

# Africa from the Comztek point of view

Comztek's African operations, which started out as small satellite offices, are starting to make a meaningful contribution to the group's operations.

And, although an economic slowdown has gripped most of the world, parts of the African continent are booming.

Mark Stokes, manager of Comztek Zambia, says the global demand for base metals means that it's currently boom time for the local economy - and this means the IT distributor is enjoying a great run.

And it's not just playing in the entry-level market: Stokes says Comztek has fared a niche for itself by supplying not only the group's core active networking equipment (through brands like Cisco, for example), but also passive networking equipment (Netshield, Legrand product lines that include fibre, copper cables, accessories, PVC trunking etc).

This enables Comztek to offer the Zambian reseller a complete networking solution.

Comztek Zambia holds a large in-country stock of key fast-moving and strategic product lines. They are stocked from the South African warehouse, but they also receive drop-shipment direct from vendors to ensure that stock is landed in Zambia at the most competitive pricing.

One of the biggest challenges that Comztek faces in the remote Zambian region is stock turnaround time, so the distributor puts a lot of effort into making sure it balances stockholding with the resellers' pipeline to avoid unnecessary delays.

The Zambian operation has about 180 resellers on its books.

Stokes says Comztek is careful to support its resellers and never to compete with them.

"Comztek has a solid reputation as a true distributor - many of our competitors dabble in selling direct to end users - so we are seen as a trusted business partner and we reinforce this by hosting vendor functions and training sessions for example as a



**Robert Allela, Comztek East Africa.**

way of adding value to our resellers."

Managing credit risk is another challenge that the company has to face. With there being little credit insurance available and in an economy where the cost of capital is high (compared to South Africa), the distributor often has to take on the extra credit risk itself.

Comztek's Zambia branch now consists of six people and Stokes is confident that it will continue to grow.

Robert Allela, manager of Comztek East Africa, runs a similar-sized operation, with four people in the office and about 100 resellers - most of them in Kenya - on the ground.

He says the biggest demand from users and resellers is for software solutions like Microsoft, Symantec and Adobe.

Credit risk is probably the biggest challenge facing resellers in the East Africa region, Allela says, followed by piracy and decreased profit margins

arising from increasing competition.

"In addition, there's a lot of grey marketing from the Middle East and, more recently, the Asia-Pacific countries like China and Singapore - typically where vendor channel integrity among hardware suppliers is lacking."

To help resellers overcome these challenges, Allela says Comztek implements a strict pricing policy to all partners. "We also try to manage credit better and ensure we have stock at the right price. We hold training with our various partners for increased product knowledge as well."

Distributors are also subject to diminished profit margins and credit risk, Allela says. The solution to this is probably for them to increase their product portfolio offerings, with the risk spread across a number of different vendors.

Distributors should also engage with vendors to enforce strict credit policies, to address grey marketing and to fight piracy, he believes.



**Mark Stokes, Comztek Zambia.**

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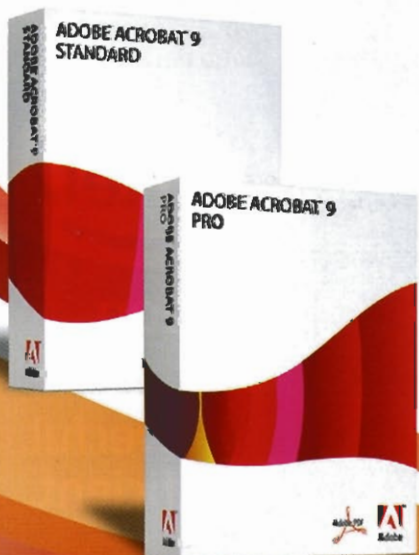
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