

WHAT DISASTER RECOVERY REVEALS

ABOUT THE CHANNEL'S FUTURE



Work from home, or remote working, is likely here to stay. There's a growing amount of anecdotal accounts where employees have voted in favour of not going to the office, and numerous companies are now considering staggered attendance schedules, hot desks and going completely remote as options.

Remote working has blindsided business continuity strategies, which in turn serve as a micro example of how the technology sector – specifically those selling solutions – will have to change. If you were still waiting for the writing to appear on the channel's wall, it's now been carved in six-foot letters.

THE OFFICE CONUNDRUM

Disaster recovery (DR) has always assumed there will be an office. Thus many DR solutions were designed to duplicate those environments. A point in case is massive off-campus sites that provide the seats, desks and access that employees need. This approach lost all relevance, though, when social distancing rules kicked in, and it's thrown a cat among the disaster recovery pigeons.

"The industry used to look at disaster recovery in terms of number of seats and the capacity that you need to run your business," explained MIP's Chairman and CEO, Richard Firth. "And what COVID's done is say, you don't want seats. You don't actually want anyone in the office. Everyone's got to be at home. It's turned the whole thing on its head and pushed everything even further into the whole cloud economy."

Thank goodness for the cloud. Were the world not already at some level of decentralised access, we'd have been in an even deeper hole. But with the cloud comes the view that a customer company shouldn't own it all. It should use services as it needs and leave the underlying headaches to service providers. Own the output, rent the infrastructure. The pandemic has emphasised this shift, and it's nowhere more visible than with disaster recovery.

"Disaster recovery is no longer an internal competence. It's too much for a company to handle. It's no longer a little team inside the office that needs to walk 100 metres to fix something. It's someone who has to drive maybe 30 or 40 kilometres for a single user. That is not sustainable if it's not a service."

This is a familiar mantra that the channel has been shouting from the hills. But the same channel has not been as thorough to, to use the industry jargon, eat its own dog food. Now with COVID, that is changing.

A WATERSHED FOR THE CHANNEL

"The risk is shifting to providers," Firth explained. "In the licence model, the risk completely went to the customer. I sell R10 million worth of licences – regardless of whether they work or not – I get that money, while the customer sits with the risk of actually getting the things to work. In the services model, the risk shifts to the supplier, the service provider, because now I've got to actually make sure that all of this stuff works."

Many providers have been avoiding this dynamic, offering quasi-services still wrapped in deals that make sure they get paid. But if disaster recovery is anything to go by, customers have less capacity to implement technologies. They will lean more and more on services, and with that expectation comes the above pressure on the channel.

This is going to be a reality shock for technology providers. They could once rely on the fact that many customers saw great value in owning all their technologies. Now, facing cost pressure and burgeoning decentralised work cultures, they will have to be more pragmatic. And those customers will turn to the providers who reflect such pragmatism.

Firth gives an example: "We're a firm believer in marrying pricing to the key performance indicator of the business using the software."



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For example, in our world we sell a policy administration system. So, what defines whether our administration system is successful or not? Is it the number of new policies that the customer puts on? Are they being unique? That's a complete change from licences or a capital buy to actually sharing the risk with the business."

Sharing risks with customers – this is not a new call. Companies have been urging vendors and providers to put more skin in the game during transformation projects. The trends excited by the pandemic are now solidifying these demands.

Disaster recovery is the canary in the coal mine for channel change. It exposed these divisions, and demands change the most because it is essentially a meat-and-potatoes service. It should do what it says on the tin, and everyone understands that. So when the most stable meal in the pantry suddenly turns sour, this suggests other items are also not what they used to be. The channel companies that don't switch to annuity-based services, taking on some of their customers' risks, are likely to stay on the shelf and rot.



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