

SOFTWARE DISTRIBUTION AGREEMENT

B2B (business to business) software sales require a lot of work.

Sure, if you want to distribute software to the general retail market you can package it up and organise distribution to computer shops in pretty much the same way you would with any product.

But if you are selling specialist software to business for specific purposes the process is much more hands-on. It requires not only a well organised and trained sales force, but considerable resources for marketing and brand awareness strategies aimed at maximising the success rate of that sales force.

Do you have the focus and resources to do that in every State in Australia, let alone every major western market throughout the world? (After all, that is one of the special beauties of software as a product, it is unique and, generally, universal in its application; its market is world-wide immediately).

A software distribution agreement is a contract to enable a distributor to commit the necessary resources to fully exploit the sales potential of the software with some confidence.

Elsewhere you can find comments on distribution agreements in general commercial context. But as with many aspects of software, it is different from other products and needs special attention.

Your software distribution agreement must deal with

- > territory – describe and qualify as exclusive or non-exclusive
- > minimum sales targets both immediately and in the future
- > appointment of sub-distributors
- > tracking sales through the use of security 'keys' or 'dongles'
- > licenses for end-user
- > delivery issues
- > price
- > payment of price
- > other costs
- > records and reports by distributor
- > support and upgrades by licensor
- > use of brand name and logos; badging
- > technical advice to distributor's salesforce
- > software documentation
- > language translation for screen presentation and documentation
- > distributor's general obligations
- > acknowledgement of intellectual property rights
- > product warranty
- > basis for termination or loss of exclusivity or part of territory
- > obligations of the parties after termination
- > confidentiality obligations
- > specification of the software and ancillary requirements like operating platform and hardware requirements