

# Why do companies outsource IT?

IT outsourcing is now more prevalent than ever before. **Jason Connolly** (pictured right), Business Development Director at Next Generation IT, explains how companies are benefiting from outsourcing their IT.



company, they are able to access professional IT staff, which are available through remote support or if necessary onsite support, but at a fraction of the cost.

Many of our clients outsource the provision of their IT systems and support, and rely entirely on us to meet their current and future IT needs and challenges. This gives them access to skilled and professional IT staff, whilst reducing spend and allowing them to focus on their core business.

In the face of increasing competition, regulation and financial pressures; local organisations are striving to become more efficient and effective to survive and ultimately grow their business. Many successful businesses have embraced outsourcing and have partnered with local IT companies to buy-in services that enable them to focus on their core business.

But is IT outsourcing relevant for local businesses given the unique environment, labour pool and smaller size of business? In fact, outsourcing really pays dividends for the typical local business, which is often smaller and more nimble than its UK cousins, although the reasons for outsourcing locally are different and in my view, more compelling. The agility of local businesses gives them a competitive advantage, but it is often not viable to employ a full-time IT professional and so many turn to local IT providers for a more cost effective and flexible service. World demand for IT outsourcing is also growing significantly. Driven by the global recession, corporates looking to reduce IT costs have increasingly outsourced to Asia Pacific. The global IT outsourcing market was \$56 billion in 2009, with the top outsource providers in India and China dominating. Personally, I think that outsourcing just to save money is missing the point. These overseas IT service companies have a long way to go towards providing the personal and professional service provided locally, and dissatisfaction with the service provided is widespread.

Technology researcher Gartner singles out four main factors for dissatisfaction with outsourcing: [lack of] client knowledge, high turnover, cultural difference and language dialects. The off-island IT outsource companies are too divorced from the local environment, if you have ever called an Indian call centre, this is immediately obvious. To support an organisation effectively, it's necessary to first understand their business.

## The benefits of outsourcing

Next Generation IT offers a comprehensive range of IT services to a diverse mix of clients but we have, in recent years, seen a rise in the number of companies seeking help in managing their IT requirements. Some of these companies have relocated, while others have expanded but all have the same common aim – to make their operation as successful and as efficient as possible, within the constraints of a limited labour pool.

Local businesses have a high dependency on IT as their work is document and e-mail intensive and they need to be compliant with legislation relating to the storage and maintenance of corporate records. Having the cost and overheads of employing non-revenue staff is not an option and so by employing an IT

## A cloudy future?

Gartner lists cloud computing as the number one technology trend for 2010. The meteoric rise of cloud computing has been driven and enabled by new technologies such as virtualisation and the pervasiveness of the internet. This has led to a new form of outsourcing, 'cloudification' which is the provision of software and services over the internet. This enables organisations to flexibly buy-in specific applications, or their entire IT systems, without investing in infrastructure - ideal for small and start-up businesses.

Can we envision a time when all systems are in the cloud? There are specific local challenges to widespread use of cloud computing. For many organisations, it is imperative that they retain control of their data and that information is kept within the jurisdiction. The risk of dealing with unfamiliar off-island organisations is too great. Fortunately many local IT providers have responded to this issue, and now organisations can take advantage of cloud computing, safe in the knowledge that their data is stored locally.

Our offering, Office Anywhere, is an innovative solution where all hardware, software, support and maintenance is provided, giving each company a shared area to store files, access to Microsoft Word, Excel and an email system. Clients access their system from any web-enabled PC, anywhere in the world. Office Anywhere allows clients to buy-in access to fully-managed systems at a fixed monthly rental. This is particularly important for start-ups as it ensures that valuable capital is not tied up and also provides a system that can flex with the business as it grows. We monitor and maintain the system to ensure it is always operating in optimum condition, we backup all data and in the event of a disaster we maintain a second backup system in a local data centre.

So why are we all not on the cloud?

There are currently limitations to the technology, which means that as a business grows in size and complexity of its needs, then they are better off with their own dedicated and more flexible system. But, the good news is that all of the benefits of cloud computing are available to local businesses through a traditional outsourcing model and a private (in-house) cloud using virtualisation technology.

Outsourcing enables local businesses to embrace IT as a force for good rather than a necessary evil, to maintain their competitive position, increase organisational effectiveness and contribute towards their continued future success.