



# 7 things you need to know before you outsource your IT

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## Introduction

The advantages of outsourcing are plentiful with outsourced ICT a hot topic for businesses today. Each company however is unique and what may suit one organisation may not work for another.

Here we explore the business case for outsourcing and analyse how IT and finance directors can make the most from external provision.

### 1. The challenge

*20 million working-days per year are lost to technology failures - a cost that few businesses can afford. Any business supported by technology should look at both direct and indirect costs*

Constantly evolving technology and ever changing business requirements mean that organisations must continually invest to stay ahead of their competitors. For many companies, this can become expensive and time consuming, requiring ongoing training and the procurement of new technologies and staff.

The pressure on I.T. departments to keep networks running is immense. In fact, simply keeping them running is no longer enough I.T. departments need to ensure that systems are consistently performing at optimum levels and are always secure. This in itself is a big challenge, however to make matters worse, I.T. systems are constantly changing and developing, becoming more and more diverse; more complex to run and more difficult to manage.

This increasing complexity means that I.T. departments ideally need more staff, with more specialist skills, simply to maintain systems. However, retaining these skills in-house is expensive and I.T. departments are equally under pressure to reduce costs, not increase them, and ensure that I.T. operations are run as cost effectively as possible. Challenging economic times add to these pressures and delivering a solid return on investment is more important than ever.

Standing still is simply not an option for most organisations. Without the skills and resources to achieve this, organisations become less flexible, less able to respond to market changes and less able to compete. To address the challenge, many organisations are considering outsourcing their I.T. provision.

## 2. What is outsourcing?

Outsourcing is where an external provider takes responsibility for a company's services. Typically this is a managed service - including support, hosting, strategy development, pro-active monitoring, help desk provision and application management. Working in partnership with your business, all services are SLA led and you can choose the level of cover that best suits your needs.

## 3. Why outsource?

Outsourcing is successful as it enables businesses of all sizes to benefit from the knowledge, expertise and resources of a service specialist. As this area is the core focus of their business, service providers are able to make much higher levels of investment and attract the most experienced staff. This ensures you receive the best for your business without the costs and worry of the initial layout, upgrades and ongoing training.

### A study by the Gartner Group revealed the following;

Cost of an unmanaged XP machine over 3 years	\$5,309 (£2,672.98)
Cost of a managed XP machine over 3 years	\$3,335 (£1,678.96)
Cost savings of a managed XP machine	\$1,974 (£993.78)

If you have 20 computers running Windows XP in your business, cost savings are approximately \$40,000 (£19,876) over a 3 year period.

*\* as reported in Network Computing Magazine 02/04 - currency conversions correct at June 2008*

## 4. Getting the best return

To make the most of the advantages of outsourcing and get the best return from your I.T. provider, it is important that you know what you want to achieve. The biggest cost savings in technical support outsourcing come from data recovery and help desk services such as remote monitoring. This remote management means that any potential problems are seen and

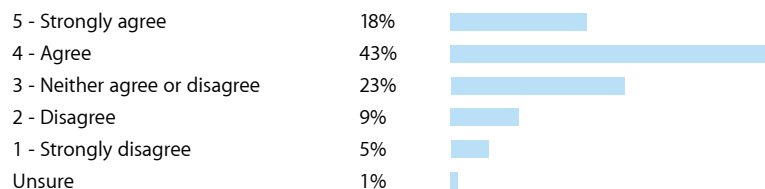
addressed before they even occur. This ensures that systems remain running, users stay connected and your customers receive consistent levels of service. The advantages of outsourcing can be plentiful but it is important to choose a partner who you can trust to manage your interests effectively. The best relationships are between companies who regularly meet to review services and processes and offer strong reporting procedures to speed problem resolution.

## 5. The business benefits

One of the key benefits businesses experience with outsourced I.T. support is the ability to implement changes and deploy new systems quickly. Working in this way allows your organisation to stay agile and ahead of the competition by removing the burden of routine system management from your in-house team and allowing them to focus on the strategic I.T. developments that your business really needs.

### Agreement with statement, "Outsourcing has helped my company perform better."

Six out of ten survey respondents (61%) agree: Outsourcing helped my company perform better



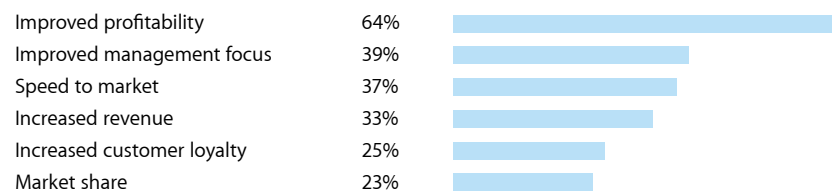
Source: 2004 survey of 600 global firms by a leading international outsourcing provider

Critically, one of the key advantages of outsourcing is that it helps to reduce the cost of your I.T. operations by eliminating the need to invest in expensive technical training and system management software. Alongside reduced costs, moving to an outsourced I.T. support solution diminishes the risks associated with running a complex I.T. infrastructure, providing assurance that someone else is sharing accountability for your service delivery.

A recent study by major international accounting and consulting firm KPMG, called *Strategic Evolution* found organisations who outsourced their IT operations generally wanted to maintain their sourcing level or increase it. Respondents to the study believed that service providers make positive

contributions to the success of their organisations. Forty-seven percent of those asked believed that their service providers brought experience to their business that they previously did not have, while forty-two percent believed that their sourcing contract has improved their financial performance. Twenty-seven percent added that outsourcing had significantly improved their competitiveness.

#### Measurements of outsourcing performance



Source: 2004 survey of 600 global firms by a leading international outsourcing provider

## 6. What are the disadvantages?

When it comes to the disadvantages of outsourcing, many companies find their biggest concerns to be a perceived loss of control and uncertain costs. While both of these factors warrant important consideration, most problems can be resolved by establishing a good, transparent relationship with your supplier before entering into any agreement.

To ensure quality standards are met, ensure you communicate your needs clearly to your technical support provider. Look at the most critical areas of your business and agree satisfactory SLAs you are both happy with. While cost is a subject that can never be avoided, fortunately it can be controlled. Any outsourced I.T. support should come at a fixed cost and remain for the duration of your contract.

## 7. Choosing the right partner

There are a wide range of factors you must consider when choosing an I.T. services provider. Here we list of the most common business factors which affect the decision, as well as a checklist of features to look for out for when building a shortlist of potential partners.

### Importance of factors in choosing an outsourcing provider

Provider expertise/capability	86%	
Flexibility	81%	
Low cost/price	78%	
Industry knowledge	75%	
Ability to earn trust	74%	
Reputation	69%	
Culture fit	55%	
Creativity	51%	
Outsourcing team members	50%	
Prior relationship	36%	
Knowledge of the company	34%	

Source: 2004 survey of 600 global firms by a leading international outsourcing provider

### Service desk

Make sure your chosen provider has technical engineers taking your call, rather than unskilled administrative staff working through scripts.

### Fully trained field engineers

A good support partner employs their own engineers and does not outsource to a third party. They will also have in-depth training plans for all engineers.

### Advanced call logging

Your support provider should have a state of the art computerised system for logging your calls and scheduling engineers. This should include email updates and monthly reports.

### Remote support

Remote support enables your provider to gain fast access to your systems without waiting for an engineer to attend on-site.

### **Pro-active monitoring**

Ensure that your chosen provider pro-actively monitors the health of your network. When hardware fails, your partner will be aware of it often before your users know there is a problem.

### **Develop I.T. strategy / 3 year plan**

When you sign a Managed Services Agreement, make sure your provider will not only fix your problems, but also use their skills to help you develop your systems.

### **Fixed response times**

It's important that any support partner sets clear and measurable service levels, which are reviewed by both parties in regular performance review meetings.

### **Highest level accreditations**

By choosing a partner with accreditations from leading manufacturers, you can ensure they have fully trained staff and access to high levels of support.

### **Loan equipment option**

Should the worst happen, having a loan equipment option can be the difference between long periods of downtime and uninterrupted working.

### **Disaster recovery**

Ensure your partner can help with your DR plan with consideration to online backup, server replication and fully equipped business recovery offices.

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As the region's leading office solutions provider of technical services, IT provision, managed services, audio/visual equipment, furniture & interiors and data & voice cabling, **acs** has partnerships with world leading manufacturers and benefits from the support that these partnerships bring.

Further still, specialist sales and support staff in each division complement each other to deliver the best solution for your organisation; minimising the difficulties and disruption often associated with dealing with several different suppliers.

For more information visit [www.acs365.co.uk](http://www.acs365.co.uk)

**To learn more and explore the business benefits of outsourcing I.T. please call us on 01604 704000 and ask for Keith Bird.**

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