

USED & REFURBISHED EQUIPMENT SPOTLIGHT

Understanding The Gray Market

Smart Buyers Can Find Quality Equipment At Low Prices

by Julie Knudson

ASK A GROUP OF IT PROFESSIONALS what the gray market is, and you're likely to get a variety of answers. Is it knock-off equipment from overseas? Is it equipment with dubious origins? The answer to both is a vehement "no." The common definition of the gray market is "the sale of equipment through channels that aren't licensed or authorized by the original manufacturer," and it's both legal and legitimate.

The stigma—and confusion—associated with the gray market has prompted many resellers to undertake an ad-hoc rebranding campaign. "Used market" suffices for many, while others prefer "green market," pointing to the environmental advantages of keeping equipment in the marketplace and reducing landfill materials. Whatever you call it, the gray market offers smart buyers quality equipment at attractive prices.

Reputation is king. Finding a reputable reseller is critical to making the gray market work for you. "I would definitely stress that buyers get references," says Richard Greene, vice president of

operations at Liquid Technology (www.liquidtechnology.net). "Watch who you're dealing with, and try to go with someone who's been around awhile." Tap your network to see which vendors offer quality equipment and reliable guarantees, and seek out resellers with a track record of satisfied customers.

Before buying, consider each seller's history, including transaction volumes and customer ratings. "Have they sold a lot of product? It should be at least in the hundreds of items," Greene says. "And what's their feedback like? I think [checking] those two things should protect you fairly well."

What to buy. For organizations ready to get their feet wet in the gray market, Tim Farrow, senior vice president of operations at Apto Solutions (www.aptosolutions.com), recommends data communications equipment, PCs, and servers as good choices that usually avoid the licensing issues encumbering other items. "With servers, if companies are replacing or adding on to their existing infrastructure and can use enterprise-wide licensing, it's very cost-effective," Farrow says.

What to avoid. Gray market channels aren't good for everything. "If you need license upgrades or anything to operate the piece, you're not going to be able to do it," Greene says. "Storage would be one of the best examples because there's often some kind of complex software running for integration." Claims that a reseller will transfer software registration for you, or that no license is needed, should be verified with the manufacturer before completing the purchase. It's also recommended that buyers check with the manufacturer before assuming any new purchase can be added to an existing service contract.

Still on the fence? If you're unsure about taking the gray market plunge, consider the benefits: Good-quality equipment is regularly available on the gray market, and some components have never seen the light of day. Companies that have downsized or gone out of business often leave pristine equipment available for resale. "There's a lot of new, perfectly good product to be bought up and resold when those deals come up," Farrow says.

Even when items are used, Greene says that shouldn't dissuade buyers. "It's not a lesser good; it's just a used good." ■

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Once you've made the decision to purchase used or refurbished equipment, finding the equipment you need is easy with Processor's online Data Center Products For Sale Database.

From Processor's home page (www.processor.com), you can search for a specific part number, make, model, or description. Enter the information in the appropriate box and click Search. You'll see a list of available equipment. If you don't see the particular piece you're looking for, scroll to the bottom of the search results page to conduct a more detailed search. There, you can search by part number, model, price, location, and more.

The screenshot shows the Processor.com website interface. At the top, there's a navigation bar with 'PROCESSOR' and 'REFURBISHED EQUIPMENT'. Below that, there's a search section titled 'Data Center Products For Sale'. It includes a search box with a dropdown menu for 'Part #', a 'Search' button, and a 'Start With' dropdown menu. Below the search box, there's a 'Search By Manufacturer' section with a list of manufacturers including DELL, HP, IBM, and others. The interface is designed to help users find specific equipment for sale.

Don't know the specific part number or model? Use the drill-down search on the Processor home page to view results from specific manufacturers. Simply click the manufacturer name, and you'll see a list of all equipment listings from that manufacturer.