



Top Issue: “Doing More With Less”

Computer maintenance and network administration spending is under greater scrutiny than at any time in recent years, and many office managers and IT Directors are faced with their computer budgets being cut or held at last year's levels. Yet, at the same time the demands for computer services continues to increase. In order to survive many managers are looking to outsource their computer administration or information technology (IT).

“Faced with flat budgets and headcount, IT Executives and Office Managers are turning to outsourcing many of their computer maintenance and support in order to provide a more increased resource utilization and staff efficiency,” says Shawn Martin Lyon Technical Services.

In evaluating the merits of computer outsourcing, companies not only need to consider a complex mix of technical and business issues – they must also set aside the fear of losing control, which is the most common obstacle to an objective evaluation. For decades, executives have been conditioned to directly manage IT staff, procedures, and infrastructure. Yet, the benefits and strategic implications of transcending this anxiety are enormous.

In a majority of business environments, an objective comparison between existing internal IT operations and equivalent outsourced services will reveal significant advantages in cost, reliability, quality, speed and flexibility. It should enable an organization to immediately identify opportunities to improve operations and support; to increase productivity; to reduce expenditures; to gain access to emerging technologies; and to strengthen competitive market position. Further examination will reveal advantages beyond the obvious. Thus, after a well-structured and objective assessment of outsourcing, the usual dilemma is not whether to outsource, but with whom. IT outsourcing requires a partner that understands the complexity of the outsourcing decision and has a proven approach to helping companies achieve the full range of business benefits made possible by outsourcing. This white paper provides executives critical considerations when examining the outsourcing of information technology. It explores the primary business benefits of outsourcing value and provides key criteria for vendor selection. Finally, it demonstrates that Lyon Technical Services possesses not only the experience and expertise, but also a service model that serves as an ideal partner for any computer outsourcing engagement.

Ten Benefits to Outsourcing Information Technology

1. More profitable use of valuable in-house IT talent

Typically, scarce IT support resources are divided between two competing goals: 1. Meeting the ever-growing business-related demands of corporate end-users and, 2. Simultaneously keeping pace with fast-changing technology. There is a compelling benefit to concentrating management and support staff on IT strategies that actually drive business growth and operational efficiencies.

Meanwhile, the continuous updating of server load balancing, system monitoring and tuning, capacity planning, help desk operations and other routine IT functions can be offloaded to a qualified outsource provider. In short, the company is free to concentrate on its core business, and the outsource provider can concentrate on its core business -- staying current with evolving technology.

2. Reduced IT overhead



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Reducing or eliminating the costs of system and network administration, dedicated response capabilities and additional systemic and process support can allow greater investment in such business-driving activities as customer acquisition, relationship management and manufacturing or distribution efforts. A recent IDC outsourcing study reveals that 12 surveyed companies enjoyed quantifiable business returns by reducing such IT facilities costs as floor-space, heating and air conditioning, power consumption, reserve power capability (UPS), fire suppression, offsite archiving, facility management and more.

3. Reduced capital expense

Outsourcing IT operations can defray or level traditional capital investment in infrastructure and technology by migrating these costs to operating expenses. As an additional benefit, you can often pay for these operating expenses on a per-transaction basis (otherwise known as "by the drink"). This allows you to vary your expenses with demand, floating directly with the fluctuations in your market.

4. Improved IT performance and reliability

The reduction—even elimination—of operational errors and inefficiencies is one of the most important advantages of outsourcing. Outsourcing providers employ seasoned staffs that adhere to rigorous and well-documented "run book" methodologies. The result is deep experience and consistent discipline that translates directly into improved reliability in system access and repeatability of expected outcomes. The outsource provider's extensive investments in people, technology and processes enable a level of service and quality that is virtually unattainable for enterprises attempting to handle their own IT functions. And because of its aggregated buying power, the provider can deliver performance and reliability improvements while reducing costs for customers.

5. A technology edge over competitors

Outsourcing provides immediate access not only to proven best practices, but also to next practices just as quickly as they are developed. This is beyond the typical notion of leveraging economies-of-scale relationships of the provider. It extends into the realm of economies of skill and the ability it imbues upon a client to engage an entirely new skill set upon demand. Because business strategy so often turns on technology, this early access to new IT capabilities can be a distinct advantage in a competitive market.

6. Access to different skills and technology as needed

Outsourcing providers can rapidly and easily scale up and down to provide an agile infrastructure in response to changing business needs. This enables a client organization to rapidly assimilate and exit specific skill or resource needs as they change within a given architectural environment. For instance, database developers can be deployed to help the company migrate to a new data management system. The talent and best-of-breed capabilities of these specialists would be put to heavy use during development and implementation phases, and then greatly reduced to a maintenance level for ongoing operation.

7. Accelerated development and time-to-market cycles

In-house development can get bogged down by all kinds of factors, including staff shortages, lack of experience in key technologies, competing in-house projects and a variety of technology or financial emergencies. Nowadays, protracted IT projects can be risky, given the competitive pressures and heightened customer expectations in the global marketplace. A qualified IT service provider can offer the specialized staff and expertise to get a project completed and launched quickly.

8. Reduced risk of unscheduled downtime

Another key benefit is the elimination of unplanned downtime. The strict procedures observed by qualified providers reduce the potential for inadvertent and unscheduled downtime. In the advent of a disaster, a provider can leverage its expertise and established procedures to rapidly return a client company's IT infrastructure back up to full operational capability.



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9. Smoother, less costly technology migration

Outsourcing can radically reduce the cost and risk of upgrading technology by allowing a company to rework selected features and functions rather than entire applications. Because outsourcing vendors provide access to many different platforms, a client organization can move gradually to more current and more powerful systems as business requirements change over time -- without committing to a long evaluation, pricing, acquisition, installation and implementation process. Additionally, providers offer access to a wide variety of key applications that are already licensed, stabilized, operational and fully supported; this allows a company to evaluate, test, and implement new applications more efficiently.

10. Business contingency and continuity capabilities

Providers operate in secure facilities with redundant power supplies, alternate telecommunications connections and excess processing capabilities. They can provide a company with the ability to continue operations even after a major fault or system failure. Many providers also maintain a disaster recovery site that they can relocate to in short order should the primary facilities be impacted by a disruption. Individual clients find that maintaining these capabilities themselves is extraordinarily expensive and cost-ineffective.

– Other Management Considerations

While we have elaborated ten high-level reasons for considering outsourcing IT operations, there are still many additional reasons, including:

- *IT resources aren't keeping pace with business growth.*
- *A difficulty in recruiting knowledgeable IT staff.*
- *A need to improve overall organization efficiency.*
- *A lack of strategic relationships with world-class technology vendors.*
- *A need to improve customer satisfaction.*
- *A need to reduce costs and improve cash flow.*
- *A desire to reduce the management burden while retaining decision-making control.*

Doing business in today's "connected" marketplace involves convergent technologies that span many disciplines. It is an unforgiving environment for those companies unable or unwilling to leverage technology with great efficiency and flexibility. For a growing number of organizations, success will hinge on selecting the right outsourcing provider to manage a complex and ever-evolving IT infrastructure.