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Media Release: Incompatibilities cited as HP and Rectron part ways

"Two businesses growing in completely different directions" -- Zandre Rudolph, Rectron sales director

After a five-year relationship, HP South Africa and Rectron, the local information technology (IT) and consumer electronics distribution powerhouse, have parted ways.

With R1, 4 billion in revenues in 2007 and having just completed a R29-million revamp of its Midrand head office, Rectron distributes such leading global brand names as Intel, Microsoft, Toshiba, Gigabyte, Logitech, Panasonic, Sony, and LG. The company employs 350 personnel and has been named one of South Africa's "Best Companies to Work For" (Corporate Research Foundation 2005/2006/2007).

Besides being Microsoft's Distributor of the Year in 2005 and 2006, it received Intel awards for outstanding achievements in 2006 and 2007. Last year, Computer Reseller News (CRN) recognised Rectron as a Distributor of the Year in its 2007 Outlook Awards, an accolade that adds to a succession of key CRN awards every year from 2003 to 2007.

One-stop shop

Zandre Rudolph, Rectron sales director, describes the end of the relationship between HP and Rectron as amicable, but reports it is the result of an increasingly incompatible fit between the two companies over recent times.

"In the five years of working with HP, we've given our full commitment to the HP brand, and the company has been key to Rectron's growth," he added. "But in recent months it became more and more clear that Rectron's business model is incompatible with HP's business model."

According to Rudolph, as a "one-stop shop", which focuses on providing its customer base with a complete solution, Rectron is today the biggest components distributor in southern Africa, dealing with small to medium businesses (SMBs), channel retailers, value-added resellers (VARs) and systems builders.

"Rectron's focus is on product quality and service, providing resellers and their clients a wide range of products at the right price point, as well as the freedom to choose from top-quality brands," he states.

Only one slice

Despite its "one-stop shop" strategy, Rectron has only had access to one slice of the vast HP product portfolio: the HP range of printers.

"Since it would have gone against our business model to become a complete HP house – distributing mainly HP products -- we were not granted access to any other HP products, including the lucrative printer consumables segment," Rudolph explains. "It is therefore quite clear that our two businesses are growing in completely different directions."

Rudolph also points out that the situation has been exacerbated by the fact that HP deals directly in the retail environment. This runs contrary to Rectron's indirect sales model, which sees it exclusively marketing and selling through its 5 000 resellers.

"Our core customers just can't compete with these retailers, especially when the latter receive special deals and pricing from HP that we can't provide," he states.

"Going forward, we are currently working in establishing ties with other leading printer vendors. Our major concern is ensuring that we offer our clients a complete solution, with the highest levels of top-quality after-sales service and support."

Rudolph also emphasises that Rectron is looking at a potential printer product portfolio that will close the gap to enable it to maintain its winning momentum as a "one-stop shop".

"If that means going with two vendors, that's what we will do," he stated. "Meanwhile, we want to emphasise that there is no bitterness in the break-up with HP, and we wish the new distributor the best of luck going forward."