In the as-a-Service economy, subscription without service just won't fly

By Daniel Teixeira   27 Jul 2021

If we think about the past year in business, the subscription and as-a-Service (aaS) economy has to be at the top of the trend lists. However, there is a difference between products on subscription and a true service.

Daniel Teixeira, Systems Engineering Manager at Pure Storage

Take consumer services as an example. Consumer-oriented grocery deliveries, shipping services, video conferencing and entertainment solutions all have seen tremendously accelerated adoption in the months since the onset of the pandemic. These services, in turn, are convincing reasons to adopt IT infrastructure as a service, as well as cloud and sophisticated third-party logistics services. Getting what you need, when you need it, and only paying for what you use are the new standards by which businesses are measured.

Changing customer expectations and the move to recurring revenue business models are helping to drive the shift globally as consumer businesses around the world innovate to try to get closer to their customers and create more stickiness in a very competitive world. On the enterprise side, software, platform and IT infrastructure delivered as a service is affording organisations greater control over spending than ever before.

Enterprise data centre solution customers in South Africa are asking the following questions:

- Can I consume your solutions as a service?
- What choice do I have when my organisation is billed?
- Can you charge me only for what I use?
- Do you offer an off-site/colocation option?
- Can you manage this solution from start to finish?

This last point is absolutely key – the wraparound package of management and services makes all the difference to a successful aaS offering. The subscription economy has made it so easy for a customer to sign up for a service and then discontinue it in favour of a different one if it doesn't meet the customer's needs, so aaS models have to earn a customer's

business every day and with every interaction. If a fresh produce delivery service is dropping off subpar items, a customer will cancel the subscription. The same goes for any aaS solution (such as Software as a Service, Platform as a Service or Internet as a Service) that is not delivering what a customer needs.

The subscription market

What is wonderful – and enduring – about the subscription and aaS market is the flexibility, scalability, and hyper-personalisation it delivers, and the possibilities for innovation it unlocks for the enterprise.

5 marketing tech trends to watch in 2021
Greg Chen 4 Mar 2021

Here are five observations about what to expect.

1. Good, better, best

In the hierarchy of awesome customer experience, it's good to be responsive, it's better to be proactive and let a customer know that there's a problem, and it's even better to let a customer know there was a problem and it has already been fixed. We've all experienced the personal frustration of a shipping delay – and how great it feels in comparison to get an email that says: 'Hey, there was a problem but we've dispatched a replacement for your order and it's on the way.'

Look for IT spending to increase for any transformational technology that will enable more automation and provide faster time to problem-solve insights through analytics. We might not quite have pizza as a service yet, but just look at the advances Domino's has made in employing AI to enhance customer service.

2. 'Subscription' and 'as a Service' are often used interchangeably – they shouldn't be.

Especially for enterprise offerings, true aaS solutions are about buying a service with built-in benchmarks (or service-level objectives). You should be able to start small, grow over time, and have complete transparency over pricing and related performance indicators. The customer should never feel like they've bought something and they are now on their own – or that they are locked into a service that offers little benefit compared to traditional capital purchases and that they must pick up the phone to get problems solved. The next year will bring greater clarity around the differences between 'product on subscription' offerings and true aaS solutions.

3. Customers will read your fine print.

aaS allows both consumers and businesses to expect more from their vendor. For businesses, it also allows them to make faster pivots that can help drive innovation by moving between platforms or services without incurring the massive amount of tech debt that they would have under more traditional, locked-in models. Service providers should expect customers to read the fine print – and reward them if they do so, with real transparency.

What's the price? How long is the commitment? Are they expected to sign a 24-month contract?

Transparency will increasingly be rewarded in the aaS economy, so make these details easy to find on your website. For example, car services allow you to predict the cost of your ride before calling for the car. Technology should be no different.

4. Leaning into customer expectations.

With the proliferation of colocation data centres in South Africa, there is now a trend where customers would rather have infrastructure off-site and close to major hyperscale infrastructure. This gives customers the best of all worlds, allowing them to scale down their own data centre use, move or outsource their on-premises workloads to a colocation and have it almost side by side with AWS or Azure infrastructure in order to reduce latency.

Customers can then focus on building out their other skills, such as application development, whilst also keeping their infrastructure teams focussed on the uptime of those applications.

5. 5G will deliver aaS at the Edge.

Among its many advantages, 5G has tremendous benefits that will fuel the market for aaS IT solutions, as it takes applications that were in the data centre or in the cloud and creates the potential for hyper-localisation. Consider the impact on personalisation that 5G will have on retail, for example.

Now imagine a sports retailer spinning up an application that provides an interesting in-stadium user experience for people who are rugby fans by using 5G and Edge locations. That's a very seasonal experience, and most of the Edge and 5G technologies that support it are being consumed as a service, because they tend to be transient.

The aaS economy is driving accountability and serving as a continuous innovation engine across industries. For companies getting it right, it's a virtuous circle – good for the customer, who in turn drives adoption, which is great for companies that lead with innovative ideas and fuels further innovations.

ABOUT THE AUTHOR

Daniel Teixeira, systems engineering manager at Pure Storage