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CompUSA to Sell Software Services Delivered on Web

CompUSA Inc., known for selling software that comes in boxes, will start offering it as a service, too.

The retail chain is expected tomorrow to begin reselling offerings from **NetSuite** Inc., one of a group of start-ups that sell what is sometimes called "on-demand" software. Users take advantage of such services by signing on to a Web site, eliminating the need for companies to install programs directly on personal computers or to manage software on their own servers.

Such services are especially popular among small and midsize businesses, which CompUSA is trying to woo as selling computers and related consumer products in brick-and-mortar stores has become an increasingly crowded field.

"In a lot of cases, the customers we do business with have outgrown the basic desktop applications they manage their business with," CompUSA Chief Executive Officer Tony Weiss said.

NetSuite, a closely held firm in San Mateo, Calif., whose majority owner is Larry Ellison, chief executive of software giant Oracle Corp., sells services for tasks such as keeping track of customers and managing business resources. Some small companies like Web services such as NetSuite's because it allows them to use software for a regular subscription fee instead of having to pay a large up-front sum to buy the programs.

CompUSA will start offering NetSuite's services through 10 stores in New York and Connecticut, where customers will be able to sign up. A broader rollout is planned in coming months.

The services also will be available through CompUSA's direct-sales force, which sells technology and services to small businesses outside of its stores. The Dallas company says it will keep 30% to 50% of the fees from customers and pass the rest to NetSuite.

On-demand software doesn't need complex installation, so CompUSA technicians mostly will be responsible for helping to customize NetSuite's service and moving information from old desktop software onto NetSuite, Mr. Weiss said.

Companies offering on-demand software typically rely more heavily on their own direct-sales forces than on third-party resellers. But NetSuite CEO Zach Nelson said he hopes the CompUSA deal will help the company reach a new pool of smaller customers and let NetSuite eventually focus its direct-selling efforts on larger companies.

He said the interest from CompUSA—which approached NetSuite—is strong evidence that the conventional software business is changing. "To me, this is probably the most meaningful statement that boxed products really could go away," he said.