

Late payment culture hits channel

Evidence growing that credit crunch is hitting channel pockets

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Resellers have complained that the deepening economic crisis is engendering a late payment culture among UK end users.

While channel order books continue to bulge, VARs are being hit in the pocket as cash-strapped end users attempt to stretch their payment terms.

Peter Titmus, managing director of support services firm Networks First, said the firm had enjoyed an “excellent” September.

“We have not really seen the effects of the recession other than in cashflow management,” he said.

“People who would agree to 45 days and who have been very good payers are now creeping up to 46 or 47 days, while suppliers working on 30 days are now asking whether we can pay after 20 or 25. This could be very damaging for some of the product resale businesses where margins are very low.”

Peter Dawes-Huish, chief executive of Linux reseller LinuxIT, agreed: “People aren’t as good payers as they were in the past and are stretching their terms to the limit.”

But Dawes-Huish claimed firms would invest more in Linux in a bid to cut costs.

“It has probably been the best two to three months we have had for three years. We expect it to be a great time for Linux and open source as the economy heads down the toilet,” he said.