



Philip Morgan runs The Network Group, an alliance of 60 independently-owned IT resellers from across the UK, who work together to compete against the bigger players in the marketplace, those that smaller companies struggle to compete with.

RT: What kind of companies are involved in The Network Group?

PM: They're all varied, as you'd expect, but they fall into two broad camps. They're either B2B companies, such as Managed Service Providers (MSPs) or value-added resellers, serving the business community, or they are retailers with an online or bricks and mortar business to support the general public.

RT: For those who aren't familiar with The Network Group, the first question that probably comes to mind is: "What's in it for the members?" Why do people join?

PM: The members tell us that they joined because we're a cooperative, owned by the members for their benefit. They have three reasons for joining, and we split them up into three groups, each with a simple word to describe them: 'thinking, talking, growing.'

We're looking for an innovative reseller or retailer who's thinking. Often, you can ask a small business owner where they'll be this time next year, and they don't have a plan. We're seeking out IT resellers who know clearly where they want to go.

The second thing is that they're growing and have a passion to take their business to the next level, because vendors within the channel are looking for growth as well.

We also want them to be a talking reseller, because it's one thing to have a plan, and another thing to grow, but it's another thing again to be willing to be in a room with people who you might regard as your competition and share with them what you're doing.

You've got to be prepared to talk, so the best resellers are the ones who want to learn from each other, and that's why we try to get them into a room to share and talk.

RT: You mentioned vendors as well – the event here today has a big vendor presence. Can you tell me more about how the vendors fit into the mix with The Network Group?

PM: Some companies *talk* about partnership working, and there are others that *do* partnership working. For us, we invite people like you, Richard, to become part of our community. We also have other service providers, distributors and vendors who come along as well.

The 'talking, thinking, growing' mindset applies to them too. They come to our events and we share our journey with them, learn from them and them from us, to see what we can do together.

RT: There are five events per year, is that right? And today's focus is NG Vision (Network Group Vision) – can you tell me about that?

PM: Yes, five per year. NG Vision is the first event which we always hold at the new year. Everyone makes resolutions, and in the same way, businesses want to reset themselves for the year ahead. It's a good time over Christmas to take stock of where you are, and we do this for the community with this event.

Specifically, the three to six month period leading up to January and NG Vision involves talking to resellers, partners and vendors and identify the opportunities we want to execute in the year ahead.

Our theme for this year is 'velocity', which has two components – speed and direction. In terms of direction, we're asking members: "Where are you going with your business?" There are several opportunities for them to exploit, and we help them with that.

In today's session, we focused on cyber security, and our newly launched MSR (Managed Service Retailer) programme. Both of these came out of the work that we did before January, and they're intended to help the members take their businesses forward.

RT: Can we talk more about the members who make up The Network Group? What do you think the B2B members got from the sessions today that will help them have more cash in their business?

PM: We're all familiar with Microsoft's cloud-first, mobile-first approach to the market at the moment. We're seeing fibre being rolled out, which brings more connectivity from premises, but also from countless mobile devices.

That creates a challenge on several different levels for the B2B resellers, to manage those devices and build strategies around them to serve their customers better. We also talked about cloud solutions, so people can see the opportunities there, and also mobility – what can we do to help better collaborations and unified communications?

Our speaker on cyber security, Mostyn Thomas, took the feedback he'd had from the resellers to design things that will help them grow their business. It gives them a strategy and then how to execute it.

RT: What would the retailers have taken away from today?

PM: I think our MSR Programme. Everyone's heard of MSP – Managed Service Provider – but what we're trying to do is introduce retailers to Managed Service Retailers. In all industries, services provided need to be managed, and if you look at Microsoft, they've shifted from a lifetime boxed product to a subscription-based licence, which needs to be managed.

Not so long ago, you could go into a big retailer and seen displays of anti-virus software and Microsoft Office Student and Teacher Edition, which everyone would be buying. Those products are no longer in store, because both the manufacturers have moved to online models. That means lost revenue for most UK retailers, but not our guys!

We have a phrase: "Turning footfall into fans", which is about having an in-store experience which goes from informational to relational. When someone comes in to purchase a product, we have a conversation about their needs and, where possible, grab their details.

The idea is to engage with them and help them where we can. So, we make sure their anti-virus doesn't expire, their Office 365 subscription keeps running and so on. We've added on a layer of remote management, something which is common in the MSP space but not in the consumer space.

We've launched several different packages, including a Home Addition package which would cover your laptop, antivirus and Office 365. Or, if you have several kids with gadgets and a digital TV, you could purchase a Smart Home package, which is slightly more expensive, but would manage all the services, from a hardware and technical perspective. It would keep the service packed up and ensure all subscriptions were included.

RT: I'm fascinated by this. There's a lot of talk about 'the death of the high street' and the problems that retailers face, particularly fighting the online world and the cheaper prices there.

This seems like a good way for local computer and repair stores to reinvigorate their business and connect with people on a better basis. Is that the case?

PM: Absolutely. You talk a lot about specialisation and being different, so we're never going to beat Amazon at parcel delivery, but they'll never win the race at caring for a customer the way we do. It's all about specialising and picking the areas of business that you're good at, taking into account the talents of your team.

Adding MSR gives another layer to a business, particularly if they're in a niche and clear about who their audience is. It gives customers a better experience, which they wouldn't get from a company like Amazon.

RT: The author and entrepreneur Chris Ducker said: "Better is no longer better. Different is better."

PM: Exactly. We use a similar phrase at The Network Group: "The only way you can take your business forward is to do one of four things – you have to do more, better, faster, or different. There's no other way."

RT: We're talking about not going head to head with the big retailers, because it would be difficult to beat them on volume on price. Instead, it's about adding something that people want, support and peace of mind.

PM: 'Being local and trusted' is key, and what we've got at the moment with our group is that no matter where someone lives in the country, they're no more than 50 miles from a trusted reseller who can offer what they need. There's nothing like that with Amazon.

RT: You mentioned the Smart TV and making that part of a package. I came across a term some time ago: 'the age of the digital plumber', which means that someone will come to the house not to fix the utilities, but to sort out the cables, hifi and other digital products people have in their home.

It's certainly reaching a level of complexity that's beyond the understanding of the average consumer. Do you see that as part of the evolution of the managed retailer package?

PM: Yes. We've got the Internet of Things, Nest and other things that are coming through, so who knows what they'll connect next. Samsung are talking about a smart fridge, and it's amazing where the world could end up.

Anything that's got an IP address and can connect to your WIFI will need to be managed and secured. This is something we covered with the B2B members when we looked at cyber security.

You can't leave any areas of possible intrusions into a network open for attack, which is the challenge for the future. This could be the fridge, the boiler, whatever. It's exciting, but also concerning, because this is the world we're heading to.

RT: I've reached a stage where I just want my technology to work! I get frustrated with things at home, so the peace of mind of having someone set up everything around the house and maintain it would be great.

PM: Imagine what that world looks like – you're a busy man, you've got a life you want to live, you phone the local retail group, the same way as you'd contact The Network Group, with your MSR policy.

You give them your policy number and tell them the problem, for instance, with your PC. So, they access your laptop, tell you how long it'll take and you can go off and have a coffee while they fix the issue remotely.

RT: I'm also intrigued by something else. The primary audience of our videos will be Managed Service Providers, B2B IT businesses. I keep hearing from B2B companies that the line between supporting business equipment and all the other equipment people use in their life is blurring to the point where you can't keep track of it.

Managers and CEOs use home computers to connect to cloud services and so on, so which remit does that fall under? That of the MSP or is that something that the consumer needs to look after?

And tools like Xbox – how long until Skype runs on that, and how long before people do business conference calls from home? If the Xbox goes wrong, what do they do? The primary audience is MSPs, so if they have this problem, could they come to an agreement with retailers to cover all bases and make sure their users are covered no matter where their devices are?

PM: I think they could do, and that's something we've seen happening in the MSP world. The world we had 10 years ago, with your alarm, telephone, IT and photocopier all managed by different companies has become one company through convergence in the marketplace.

Some of our resellers and MSPs have diversified into telephony, voice data solutions or managed print, and others have gone into CCTV and security. What difference is there in just converging a bit more?

An MSP can partner with an MSR, in the same way some do now to offer the services they don't do themselves. I don't think it makes any difference whether they make a strategic decision to do it in-house and expand their team, or to partner with a local MSR. Our site allows them to look for MSRs nearby.

RT: What is the benefit for the customer to work with an MSR, when their bills are already going up? Why would it be good for them to pay a flat fee and what does that look like?

PM: I wouldn't say that bills ARE going up! But look at the cost in one big bundle: in the mobile phone industry, it's almost a 'race to zero.' There's all you can eat data, minutes and texts, and it's all included in the price, which makes it easy.

We're not in that world in technology, yet, but I think we're getting that way. Instead of the traditional customer who comes into a store to buy a laptop and decides to sort their antivirus and Office out later, they can have an MSR agreement that looks after those for them, as well as in-store discounts, hardware support and so on. That would work out as a cheaper option, so it's worth speaking to a retailer to find out costs.

RT: On the flipside, a common fear I hear from IT companies is when they're thinking about moving to a flat fee for managed services – they worry that the system might be abused and it won't be profitable for them to do so. In reality, that never happens, but from the MSR point of view, how can they be sure that that won't happen?

PM: Any savvy business owner can look into this, and they'll find that 'all you can eat' isn't really what it sounds. If I take a sledgehammer to my laptop and smash it up, I can't go to my MSP and ask them to fix it because I have an all you can eat contract!

The easiest illustration is the car industry. For most new car owners, the car comes with a three or a five-year warranty. Within that, if I have my car parked on the driveway and pull out too fast one day when I'm in a hurry, and scrape the side of the car, I can't go back to the garage and ask them to change it because of the damage.

I think it's an education process, and most of our MSRs would speak to the customer to tell them what is and isn't included. It isn't quite like an all you can eat buffet, although even that has a limitation (the capacity of your stomach!) so an acceptable use policy is what the MSR needs, to be clear what's included.

In the same way that you might decide to claim on your car insurance or cover the cost of repairs yourself, the MSR is insurance or protection – they can help you within reason.