

Five good reasons why your non-profit should NOT be managing its own IT

The Business Case for Outsourced Managed IT Services

White Paper

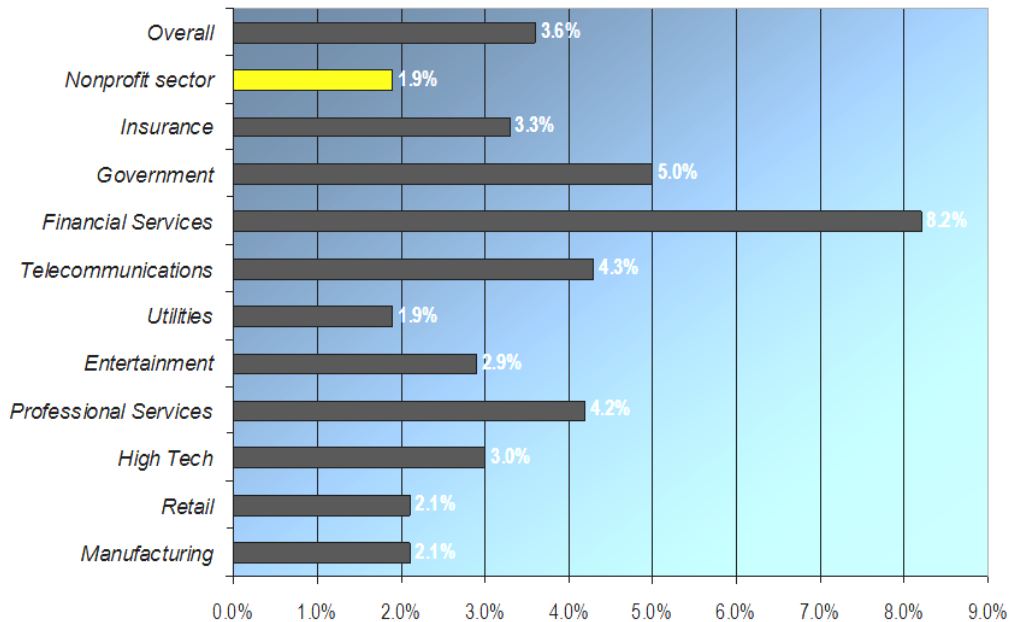


www.tpsystems.com

Tough Economic Times Ahead

Non-profits are financially challenged at the best of times. When the economy is struggling, grants, charitable donations and other sources of revenue become scarce, creating pressure to reduce costs and improve efficiency.

Recent statistical data compiled by **Forrester Research** show that the non-profit sector as a whole lags behind others in Information Technology (IT) spending. Little wonder then, one of the first places to try to cut corners in tough economic times is the IT budget.



Source: Overall IT Spending As a Percentage of Revenue by Industry (2007)



IT ultimately exists to support your organization's mission. Yet, in trying to stretch your budget you must be careful to avoid crippling your organization's ability to deliver upon its mission. It therefore makes sense to explore all your options closely.

Managed Services: A Viable Option?

The word outsourcing often calls to mind the loss of manufacturing and customer service jobs to overseas operations at the expense of the Canadian workforce. However, the concept has a local variation that has taken hold within small- and mid-sized organizations and is revolutionizing how they deal with IT.

Unlike other types of outsourcing, local outsourcing has no negative impact on your organization's community. Known as "Managed Services", this service allows organizations to outsource their day-to-day IT responsibilities to local technology consultants— called solution providers —right in their own backyards.

Managed Services is the practice of using an outside firm with expertise in a particular business area to provide oversight and other services. A Managed Services provider (MSP) can be seen as a "virtual" IT department doing what an in-house IT department does, and much more—usually for less money.

There are numerous benefits to Managed Services, which can best be understood by first understanding the five reasons why a non-profit organization should not be managing their own IT.

1. Managing your own IT is an increasingly complex undertaking

IT today plays more than just an administrative role in any organization. IT for example, has become pivotal to service delivery and fund-raising in non-profit organizations of all sizes.

As IT plays an ever-increasing role in an organization's day-to-day operations, it is also becoming increasingly complex and costly to manage. IT staff today must contend with numerous computer operating systems, custom software applications, multiple networking protocols and escalating security threats.

The small to midsize IT department is a microcosm of a larger one, yet faces the same inherent challenges – only with fewer people and resources. From a cost and productivity standpoint, small-to-midsize organizations lack economies of scale and breadth of knowledge.

2. Managing your own IT is inefficient when lacking the latest and best management tools

The IT industry is well aware of the complexity it creates. Thus, there is no shortage of technologies and specifically tools to help manage IT more effectively.

One of the ways in which larger organizations are more productive in the management of IT, is that they can leverage new tools which emerge to help manage networks, desktops, and servers.

Adopting these productivity tools within a small-to-midsize non-profit organization is often challenging because they lack:

- The capital to *invest in and maintain* these tools (which are often expensive)
- The underlying architecture and infrastructure to *deploy* these tools

- The technical competencies and management discipline in *using* these tools

Thus non-profits are less likely to see IT support cost savings, as well as productivity improvements.

3. Managing your own IT requires you to constantly recruit and retain scarce IT resources

Despite these difficult economic times, the IT skills shortage remains. The irony is that while there are many IT professionals available in the workplace, matching the right skills at the right time is what results in gaps.

This does not make things easy for your typical non-profit organization which needs to hire a multi-tasking, multiple skilled IT resource that is expected at times to do anything and everything. These “multi-talented” individuals are in high demand and command high salaries, such that most non-profits would find it difficult to meet salary expectations.

Not to mention the fact that within a small IT department, the ambitious IT professional has a limited career path relative to a larger organization which extensively invests in IT, where they would work with peers and mentors in their own field and get the opportunity to work with the latest information technologies.

4. Managing your own IT increases budget uncertainty

When an organization manages its own IT, it also has to deal with the chores of forecasting and managing volatile IT spending. Budgeting for unforeseen circumstances, which are often inevitable in IT, is never easy, and with limited availability of funding makes it even harder to line-up IT expenses with cash-flow.

Sadly, unexpected IT costs can cut into program areas. Not to mention, the considerable amount of time and energy it requires in sourcing, managing and coordinating spending with multiple suppliers.

5. Managing your own IT takes time and energy away from your real mandate

A non-profit’s priorities should revolve around its mission, not IT; yet self-managing IT can re-direct considerable time and energy away from what is important to your agency’s stakeholders.

By letting a local solution provider handle day-to-day IT operations, your organization can stay focused on the things you do best, instead of spending time

and critical resources on technology issues, which are likely to be unfamiliar territory.

Weighing the Benefits

Given the above challenges, let's quickly look at some of the key aspects working in favor of outsourced Managed Services (beyond cost savings).

Access to highly experienced and specialized IT skills – You leverage the resources of a much larger organization that is focused entirely on IT. In a Managed Services environment, you will have a larger IT team working for your organization, with broader and deeper skills in a variety of disciplines.

Eliminate hidden people costs – Ongoing training, worker's compensation, office space, vacation time, sick pay, temporary leave, supervision, recruiting, performance reviews, etc...

Avoid downtime, increase productivity – The whole idea behind Managed Services is to eliminate downtime by being proactive. IT is delivered as a utility (essential service) via a Service Level Agreement. Systems are fine-tuned and designed to be reliable.

Free up management time – Routers, switches and patch management – do you need the headaches? One of the most appreciated aspects of outsourcing is the freedom it creates to focus on what you do best.

Leverage the latest technologies – A Managed Services provider is able to spread the cost of expensive (but very useful) IT management tools across many clients.

Budget stability – An MSP can be a single point of contact for all your IT needs, thus, one invoice every month for all services at a pre-arranged fee.

Do you need Managed Services?

Take this simple test to find out if your organization is a good candidate for managed services.

- Does your organization as a whole have 25 to 250 staff supported by 1 to 4 IT resources?
- Are your employees reliant on the ability to enter data or retrieve information from a centralized server, email system or database in order to serve clients?
- Do you find it taking an unreasonable amount of time to get IT problems fixed?
- Has there been a revolving door in attracting and retaining IT staff?

- Are you frustrated with trying to predict your yearly IT expenditures for funding purposes?

If you answer yes to two or more of these questions, your organization is likely a good candidate for Managed Services. You will also be in good company.

Selecting the Right Managed Services Provider

In order to find the right MSP to meet your organization's specific needs, a non-profit organization should carefully examine each MSP's service portfolio, delivery capabilities and business viability.

It is especially important to determine whether the scope of the MSP's services fully meet your IT requirements. While there are plenty of MSP's, only a few can deliver end-to-end, proactive, management services that fully relieve a non-profit of the uncertainty and hassles associated with day-to-day IT operations.

MSP Services Portfolio

- Management of LAN, servers, and desktops
- Management of software applications
- Management and administration of email
- Backup of servers and workstations
- Comprehensive network security, including virus and spam filtering
- 24 x 7 network monitoring of entire IT infrastructure
- 24 x 7 Help Desk support for all users
- 24 x 7 onsite support
- Sourcing and procurement of hardware and other assets

An MSP's service portfolio and delivery capabilities should also go beyond simply focusing on the primary technology issues that are critical to your organization today. The MSP should be able to cover the full breadth of your IT operations from a strategic sourcing perspective and help you plan for your future technology needs. The MSP should also be able to address the full lifecycle of IT services requirements, including planning and design, deployment and integration, ongoing management and maintenance, and continuous updating of systems and software.



Next Steps

Quantifying potential cost savings by outsourcing IT is the next logical step. However, every organization is different, making this task at times difficult.

A good starting point is to develop an accurate understanding of your current situation in the form of an IT assessment or audit. Your local MSP should be able to help you.

An assessment typically includes an inventory of your IT infrastructure assets and a review of your business practices and procedures. A health check of such things as data vulnerabilities, backups and security issues also typically comprise an audit.

By fully understanding how your IT dollars are being spent, your MSP will be able to provide you with a variety of options in how you can manage IT more cost-effectively. This also provides you with the opportunity to build trust in an external provider, who may eventually play a very important role in helping your non-profit through difficult economic times.

An audit is typically provided for a nominal fee or sometimes as a complimentary service. Given there is no obligation, it's a little to no-cost way to learn how to stretch your IT budget.

About TP Systems

TP Systems (*Technology for People*) is a leading provider of software and IT services to government, community and non-profit agencies, healthcare providers, and professional services organizations.

TP Systems develops and markets SectorLynx and AdoptionLynx, state-of-the-art integrated case management and outcomes reporting software for the health and human services sector.

TP Systems' IT services offerings include:

- Software Applications Development
- Managed IT Services
- IT Staffing
- IT Consulting and Solutions Delivery

For more than 30 years, TP Systems has helped its clients bridge the gap between technology and people by transforming ideas into technologies that improve people's lives.

© Copyright 2008 TP Systems Ltd. All Rights Reserved



250-6400 Roberts Street
Burnaby, British Columbia
Canada V5G 4C9

Telephone: 604-299-7800
Fax: 604-299-7806
www.tpsystems.com