
Service desk outsourcing: What to consider



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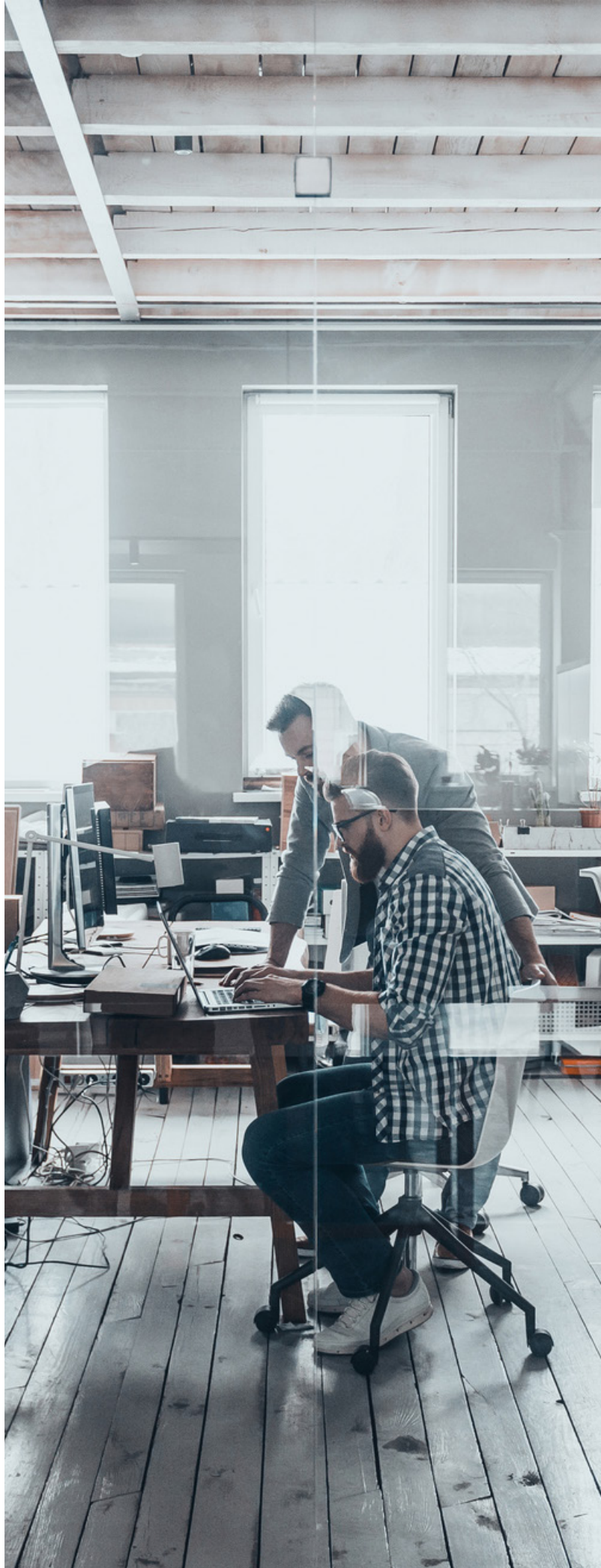
Deciding whether to outsource all or part of the IT support function, such as the IT service desk, is a common consideration amongst organisations of all sizes.

For small and medium-sized businesses, outsourcing can bring levels of expertise, service and availability that would be unrealistic for an organisation to achieve in-house at a realistic cost. For larger organisations, it may be a way to realise significant efficiencies and to focus in-house team on the core competencies of the business.

The decision to outsource is not to be taken lightly. The service desk does represent a significant cost centre to most organisations, but its importance to the business should not be underestimated. The service desk has a direct impact on employee productivity and ultimately business performance.

The starting point in evaluating options is to detail, using measurable goals, what the desired service desk should look like. You could use financial goals such as return-on-investment, but service goals should feature largely too. These may include speed of resolution, user satisfaction and impact to overall business productivity. Being completely specific with these goals will always be difficult, but if you can highlight what you want to achieve as much as possible, it's a lot easier to assess the current situation and evaluate strategic options against this.

As a managed service provider with a 25+ year track record, we've highlighted some of the key areas to consider when evaluating the option of service desk outsourcing.



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Reduce and control costs

Cost reduction is often a driving force in making the decision to outsource. Outsourcing, especially offshoring and shared service models, is generally regarded as being cheaper than in-house options. Yet sometimes the cost advantages are not always immediately apparent. It's important to take into consideration all of the costs associated with running a service desk to be able to compare inhouse with outsourced options fairly.

You might have to make some assumptions around overheads in this process. For instance, you need to take into account the costs such as training, recruitment, management and employee benefits of your current in-house model. Some of these costs such as office space and equipment may still apply if you outsource but the service delivered remains onsite, so the type of outsourcing solution you are considering will have an impact on what's included in your calculations.

A similar thorough approach needs to go into understanding the pricing model of potential suppliers. How flexible are they? What are the hidden costs? What happens in various eventualities such as demand increasing or reducing?

If the pricing model is presented or negotiated as a fixed-fee engagement, service desk outsourcing can help provide financial stability. Here you can essentially transfer the risk and variability of demand-supply fluctuations to the supplier to deal with, which allows for greater budget control and forecasting within your own business.



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Improve service

The key driver that can trump cost reduction is the promise of a better service for users. There are various ways in which this can be achieved by outsourcing but there are also risks to service levels to be mindful of.

By engaging with a managed service provider, you should be able to exploit its specific industry or cross-industry experiences and best practices to help your company become more competitive. Evaluating both the company's track record and the individuals involved in managing and delivering your engagement is important. Finding out their past and current client list and achievements is a sensible step in evaluating specific providers. In addition, managed service providers should be able to provide better IT training and recruitment models.

All this should lead to better response times and better resolution rates. By contracting with a third party, you can strengthen service improvements by asking parties to commit to specific service measures and SLAs (Service Level Agreements) that you might not necessarily be able to impose as strictly on an in-house team. Many IT providers will also include other contractual mechanisms such CSIP (Continuous Service Improvement Programmes) with official service reviews. This may be more informal or not done at all with an in-house operation. All of the above can have a real impact to improving the service.

However, with any kind of outsourcing arrangement, there can be drawbacks that can affect service levels or at least users' perceptions of them. Outsourcing through an off-site model may mean users who were used to being able to physically see and speak face-to-face with their IT support team may perceive that the level of service has reduced. IT support is simply less visible. Off-shore models may exacerbate that perception, with cultural perceived differences.

Therefore it's important to understand and distinguish between the nuances of user-satisfaction. Are they unhappy because of a change in process, will it be more efficient in the long run but take some time to get used to? Or, are there justified frustrations with communication and language barriers that are reducing overall productivity?

Similarly, even with an on-site outsource solution, there is the risk of a cultural divide that may affect service. If outsourced employees are treated significantly differently, this might affect their motivation levels and 'one-team' ethos and it's useful to question the outsource company as to how it would work with you to make sure that its employees are motivated and incentivised to deliver good service.

With any change, there will always be a transition period where service may be affected. It's worth considering how any potential provider will work with you to manage this period.

There will need to be a certain amount of alignment to your organisation's IT support environment. What do the users expect? What are the key applications that need supporting? What is the specific business terminology used in your organisation? How should the provider communicate with users? What organisation specific processes need following?

Some providers are more geared up and more willing to invest in this than others to make the user experience seamless.

Extend support availability

Often, outsourcing is considered as a way to extend support availability at a manageable cost. Many organisations follow the traditional 9-to-5 working schedule but require IT support outside these working hours. Without that support available, the risk is that users cannot remain productive and overall business performance cannot be optimised. IT service providers are much more geared up to be able to offer this availability viably through economies of scale and comprehensive shift arrangements. If they offer 24-hour support, this also allows your international users who may be working in different time zones to draw on support and remain productive during their working day.

Some organisations will choose an in-house and outsource blend for exactly that reason. They could use a provider during peak periods during the day or at weekends and nights, but maintain their existing inhouse operation for core times.

Evaluating the economies of scale a provider can offer versus the need to have a service bespoke to your business, and the needs of your users, may affect the extent to which your outsource for availability. Some organisations may choose to outsource all of the service desk operation including the day-time on-site element in order to access the availability benefits the provider can offer, but also to gain the provider's commitment to a long term partnership. That way, the service provider will fully align to the needs of the business and grow and improve its service –i.e. the more you outsource, the more strategically aligned the outsource provider will be to your business.



Enable strategic focus and leverage expertise

Some organisations decide at a strategic level that they are not an IT organisation. Therefore, they look to outsource any non-core IT operations to the experts. This principle guides their decision making process when it comes to the Service desk. They see that the additional cost of handing over IT operations to a third party is outweighed by the freedom it gives to in-house teams to focus on core business IT initiatives and innovations. Rather than fighting support fires, they place their service desk in the hands of trusted external experts who should be able to do a better job.

This is ultimately a strategic decision that suggests the business should effectively focus on its core competencies.

Outsourcing the service desk will free up management time and capitalise on activities that distract them from key business enabling tasks.

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Force a step change

An organisation can move its service desk to an external provider as a strategy to force a step change in business operations. Whether that's moving the actual physical location or forcing a dramatic change in culture or personnel, it's often a move to realise significant efficiencies or structural changes in a fairly short space of time. The act of outsourcing can help to implement a result that may not be so easy with simple iterations to in an in-house operation.

Gain commitment

One difference between an in-house team and an outsourced provider is the effect that reputational damage of not providing a good service can have on the latter. The IT service provider's ability to win new business heavily relies upon demonstrating a strong track record more than perhaps individual employees working in-house. This is something you can leverage to your advantage; the provider is much more driven to ensure the overall engagement is a success. The key to any successful outsourcing arrangement will rely on both parties being satisfied that they are able to extract value from the engagement.

When you're looking at a potential provider, it's worth considering how important your business is to them against other contracts they may be delivering. Are they properly incentivised to provide you with a great service?

The scope and length of the engagement, the value of the contract, the details around delivery, the size of the outsourcing organisation and its own strategy will all impact how important your business is to them and ultimately the success of your engagement.

If you're considering using a managed service provider to deliver end-user support, why not contact Acora for more information. We're happy to help.

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About Acora

Acora is a UK-based, award winning IT services and technology partner with over 25 years' experience. We are ranked amongst the top 50 global managed services suppliers. Financially stable with a strong balance sheet, Acora currently manages contractual revenues of more than £70m and employs over 300 people.

Our vision is to provide the mid-market with an outstanding customer experience through innovation and great people and become the leading provider of IT services within 4 years.
