

IT outsourcing

How to streamline IT and stay focused on your core competencies

Many companies are outsourcing their IT functions as a way to cut costs, improve service and turn their attention to their core competencies. Before you make the decision to follow suit, you need to look at several key factors to make sure you're doing it at the right time and for the right reasons, says Courtney Stoll, director of operations and administration at Arke Systems LLC.

Smart Business spoke with Stoll about how to decide whether outsourcing is right for your company and how making the move can help you focus on what really matters for your business.

What factors should business leaders look at when deciding whether outsourcing is right for their company?

There are three key factors that come into play when determining whether your company should outsource. First, you have to analyze whether you have the right team in place to quickly execute the IT project you're considering. Do you have the staff available, or would placing them on this project jeopardize other responsibilities they are tasked with? You need to look at experience: Do you have experts on staff who are familiar with executing similar projects, or are you missing a critical piece of the puzzle to achieving success?

Second, you also need to consider the strategic value of the project. Is the effective execution of the project critical to your business? If you run into problems with the project, is there room for delay or potential failure or is it critical that it succeed the first time?

And finally, how do the resources required for the project align with your company's core business competencies? If the project is outside the scope of your core competencies, you may want to consider outsourcing. In addition, outsourcing can provide you with an outside opinion on a problem that you may be struggling to solve internally on your own.

When is the right time to begin outsourcing?

Before you begin a new project, you should consider whether you would be better served by outsourcing it. It's difficult to make that transition in the middle of a project if you discover that you don't have the capabilities to do it in-house, so it's critical to make that determination be-



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fore you begin.

Another good time to begin outsourcing is if you are making step improvements in your processes and not just targeting incremental improvements. By outsourcing, you can make transformational change in your organization instead of simply taking small steps to improve what you're already doing.

How can outsourcing help you focus on your company's core competencies?

Outsourcing allows you to place responsibility for the less critical areas of your company on someone else, enabling your company and your people to focus on your key processes and initiatives that are revenue generators to your business.

Outsourcing also creates a single point of accountability and allows you to better define and regulate that process. Doing so creates a win-win partnership, establishing goals and rewards on both sides of the relationship for hitting requirements, with shared benefits and results for both parties.

How can outsourcing benefit a company in a down economy?

Outsourcing your IT functions can not only help you reduce costs, which is criti-

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cal in today's economy, it can also increase innovation by your employees and help make substantial improvements in processes at your company.

Companies have long outsourced functions outside of their core competencies, such as accounting, human resources, staffing and collections. Outsourcing IT functions to the right partner is no different. In a down economy, it's common for businesses to reduce their staff, and by using an outsourcing partner, you can keep your company running smoothly with fewer employees and relieve the burden on your existing staff members.

Plus, outsourcing can help improve your company's cash flow by reducing your payroll costs and by allowing you to work out financing and payment schedules with your outsourcing partner. Paying just for the work done by the partner also relieves you of absorbing the overhead of benefits, such as health insurance and 401(k) matches.

And finally, by outsourcing you are freeing your managers to focus their attention on more strategic, bigger-picture activities that have a higher value to your company.

How can outsourcing better position your company to grow as the economy improves?

Outsourcing allows you to achieve a high level of performance in mission-critical areas, enabling your company to quickly build scale and establish best-in-class processes. No business can maintain experts in every area that it needs to run smoothly, and having partnerships with experts that will grow with you and help you maintain your competitive edge is critical.

How do you find the right outsourcing partner?

In the past, functions such as debt collecting were outsourced to the lowest bidder. But as the functions that are outsourced have become more complex, you need to identify the company that offers you the best value for your money, not just the company with the lowest price.

Look for a company that has experience in your industry, that can work closely with your company and that has an experienced operations team. <<

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