



A White Paper from

 **Techcare**™

CFO Report: Four Steps to Get Your Time Back from IT

If a significant amount of time or money is spent fighting IT fires without a good way to measure and manage the value to your organization, then this paper provides a solution.

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ABOUT THE EDITOR

In 1987, Steve left his career as a CPA to take the “easy” road of starting a networking VAR. Steve, his partners and staff have worked to grow Techcare to be a successful and profitable company serving Small Business Professional Service Firms and various niche markets in the Chicago area, including the Creative and K-12 Education markets.

Techcare has been a top performer in industry peer groups, and is actively investing to address customer needs in the area of Managed Technology Support Services. Steve has participated in various industry and vertical market affiliations, including representing Venture Tech members on the VTN U.S. Advisory Council. Steve has been a speaker at various industry trade shows for the small business, Graphic Arts and Education industries.



By reallocating 10–20 percent of a financial executive’s time that is currently spent on addressing IT concerns, the executive can gain one to two months per year to work on other important business issues.

Overview and Position

Does it seem like the IT function is taking more of your time than ever before? Do you feel the need to bring a yardstick into the department each time? CFO Magazine surveys indicate that financial executives are spending nearly 20 percent of their time dealing with IT concerns, an increasing allocation of time.

This increase in dealing with IT concerns comes at a time when the financial executive job continues to take more accountability in almost every company. These roles include balancing growth, risk, performance, collaborating with sales and operations, increasing regulatory requirements, strategic planning, budgeting, reporting, and a growing role in representing the company to key external stakeholders. If a significant amount of time is spent fighting IT fires without a defined mechanism or metric to ascertain its value to the organization, then this paper provides a solution.

Selective IT Outsourcing

As CEOs continue to expand the innovation needed to continually compete and address competitive advantages, the financial executive plays an important role. This includes assuming the accountability for ensuring the organizations processes, people, and infrastructure meet both the needs of today and opportunities for tomorrow. One way to make significant progress in achieving these items includes selective IT outsourcing. This is vital in driving innovation, growth, and ultimately a company’s competitive advantage. In a selective outsourcing evaluation, organizations need to analyze the benefit of outsourcing the entire IT spend versus strategic portions of the spend. According to a Hackett Benchmarking Report, “Selective outsourcing can lead to an IT saving of between 20–50 percent.” The following outlines four key steps considered best practices in determining the business requirements and selecting an appropriate outsourcing model.



1. Begin with What You Already Have

The first and often overlooked task is defining the business requirements and reviewing them against what is already in place. Focus the initial attention on the resources currently in place, both capital and labor. Most companies have overcapacity in their capital investments, including misalignment of IT to the business. The more technical issues of capacity analysis, software licensing, technology roadmap in consideration researched and tested technologies, not to mention planning for security and the increasing frequency of changes by operating system vendors and their impact on capital planning need to be part of this analysis.



True outsourcing firms should have a team approach with all of the skills required by IT covered within an account team, so the appropriate skills are deployed to meet the business requirements and an economic price point appropriate for your firm.

To review the assets already in place, auto-discovery tools are available to gather the key hardware and software installations. In addition, a review of these items in terms of their current utilized capacity and the growth plans for the company enable an initial view of the deployed capital and key gaps that may be present and need inclusion in the capital allocation plan.

In addition to capital, it is essential to have all of the right skills (people) and the associated processes to maintain the ongoing network integrity and facilitate the ongoing planned required by the business and known technology changes occurring in the industry.

Gaining the true benefits associated with the spend on IT, it is important to implement best practices around network management, equipment repair, user support/help desk, planning and budgeting, and strategic alignment with the company business plan. There are many skills needed, which are as much technical **as business and financially oriented**. Often, companies send their internal IT staff to training, but it is impossible to get them the depth of knowledge needed for managing the diverse needs and business alignment, even in the smallest of companies.



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The estimated salary numbers are provided based on the 2007 KForce Salary and Employment Guide.



Position: Hardware Technician

Skillset: BS preferred, 3+ years experience, hardware troubleshooting and repair, A+ and manufacturer certifications

Market Salary Range: \$26,500–\$41,000



Position: Help Desk Analyst and Desktop Support

Skillset: 1–5 years experience, provides 1st and 2nd level user support, Microsoft or Novell certifications preferred

Market Salary Range: \$35,000–48,700



Position: Network Administrator/Engineer

Skillset: BS Preferred, 5+ years experience, understands business needs and designs/installs network solutions, CNE, MCSE, preferred

Market Salary Range: \$43,900–66,500



Position: Business Analyst

Skillset: BS/BA, 3–7 years experience, focus on systems integration and design

Market Salary Range: \$71,000–75,000



Position: Project Manager

Skillset: BS/BA, 5+ years experience, defines plans and implements the goals and milestones of specific initiatives

Market Salary Range: \$78,000–87,000



Position: Manager of Systems Engineering

Skillset: BS preferred, 7+ years experience, directs the development and implementation of various system designs and architectures

Market Salary Range: \$85,000–91,000



Position: IT Director/VP/CIO

Skillset: BS/BA with 8+ years experience, MBA preferred, executive managing the tactical and strategic direction of IT and linkages to the business plan

Market Salary Range: \$85,000–200,000



*It's important to find an IT firm that holds **quality** in high regard, is **committed** to your success, has an established **business plan**, and is a **cultural fit** within your business.*

2. Identify a Strong Outsourcing Partner

The number of alternatives for outsourcing IT can be overwhelming. Given the importance of aligning IT with the business, establishing a strong relationship with a firm local to your management team offers the most value and flexibility in a strategic relationship. Below is a list of key criteria that are common for long-term outsourcing success:

- **Ensure an established pricing and delivery model is in place** and proven to be flexible to changing business needs without a sacrifice in service quality and commitment.
- **Verify that the outsourcing company can do more than reduce costs**, but has the business and financial acumen to help drive improvements in the integration of technology into the business processes for future success.
- **Establish strong communication and reporting on a consistent basis.** Review sample documents provided to other customers and interview those organizations regarding the quality, open-ness, and consistency of communications and reporting
- **Ensure visible processes exist relating to the transition of services, stabilization of the relationship/environment, and incorporation into the business planning activities.** Review these processes, meet with multiple team members from the company to assess that the processes are truly "followed by all," and discuss with their current customers.
- **Determine that the operational processes for support cross all functional teams and are aligned to best practices.** Evidence of process measurement should be made available to the customer. Such evidence should include consistency in service delivery, the identification of recurring issues for problem resolution, as well as a defined process for ongoing planning efforts.



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Pricing models vary based on the level of results guaranteed. Ensure you clearly understand the accountabilities. Time-based agreements rarely deliver the time back to the CFO.

The pricing model and related risk sharing are integral to the overall engagement success. Service organizations offering a completely fixed-price model place a stake in the ground and expect to be help accountable for results. These organizations typically have more mature best practices in the areas of network management and user support functions, allowing for investments in the business and financial resources needed to meet regularly with the financial executive to drive more current and future value from the investments made in IT.

Conversely, organizations that sell their time in some form of hours (time and materials, block of hours, fixed fee to a maximum number of hours, scheduled time onsite only on certain days, etc.) do not result in true accountability. It's important not to misunderstand that although many great IT companies exist in the market, most are not truly "outsourcing" solutions. The primary differentiating characteristics relate to offerings based more on staff augmentation and hourly support packages. These approaches do not often result in the time savings needed by a financial executive, just a shift in payroll dollars on a fractional basis. In these pricing alternatives, there is an inherent conflict in the pricing model and the business objectives associated with accountability. These firms make more money with an increase in the customer workload (problem solving, firefighting, and rarely business and financial planning). If technology networks are critical to the business today and are planned to be more important in the future, then review the IT providers whose business model maturity will deliver the results and accountabilities associated with outsourcing versus the traditional hourly support, often provided at very similar total costs.

Advancements in network management software and the ease of internet connectivity has allowed those IT service companies that have vision and stability in capital resources to implement true enterprise best practices and implement them cost/effectively in nearly any sized company. These are the thought leaders in the industry and management teams that understand the importance of IT to a business as opposed to the importance of IT for IT's sake. Pay particularly close attention to providers that offer such remote services but are not willing to do so for a fixed fee for unlimited



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Outsourcing IT requires strong relationships and honest communications. Seek a partner whose customers aren't hesitant about speaking openly about their relationship with that vendor.

support. This should be a red flag that the organization does not have the process maturity to accept the risk of service fluctuations.

3. Establish Strong Relationship and Communication Process

Relationship-building and partnership are the most important factors in an outsourcing agreement. Service Level Agreements/expectation issues are much easier to manage than the soft issues such as people and communications management. In the absence of open and honest dialog with the firms account management, the true business results for IT spend will not ultimately be achieved.

Outsourcing is a two-way street in which both parties put much at stake. Make sure that the organization you choose has a management team with both the leadership experience associated transitioning customers into their model. Allow a reasonable time for the interpretation and understanding of responsibilities and for expectations to align at both ends, especially if there has been a transfer of infrastructure ownership or employees to the outsourcer. However, there should be a defined plan of engagement that includes these more soft-skill oriented items, so seek to see this process and discuss with their existing customers.

Internal resistance is always present when implementing a change in IT management. Best practices related to service firm transition have proven that strong communications focusing on why this is helping the company today and into the future, "allowing focus on what the company truly does, and not myriad of processes, tools, and skills needed to run and lead IT" have noticeable success.



Business intelligence drives the ability to deliver meaningful results from IT investments.

4. Business Intelligence - Information is Power

Access and interpretation of key data reflecting real operational costs and actual service levels is vital. Some vendors will keep this close to the vest, as it may serve to their interests more so than yours. In addition, do not accept raw data, leaving your financial team the responsibility of doing the true analytical work that an outsourcer is in a better position to review.

The information and reporting provided must be informative and actionable. It must link key issues to the business plan and also be developed to provide an understanding of the cost drivers and limitations of the operational processes. Given the integration of technology into current and future business processes, it is essential to establish a solid framework for the business intelligence needed to make proper and economical decisions. Companies lose control when they lose an understanding of the cost drivers and process limitations associated with moving the business forward.

In Summary

Outsourcing all or key portions of IT is often viewed with much positive reaction in valuation and/or share price. Whatever the perils in the decision to outsource, plenty of CFOs know that they need all the help they can get and sourcing with partners whose proven processes align with their needs delivers results. Those who do so with a defined plan for how the relationship and information can best move the company forward will gain significant results, not to mention delivering the much needed time for those important and growing areas required to achieve the business plan.



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About the Sponsor

Techcare, through a particular focus in continuing care, ensures our customers gain the maximum value from their IT investments through a progressive set of IT outsourcing services.

Techcare assumes accountability for the management of a variety of Information Technology services including server management, security and availability of the infrastructure, end user support and help desk, hardware repair, and responsibility for helping link technology investments to your business plan.

For more information on how Techcare can deliver the results expected from IT, please contact us at info@techcare.com or by calling 847.374.1600.

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