

Build vs. Buy in Sourcing IT

Contents

Introduction 1
 Today’s IT trends and challenges 1
 Challenges with in-house IT 2
 The advantages IT as a Service providers have over in-house IT3
 Better business outcomes with ITaaS 3
 Should you make the move to IT as a service? 4

Introduction

IT is more complex than ever and it can be difficult for smaller IT teams to keep pace with the vast array of changing technology. Unfortunately, many internal IT jobs are reduced to keeping-the-lights-on: server maintenance, troubleshooting outages, and managing users and their accounts. It’s difficult, if not impossible to implement innovative solutions for the business if IT is totally occupied with maintaining the current environment.

This paper will walk you through the challenges of today’s small IT organization and provide alternatives for sourcing IT services that free up your teams to innovate and invest in forward-looking projects that save money, position you to be more competitive, and support business objectives and growth.

Today’s IT trends and challenges

Today’s technology trends are changing the way businesses run IT and how end users consume services. For example, the recent evolution from physical to virtualized servers, and more recently to cloud computing, has allowed consumers to scale IT services farther and faster than ever before, with more efficiency and performance.

But it’s not just the mainstream adoption of cloud that has turned IT on its head. It’s more flexible workspaces and mobile savvy employees. It’s the growing number of rules and regulations around data sharing, privacy, and safety. It’s the increasing threat of cyber-attacks from around the world. It’s massive amounts of data with the potential for game-changing analytics and insights (a.k.a. “big data”). IT trends that are top of mind for executives often include:

Cloud computing

Whether you use a public cloud service, like Amazon Web Services (AWS), or host your own private cloud, cloud computing is the most promising of the recent technologies. It combines great advances in computing, storage, and networking infrastructure that allow cloud service providers to scale faster and more efficiently than a single company could ever hope to do themselves. This evolution has also brought about an array

of “as-a-service” offerings, allowing consumers to pay for the use of applications, infrastructure, and platforms the same way they do their electricity – with little-to-no upfront investment in capital. Service providers own the capital and the risk, you pay for what you use. Adding users, adding applications, and adding environments are now all done with the turn of a dial.

Mobility

Never before have there been more ways to be productive. Employees seamlessly transition between laptops, tablets, and smart phones, turning any location into an office. Data and applications have to be always-on, highly accessible, secure, and controlled all at the same time. Mobility management platforms have become necessary to push out app updates, as well as lock down or wipe devices that were lost or stolen. And unless you’ve standardized on a single device type, the matrix of form factors, makes, models, and OSs can be overwhelming to support.

Security and compliance

Regulatory requirements around data security, privacy, and retention are so sweeping, IT must address it from multiple angles to protect from intrusion, theft, or unauthorized access. It’s a business challenge met through many facets of technology including network, storage, device security, user account management, and backup and recovery processes. It also requires careful governance around the proper handling of electronic records and legacy data, which have to be analyzed, archived, and quickly made available for audits.

Mobile devices in particular pose a serious threat to security and compliance. Many organizations have weak controls in place to regulate and control data on these devices, and employees are often tempted to circumvent any security settings put in place by the company.

There have been fantastic advancements in IT technology to meet the demands around each of these areas, but with it has come increasing complexity and interdependence among the various components. The question to be asked – How has your organization evolved to handle it?

Challenges with in-house IT

Enterprise companies can support a healthy-sized IT organization and infrastructure because there are enough consumers to make the investment worthwhile. Smaller businesses often struggle with in-house IT because they don't have the same economies of scale. They have to make performance and staffing tradeoffs to achieve an affordable budget. The result is an IT organization that is hamstrung, lacking sufficient staff, unable to invest in skills and education for its staff and employees, or failing to keep up with technology – or worse, all three.

Meanwhile, your users are more sophisticated than ever, and demand the latest in productivity tools. They expect the same fast, instant access to anything they want from their home and mobile devices, with feature-rich social and collaboration platforms. The companies that enhance the flexibility and productivity of their employees through IT will compete more effectively and grow the bottom line. Modern IT is not a “nice to have;” it's a business differentiator and a competitive edge.

In addition to budget and demanding users, here are some other in-house IT challenges:

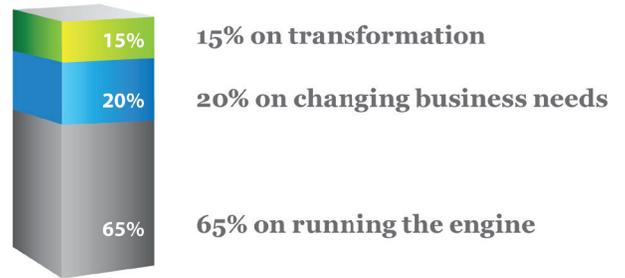
IT staff focused on maintenance

Maintaining a business's existing infrastructure can be a full-time job. Fielding support calls from users, and keeping application, operating system, and security software up-to-date, puts your IT staff in a reactive state – always responding to the latest fire, never spending quality time planning for future needs. When IT is focused entirely on “keeping-the-lights-on,” it is less able to acquire the training and skills necessary to implement new and innovative solutions, or design a technology roadmap that is aligned with the company's business goals.

It is a true opportunity cost when you must divert IT staff away from enabling new business and increasing employee productivity in order to meet tactical requirements and solve immediate problems. As technology is now interwoven through every business function in the company, it's imperative that IT is strategically aligned with the business; it cannot be run as a separate, isolated entity. To do that, IT must have the bandwidth and ability to:

- research and implement innovative technologies in software applications, networking, and unified communications that allow the company to grow and react to market demands quickly
- stay on top of the latest trends and requirements in government and industry regulations
- continuously monitor and improve the cybersecurity capabilities of the IT infrastructure
- build and manage a nimble infrastructure that supports new technologies and scales up quickly

While adopting new services, like Dropbox, AWS Cloud, and Office 365 allows you to simplify and outsource pieces of your IT, your staff now has the added challenge of managing a myriad of vendors and making the disparate catalog of services work together in your environment. One pain has been swapped for another and IT still remains tactical, not strategic.



Aging infrastructure

When you buy a car and drive it off the lot, it immediately loses value. The same can be said for your IT assets. The moment you invest in new hardware or software, the clock starts ticking on its relevance. And the pace of change is so rapid today, that clock is ticking faster than ever as new technologies become increasingly appealing.

As your IT investments age, it becomes difficult to add new services because the underlying technology doesn't support them. You become tied to an infrastructure that is rigid and brittle. Any change threatens the performance and reliability of the overall ecosystem. As your company grows and your infrastructure gets close to capacity, you are limited to one option: buying more of what you have. The cost to rip-and-replace in order to implement a more flexible architecture is too expensive, and it's only a matter of time before it becomes obsolete again.

Lack of confidence and visibility

As an executive, it is important to know what value each of your departments is bringing to the company. How do you measure the effectiveness of your IT? Do you know how much IT is costing per user, and how that compares to other companies like yours? What visibility and control do you have? Can IT deliver promptly against new requests? What about security and compliance? Are you confident you would pass an audit? Or that you're protected from the latest outside threats? Can your business recover quickly from a disaster or major outage?

It's common even at the lower levels in the organization to lack the insights necessary to manage IT effectively and make smart decisions about where to invest. And if your IT organization doesn't know, you certainly can't.

Regardless of the state of your IT, the goal is to get on a path to transforming IT into an agile organization that can proactively adapt to new business requirements. To reach this goal, IT must have the staff, the skills, the technology, and the time to provide innovative services while balancing usability, accessibility, security, and cost.

The good news is you have choices.

The advantages IT as a Service providers have over in-house IT

Cloud computing has reached a level of maturity now that allows IT as a Service (ITaaS) firms to sell a broad set of services. These services can be consumed “a la carte,” including software hosting, virtual desktops, network management, help desk, and disaster recovery solutions, or as a complete ITaaS package. As mentioned, piecing together services from different vendors can be difficult to manage and integrate into a cohesive user experience. And these vendors don’t necessarily care about your unique challenges or industry requirements. The advantage of ITaaS is you get a fully integrated IT ecosystem and one strategic partner to collaborate with.

Dedicated expertise

Unlike most businesses, ITaaS providers are experts at IT. It’s their sole purpose. They employ architects and engineers with deep knowledge across all IT domains including infrastructure, applications, security, and mobility. They’re certified and constantly on top of technology trends, regulations, and threats. And they’ve solved a variety of IT problems across hundreds of environments with other clients. They make up a pool of knowledge vaster than most in-house IT organizations can create. Employing an ITaaS provider means having these experts work for you.

Economies of scale

When you centralize resources together, you expect that those resources will be used more efficiently. It’s also true for ITaaS providers who serve multiple businesses. Shared data center space, enterprise software licenses, and efficient utilization of servers and infrastructure create a cost-effective environment that’s spread across multiple accounts. And because it’s based on elastic cloud technologies, they can scale at a rate dramatically faster and larger than in-house IT.

Always-on, always performing

ITaaS firms take a proactive approach to IT, conducting maintenance, upgrades, system monitoring, and issue resolution on a routine basis to prevent problems before they start. And they utilize automation and advanced toolsets so the overhead of these activities is minimized.

ITaaS helpdesks are available 24 hours a day, seven days a week so that clients can call anytime, from anywhere. It also means systems are constantly monitored and issues and outages are resolved quickly. Compare that to your email

server going down Friday evening and not knowing about it until the following Monday.

Between the proactive approach to preventing problems, and fast response times when they do arise, performance and availability often exceed levels that in-house IT can provide.

Better business outcomes with ITaaS

Maximizing IT value for the money spent is the key reason companies turn to ITaaS providers. Achieving value is much less about how much is being spent; instead it is a function of what the money is being spent on. The question to ask is how can my IT spend be used to propel the business forward, respond quickly to change, and increase my competitiveness? By adopting ITaaS, you are shifting the workload associated with general purpose IT onto an enterprise-class IT architecture run by a team of experts that enables agility, improves the productivity of your employees, and most importantly, frees up your internal IT staff to work on activities that directly affect business performance. By combining your staff’s specific knowledge of your business with the latest in software and tools, IT can drive real innovation for the organization.

General Purpose IT



Institutional IT

Predictable, controlled costs

ITaaS works like a utility; you pay for what you use. This makes for a steady expense that’s easy to predict, and moves IT from a CapEx to an OpEx expense. There are no assets to depreciate or eventually replace.

Refocus in-house IT on strategic projects

While some companies use ITaaS as an opportunity to reduce headcount, most companies prefer to redirect their IT staff to projects that align with business objectives. When ITaaS providers take over the majority of the routine, general purpose work, internal IT adopts a more strategic role and can:

- Identify and deploy new IT capabilities to drive greater results across the organization including sales, customer service, and operations.
- Help end users maximize their productivity through training, education, and best practices.
- Stay current with software upgrades so that users can take full advantage of new features and improved performance.
- Partner with your ITaaS provider on a technology roadmap for new applications, flexible workspaces, and mobility.
- Engineer organizational processes needed to enhance security, comply with audits, improve procurement

practices, and increase the responsiveness and quality of support given to end users.

IT staff often embrace the change when presented with the opportunity to add greater value to the business and enhance their careers with new skills and experience. In fact, in-house IT staff are often excited at the prospect of having more strategic responsibilities that result from shifting the tactical grunt work to someone else.

Supported growth

ITaaS firms offer amazing computing power and endless ability to handle load. With an outsourced infrastructure, it's simple and fast to add users, applications, and services. Onboarding a new employee can be done in minutes. Acquisitions and mergers can be folded in quickly and seamlessly. And seasonal spikes in usage, like during the holidays, or maybe tax season, are automatically accommodated; you no longer have to own enough hardware to handle these extreme periods and then watch them sit idle the rest of the year.

Faster response to market demands

By adopting ITaaS, employees have access to the latest, most reliable technology. They can do tasks faster and more efficiently, with the flexibility to work from any device and from any location where an Internet connection is available. You'll keep pace with competitors, or even leapfrog beyond when IT is positioned as a business critical strategy. The ability to add and remove users and services quickly means swift responses to changes in the market.

Security and peace of mind

ITaaS providers specialize in security and are dedicated to always having the most advanced measures in place to protect your data and intellectual property. They've implemented data management solutions for companies like yours that must comply with a labyrinth of rules and regulations around access, storage, and retention. And they provide the visibility you need to prove everything is safe and secure.

In summary, ITaaS doesn't replace your IT organization, it enhances it by removing the day-to-day tactical activities so you can focus on what's most important: moving the business forward.

Should you make the move to IT as a service?

For decades, IT has been managed as an internal operation, just like sales, engineering, manufacturing, or finance. The challenge with IT is that unless your company is in the tech sector, it rarely needs to be a core competency of the business. Executives have turned to sourcing other functions they don't want to build expertise in, like payroll, telesales, marketing, and facilities management. With the maturing of cloud-based capabilities, it is now viable and beneficial to source significant portions of your IT as well.

If IT is not a core capability of your company, it makes sense to explore alternatives that can lead to superior IT services and potentially lower costs. It can be tempting to simply outsource a service or two, like CRM or moving email to the cloud, but to achieve the maximum benefits outlined above, switching to a new organizational model based on IT as a Service is the logical choice for most businesses.

About Proxios

Proxios believes that all companies, regardless of size, need high performance, secure, and cost effective IT solutions, so that the resources and energy of the organization are focused on what really matters – the business at hand. As a pioneer in the field since 1999, Richmond, Virginia-based Proxios is continuously evolving to meet the IT needs of clients throughout the United States and Canada. We offer a new business model for IT service delivery, one that is about purchasing outcomes rather than technologies, where our clients thrive from custom solutions that offer predictability, scalability, and control over costs. For more information, visit: <http://www.proxios.com>.

701 EAST BYRD STREET | 17TH FLOOR
RICHMOND, VA | 23219 | 804.342.1200