



Can Technology Services Providers Really Enable Your Business Success?

A guide to how small businesses are leveraging the expertise and experience of Professional Technology Services Providers to achieve their business success

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Table of Contents

- Information Technology is usually a non-core competency
- Today's IT management and maintenance challenges
- How to determine if a Technology Services Provider is right for your organization
- The Technology Services Provider alternatives available today
- How to select the right Technology Services Provider company
- A small business success story

Information Technology is usually a non-core competency

For most small businesses information technology (IT) is not a core competency or business differentiator, but is crucial to the operations of the business. Therefore, maintaining an extensive in-house IT staff to manage their computer systems, applications and networks isn't cost-effective. Often short-handed or lacking the technical skills, many small businesses are unable to maintain reliable and secure IT operations. As a result, they are frustrated because they aren't getting the value they expect from their IT investments. Gartner Group—a leading IT market research firm—estimates that poor hardware management alone increases the total cost of IT ownership by 7–10% a year in the small business sector.

Using a professional Technology Services Provider has become an increasingly attractive option for small business.

Using a Technology Services Provider frees small business to concentrate on their core business, and enables them to derive greater business benefits from their IT operations and reduce their IT costs by 20-30%, according to Gartner. This guide will give you practical advice about how to determine if utilizing a Technology Services Provider is right for your business, and help you select the right company to meet your objectives.

Today's IT management and maintenance challenges

Small businesses of 10 to 500 employees are relying more heavily than ever, on information technology to achieve success. The research firm International Data Corporation (IDC) found, for example, that 80% of small business executives believe that IT is vital to their organization's success, and nearly 60% of these executives believe that the importance of IT is increasing. As small businesses become more dependent on IT systems, they have recognized that IT failures can be catastrophic to their businesses. With system and network downtime sometimes costing thousands of dollars a minute, it is no wonder small business executives are concerned about ensuring the reliability and security of their IT operations. Despite increased spending on IT, many small businesses are becoming more frustrated with their IT systems and software applications. Growing IT complexity, rapidly changing technologies, and escalating security threats are making IT a disruptive force in many environments, rather than making their lives simpler. Because small businesses often lack skilled and experienced in-house staff, they often spend more for IT products than their larger counterparts, and get less value from their IT investments. They are married to the skill set of their in-house technical person or staff and many times, cannot scale (up or down) rapidly enough to meet the needs of the organization.

Can Technology Services Providers Really Enable Your Business Success?

According to Enterprise Management Associates (EMA), once IT hardware and software is installed:

- **80% of organizations don't know how to manage it**
- **100% don't receive the full benefit of their IT management tools because they don't know how to use them**

As a result, many small businesses find themselves in a very undesirable position. On one hand, they lack the in-house skills and resources to purchase and manage IT systems in a systematic and effective fashion. On the other hand, they are at the mercy of constant IT disruptions, reacting to problems rather than proactively managing their IT operations to support their business.

How to determine if a relationship with a Technology Services Provider is right for your organization

Using a Technology Services Provider can increase the reliability and performance of small businesses IT operations, resulting in better employee productivity and a greater IT return on investment (ROI). Gartner and other industry research firms estimate these providers can reduce product selection, procurement, implementation, maintenance and management costs by 20–30%. As a result of these potential cost-savings and productivity improvements, hiring a professional Technology Services Provider to complement or replace an internal IT staff has become an increasingly attractive option for many small businesses. This also makes sense for businesses that do not need a full-time IT manager, network engineer, database administrator, desktop computing or security specialists. Instead, it is often more economical and effective for these businesses to hire a Technology Services Provider that can offer the right IT staff resources on an as-needed basis and can scale when the company grows or downsizes during tough economic times. The management overhead and cost burden is also reduced when using a Technology Services Provider. With their IT operations managed, small businesses can achieve dramatically better results. Gartner estimates, for example, that small businesses that manage their IT investments like a balanced investment portfolio can typically realize 30% greater return on investment than businesses that don't. Technology Services Providers offer technical oversight and accountability for the IT operations and therefore share in the risk with the organization. Few small businesses, however, know how to create balanced IT investment portfolios or have the resources to conduct regular benchmark studies, or have the right organizational processes in place to properly manage their IT systems and software. For these businesses, turning to a proven professional Technology Services Provider permits them to attain the full value of their IT investments.

The Technology Services Provider alternatives available today

Many small businesses make the mistake of contracting with freelance IT consultants to handle their ongoing IT needs as a cheaper alternative to hiring a full-time IT staff and consider this tactic a completely managed solution. Instead, this approach often aggravates a tenuous IT environment. Individual IT consultants typically have good skills in select areas, but lack a comprehensive knowledge of computing, networking and security issues. They also lack the methodological discipline and resources to help growing businesses—especially those with multiple locations—systematically plan, design, procure, deploy, maintain and manage technology to meet evolving needs. Instead, individual IT consultants tend to take a tactical

Can Technology Services Providers Really Enable Your Business Success?

approach to resolving problems when they occur, and this reactive approach can result in a series of improperly configured computer systems, software applications, and networks.

Without the proper documentation and back-up staff, small businesses can become vulnerable if their IT consultant is unable to respond to a specific problem or new business requirement. A more effective IT strategy is to establish a partnership with an professional Technology Services Provider with a full range of skills, in-depth expertise, history of success, long-term commitment and systematic service delivery methodology necessary to build and maintain a reliable IT operation that can grow with a company's business needs.

A startling number of IT vendors—60%—according to Gartner Group, will exit the market by the end of the year. This type of instability leaves small businesses without any continuity in their IT operations.

A professional Technology Services Provider can help small businesses properly assess their IT requirements and determine which IT investments make the most sense. They can also help small business increase their purchasing power by leveraging their strategic relationships with major IT hardware and software suppliers. As small business pressures escalate, they must squeeze every bit of productivity out of their IT assets. This means both their technology and the people who manage their technology must be reliable and designed to perform at maximum efficiency. Only a professional Technology Services Provider staffed with knowledgeable engineers and consultants experienced in every aspect of small business computing environments is prepared to meet their requirements, provide continuity within the IT infrastructure, and satisfy business needs.

How to select the right Technology Services Provider

Selecting the right Technology Services Provider is far more crucial to the organization than the decision to work with an IT partner. The management team must clearly define their goals, which elements of IT should be managed and how to measure the performance of the Technology Services Provider. When interviewing these companies, businesses should consider the following 6 questions:

- Does the company have a staff of competent people with the breadth and depth of skills?
- Is the service flexible and scalable?
- Will they provide me with a broad perspective on technical challenges?
- Will they deliver continuity with my IT infrastructure?
- Do they have accountability and share in the IT risk?
- Do they have the geographic reach to serve all my offices?

According to Gartner Group, when selecting an IT partner, the vendor selection methodology is in three phases: (i) internal needs assessment, (ii) detailed vendor analysis, and (iii) negotiation and final selection. And most importantly, product and price issues only address half of the decision. Gartner recommends making the vendor selection in the following order:

- Committed Partner • Vision/Viability • Feature/ Functionality • Services • Price

A small business success story

Marx/Okubo is a real estate consulting firm providing services such as owner representation, project management, and construction consulting for commercial and residential facilities throughout the U.S. Headquartered in Denver, Colorado, its regional offices are located in Dallas, Houston, San Francisco, Seattle, Southern California, and Hartford, Connecticut. To support employees at these as well as remote sites, it manages a network of 12 servers and more than 88 personal computers, half of which are laptops.

To handle the IT operation, Marx/Okubo relied on a single consultant working out of its Southern California office. “But, as the company grew,” notes Technical Operations Manager Virginia Romero, “things just became too overwhelming for him, or any one person, to handle. There was a lot of downtime. Hardware was inconsistent. The consultant tried to do a lot of the work remotely. But, when remote support didn’t work, we had to pay to fly him from location to location, which got to be quite expensive.” The choices soon became apparent: continue to suffer with the status quo, hire a full-time in-house IT technician (perhaps the most costly alternative), or find the right Technology Services Provider—a company that could provide effective and affordable part-time service across their multiple locations.

The answer came when Virginia was introduced to All Covered through a marketing brochure. “The idea of a national Technology Services Provider that specialized in supporting businesses our size was a revelation,” Virginia remembers. “We especially liked All Covered’s ability to think about our IT issues company-wide while also being able to send a consultant to any of our sites right away. We also liked the idea of an extensive knowledgebase. If one All Covered consultant couldn’t answer a particular question, another one could.” All Covered was hired and started with a comprehensive assessment to identify issues that needed immediate attention and listed long-term needs. Key All Covered contributions included stabilizing the IT environment; more reliable levels of day-to-day technical skills and experience; and strategic planning and long-term budgeting. All Covered has delivered dramatic results for Marx/Okubo. IT systems have been upgraded, software has been standardized, a virtual private network (VPN) improved communication between offices, and a company-wide managed spam filtering solution practically eliminated time-consuming spam. These have added great efficiencies and reduced downtime significantly.

For Marx/Okubo, All Covered continues to be a revelation. As Virginia notes, “We chose All Covered initially because we wanted a company with national coverage and an extensive IT knowledgebase. But, the more we work with All Covered, the more confident we’ve become that they will help us make the right choices, pursue the best IT opportunities, reduce costs, and succeed as a company. In fact, we stopped thinking of them as an IT vendor a long time ago. They’re our partner—we’re proud to call them that.”

Can Technology Services Providers Really Enable Your Business Success?

The Bottom Line

Using a Technology Services Provider makes sense for businesses that can't afford or prefer not to hire a full-time IT staff. It is a more cost-effective approach to maintaining existing technology and managing the acquisition and deployment of new technology. Rather than invest in limited in-house staff or part-time contractors to react to daily IT problems, small businesses can establish strategic relationships with professional Technology Services Providers to satisfy their long-term IT and business requirements.

Small businesses can have access to consultants and engineers with a variety of skill sets to address the array of IT challenges and rapidly evolving technologies. In addition, Technology Services Providers offer technical oversight, accountability for IT operations, and continuity within the infrastructure. They can significantly reduce technology selection, procurement, implementation, maintenance and management costs. Technology Services Providers can also increase the reliability, security and performance of small businesses IT operations.

In sum, utilizing professional Technology Services Providers results in greater IT ROI, increased employee productivity and enables the success of small business allowing them to focus all their energies and resources on their primary focus: meeting strategic objectives.

Contact All Covered toll-free at 866-446-1133 or visit www.allcovered.com



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