

# WIRECROSSING

THE NUMBER ONE NEWS WEEKLY FOR COMPUTER RESSELLERS AND SUPPLIERS

ACQUISITION

Reading-based e-mail archiving software vendor KVS has been snapped up by US giant Veritas for \$225m in cash, with the channel claiming the move can open up both vendors to new markets

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SERVICE PROVIDERS

Market analyst firm Datamonitor has warned that consortia of small service providers are squeezing the market share of the outsourcing giants in the lucrative contact and call centre market

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CHIPSET MARKET

The market for semiconductors and processors is buoyant, but vendors should not rest on their laurels as high levels of production could turn to a glut if this maturing market levels out

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Vendor demonstrates its dedication to addressing cases of fraud by filing a lawsuit in the US and issuing a writ in the UK

## HP shows grey market grit

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Hewlett-Packard is barring its teeth and getting tough on resellers suspected of grey marketing on both sides of the Atlantic after filing a suit in the US and issuing a writ at the High Court in the UK.

### HP has started litigation through the High Court against Borehamwood-based business partner Paradise Computer UK Ltd over alleged parallel or grey importing of storage products

There has been a lot of tough talk by vendors in the last 18 months to try to scare the channel into capitulating over the grey issue and stop sourcing

products from outside the European Union (EU), but so far no cases have gone to court.

In the US, HP has filed a suit in a Tennessee Federal Court to recover more than \$8.6m (£4.8m) in pricing discounts for IT kit sold to Capital City Micro (CCM), a reseller which claimed it required special bid pricing to

win a specific customer account, P&E Distributing.

The vendor alleged that CCM did not resell products to P&E Distributing but instead sold

them to companies and/or persons to whom it was not authorised to sell.

In a US statement, Scott Anderson, acting general manager for HP's Solution Partner Organisation, said it was dedicated to addressing fraud cases and preventing product from entering the market through unauthorised channels.

Meanwhile, closer to home, HP has started litigation through the High Court against Borehamwood-based business partner Paradise Computer UK Ltd over alleged parallel or grey importing of storage drives and notebooks.

Sources close to HP said the vendor had been alerted to

the suspected grey computer equipment in March and moved quickly to investigate.

The writ, which was issued by HP early last month, concerned the abuse of UK Trademark Infringement Legislation, but last week sources claimed both parties were nearing an out-of-court settlement.

Another source close to the situation claimed Paradise had believed the goods came from within the EU and had assured HP it would remain clean.



Kevin Hyland, managing director of Paradise Computer UK Ltd, said discussions with HP "over the last 48 hours will bring everything to an end but we cannot say more before that is confirmed". One industry source said any action against Paradise would be high profile but questioned if HP had the appetite for a wider clampdown on selling grey. HP UK refused to comment.

## Connections+ director faces court date

The ex-financial director at Skipton and Burnley-based reseller Connections+ is set to appear in Bradford Crown Court later this month charged with six counts of theft.

When Andrew John Slater attended Skipton Magistrates Court on 6 August for criminal proceedings, Mr Justice Lowe decided the trial should be heard at a higher level on 16 September.

Slater has been charged under Section (1) of the Theft Act 1968.

The court date comes several months after Hewlett-Packard severed its relationship with warranty services specialist Connections+ following numerous allegations indicating the reseller had failed to meet customer expectations (see *MicroScope*, 12 April).

At the time, HP issued a statement which said its relationship with the reseller had been terminated after taking legal advice because "Connections+ was obtaining money from

customers in payment for CarePacs, which Connections+ then failed to deliver".

A week later the directors of Connections+ staged a management buyout (MBO) after the company's parent was placed into administrative receivership by bankers.

The successful bid saw the directors pick up the assets of Connections+ but not the debts, which meant legal proceedings believed to have been instigated by two UK distribu-

tors towards the reseller were thwarted. The company was renamed Connections Plus.

### HP severed its relationship with Connections+ following allegations it had failed to meet customer expectations

In late April, the police were notified about the company's dealings, which led to an investigation by detectives in North

Yorkshire who spent months poring over the evidence.

Last week, a spokesman for North Yorkshire police said the investigation was now complete and all the information had been passed to Skipton Magistrates and Bradford Crown Court.

He revealed the six offences that Slater had been charged with amounted to £133,000 and related to the period from August 2002 to January 2004. Connections Plus and HP refused to comment.

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