

HOW OUTSOURCING REALLY **CAN** WORK FOR YOUR BUSINESS



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1 THE STORY OF JIM: A LESSON IN IT OUTSOURCING

CHAPTER

WELCOME TO OUR FICTIONAL FRIEND AND IT MANAGER, JIM

Jim is an IT Manager for ACME Gas Systems, part of a significant Stock Exchange listed group. ACME manufacture, assemble and supply water, plumbing and gas components and valves to distributors and consultants across the developed world.

Jim manages the IT provision for the UK entity ACME (UK) Ltd.



The corporate group management have decided to modernise the business. They are upgrading to a more transparent and global Enterprise Resource Planning (ERP) system, from one of the top 5 major players.

The timeline is tight. Being part of a stock exchange listed group, they have strict limits on changes to their operating system.

The decision is made the ERP Supply Chain, Sales Order Processing and Inventory modules are changed in the 2nd quarter of the year, while the third quarter is tested before finally replacing the accounting module. The final quarter is to be reported from within the new ERP.



Jim is busy. ACME has grown over the past five years from a small representative office to now employing 80 staff based in Bedfordshire, England. ACME UK is a manufacturer and the regions wholesale channel for ACME supplied goods across the world.

He is the only UK-based IT employee. The rest of the IT support comes from the regional headquarters at corporate HQ .

With his tasks of supporting the existing ERP system, managing Server administration, deleting/adding new users and upgrading equipment means there is little time left for implementing any new IT system.



The corporate HQ believes the shared resources across the group could lead to more growth by introducing a global CRM system. The sales team with global customers, for example, in Denmark, will also know what's going on in the UK accounts.

There is no time-line limitation. To gain the most significant benefit of the CRM, ACME decides the migration is to be completed over a period of three months with testing and validation concluded at the same time.



The corporate HQ involve Jim in the decision-making process. There will be a need to have someone qualified on-site with hands-on knowledge of the existing legacy ERP system and server architecture.

They offer to provide an on-site consultant for the new ERP migration at the cost of £120k per year. The head office will manage the CRM implementation, but a proportion charged back to the entity, based on implementation time and support required.

Jim thinks, “Victor, the accountant, is not going to like this!”

The main role for Jim will be to assist mapping across the various entries from the old ERP modules to the new, including the CRM system.

He thinks to himself, “How can I do this with the existing UK server management and administration tasks?”





Jim thinks it is exciting that these changes are being made and wants to get more involved.

He speaks to some colleagues in other businesses who tell him about their experience saving on consultants' fees. They use

Business Process Outsourcing (BPO) providers for their server administration and monitoring.

However, the thought of dealing with a remote team in a different time zone and giving instructions to a representative in India or the Philippines fills Jim with dread.

We all know the call-centre phone support is often a joke and often the messages or instructions are entirely misinterpreted. He cannot risk giving that level of control.

Jim's colleague, Paul, CIO at a UK based chain of Plumbing distributors also advised him his experience is dealing with a UK based business called SIGAM Ltd, who do the same.




Paul advises Jim, "Your support is all UK based, but the legwork is outsourced to offshore staff - no having to deal with the cultural and language issues as you would with an overseas provider."

Jim gets in touch with the team at SIGAM, who take him through his requirements and tell him how they can assist.

He likes the idea, at no point will there be a need for Jim to speak with anyone abroad, although the back-office functions are provided from there.

The benefit is dealing with a relatively local firm on the same time zone. We speak the same language, culturally and technically.

The costs are approx. 50% of hiring an on-site consultant, as Jim can do the mapping across modules.



The screenshot shows the SIGAM Limited website. The header includes the company logo and navigation links: IT Resources & solutions, Case Studies and Blog, About us, Contact us, and Subscribe. A dropdown menu is open under 'IT Resources & solutions', listing services: Cloud Services, IT Skills Outsourcing, Bespoke IT Development, Remote IT Systems Management, Remote Systems Monitoring, Web Hosting & Development, and Software & App Development. The main content area features a large image of a laptop with the SIGAM logo and the text 'The external IT team that can help you to grow your business and provide an on-demand service'. Below this, the heading 'SIGAM Limited - remote IT outsourcing' is followed by a paragraph: 'Rapid developments in Information Technology mean continuously having to train and add to your permanent staff. There is a more cost-effective and easier way: Outsource your required skills to SIGAM, a third-party provider of IT skills.' This is followed by another paragraph: 'SIGAM is a specialist provider of skilled outsourced staff on a remote basis. We provide staff and services at a fraction of the cost of a UK hire, without the headaches associated with handling various overseas staff such as language, culture, and time differences.' The final paragraph states: 'SIGAM can supply outsourced staff on a one-off or rolling contract basis for the following:' and includes a URL: https://sigam.co.uk/it_resources_solutions/.

SIGAM Limited - remote IT outsourcing

Rapid developments in Information Technology mean continuously having to train and add to your permanent staff. There is a more cost-effective and easier way: Outsource your required skills to SIGAM, a third-party provider of IT skills.

SIGAM is a specialist provider of skilled outsourced staff on a remote basis. We provide staff and services at a fraction of the cost of a UK hire, without the headaches associated with handling various overseas staff such as language, culture, and time differences.

SIGAM can supply outsourced staff on a one-off or rolling contract basis for the following:

https://sigam.co.uk/it_resources_solutions/

After a successful migration of a new ERP system and the implementation of a new CRM system, Jim saved the business more than £100k. This is compared to the traditional thinking of having on-site based consultants.

By outsourcing the server administration and monitoring to a UK based remote outsourcing provider, he released himself from that daily burden, too.

Maintenance requirements have increased. The complexity of the CRM system and the constant demands of the sales team mean there is always something to do.

Jim's progressive thinking and management of the UK entity highlighted him to be a vital member of the European team, which landed him a promotion to EMEA Group CIO.

If this story sounds familiar, you believe we can help or even have any questions; please [contact SIGAM](#) for an informal chat.

2 IT OUTSOURCING

CHAPTER

BUSINESS PROCESS OUTSOURCING

Remote Outsourcing in the IT industry is also known as Business Process Outsourcing (BPO). One of the facets of this is Remote Infrastructure Management (RIM).

When a third-party company manages part of your business processes, such as IT monitoring, Web management, server hosting etc., they are undergoing the process of BPO. This process is also known as Knowledge Process Outsourcing (KPO) when it refers to IT outsourcing.

The benefits of BPO mean your business can focus on what it's best at.

Rapid developments in Information Technology mean continuously having to train and add to your permanent staff. Remote outsourcing becomes a more cost-effective and convenient way.

Professional and specialist IT staff are in high demand and usually command a high price. Social costs and annual leave mean looking at outsourced remote teams becomes a desirable proposition.



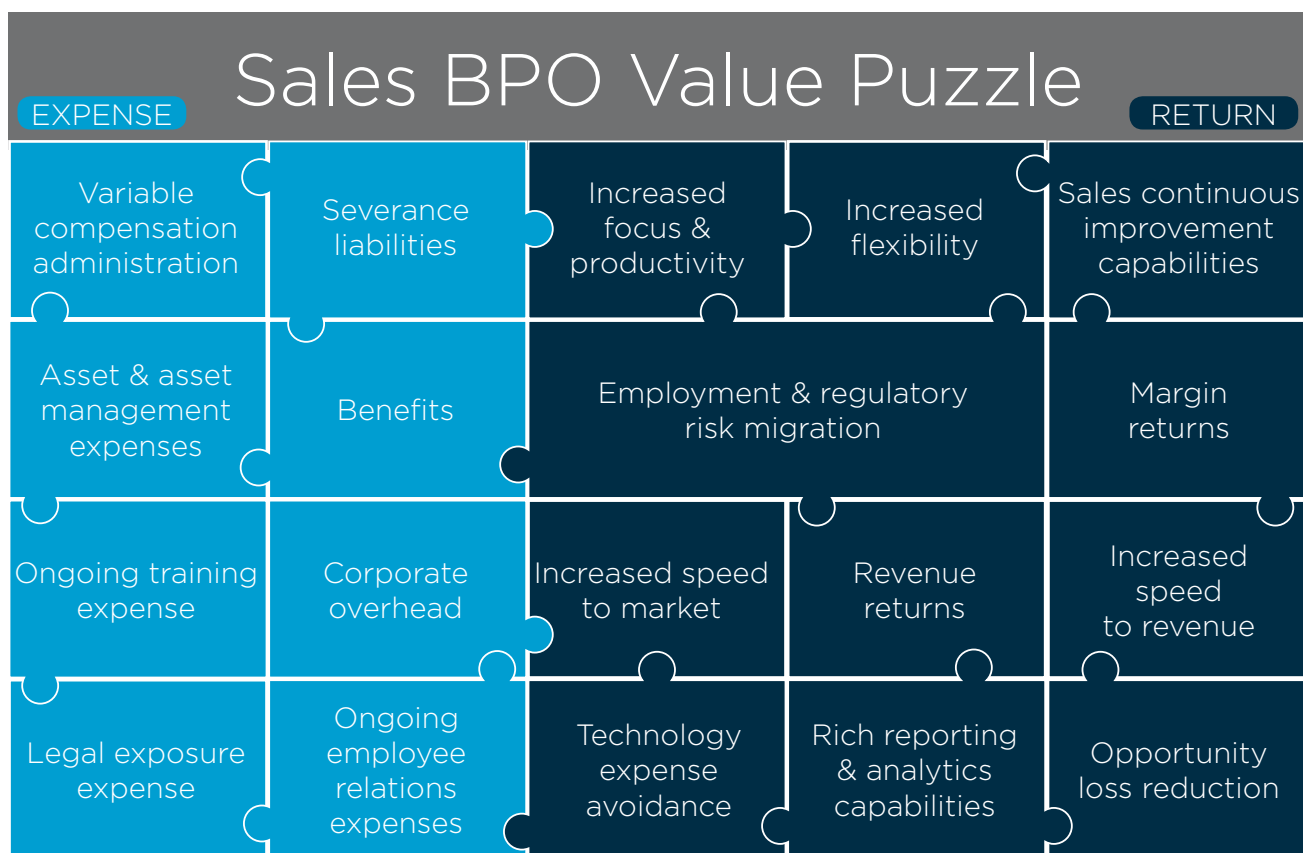
Knowledge
Process
Outsourcing

OPTIMISE SALES EXPENSES AND MAXIMISE RETURNS

Using Business Process Outsourcing (BPO) is a solid strategy to optimise your IT department expenses and improve productivity.

The estimated social costs of any employee can be more than 26 percent of base salary. Outsourcing is simply an invoice for labour.

There are expense savings, as well as hidden expense avoidance opportunities. All these elements add up to easier budgetary measures using an IT BPO model.



ADVANTAGES OF REMOTE OUTSOURCING AND BPO

- Reduced overheads
- Operational control
- Focus on core activities
- Staffing flexibility
- Continuity and risk management
- Cost and efficiency savings

REDUCED OVERHEADS

Professional and specialist IT staff are in high demand and usually command a high price. Social costs and annual leave mean looking at outsourced remote team becomes a desirable proposition. You only pay for what you use.

Businesses cite reduced indirect or Sales, General & Admin (SG&A) costs as a result of outsourcing tasks and lower growth of SG&A with the move from fixed to variable costs as you pay for what you use.

OPERATIONAL CONTROL

IT departments often have to juggle many different projects. Multiple projects increase the risk of costs running out of control or over time. Outsourcing provides a fixed budget and allows team members to focus on their primary tasks.

An added benefit is that team members and managers who see projects handled by outsourced staff can concentrate on reducing cost.

Specialist skills requirements can all be outsourced: From software and app development, server migration and ERP integration. Outsourcing brings better-managed resources to your organisation.



FOCUS ON CORE ACTIVITIES

During periods of change and growth, outsourcing can help your company make the transition smoothly.

IT departments are often overloaded with requests for modifications to existing architecture and other support issues.

Outsourcing routine and mundane tasks in turbulent times mean your organisation can focus on its goals and meet its customer requirements.

STAFFING FLEXIBILITY

Many organisations are training staff to meet Continuous Professional Development Goals (CPD) goals. Holidays and maternity leave can mean your employees are not always available when most needed.

Outsourced IT staff are available for tasks such as monitoring your existing infrastructure. Adding this flexibility means you won't delay meeting your organisation's most urgent requirements.

HR management becomes easy. There are no extra social or administrative costs to consider. Times of high staff turnover can be managed using outsourced skills.

CONTINUITY AND RISK MANAGEMENT

Viruses, ransomware and other cyberthreats pose a genuine risk to your organisation. Outsourcing the administration of core functions means your organisation is up-to-date with the latest anti-virus software. Options include ensuring your data is backed up, migrating to a hosted Exchange and 24/7 remote monitoring of vital functions. Remote system and network monitoring is a viable method of highlighting potential threats and acting on them to ensure your business continuity.



COST AND EFFICIENCY SAVINGS

- Complicated back-office routines such as migrating customers to EDI?
- Updating expensive computer equipment?
- Space constraints and overhead costs?

Outsourcing can solve all these issues.

ISSUES WITH OUTSOURCING

The single most significant barrier is concerned with language and cultural barriers resulting in genuine matters of translation and miscommunication.

DATA SECURITY AND CONFIDENTIALITY

Other concerns are data security, privacy and confidentiality. Most of the IT outsourcing staff come from either India or Asia. Both areas where upholding any laws related to IP protection are expensive, time consuming and unpredictable.

Our advice with these concerns is to have it effectively managed to ensure some separation of tasks and set-up of a Chinese wall policy, where possible, separating key elements of the data.

Moving the risk to a third-party western based supplier helps to manage the risk.

The risk does not disappear, and it may be more comfortable and less risky to keep these elements in-house.

WHEN SHOULD YOU OUTSOURCE

When the IT function of your business is becoming too great a burden and takes your focus off its primary purpose.

The adoption of managed services provision to a quality supplier also enables your business to keep updated with latest technology, such as cloud computing.

If you aren't sure about the bandwidth requirements of your business, security, network monitoring, managed security and network monitoring then outsourcing to an IT managed services provider will help.

Another major benefit is the ability to call on additional technical resources you may not have in-house. Indeed, one of the barriers to the adoption of outsourcing is IT departments reluctance to admit their limitations.





NEXT STEPS

Managed Service Provision, Remote Infrastructure Management, Business Process Outsourcing, Knowledge Process Outsourcing and IT Outsourcing is increasing as more and more organisations are seeing first-hand the benefits that it provides.

We are a small team of IT managers based in Berkshire, who help companies outsource their IT requirements.

You only ever deal with our team of project managers, ensuring your needs are met.

If you are interested in the potential business benefits of outsourcing your IT requirements then get in touch:

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