



THE FINAL CUT

New Math: VAR = ISV

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A host of vendors that are fighting tooth-and-nail for the hearts and minds of ISVs are missing the boat. No doubt ISVs are important. But the big kahuna is the thousands of VARs that are, in effect, morphing into that business model.

Tens of thousands of CRN readers each year classify themselves as ISVs. That number is growing by an order of magnitude in the wake of the services and custom software development businesses being built at a breakneck pace by every single one of the 100,000-plus VARs that make up the channel.



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One reason vendors are missing the boat is that they are so disconnected from the sales trenches, where VARs are leading the charge by re-engineering business processes and becoming the single throat to choke. Progress Software, Bowstreet and Art Technology Group (ATG) are seeing the light and moving to increase their VAR quotient. For the most part, though, vendors are blind to the shift.

If companies such as Siebel Systems and Oracle put a fraction of the resources they are putting into recruiting ISVs into working with VARs, they would see a much bigger return on their investment. Instead, they are blindly casting a net to attract old-line ISVs and ignoring the VARs that actually have the business-process knowledge combined with the software development skills, hosting capacity and all-around technology muscle to get the job done. One example of this new-age partner is Invision.com, an eight-year-old Commack, N.Y.-based solution provider that bills itself as a managed network services and Web applications solution provider. The \$13 million Invision, which has won a slew of fast-growth awards, expects to post 40 percent top-line growth this year. The key to its success story is that it has built both a world-class application development business and a managed services business.

Invision, which is both a Microsoft .Net business partner and was audited by IBM Global Services to join IBM's elite xSP Prime hosting program, is on the cutting edge of a huge paradigm shift sweeping through the channel. Those vendors that take advantage of that shift are going to find themselves part of the outsourcing boom for small and midsize businesses. Those that don't will find themselves struggling to hang on with a few so-called ISVs.

What do you call yourself? Let me know at (781) 839-1221 or via e-mail at sburke@cmp.com.