



Contracted IT Services

In many middle market businesses (MMBs) Information Technology (IT) is looked at as a necessary evil. Many business owners have used an analogous reference to referees at a sporting event when referring to IT – if you don't notice them, they must be doing a good job. While this is an understandable viewpoint, businesses today have reached a point where they rely on technology to run effectively and efficiently. That being said, there aren't too many MMBs that view IT as a core competency. In most MMBs the focus is to minimize downtime and keep systems up and running. To do this many MMBs rely on in-house IT staffs to provide technical support without giving much thought to other alternatives. An in-house IT staff adds overhead and fixed costs to your payroll, and in most cases their experience is limited to what they have learned working for you and maybe one or two other employers. This usually means that the IT staff doesn't have great depth and experience with technologies other than those deployed at their specific MMB. And since IT is not your core competency, you may have limited insight into how well the IT staff is performing. Given this, many MMBs are turning to a third party for maintenance and support of their IT systems.

In-House vs. Contracted IT Staff

It is not always an obvious choice when considering in-house staff or contracted services to handle your IT needs but below are some of the factors to consider when you assess your individual situation:

	Full time IT staff member	Contracted IT Provider
Estimated Cost	\$4000 to \$6000/month + benefits	\$1000 to \$5000/month
Resources	1 person	A team of experts with different skills
Scalability	Limited Options	Many Options
Technical Capabilities	<p>Strong:</p> <ul style="list-style-type: none"> • PC support • Network and server administration • Data backup • Patches and upgrades <p>Limited Experience:</p> <ul style="list-style-type: none"> • Business continuity planning and strategic use of technology • Product selection and procurement • Licensing • Infrastructure design • Network design and implementation • Telephony and Voice over IP • Project Management • Industry trends and best practices 	<p>Strong:</p> <ul style="list-style-type: none"> • PC support • Network and server administration • Data backup • Patches and upgrades • Business continuity planning and strategic use of technology • Product selection and procurement • Licensing • Infrastructure design • Network design and implementation • Telephony and Voice over IP • Project management • Industry trends and best practices <p>PLUS</p> <ul style="list-style-type: none"> • 24/7 system monitoring and support
Availability	<ul style="list-style-type: none"> • 40 to 60 hours a week – maybe even paying overtime. 	<ul style="list-style-type: none"> • 24 / 7 / 365 day service • Fixed fee, no overtime • remote, overnight patches and upgrades

As you can see, contracted services generally doesn't cost any more than maintaining an in-house IT staff – and the technical expertise, availability, and scalability is far superior.



Hybrid Option

Given that you most likely already have an IT staff, you might benefit from adding a contracted solution to supplement your existing support. Some of the advantages of a hybrid solution include:

- Provides backup for internal staff to minimize disruptions surrounding employee turnover
- Adds capabilities without additional headcount
- Allows for extended service hours
- Provides expert project management
- Allows your in-house staff to focus on core operations
- Can provide a specialized skill
- Fills gaps in staff shortage situations

Finding an IT Company

Once you have made the decision to contract with an outside IT service provider for either a hybrid option or to handle all of your IT needs you will discover that there are many companies that say they can take care of your needs. It seems that every kid that can hack into their neighbor's wireless systems feels they can run an IT business. So when making this decision, consider the following:

- **How long has the IT firm been in business?** As mentioned above, there are many people that feel they know technology so they decide to open an IT business. Be wary of businesses without much of a track record.
- **How big is their technical staff?** Many firms boast large staffs but once you peel back the onion, you find that many of their staff members are administrative or sales related.
- **What is their overall business philosophy?** Or, better said - Are they a service provider or do they sell products? Many IT businesses today have aligned with specific products and then look to provide those products to you in a glorified "one-size-fits-all" approach. While in some cases this may be effective, as your business changes you want an IT provider that will help you deal with those changes in an economical manner. In many cases there are simple solutions that don't require the purchase of a new system or a costly upgrade. Look for companies that understand a Lean approach to IT.
- **What is their service philosophy?** The most common shortcoming IT service provider is not technical expertise – its business acumen. Potential service providers should spend time up front understanding your business so they can help you determine what technologies to consider as they grow their business.
- **What is their management philosophy?** Do they have a set communication process? Are they prepared to adjust services and projects in light of feedback from your team? Will they proactively manage their relationship with you, conducting periodic reviews of your technology and recommending improvements and upgrades?



Conclusion

An effective IT service provider will do more than just fix what's broken. You want a service team that understands your business and works to help you attain your business goals. If you consider the points above when making your selection, you should find a company that fits your needs. If the relationship is entered into strategically, a service provider can offer technical expertise and 24/7 availability at the same cost or even less than full-time resources – without adding to your head count and your headaches. The right service provider will show you ways to use technology to lower costs, increase productivity and provide greater payback on your technology investments.