

The Benefits of IT Outsourcing

IT Outsourcing can be about cutting costs - but more so, it's about making sure that your business get's what it needs from IT...

It used to be that your IT capabilities could be a strategic differentiator. IT provided forward thinking companies with new and possibly unique ways to handle business and information – allowing that business to gain a competitive advantage.

Until recently, the only way to derive these types of benefits from IT systems was for the business to spec them out from a blank sheet of paper and implement them 'in-house. This meant that every organisation who wanted to take advantage of IT had to become experts in IT. Developing, operating, and maintaining information systems became an additional task for a small business owner and limited team, or a larger organisation needed to place yet more pressures on an already overworked IT manager or department. Every solution was different, there were few 'standards' and whilst IT worked to provide an advantage, the business gained another problem.

As every business is different, solutions were built to meet these individual needs. Therefore, each business ended up with teams of specialists whose job is was to develop and manage the complex information systems.

The progression of IT and Information Systems.

As technology progressed, it became possible for businesses of all sizes to possess the same capabilities. Commercial off the shelf solutions became more powerful and more readily available. We were now able to buy solutions instead of building them from scratch, and therefore we not didn't need specialists to build application just for us.

Now businesses have access to powerful, flexible yet affordable systems, even the smallest organisation can have the same capabilities as large companies possessed only a few years before. IT has moved from being a differentiator to being a necessary part of doing business.

The challenge for businesses today.

This has transformed the issues facing business today. Instead of the challenge of acquiring new capabilities, organisations need to manage complex systems and keep up with change. This change seems to run at an ever increasing rate, meaning business must to have the ability to change their infrastructure and resources rapidly in order to keep up with the changing business environment. In addition we're all now more reliant on complex systems to run the business. The knock on is that businesses need to ensure that IT systems and applications are available at all times.

If done properly, IT outsourcing can address all of these challenges. By choosing the right outsourcing partner, and negotiating terms that are right for you, you can get access to a flexible infrastructure and resources, and at the same time receive consistent and high levels of service.

So, what should you look for in an outsourcing partner?

Delivery - Ability to deliver is crucial; after all, the whole point of IT outsourcing is to take the burden of managing your systems away from your organisation! Look at their track record - customer references are the obvious indicators.

Accreditation - You should also look at their tools and processes, and their accreditations are the best indicator of this. If they are certified by a third party the standard you'll receive will be higher. If they are regularly certified this is even better.

Support - Commitment to support, and a flexibility of service offering is also important. Your potential supplier will be at the cutting edge of IT, and therefore should be able to provide a system perfect for you,.

SLA's - You should also make sure that you negotiate an outsourcing agreement that provides you with clear service levels through Service Level Agreements (SLA's). The organisation should take you through SLA's relevant to your business. However, choose your SLA's wisely. Understand what systems and applications matter the most to you, and ensure that the SLA's you specify match your business needs. The more guarantees you seek, the more expensive the service becomes.

Finally, seek an outsourced partner that uses a leveraged infrastructure model as it will provide you flexibility and cost reduction. When an IT outsourcing partner shares their infrastructure assets across multiple clients, it provides

your organisation with these benefits. By sharing across multiple clients, costs can also be shared and the savings can be passed onto your organisation. In addition, shared infrastructures usually mean that the service provider has more capacity than they are providing to you. This means they have the ability to assign extra to your organisation as the need arises. In addition, shared infrastructures are normally designed in a modular fashion that allows the service provider to make incremental changes as technology continues to change.

Of course, in order to achieve all of the benefits outlined above, it is likely that, initial investments will have to be made by your business. For your outsourcing partner to be able to provide you with these benefits and guaranteed service, some changes may have to take place in your organisation and infrastructure. For example, your outsourcer may have to upgrade your desktops and servers to meet certain standards. They may also need to implement specific network, security, and backup infrastructures. Although IT outsourcing usually provides long term savings, an initial investment is usually required.

The Bottom-Line

Outsourcing can help you become more competitive by ensuring that you get the service you need when you need it. But, you have to pick the right outsourcing partner - one that can deliver, has access to the right resources, uses a shared infrastructure, and provides you with appropriate SLAs. IT Outsourcing can save you money in the long run, but expect to invest a little more up front.