

blueAPACHE beating Victoria's economic 'winter' with focus on agility - blueAPACHE

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Move to new digs to accommodate growing current staff and potential for further growth to help customers with AI innovation.

We have seen a shift in technology priorities across Australia, with organisations in NSW and Queensland focusing on innovation and artificial intelligence (AI), while Victorian businesses are more about cost. In an interview with ARN our founder and managing director Chris Marshall said Victoria is facing economic challenges which has led to slower progress in technology development compared to northern states. However, this hasn't hampered our growth, with the IT service provider recently moving to new offices to accommodate "future growth" in Melbourne.

"When we moved into the Melbourne office in Abbotsford back in 2009 and we had 12 staff in in Victoria," said Marshall. "The office just kept growing and growing. We eventually filled that building, and we had to relocate.

As the company grew, the IT service provider found it had to occupy a building across the road.

"What ended up happening is, because we had three different kitchens across these different buildings, that even [post-COVID] when people were in the office, they weren't connecting together," he said. "It was evident that we really needed to find a better space to bring our team together, as well as make sure that we had enough capacity for growth."

After 16 years at its Abbotsford building, we are now situated at Exhibition Street in Melbourne. This will allow the service provider to accommodate its current 90 employees in Melbourne, as well as provide space for potential grow to another 50 per cent before it runs "into any space issues". The IT service provider currently has nearly 300 employees to service customers across states, as well as globally, and has managed growth in Victoria, despite its economic headwinds.

"We're fortunate that our customers work across a multiple of different industry sectors," he said. "We're focusing more on sort of international markets and of course, having a significant presence now in Sydney and Brisbane has really helped us weather the Victorian winter."

Differing priorities of customers in different states

There's a significant difference in what we are seeing in what businesses are doing in the northern states, compared to Victoria.

"It's all about innovation, transformation and certainly AI is top of the list," he said. "Victoria now is very cost-down with a conservative approach to technology. "It's just a different vibe, particularly in those industry sectors that are very connected to government or anyone that's reliant on government investment."

Marshall noted that Victoria has so much potential and was certain it will be realised in the coming years.

"I'm not all out on Victoria, that's for sure, but I think at the moment we've shifted from a growth mode in Victoria to a maintain mode while capitalising on growth opportunities in other areas," he said. "I have no doubt that Victoria will rebound; ... Melbourne's a beautiful city and everyone wants to live there."

The IT service provider's experiences in surviving the "Victorian winter" has taught Marshall that it needs to remain agile, not lock itself into an environment where there is no room to move and to invest in areas of the market that are growing.

"That's the key piece," he said. "It's making sure that you can continually readjust your business planning, you're resourcing to make sure that where the opportunity exists – that's where you can double down your efforts on. "That's the biggest lesson and making sure that you don't take too long to respond to those leading indicators. "It's always making sure that you're talking to your customers, understanding what their priorities are, so you can always be there as a valued partner to support them."

Managed services is the beating heart

Our foundation is managed services, the business Chris Marshall established.

"It's the continuing investment in those technologies to enable us to deliver the best possible outcomes for our customers," he said. "For example, service, integration, application [and] the stack of applications that we support, as well as the complexity and availability that's now required."

According to Marshall, we work with some organisations that have savvy boards, but not necessarily in tech, while others have very tech savvy boards and some have more mature boards that are very conservative and risk averse.

"It's really about understanding your customer, where they're at and making sure that you're able to communicate really broadly to meet them where they're at in terms of their level of maturity around technology adoption," he said.

"Some of our clients might be more of a conglomerate and have some parts of the organisation that are absolutely flying and other parts that are under a lot of pressure.

"It's about how can you actually make sure that you're providing services that meet their needs."

AI priorities

The ability to understand the differing needs of customers is important with increasing queries around AI and impact on businesses.

"People are just working out how they can capitalise on that AI opportunity," said Marshall.

The number one priority for us around AI is still security and Marshall doesn't think that's likely to change in the short term. The second priority is around innovation, he noted, which is coming more from boards.

"What we're seeing is a lot of small AI projects," he said. "It's pretty similar to what we heard about at EDGE; ... this idea that there's all of those little sort of projects running and the ability to actually turn those into a production, delivering the value while meeting data governance and security and all of those risks."

Marshall believes that when adoption happens, it will happen very quickly — on the same level as everyone suddenly moving to an agile environment during COVID.

"There was a rapid adoption of Microsoft Teams and investment in remote working capabilities," he said. "That process had to happen so quickly that there wasn't necessarily the same financial checks and measures from a budgeting perspective that pre-COVID." "The business case was built after deployment."

Data governance is another aspect that we are seeing a lot of demand in, because it is foundational to the adoption of digital tools like Copilot.

"We're certainly seeing a lot of resources available to our customers to make sure that they are fully leveraging those tools," he said. "We've got workshops that we're running more broadly for our clients to understand what's possible with Copilot. "There's so much more to it and understanding what's possible is the first step."

Managing cloud imperatives

With cloud budgets being exceeded because the right cost controls around cloud consumption aren't necessarily in place, its coming back to a place where questions are being asked, explained Marshall.

"The demand for things like financial operations is growing, with organisations wanting to make sure that there's value in whatever investment they're making [and] getting the right return on it," he said. "Organisations have never been more open to hybrid cloud strategy, particularly those that are building big AI workloads."

There's a lot of competition between AWS and Azure, but also the traditional hardware providers as well, for example HPE's private cloud for AI, GreenLake.

"There's certainly a lot of interest around that in terms of what that looks like and the sort of workloads needed to deliver a higher value outcome to the organisation," Marshall said.

Refreshed portfolio

With all these considerations, our own business is making sure its investments continue along in its managed security portfolio, managed services stack and AI to provide better outcomes for customers.

"During the last five years, we've completely refreshed all of our portfolios across our network, our voice managed services and connectivity," said Marshall. "We implemented ServiceNow 12 months ago now, which has just provided us with an incredible toolset.

"That really is about making sure that we are leveraging as much of that capability as we possibly can whether for transformation and growth or service and cost consolidation.

"We need to support our customer no matter what technology they're working with."

Marshall also acknowledged working with RingCentral, which from a coverage and support perspective has "great people" and forms the backbone of the MSP's unified communications go-to-market.

Additional information:

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Who is the founder and managing director at blueAPACHE, and what did he say about Victoria's economic situation?

Chris Marshall is our founder and managing director. In an interview with ARN, he said Victoria is facing economic challenges which has led to slower progress in technology development compared to the northern states of Australia.

Why did you move offices in Melbourne?

We moved to new offices in Melbourne to accommodate growing current staff and potential for further growth to help customers with AI innovation. After 16 years at its Abbotsford building, where we had outgrown its space and ended up occupying multiple buildings with separate kitchens that prevented

staff from connecting, we relocated to Exhibition Street in Melbourne.

How many employees do you have in Melbourne, and what growth capacity does the new office provide?

The new Exhibition Street office in Melbourne accommodates our current 90 employees in Melbourne, with space to allow for potential growth of another 50 per cent before running into any space issues.

How many total employees do you have across its operations?

We currently have nearly 300 employees to service customers across states, as well as globally.

How have you managed to grow despite Victoria's economic headwinds?

Chris Marshall explained that we are fortunate that our customers work across multiple industry sectors, and we have focused more on international markets. Having a significant presence in Sydney and Brisbane has also helped it weather the 'Victorian winter.'

What differences do you see between technology priorities in Victoria versus NSW and Queensland?

According to Chris Marshall, businesses in NSW and Queensland are focused on innovation, transformation, and AI, whereas Victorian businesses are more focused on cost, taking a conservative approach to technology—particularly in industry sectors connected to government or reliant on government investment.

What lesson have you learned from navigating the 'Victorian winter'?

Chris Marshall said the experience taught us to remain agile, avoid locking itself into an environment with no room to move, and invest in areas of the market that are growing. He emphasized continually readjusting business planning and resourcing to double down on opportunities, and not taking too long to respond to leading indicators.

What are your top priorities for customers regarding AI?

According to Chris Marshall, the number one priority for us around AI is security, which he doesn't expect to change in the short term. The second priority is innovation, which is increasingly driven by company boards, with many small AI projects that need to be turned into production while meeting data governance and security requirements.

What technology investments have you made in recent years according to Chris Marshall?

Chris Marshall said that over the last five years, we have completely refreshed all of our portfolios across network, voice managed services, and connectivity. The company also implemented ServiceNow 12 months prior to the interview, which provided an incredible toolset for supporting transformation, growth, service, and cost consolidation. We also work with RingCentral, which forms the backbone of our unified communications go-to-market.