



IT OUTSOURCING GUIDE **FOR 2020**





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Introduction

As the business landscape becomes ever more digital and complex, companies continue to seek digital solutions to address a range of business issues.

A successful outsourcing partnership lasts for years and therefore is not simply about addressing today's challenges, but the future IT challenges and objectives a business may seek to address.

But with constant change around cyber-crime, security, staff collaboration, business intelligence, regulations and even machine learning, how does a business decide where to invest its time and resources. Most IT partners are dramatically different in their focus; offering services designed to "keep the lights on" to those offering more strategic capabilities designed to "accelerate your business strategy".

With the veneer of most IT providers appearing the same, this 2020 Guide to IT Outsourcing will explain the current trends in the IT sector, help you decide which may be applicable for you, how to choose the right partner, what a typical IT provider looks like, defining your requirements, and finally the most common problems to avoid.



IT sector trends

We rarely recommend firms operate at the bleeding edge of IT (unless there is an important business justification). However, it is still vital that the trends occurring within the IT sector are carefully considered.



Cyber Crime

With the rapidly growing sophistication, frequency and focus of cyber-threats, a robust and proactive approach to security is now critical for all businesses. This is not solely an IT challenge but the responsibility for security is now paramount across the entire organisation, with many boards now opting to have specific papers on their current IT security and compliance position.



Governance

With GDPR and several sector specific regulations many businesses demand greater support from their technology to help them lighten the regulatory burden. Subject-access-requests (SAR's) are on the rise and vast volumes of unstructured data to review for personal information (PII) can push up operating costs. Wavex have developed a range of services and our own PII audit platform to provide support for greater governance.



Software-as-a-Service (SaaS)

As the reliability and speed of the Internet increases, software developers realise they can become more profitable by changing from a product business to a services business while at the same time reducing their operating costs through leveraging the Internet to provide simpler application delivery, software updates and support mechanisms of their applications. Vendors like Microsoft with Office 365 have embraced this development. This also lightens the IT burden of organisations that can reduce their total-cost-of-ownership by reducing servers and the associated support and maintenance costs. However, this rapid change often leaves staff skill sets behind and firms straddling old and new technology which can increase system instability.



Collaboration

With mobile phones possessing the same processing power as laptops, staff have a vast array of ways to be productive, no matter what their device or physical location. The trend is all around collaboration – chat is replacing emails; live document collaboration is replacing files and folders. Office 365 is leading this trend with new applications continually appearing as Microsoft attempts to defend their territory from encroaching software solutions. However, the challenge now faced by most organisations is ensuring the workforce has the knowledge to leverage these capabilities or to even know they exist!



Unified Communications

The legacy mode of operating with email, telephony and meetings is converging into a single service – unified communications. This helps individuals collaborate in various ways dependant on project, location or working style.



User Experience

As more IT services move to Software-as-a-service (“SaaS”) solutions, the focus of IT is changing. It was once about the uptime and availability of servers with the needs of individuals considered secondary. However, Wavex now sees the end-user experience as the paramount objective in the delivery of a reliable and responsive IT services. For larger companies this trend is manifesting itself as a move away from service-level agreements (“SLA”) to user-experience level agreements (“UXLA”) where the contractual focus is on the staff and not the systems.



Automation

The SaaS trend, where business services are accessible over the Internet using identical network protocols (called application project interface or API) has given rise to automation. This helps organisations reduce their operating costs through improved speed and accuracy and helps drive innovation as different systems are brought together to solve a range of business challenges.



Bring-your-own-device (BYOD)

With staff now working across a plethora of different devices the focus of modern systems is now collaboration while maintaining a good degree of security and flexibility.



Artificial Intelligence/Machine learning

Although very much in its infancy, businesses have realised historical datasets can provide additional value and insights through predictive analysis. And with these capabilities being far easier to leverage from vendors like Microsoft, Google and Amazon, this is predicted to be a huge growth area in the coming years.

Why outsource?

All businesses outsource to some degree – whether that be cleaning staff, the provision of Internet, or to augment existing functions like sales, marketing or engineering.

No business can do it all on their own. With the rapid evolution of IT, this area gets increasingly complex. Fortunately, there are some large software vendors making the choice of applications simpler. However when it comes to IT Outsourcing (or IT Managed Services, as it is known), the market is flooded by a wide range of businesses.



However, all managed IT companies are attempting to offer you the following benefits

Gaining access to expertise

Companies benefit from working remotely with the best engineers, developers and specialists in the world.

Increased efficiency

An experienced IT team can keep your staff productive without compromising on quality.

More flexibility

Internal resources are freed up to focus on core activities.

Mitigate risk

Outsourcing balances the risk of IT projects. For fixed-cost projects the risk is shifted to the IT provider meaning they are incentivized to ensure it is completed on-time and on-budget.



Gavin Russell
CEO

Improve security

An experienced provider will ensure sensitive information is handled correctly and security features are integrated in appropriate environments. This may include adhering to security accreditations like ISO27001, or regulations like GDPR, or internal governance and policies.

Effective results

A successful IT project enhances your company's reputation. A good outsourcing provider will ask questions, propose solutions and implement effective solutions.

These encompass the overall benefits of outsourcing. However, as with any partnership, some are well suited to one type of business and less so for others.

“

We understand that requirements of every business are different, which is why we tailor our services to suit you – whether you're looking to fully outsource your IT or reap the benefits of outsourcing, but with the advantages of keeping control in-house. ”

Understand your IT provider

IT providers are not unlike businesses within your own sector – there are small, often younger companies, then there are larger, more mature companies.

Smaller ones are often cheaper due to less overheads and the lack of maturity in their processes, which generally means certain tasks are done quicker. Smaller firms have fewer services (or services that are not reliant on a few key individuals) but often offer a more personal service. During the sales process you are likely to either be dealing with the owner or someone who is close to the owner which means you can sometimes negotiate hard and get a good deal (despite the fact the contract may be uneconomical for the provider to deliver).

Larger providers offer far more services, they will be more process driven, which reduces risk of problems, and does mean certain activities can take longer and are generally more expensive to complete. Larger providers have multiple skilled staff in most departments which provide you a more consistent service.

Irrespective of size, most IT providers have similar departments and functions:

Service-Desk

These are the individuals that deal with your staff IT issues. They are often tiered with the most junior staff on Level 1 up to the more experienced engineers on Level 3. Larger providers are more likely to locate their service-desk where labour is cheapest.

Projects Teams

To help deliver projects and general changes to your technology most providers have project engineers which are generally more experienced than support engineers. The engineers will work alongside a project-manager who is managing activities, risks and costs. Larger firms will also have program managers who lead a wide collection of projects.

Sales/Account Management

Any IT provider with more than a handful of staff will also have an account management function to assist clients with engaging with the rest of the business.

Other departments generally found in larger IT providers are:

Service Delivery

Often an individual that helps to ensure the service is meeting its contractual obligations and manages initiatives to improve the value of the services.

Consulting/Advisory

People that help clients decide on the most suitable direction based on their requirements.

Security Operations

Individuals focused at reviewing the various security related data created by devices like firewalls and servers and choosing the most appropriate remediation.

Network Operations

Individuals focused at the health of network devices quickly addressing any issues they find.



Defining your requirements and priorities

The more information you can provide to a potential provider the more accurately they can define the services you require.

Questions for you to consider:

What is more important – speed, reduced-risk or lower-cost?

If you want speed and low-cost and don't mind the occasional problem, then a small IT provider may be suitable although due to their smaller size the delivery of service may be sporadic (i.e. in busy



periods issues may take longer to resolve or projects take longer to complete).

For more sophisticated IT requirements, the standard process is to define a “Request for Proposal” or RFP for short. This is a complex activity which is normally performed by someone with IT experience. It involves defining the specific services required by a business so that multiple IT providers can be compared against each other. However, due to the complexity of this model the trend of RFPs is diminishing with many provider opting to run a lighter RFP process with a few hand-chosen IT firms.

For simpler IT requirements simply stating your requirements in a table will suffice.

Consider providing the following information to possible suitors.

Objectives	What is the organisation's objectives over the next 3 years
Locations	Office locations
Issues	Current perceived problems
Setup	Current IT setup (you may not know this – but simple things like your critical applications, and the version of Windows or Mac can be helpful)
Staff	Number of staff (against different locations if you have more than one office)
Risk	Attitude towards risk (i.e. servers can never fail or 1 hour a month is acceptable)
Projects	Future projects (i.e. we want to move to the cloud or planning on deploying a new CRM)



Stephanie Ellrott
Head of Sales Operations

“

Wavex can provide templated RFPs to assist you with defining your requirements ”



Outsourcing Costs

Whether you have a large or small budget, every business wants to obtain value from an IT provider.

An IT provider's largest cost is its people. Unsurprisingly, the more of an IT provider's time you consume, the more it costs the provider.

Unless a contract is solely time and materials (T&M), then during the early commercial negotiation stages an IT provider must estimate how much time you will consume.

Larger providers delivering services to larger clients will normally provide dedicated staff which they often hire specifically for the contract. This model has the advantage of reducing the risk of the IT provider's costs escalating (because the team has a fixed cost to the IT provider). However, it does assume this new team can meet all the client's requirements.

Smaller providers offer clients a share of their resources which creates some complexities around capacity planning and resource management. The hope is while one client needs a specific resource another does not. However, in practice, there are times all resources are utilised and clients experience delays in their requests.

Businesses will often perform a competitive tendering exercise to find a suitable partner. Then use the cheapest cost as leverage against the provider they prefer. This strategy can be effective in obtaining a deal. However, if the contract is now unprofitable for the provider to deliver, you will likely feel the pain at some point in the future.

How much should a contract cost be based on a range of factors. As previously mentioned, people are the most expensive resource. If you need a dedicated resource, it will be more expensive than a shared resource which is used

by multiple companies. Or, if you need a highly skilled engineer (Level 3) this will be more expensive than a junior resource (Level 1).

Therefore, the following main costs exist within most IT contracts.

Labour related services

- Dedicated onsite engineer (if needed).
- Service-Desk – normally the price is based on the estimated volume of client incidents and requests.

System related services

- Infrastructure monitoring – an automated system that monitors infrastructure to prevent possible downtime.
- Vulnerability monitoring – a system which proactively looks for your vulnerabilities

Infrastructure related services

- Cloud – hosting services
- Disaster recovery – services to improve the resilience of the servers

Licenses:

- Software licenses to vendors

In short, if a business requires a mainly reactive service without any additional system support, then prices may be around £30/user/month. Should a client be more risk averse and needs a high degree of proactivity with onsite resources it may cost closer to £100/user/month.

Finding the right partner

Finding the right managed services provider can be tricky. Ensure you're asking the right questions to find the right IT partner for your business. Below are some of the key elements you should focus on during your search.



Awards, certifications & accreditations

Every IT provider will have a different number of awards, certifications & accreditations which should align to your requirements.

If you use Microsoft technology, then a provider with a Microsoft Gold accreditation is important. Do they have awards in this area too?

If security is important then a provider with ISO27001 and Cyber Essentials Plus accreditation is vital.

Qualifications

An IT provider is only as good as their people. What skills and qualifications do they possess?

What training programs do they have in place to ensure their staff remain highly skilled.

Technology

Unless you only have a few staff in your organisation, IT is generally quite complex and involves the collaboration of many IT professionals and management of many IT processes.

This is generally too complex for people (without making a lot of mistakes) and therefore, most businesses use technology to assist in the delivery of their services. These systems are normally referred to as an ITSM (IT Service Management) platform.

As with any technology – if used correctly, it can significantly enhance the IT provider's service, reduce risk, and improve the transparency (i.e. reports that

reflect charges, performance, risks etc.).

Therefore, ask about the technology used in the delivery of services.



Jonathan Gill
Technical Pre-Sales Engineer

Proximity

The temptation is often to look for an IT provider who is 2 minutes' walk away. Although it's possible this is the ideal partner – it's unlikely.

The majority of IT is now delivered remotely. Should an onsite visit be required, this can normally be accommodated through field services or a regularly scheduled engineer visit.

This does not mean location is irrelevant, if it takes a provider 2 hours on the train to get to your head office, this will likely cause problems.

“

IT service management (ITSM) is at the heart of our service delivery. Directed by policies, organised and structured in processes and supporting procedures – to ensure a high-quality, repeatable service is delivered to Customers. ”

Online Search

Now armed with an outline of your requirements, most businesses start compiling their list of possible partners by searching for “IT Services” on Google. This will return companies from three main sources:

- **AdWords** – these are the businesses which pay to show within your search
- **My Business** – these are companies that Google believes are close to your office
- **Organic** – these are the main listings and Google's best guess of websites that have kept other people engaged.

Use a simple spreadsheet to compare each provider you find from the content on their website

	Provider 1	Provider 2
Office Location		
Awards		
Security Focus/ISO27001		
Required Services		
Alignment to your technology		
Future Projects		
Other Benefits		
Other Disadvantages		

Remember that each provider you contact is likely to want to visit you, so be sure you have enough time available.

Typical mistakes we see in the industry

A few of the top issues we hear about.

1. Focusing on the past, instead of the future
2. Skipping an IT & Security Audit
3. Opting for support services that do not align to your staff's working styles
4. Failure to assess the technical and industry experience of the IT staff
5. Unclear pricing
6. Not defining the important service criteria within the contract
7. Non-existent or inadequate performance reporting

1. Focusing on the past, instead of the future

When looking for a new IT provider it is easy to be focused on avoiding past issues.

Recommendation:

Don't simply focus on avoiding the negatives of the past; you may be taking some of the positives for granted. List out both negatives and what works well from different departments perspectives. This will help you define the correct service with the IT partner.

Invest time in determining what business problems you're trying to solve, or outcomes you want to achieve, before signing any IT services deals. That means bringing business peers and users into the conversation to help bring in fresh perspective of the needs of all departments.

2. Skipping an IT & Security Audit

When changing or finding a new IT provider, most businesses choose to renew their infrastructure and often opt to perform an upgrade. This means that any incorrect configuration remains.

The act of changing IT provider will not necessarily reduce existing risks within your infrastructure, so it is important to ensure these existing risks are identified.

Although many providers offer "audits". They are often a simple exercise of counting what equipment you currently possess and not a detailed review of security and configuration.

Typical areas of risk are active directory accounts; old operating systems or firmware, poor configuration, weak policies. These (and many others) increase the likelihood of service disruption.

Recommendation:

Ensure the new provider conducts a thorough security audit of your systems. Use this to determine your risks.

Ask the new IT provider to review any Internet facing services like remote access. To determine your risks with remediation work being prioritised when the new contract commences.

Fact Check:**£1.8 million**

The average cost of a malware attack on a company is £1.8 million.

£4.5 trillion

Damage related to cybercrime is projected to hit £4.5 trillion annually by 2021.

50 days

The average cost in time of a malware attack is 50 days

3. Opting for support services that do not align to your staff's working styles

Technology has empowered staff to adopt their own working styles – some work from home, others on their train while travelling to the office. And staff now have access to more tools/applications than ever before.

All too often the IT Support service provides limited methods to raise support issues and does not provide ways to support your staff's working styles. This causes frustration and delays which impact productivity.

Furthermore, IT staff can be based many miles away from your offices. This means should desk-side support be needed or if someone needs support at their home, any excessive delays for an engineer to travel to the location can be damaging to your business.

Recommendation:

To empower your staff, ensure the IT support solution provides multiple support channels which are available 24/7 (online chat, phone, email, self-service, knowledge articles).

Ensure there is some automation around simple requests so staff can get things done themselves immediately.

Find out where the supplier's IT staff are located, can they get to your offices within a reasonable timeframe?

4. Unclear pricing

Escalating costs are a common pitfall within the IT industry. This may not be down to an underhand pricing strategy but could be as a result of your consumption.

In the current age of "opex" (operational expense) charging models where a business pays for what it consumes, can be difficult to predict which ultimately could mean busted budgets and higher costs.

Recommendation:

Ensure on-going costs are clear (ideally presented as an interactive report so you can fully understand the charges)

Ensure the IT provider can work around your budgeting processes (this is normally where a Purchase Order number is supplied to the IT provider which helps align invoices to a specific budget code)

5. Not defining the important service criteria within the contract

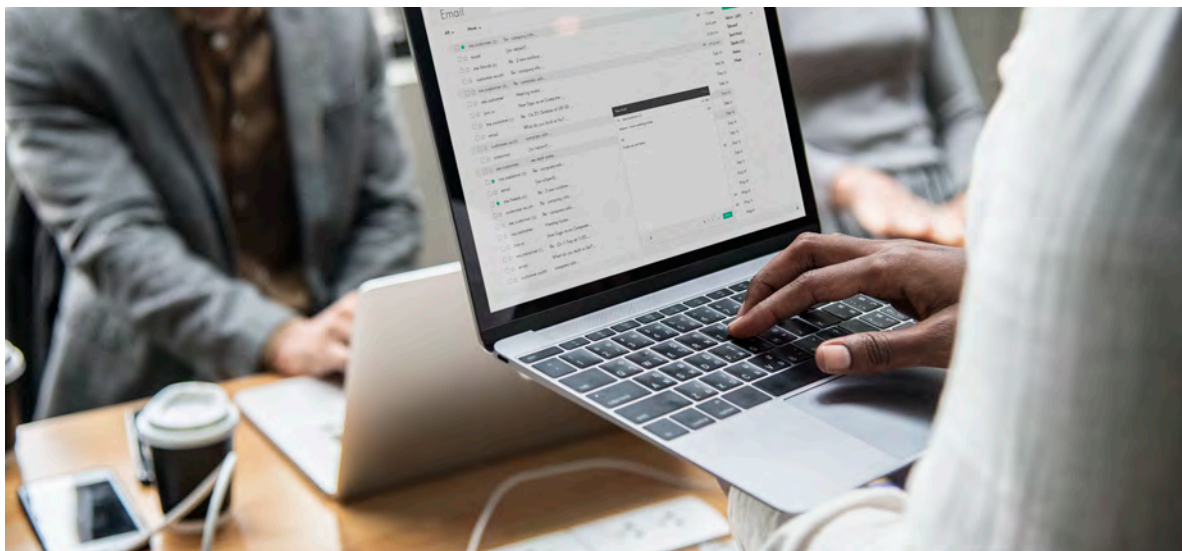
Your IT partner can't hit targets they can't see. Before you outsource your IT, be very specific about what you expect and by when. It is critical that the important aspects of the service are defined within the contract.

The key areas tend to be SLA (Service Level Agreement) which details the responsiveness of the service (for instance a high priority issues will be responded to within 15 minutes). As well as termination rights which help protect you in case service quality erodes.

Recommendation:

A more responsive service costs more for the IT provider to deliver so it is important you decide what your business actually requires – try not to ask for a Ferrari if you are happy with a Ford. Most suppliers adopt a standard called “ITIL” which categorises issues between 1 to 5 with 1 being the highest importance with different response and resolution times associated with each level.

Invest time in determining what business problems you're trying to solve, or outcomes you want to achieve, before signing any IT services deals. That means bringing business peers and users into the conversation to help bring in fresh perspective of the needs of all departments.



6. Non-existent or inadequate performance reporting

The old adage is true – “if you can’t monitor it, you can’t manage it”

Many businesses find that the reports they are provided by their IT provider are insufficient to determine whether they are receiving the services they are paying for.

Most IT providers should be able to provide a set of standard ITIL aligned reports (response rate, resolution rate, SLA adherence etc.)

More advanced IT providers should also be able to provide you with an overview of the staff satisfaction with IT, the staff experience (for instance, areas like log-on times, application responsiveness etc.) and adherence to your business strategy.

Recommendation:

Ask for an example of the reports that will be made available. Ensure that this information is sufficient for any internal reporting needs (for instance, you may present these regularly at board meetings)

Ensure you are able to review the following areas (security incidents, support performance, infrastructure consumption, infrastructure availability, user satisfaction, user experience) and any others that are important to your business.

Ensure you have sufficient visibility of consumption for services where costs are associated with consumption.

Conclusion

Changing an IT provider can be a large exercise. However, with the right level of planning, it can be a seamless experience and provide your business with additional skills and capabilities for years to come.

About WAVEX

Founded in 1998, Wavex offers industry leading managed IT services, professional IT project delivery and expert IT advice.

Wavex helps clients improve organisational and individual performance by leveraging well-managed IT infrastructure, backed up by expert IT support and advice. The professionalism of our people, combined with the unique functionality of The Wavex platform, ensures that we deliver a fast, exceptionally reliable and unusually accountable service to our clients.

Ours is a flexible approach. We can act as a client's IT department, or supplement an existing IT function. In both cases, we aim to create long-term partnerships that add value through a combination of high quality day-to-day support, expert project delivery and well considered strategic advice.

Our focus is on providing businesses with the tools to improve efficiency while minimising risks and underpinning growth. We pride ourselves on enhancing user experience which is the driving force in all of our developments.

Multiple Awards Winner



Affiliations & Certifications





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