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## How Covid-19 burst through fears about cloud

### **The Covid-19 crisis has, through necessity, changed how businesses view the cloud says Bank of Ireland's head of Technology Sector Paul Swift.**

Across the world workers and businesses are grappling with remote working or the simple reality that some workers still need to be physically present. But rightly or wrongly, the necessity of remote working in order to enable social distancing to curb the spread of the Coronavirus has been a boon for the global tech sector in some respects.

Some sectors like productivity-based apps are proving to be the essential lifeline keeping businesses functioning and the true worth of apps from Zoom to Microsoft Teams, Trello and Slack are shining through.

However, according to [Bank of Ireland's head of Technology Sector Paul Swift](#), specific segments of technology like travel tech are being impacted for obvious reasons with deferment of buying decisions.

The crisis has also hit the supply chains of major tech hardware manufacturers who lean heavily on the manufacturing centres of China.

### **Q&A with Paul Swift, head of Technology Sector at Bank of Ireland**

We asked Swift a few questions about his thoughts on how tech has risen to the Covid-19 challenge.

#### **How do you think the current crisis will make working via the cloud the new norm for businesses and do you think it will remove fears/suspensions IT decision-makers would have had around cloud?**

Yes, I think it will remove a lot of the doubts, absolutely. There have been reservations around cloud technologies as the prospect of moving a business to a remote environment where data was stored off-premise filled business owners and managers with dread. The current crisis has brought about a change in thinking where businesses had to quickly overcome any trepidation (needs must) and focus on trying to continue business as usual.

This has led to a huge spike in demand for a whole plethora of different cloud-based technologies; everything from email, video, chat, messaging and workflow and collaboration tools to enable businesses to continue to operate, albeit, remotely. The flexibility of being able to access these

technologies from anywhere, via internet connection now demonstrates how agile these technologies are and I'd suggest, those that previously had misgivings, may ultimately become the biggest advocates.

The only caveat here would be that given various remote working software will now be at unprecedented user levels, the hope would be that the various applications can stand up to such increased and indeed, unexpected demands.

### **What tech companies are currently flying it in the face of the crisis and the spike in remote/team-based working?**

Immediately you think of companies that are providing video such as Zoom, and workflow and collaboration tools, such as Microsoft (Teams), Slack (up 13pc) etc that are enabling employees to work together, conduct remote meetings and chat etc.

Microsoft have said that numbers using its software for online collaboration had climbed nearly 40pc recently. Zoom, Microsoft, and Google have offered their software for free and have made provision to make sure they can accommodate the growing demand from users. Zoom stock is up more than 21pc in the last month; a feat in itself, given the stock market as a whole is plummeting. It is also now the No.1 app on the Google Play Store.

Others benefitting include Nextdoor, the social app for neighbours, which has seen an 80pc increase in engagement. Likewise, Amazon is seeing growth, with plans to hire an extra 100,000 workers for its warehouse operations; while its web services operation also supports Netflix, the go-to streaming channel during these restricted times.

### **What vertical sectors in tech are likely to see buying decisions held up by the present situation?**

It's important to state there are no winners in this current crisis. Those that will perhaps navigate through are essential and mission critical applications, products and services. Enterprise software applications that are deeply embedded in organisations and have become part of the fabric of organisations will take preference over 'nice to have'.

Many technology companies are now concerned with continuing to get paid over the next quarter. SaaS based businesses have the luxury of 'turning off' the software if they are not getting paid, but this would be as a last resort; rather both parties may well seek to either roll-up/reschedule payments over the remainder of the year.

Other products and services include those in the telehealth space whether it is applications for remote engagement with GPs or self-monitoring applications that enable patients to track their

recovery while sharing the parameters around their recovery with a clinician.

Food delivery services, e-commerce and entertainment/telecoms services will likely see continued growth as people avoid going out and instead have their choice of service delivered to their door. Likewise, people are seeking to connect with extended family and friends; services like WhatsApp Messaging are likely to see traffic soar.

**In terms of the health of the overall sector, how does the current situation affect hardware supply?**

Apple stock is down 18pc recently and is struggling to maintain its \$1trn valuation. As China shut down its production and halted the manufacture of consumers goods, such as phones. Intel is also recently down 16pc as demand for PC's crashes. Apple launched a new iPad Pro and two new Macs in recent weeks. While delivery of these new products will start arriving to customers over the coming week, some commentators are suggesting these may well have been produced in early January, before the worst effects of the lockdown in China in February. However Terry Gou, the founder of Foxconn, Apple's major manufacturing partner said the resumption of production at its factories in China had "exceeded expectations" after a prolonged halt due to a coronavirus outbreak that had disrupted supply chains and that supplies to its factories there and in Vietnam had returned to normal.

**From the viewpoint of ordinary businesses investing in tech, does the current crisis expose under-investment in cloud and devices like laptops for workers?**

We have witnessed recently increased demands being put on some of our customers that operate in the ICT Managed Services space. They have reported that many of their customers were immediately seeking to purchase laptops and various software applications so that they could enable their staff to work remotely, via cloud technologies.

Businesses have had to enact their disaster recovery/business continuity plans with practically no forewarning, while trying to formulate and implement remote working policies in parallel, all the while trying to continue business as usual. What we are witnessing is perhaps a once in a 100-year phenomenon, but businesses will have expedited digital transformation strategies that they have probably avoided for some time.

This will put them in a good position to continue to transform their business model to meet the demands of what many commentators are describing will be a 'new norm' for businesses across every sector.

**What final thoughts have you to offer businesses impacted by the Covid-19 outbreak?**

The impact of Covid-19 is being felt across all business sectors. These impacts are leading to a

number of financial needs for our customers, including the provision of emergency working capital, prioritising loan decisions for impacted customers, payment flexibility on loan facilities, and the provision of trade finance and foreign currency products.

It is important that businesses are proactive in assessing their capability to withstand disruption, from both an operational and a financial standpoint, and that they act decisively to mitigate actual or potential issues caused by the spread of Covid-19. Please refer to '[Guidance in relation to Covid-19 for Business Customers](#)' for more information.

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