



IT Outsourcing Essentials (for Small Businesses)

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IT outsourcing has grown rapidly over the past 20 years. Once just the preserve of large businesses, technological advancements and the emergence of the Internet now mean that even the smallest company can reap benefits.

What is IT Outsourcing?

Outsourcing is simply contracting with an IT service provider who will carry out IT functions that had previously been done in house. This can range from basic IT support for staff in a small business to full outsourcing of a business process such as Finance or HR back office functions which is more common in larger businesses.

What are the advantages for small businesses?

Outsourcing IT services offers a number of benefits for small businesses. The principle benefits are:

- **Allows you to focus on your core business** - unless your core business is IT you are probably not an IT expert. If you're not an expert then dealing with IT issues can be time consuming. Getting someone else to do it for you allows you to get on with the things that you are good at and generate profits
- **Lower costs** - outsourcing IT if done correctly should be less expensive for small businesses than doing it all yourself. Employing specialist IT staff full time is expensive and efficient if you have limited IT needs. Hardware and infrastructure costs can also be reduced through the use of hosted or cloud services.
- **Scalability** - if your business grows (or shrinks) then the services you use can be more easily scaled to suit. With a fully outsourced service there will be no staff to hire (or fire) and no capital expenditure or redundant equipment.

And the potential disadvantages?

The most common concerns amongst businesses considering outsourcing are:

- **Loss of control** - firms are often concerned that they will lose management control of their systems. However with a properly constituted contractual agreement in place and clearly established communications procedures and service level agreements, outsourced management of your IT systems and services should be at worst no more difficult than managing an in-house team.
- **Security concerns** - allowing third parties access to your systems and data is a security issue however a professional provider will probably already have higher levels of security built into their systems than your own and will screen all staff thoroughly.

What services are there?

There are a variety of services that cover the full spectrum of small business IT needs from advice and support, hardware and infrastructure and maintenance to full software provision and desktop management. The major ones are described below:

- **IT help or service desk** - rather than “Bill from accounts who knows a bit about computers” helping the other folk in the office with their printer problems or email issues, IT support companies will provide expert advice at the end of a telephone, email, or messaging service. Problems will be resolved more quickly and Bill can get on with his accounting!
- **Hardware and network maintenance** - This is a specialist task that few small businesses have the capability to do themselves. Support is available both remotely and with on-site engineers.
- **IT security** - protecting your systems from the increasing threat of cyber-criminals is an essential part of daily business for all companies. Outsourcing provides expert help to keep your systems safe and your reputation intact.
- **Operating core business applications like email** - hosted email services including Microsoft Exchange are often more easily and cheaply managed by an IT services company ensuring your business is constantly up and running and not distracted by mail problems.
- **Managing cloud services** - cloud services simply replace desktop applications with ones delivered by the internet. There are a wide variety of services up to and including replacing all of your business software - word processing, spreadsheets, databases etc - with cloud based versions. IT service companies can provide a fully managed service to specify, configure and manage these services.

What should I outsource and what should I keep in house?

What is right for you depends on a number of factors:

- **Your current investment in IT infrastructure** - have you just spent many thousands on equipment and software? If so you probably don't want to ditch this for a fully outsourced service but you should consider outsourcing support and maintenance. If you have nothing or your systems are well past their sell by date then it is certainly worth looking at managed hosted or cloud services.
- **The level of IT Knowledge you have in-house** - If you have none then you will need help with basic support and maintenance - if you have full time IT professional on payroll then it's a business decision whether or not they could or should be replaced.
- **The complexity of your IT requirements** - If it's just you and your laptop writing letter and sending emails then buying in services would be hard to justify. If you have a network with multiple users and remote workers then certainly worth looking at the options.

In order to determine what's best for you think about the above and carry out an audit - look at how much time and resource is spent on IT. Think about the issues and problems you have with IT. Consider how much time could be freed up by not having these issues. This will enable you to evaluate the potential value of IT outsourcing to your business.

What will it cost?

The cost of IT outsourcing will depend on what you outsource and how big your business is. Costs are often calculated on the number of users/desktops and the exact nature of the provision. Costs can also be structured in different ways. Much like a mobile phone contract these can be on a "full contract basis" or pay as you go. And again much like a mobile phone contract watch out for hidden costs in contracts that can bump up your monthly bill.

Who should I outsource to?

There are lots of IT Service companies offering different levels of outsourcing. In your selection process it is wise to consider the following:

- **Where are they based?** - Locally? Elsewhere in the UK? Overseas? - If using a local company is important to you then there is normally still plenty of choice unless you are based in a very remote area.
- **Do they have a good track record?** - Testimonials and references from existing clients are an essential part of the selection process.
- **Do they offer the full range of services you need?** - Ideally you won't want to split responsibility between two or more providers so choose a one stop shop that meets your needs.
- **How is their pricing structured?** - If you just need the odd bit of support then a simple pay as you go arrangement might work better than a fixed price contract. On the other hand if your needs are more complex and varying then a full inclusive fixed price will make budgeting easier. Either way you want price transparency so there are no nasty shocks and a flexible contract so that you can change things easily if your circumstances change.
- **Do they offer guarantees or Service Level Agreements?** - Any decent IT Outsourcer should provide a guaranteed level of service. This might include help desk availability and response times, maintenance response times or email availability guarantees - think about what you need and try and get this built into the contract.



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