



## Boycott grey and go green

### Charlotte Selby

The temptation of grey product should decline as the RoHS directive comes into play

The perils of the grey market should by now be well known to any business looking to deal in product from an unauthorised source. For a reseller, grey market trading can look like an attractive prospect. Kit is cheaper and there is no long-winded accreditation process to go through or drawn-out seminars to attend. On the flip side, grey market products can present resellers and customers with a host of headaches that go far beyond the lucrative cost savings of the initial investment.

So what do businesses, and resellers, need to consider before they throw their investment behind products from a source that is not wholly reliable? And how will the raft of new European legislation impact what could be seen at present as a very tempting investment proposition?

Effectively, any user investing in products from the grey market is playing a game of Russian roulette with the integrity of their business network. Servers with genuine badges can feature any number of counterfeit components, so while the initial cost saving is attractive, the output and performance of the product may not be.

The introduction of new environmental legislation should also present resellers and users with an even more compelling argument not to get involved in the grey market. The RoHS directive comes into force from 1 July and will ban the placing on the EU market of new electrical and electronic equipment containing more than the agreed levels of certain hazardous substances.

Most technology vendors are in the process of withdrawing non-RoHS-compliant technology from the market to ensure the supply chain is clear of all non-compliant kit. While vendors will be obliged to take back and dispose of any legitimate products that are not compliant, they will have no obligation to deal with products that contain counterfeit goods or come from an unauthorised source.

Despite these risks, businesses are still easily tempted by low-cost hardware. It is estimated that \$100bn (£53.8bn) a year is lost by IT resellers around the world as the grey market for computing products continues to grow. One in every ten products sold now is an unofficial product, according to KPMG.

The grey market is an industry-wide problem that legitimate vendors have had to deal with for a long time and shows no sign of abating. Vendors need to be committed to providing customers with the highest quality products and with appropriate levels of support. This can only be offered through authorised resellers that have gone through a rigorous accreditation programme.

The challenge the channel and vendor community face is that the temptation to go grey is huge. Far too many businesses are blinkered and look at the initial investment, rather than the cost implications further down the line. Environmental considerations should throw a whole new perspective on the motivation for investment. Not only do businesses face steep running costs, they now face the very real threat of having their bottom line impacted by fines for non-compliant products. The message from the vendor community is clear. Green wins over grey, every time. ■

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