

who make the decision to outsource their IT are able to increase sales by up to 40 per cent. When you factor in an additional drop in operating cost by up to 30 per cent, the benefits are more than obvious.

A small business can save money by outsourcing their IT because of the economy of scale the provider can make in areas like training, purchasing monitoring tools and installing monitoring systems. When a company decides to maintain its own IT staff to fix printers, network connections and assist users on specific applications, it can still benefit from outsourcing by receiving specialist knowledge and skills transfer they normally would not be able to afford. In-house IT staff can also learn from the consultants, which can benefit the company in the long run. Also, when a company saves money, it saves time to concentrate on the core activity of the business. For a small investment, a company can benefit from very specialized high-level expertise.

Simply put, IT outsourcing makes financial sense for everybody, but tends to be more productive for medium and small organizations. Large companies usually have the budget to easily make such a commitment, but smaller companies need to create an outsourcing model that is affordable, adaptable, and falls in line with the goals of their business.

What about security benefits? How can IT outsourcing help there?

New threats are constantly evolving in the IT world, an expert outsourcer is able to provide constant awareness of new possible risks providing a closer up-to-date security watch. In addition outsourcing can allow internal IT staff to focus on IT applications that support business activities instead of dealing with network security issues that they are not trained to handle.

Are there any outsourcing benefits that are specific to Thailand?

If a foreign-owned company decides to employ local IT staff, cultural situations will usually come up, particularly in the areas of communication. In Thailand, this is especially true because of language differences, although it should be noted that the fact many Thais speak English is a definite plus. Some advantages of outsourcing here are that an IT supplier will have systems and reporting tools in place and a team of foreign managers that understands your requirements. They will be able to communicate with you in your native language and produce clear, factual and comprehensive reports that you can trust and use. In addition, outsourcing IT in Thailand is a way for a company to gain control in productivity and avoid potential disasters with undetected intellectual property infringement.

Does a company take any risks when they decide to outsource their IT?

Yes they do and a strong partnership with the outsourcer is needed to make sure these issues are addressed. First of all, there are management risks. A long-term outsourcing plan can tie a company to a supplier in a rapidly changing marketplace. Management might also believe that they will lose a bit of control over the staff doing the IT work. And there's always a chance that the company you have contracted to run your IT services might be doing the same thing for one of your competitors. While this is not always a negative thing - it can actually lead to new ideas and better execution - it is something that management has to work to control. It is reasonable to request exclusivity from the outsourcer in your domain of expertise.

What about technology risks?

When dealing with IT, there are always risks involved with integrity, confidentiality and compliance. Additionally, the massive scope, anonymity and ease of access that comes with doing work over the Internet always brings security risks and any business partner you deal with when outsourcing has to have the capabilities to handle it.

That's why it's important to approach your needs in this area with a great amount of care no matter who is responsible for it.



Can you list some of the specific issues that could come up as a result of these risks?

When outsourcing IT, companies have little or no control over cost and time over-runs for a particular project. Data privacy and legal issues like intellectual property rights also come up and have to be clearly defined. Turnover of the key personnel working on a project can affect consistency, however we believe outsourcing also has a positive impact on all the above.

Can you clarify that last point?

Protecting intellectual property and containing knowledge internally is vital to a company, but what happens when an in-house IT staff member resigns? Often, they will leave with a lot of knowledge and a company will never have enough time to properly train a replacement.

But if a trustworthy outsourcer is employed, the knowledge is transferred from people to processes because it is the only way they can supply the support through a rotating staff, so if one staff member leaves, the knowledge does not. It is the duty of an outsourcing company to make sure that all knowledge and processes are documented. Normal employees never plan to make themselves redundant, and when they leave, it can have an effect on productivity.

How can a company plan financially for an IT outsourcing venture? Do they ever work on a fixed-price contract?

Fixed-price contracts can only exist in this field when the scope of work is clearly defined. This usually requires a pre-audit and a clean-up phase to bring the systems to a state where they can be effectively monitored and controlled. With budgets clearly defined, it is easier to manage an outsourcer who has experience rather than an IT department that keeps requesting head counts because they are not sure how to deliver efficiently.

Ultimately, what is the key for success of an IT outsourcing venture?

Like most business relationships, outsourcing requires trust and understanding for it to work properly. The goals of the business have to be clearly understood by the consultant handling the IT. The infrastructure must be in place to support business activity and there has to be a similar set of shared philosophies in order to make the relationship work. Working with the right partner can set the differentiating factor for a fast growing business and produce exceptional results.

