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Sell Software Online - The Distribution Options.

With the increasing popularity of bespoke applications online for computers/phones/etc., there has been a stream of different ways to distribute your software to the masses. Here is a quick guide to the two main options out there along with the pros and cons of each. Understanding the two business models has implications regarding security, control, and cost that either will or will not suit each individual software publisher.

Third Party Vendors/Distributors

This is a scenario that should be familiar to most people who have seen online sites listing thousands of applications (freeware/shareware/commercial purchase).

In this business model, the creator of the software uploads their software to the distributor's site for them to take control of promotion and sales of the product in return for a commission on each sale. Most iPhone application developers like this approach as they can leverage the Apple brand and sales pipeline. Developers of other software (e.g. for PCs/Macs/etc.) may wish to be less dependent on a single distributor and seek out multiple sales channels to spread the sales potential and reduce the risk of a single distributor failing to market/sell their product adequately.

The distributor manages the full shopping experience online (including the shopping cart and payment processing) which some software owners will be happy not to administer in spite of not being in command of the marketing of their product on the distributor's site.

When a customer buys the software, the download link security is controlled by the distributor to the extent that the link can have a time limit placed on it along with restrictions on the number of download attempts that are possible.

Given that the software creator has no access to the purchaser's details they cannot build up a listing of customers for future reference. This could affect you if you plan to publish multiple applications and want to benefit from loyal customers.

Sales/Download Management And Distribution Software

This approach provides a more independent approach that will suit many software creators. In this scenario, the software creator installs the software to manage sales and downloads on their own server. This lets them administer their own online shopping cart, secure download links and mailing list data. There are many open source and commercial available that can provide this functionality.

As the software publisher, you retain access to the customer mailing lists and can control how long the download links are to be available for.

After the cost of the sales application, your only cost on each software sale is the commission to the payment processor (e.g. Paypal), and the only operational overhead is the installation and ongoing administration of the sales tool.

In Conclusion

If you are developing applications for which you wish to tie in with the network effects of a large corporation (e.g. developing iPhone Apps) then leverage the third party vendor. You could try going it alone but you will be competing against the advertising and marketing strength of a huge organization.

If you sell software online and want to keep control of the product's marketing and customer base data then setting up your own sales management and distribution solution will give you the control you seek.

If you have only a single application to sell and want no involvement in the sales and marketing of your digital product then using an online vendor/distributor would be the wisest option for you.

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