested in reliving a bit of IBM Business Partner history. It is the stuff of a good business school case study. And, indeed it was documented by Harvard back in the 1980s and has been used instructionally in their B-school.*

IBM POS Business Partner History

You may not have been around long enough to remember that Gus Klein, IBM's Distribution Industry Director in 1982, had a "gut feeling" that IBM Store Systems could benefit from what the PC and Series/1 product lines had recently begun experimenting with. You must understand that selling IBM's products by anyone other than IBM's vaunted direct sales organization was such a bold departure from tradition that most said it just couldn't work. Phil Grannan was charged with the mission of creating a Value Added network of resellers. Phil recruited me (already an 18 year veteran with of IBM engineering, sales and marketing) to join the effort in July, 1982.

By year end 1982 we had four VADs operating under a brand new, uniquely constructed contract. Each was given the "keys to IBM's kingdom" in order to develop incremental sales of 3680 and 5260 systems. Although none of the original companies (ECS, Post-Tron, Dennison Manufacturing, or Store Systems Information Company) is with IBM today, collectively they paved the way, proved the concept, and built IBM's first external sales organization for POS.

The very first 3680 installation by a VAD was at a Gumps store in Dallas in October, 1982 (with IBM services assistance by Horace Clemmons and Saul Berenthal). By year end a total of 24 POS terminals were installed by the four VADs. In 1983 the new sales channel installed more than 1700 POS terminals even though we were continually reminded that the 3680 was not a conveniently programmable system, and the 5260 was not even user programmable at all!

By the time IBM was ready to launch its first truly programmable system in 1986, the 4680, there were a dozen VAD companies under contract including IN/STORE Systems, the company that Phil Grannan had left IBM in 1984, to found. The infighting to get the IBM sales force to cooperate with Business Partners and not treat them as competitors, was just one of the early challenges to the channel's long-term viability.

After the dramatic early acceptance of the PC-based 4680 system, the recruiting of new BPs became much easier. Many companies gladly added IBM to their POS sales portfolios. By the early 1990s, with more than 100 BPs under contract in the U.S., the need was recognized to create a new type of "manager" Business Partner. ScanSource was hired to be IBM's first POS Distributor in 1992.

IBM POS was a very much a global business opportunity, and it was seen that Business Partners would be a great help in all parts of the world. With growth throughout the 1990s, IBM's today counts more than 1000 BPs and more than two dozen distributors which handle POS and Kiosk equipment. For almost two decades now IBM has been the worldwide leader in annual POS shipments. Business Partners account for more than half of all of the IBM POS and Kiosk equipment installed worldwide each year. Today, most retailers can envision no other way of acquiring their IBM POS.