

## **Value-added reseller (VAR)**

Is a company that adds features to an existing product, then resells it (usually to end-users) as an integrated product or complete "turn-key" solution. This practice occurs commonly in the electronics industry, where, for example, a VAR might bundle a software application with supplied hardware.

The added value can come from professional services such as integrating, customizing, consulting, training and implementation. The value can also be added by developing a specific application for the product designed for the customer's needs which is then resold as a new package.

The term is often used in the computer industry, where a company purchases computer components and builds (for example) a fully operational personal-computer system usually customized for a specific task (such as non-linear video editing). By doing this, the company has added value above the cost of the individual computer components. Customers would purchase the system from the reseller if they lack the time or experience to assemble the system themselves.

Resellers may have pre-negotiated pricing that enables them to discount more than a customer would receive by purchasing directly. This is because a reseller has already qualified for higher-tiered discounting due to previous engagements with other clients, and the strategic partnership between the vendor and VAR inherently brings the vendor more business. The VAR can also partner with many vendors, helping the client when deciding which solution is truly best for their unique environment rather than trusting each vendor who believes their solution is best when it may not be the case.