



The Business Case for Managed Technology Services

A White Paper
By Pointivity

"Let's face it, overseeing a company's technology systems is a pain to manage. It is expensive, time consuming, complicated and never seems to end or deliver the promised goals"

The business case for Managed Technology Services

Introduction

This white paper introduces the value that can be created through the outsourcing of a company's technology infrastructure management. We will look at common challenges and business risks that are encountered in maintaining in house management, provisioning and support.

Target Reader

This document is meant to outline the business and operations decisions that business owners and senior management must address. These issues are presented from the viewpoint of the small to medium businesses owner or manager.

Background

Traditionally small and medium organizations have limited, or often no, full time resources providing IT support. These businesses are faced with the decision to:

- Do it themselves
- Use outside consulting services
- Hire internal IT person
- Outsource the function

If choosing to manage technology themselves, then the organization is burdened with spending time, and management resources supporting a part of their business that requires expertise. Naturally cost is the most frequently cited consideration in the decision making process. However this is only a small part of many key factors which can be overlooked when making such a decision. This document will help the reader understand some of those key factors.

The role IT plays in your company has changed!

Keeping your IT in-house used to be considered the most risk-averse and only option available. The problem is that technology has taken on a larger role for companies in daily businesses operations and its ability to serve its customers. This, along with the skill requirements and costs of skilled IT labor, has created an entire new set of risks and expenses. This would include:

- Cost of ongoing daily support
- Loss of employee productivity and time
- Out of control expense
- Not having the knowledge to make good choices

The Risk Factors

Risk 1 – Fire Fighting

Most companies and IT managers are constantly mired in the fire fighting role. Fixing ongoing problems and addressing short term needs rather than adding value or improving the competitiveness of the organization.

Risk 2 – Management Time

The demand on management's time to oversee the technology management is one of the issues that cause the greatest pain. When the cost of this time and the redirection of key people are added to the cost of supporting technology, the results are painful.

Risk 3 – Out of control expense

With both in house technical support and consultants, the business remains at risk and is the business is the true insurer. Ongoing consulting fees, constant changes and modifications make planned budgets obsolete. Even after the added expense is incurred, there is no guarantee that it was done right or the right thing to do.

Risk 4 – Making good investments

Technology is one of the most dynamic areas in the current business environment. Typical life spans of software, hardware and infrastructure are sometimes as short as two or three years. With this quickly changing horizon it is almost impossible to keep up with what is

current the best investment for a company to make. Most business decision makers experience great frustration in that they rarely feel they have the information or guidance when choosing and implementing systems.

The business value in managed technology services

Now that we have looked at some of the risks with managing technology in house we can look at the potential business benefits that can be achieved through a managed service.

Value 1 – Reduced Costs and ROI

Technology is expensive to purchase and maintain. Managed Services is driven by solid ROI calculations. Scale of economy for key systems drives down cost and allows for a budgeted expense. It also conserves capital with no large up front capital expenditures. As you grow the cost becomes variable as you add users and applications.

- Cheaper than in house IT
- No large initial capital outlay
- Fixed cost
- Variable expense for growth
- Lower overall costs
- No cost for upgrades

Value 2 – Time and productivity

The managed service provider manages all of the daily support requests and maintains servers to guarantee performance.

- Completely Managed
- Full time help desk
- 99.9% uptime
- 24/7 Access from Anywhere
- All administration included
- Single Point of contact

Value 3 – Increased Control

The Managed Services partner assumes responsibility for ensuring the environment is up and running and secure. They monitor network health and availability and proactively respond to issues. By centralizing administration and changes and applying best practices the overall health of the network is very high

- Centralized change control
- Global “Good Practices”
- Security Polices
- Data rights controlled
- Intrusion Monitoring
- Formal cost controls

Value 4 – Focus on your business

Time = Money

The value proposition is straightforward. By not having to spend valuable management time on technology issues you can focus on growing your business. As your business grows the managed service provider takes responsibility for scaling the architecture to meet increased demands. You also are always assured of running on the latest software and hardware available. A consistent monthly charge makes technology expenditures predictable.

Conclusion

Do organizations really have the time to manage their growing technology needs and still grow their business?