

Rising energy prices threaten



Photo by Anna Nekrashevich

Soaring energy and fuel prices have blindsided organisations across all sectors in the UK and forced two comms-based quandaries to the forefront of business planning.

The first question surrounds the working from home trend. Will the UK see a return to the office as employees look to avoid the rising costs of heating the house, or will companies issue the opposite directive, to counter the cost of commuting?

Rising bills also bring into question the post-pandemic IT spend that has been long predicted by commentators in the channel. Resellers must help organisations see the instant ROI opportunities for technologies that reduce fuel and energy spending.

To help demystify the situation, we asked our commentators to consider how soaring prices would affect them and their customers.



PHILIPPA BAILEY
BLIZZARD GROUP

"Businesses are currently facing energy renewal prices of up to ten times their previous rates. Our energy department is seeing this first hand as we break the bad news on a daily basis. The hospitality industry is particularly badly hit, with energy suppliers still reluctant to offer contracts to this sector after the challenges of Covid, leaving many hospitality businesses with no choice but to pay expensive high-risk rates, perpetuating their financial difficulty. Some businesses whose energy costs make up a high proportion of their overheads, such as manufacturing, will be thrown into crisis when their current fixed contracts end. They will be forced to raise their prices significantly which will have a knock-on impact throughout the supply chain. It's likely that these worst-hit businesses will be less likely to invest in ICT upgrades as they go into survival mode unless they can see an immediate return on investment."



GRACE LAWLESS
PRAGMA GROUP

"It's too early to determine whether soaring prices will prompt more working from home, but it is important to note that working from home is not cost free. Due to this, soaring prices could even prompt more working from the office so that people can minimise the impact on their home bills. However, the current challenges with recruitment, increasing salaries and the importance of retaining good people mean a likely increase in innovation and investment in ICT upgrades as people look to increase automation and remove mundane tasks. Inevitably, there will be increases in prices across the supply chain so resellers will look to vendors to optimise efficiencies and therefore costs. Pragma have made significant investments in inventory to maintain all product lines, to protect against semiconductor shortages and risks of shipping delays, and to absorb short term cost increases."



SUSIE WARDELL
EVOKE TELECOM

"Following 18 months of creeping inflation, the reality of today's rocketing fuel and utility prices have cemented the need for price increases in the channel. What is more, with CPI at 7% and RPI at 9.8%, pressure is being brought to bear on employer and employees alike. Hybrid working now comes with an added cost to the home budget which few companies can afford to offset with supportive bonuses. Caught in this squeeze, companies are having those cost versus investment conversations across not only new but existing services. Herein lies the opportunity for our industry, as the needs creation piece has already been done for us. We have the solutions to make those investment decisions and ICT upgrades a must have as opposed to a cost burden. Never was the phrase 'if you stand still, you are going backwards' as appropriate as it is today."



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n post-pandemic IT spend



DAVID ELLIS
FOCUS GROUP

"Keeping in touch with your customers is vital and the ability to offer help on energy efficiency services is a growing need, be it solar panels, lighting, or energy optimisation. Did you know the average UK voltage is around 267V whereas most equipment manufactured in Europe will run the most efficiently on 220V? There is also a range of government grants and schemes to help businesses realise these savings on OFGEMs website, but it's unlikely many businesses know this. Higher prices mean energy needs to be managed efficiently to avoid having to pass the costs on to the end users and businesses have stated that they may have to restrict investment due to higher utility costs. The Energy team at Focus Group are working to provide support to all customers on mitigating the rising costs and advise on how to improve energy efficiency in business."



SOHINI RAITHATHA
REDSQUID

"When prices soar, it hits businesses in every sector across everything from services and rent to salaries - forcing organisations to adapt. Higher prices will always have an impact on the investment businesses are able to complete, but it is also important that we keep the momentum we have seen the last year and make sure to keep business confidence high. On the other hand, while energy prices might be soaring, we also see an opportunity for businesses to continue the digital journey that allows them to get rid of costly hardware and unnecessary equipment. Rising prices are yet another incentive for businesses to kickstart their digital transformation, and into a working life where they utilise the applications they have to their full extent while investing in future-proof technology that will allow them to achieve cost savings in other areas."



TARA KELMAN
9 GROUP

"The pandemic taught us to retain an agile approach when working with our partners. Businesses now have freedom of choice when it comes to the physical workplace with many adopting a hybrid work model. Rising utility and fuel costs look set to further influence this choice. We're fortunate that the portfolio of services we offer are remote-ready, keeping partners connected to their customers and in turn their own customer's end users. The days of sweating your assets are long gone - now it's about modernising your communications and connectivity to fit the workplace of the future. High energy prices may have a positive impact on investment in legacy upgrades to support longer term homeworking, reducing fuel consumption and commuting costs for staff. The ROI of remote working technology such as productivity, operational effectiveness, and employee satisfaction make for a solid business justification when each benefit is monetised."



BERNIE MCPHILLIPS
PANGEA

"Almost overnight, energy budgets have gone from being fairly predictable to blindsiding most businesses. It's going to significantly impact profit margins, investment plans, and bottom lines for most providers in the channel. Everyone from network operators who carry our data traffic, to couriers who deliver our solutions, will be monitoring the situation closely. The impact typically affects end users most, with cost increases being passed along, but lost margins can also be recovered through innovation. Think smart lighting that switches off when no movement is detected in a room, or heating that shuts down when windows are opened. The same goes for fuel: fleets can lower costs with route planning systems, and analyse driver behaviour to encourage safer, more efficient driving. Customers will rush to find these innovative solutions, as ROI from energy and fuel savings will now be much higher, which makes it a huge opportunity for the channel."



CHERIE HOWLETT
JOLA

"Soaring fuel prices may impact overheads and ultimately EBITDA in the channel. At Jola, we are continuing to use a hybrid model of Teams calls and face-to-face meetings. We have found Teams to be very efficient and partners have been receptive to running meetings and training webinars online. We have managed to save thousands a month on travel and entertainment by using this model. Of course, there are situations where face-to-face meetings are essential such as taking part in partner sales events and social activities. Now may be a good time to look at changing your car policy towards company-owned electric vehicles since they are kinder to the environment, cheaper to run and come with very generous Benefit in Kind taxes and Capital Allowances."



IAN ROWAN
WILDIX

"Investments always come down to a single factor - is the investment going to give an ROI and over what time frame? With fuel costs directly impacting supply chains and customers facing higher costs, that window of ROI is going to be extended. What we must do as a smart vendor is add value in other aspects of our solution to further reduce that ROI. Each software revision, each new function we implement is designed to create additional value, not just tick a functionality box. At Wildix, all senior UK staff are now using fully electric vehicles. We have implemented a government backed cycle to work scheme which allows staff local to our Headquarters to subsidise the cost of a new bike as a tax incentive. We discourage our partners from placing an order for a single piece of hardware by adding a levy to non-master packaged items."

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