

ASCII Chief Blasts Lenovo-Best Buy Deal

By [Edward F. Moltzen](#), ChannelWeb



6:14 AM EDT Wed. Apr. 12, 2006

Lenovo's nod to brick-and-mortar retailer Best Buy (NYSE:[BBY](#)), which will begin selling its notebooks and desktops to small and midsize businesses, prompted a strong reaction from the head of the ASCII Group.

Alan Weinberger, chairman and CEO of the VAR organization, which has more than 2,000 members, said in an e-mail to *CRN* that the deal is outrageous and that Lenovo's decision to work with Best Buy will hurt solution providers.

Weinberger, who characterized ASCII Group as a national chain, said because Lenovo has chosen to "gloss over" its collective buying status, "the Best Buy deal will kill us in our sales. Lenovo has played our chain against Best Buy."

Lenovo announced Tuesday that it had worked out a deal with Best Buy to provide ThinkPads, ThinkCentre desktops and its new Lenovo 3000 lineup of systems through more than 135 "Best Buy for Business" retail outlets, in addition to online, phone and solution provider channels.

A Lenovo spokeswoman responded to Weinberger's statement by saying details of the Best Buy deal had been presented last week to Lenovo's channel advisory council members, who provided "the general view" that it would not hurt their businesses. The spokeswoman said the deal was aimed at adding another choice for customers, and she said Best Buy would not be provided a price advantage over the Raleigh, N.C.-based vendor's reseller and solution provider partners.

Since it reported its most recent quarterly financial results, which were considered lackluster, Lenovo has been scrambling to boost its sales to small and midsize businesses. When the Lenovo 3000 product line was launched earlier this year, Lenovo executives said that about 80 percent of those products in North America would ship through its solution provider channel.

Last year, Lenovo announced a deal to sell some of its ThinkPads through the Office Depot (NYSE:[ODP](#)) retail chain.

Martin Kariithi, an analyst with Technology Business Research, Hampton, N.H., said in a research note that Best Buy may be looking to boost other, non-hardware sales as a result of the Lenovo deal.

"The VAR structure of the agreement allows Best Buy to increase sales of its higher-margin service contracts. Best Buy hopes to leverage the Lenovo PC targeted SMB marketing to help drive revenue growth in Best Buy's 'Geek Squad' service support business which also targets the SMB market," Kariithi said. "In addition, Best Buy can offer promotional configurations that bundle Lenovo PCs with third-party hardware sold at Best Buy."

Kariithi said Lenovo faces challenges in the U.S. retail space, though, since that market tends to be price-sensitive and much of Lenovo's market line, led by the ThinkPad series, tends to price higher than competitors.