Title:
Outsourcing IT - Is it the best option for your organization?

Word Count:
555

Summary:
In an organization's entire sourcing life cycle, selecting a suitable IT
services firm may prove to be one of the trickier task. How do you strike a
balance between your IT needs and your company's IT budget, and at the same time
make a wise decision on the IT services firm to outsource to?

Keywords:
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Article Body:
Is there really a need to outsource your organization's IT workings? Won't it be
better if the organization can have a direct internal control over the IT
operations, instead of relying on a 3rd party to help you decide what is best
for your company?

Well, the decision to outsource often just falls back on the few crucial
considerations, as stated below:

(1) Do you have the internal resources to run existing mission-critical systems
efficiently?
(2) Are you prepared to consider high degrees of organizational and cultural
change, in the face of managing your IT operations?
(3) Do you consistently need to create new business and technical interfaces for
your day-to-day operations? If yes, is it really more cost-efficient to deploy
internal staff to execute these tasks?
(4) Based on needs and budget, to what extent will the organization's IT
functions be outsourced?

Simply divesting your company of a function that cannot be effectively managed
internally is not a sufficient reason to outsource. Before the final decision to
outsource is made, the CIO (Chief Information Officer) and his IT management
team have to identify and pinpoint internal management failings. Through
identifying the failings, they can address them to avoid repeating the same
mistakes in the selection, transition, and management of an outsourcing
relationship.

The initial decision to outsource and the final selection of a suitable IT services company form integral parts of an organization's sourcing life cycle. The decision to outsource all / parts of the organization's IT functions is one of the most difficult decisions that a CIO and his team has to make. The simple reason being this decision will bring about significant business risks in the form of transferring day-to-day responsibilities of running mission-critical systems to a 3rd party. In addition, there may be considerable operational impact on staff that comes in the form of adjustments in working styles.

The objectives of outsourcing generally comprise of the following:

- Cost control / savings
- Concentration on core activities
- Access to new skills and technologies
- Overcoming internal organizational inertia to effect change

Objectives have to be clearly identified by the CIO and he will also have to take on the responsibility to communicate these objectives to all respective stakeholders from the outset of the process.

A outsourcing relationship that starts without clearly-defined objectives frequently fail, or may require significant remedial efforts to reset expectations and amend the services agenda. This will have the negative effects of wasting resources and affecting the bottom-line of an organization. Thus it is crucial that internal needs / failings are fully assessed and evaluated before the final decision is made.

Lastly, upon outlining the objectives, the CIO and his team will have to define, communicate and agree on the areas that will be outsourced. Areas of consideration will include deliverables, measurement and acceptance criteria.

CIOs are often encouraged to view outsourcing as part of an entire process that ranges from sourcing strategy formulation to monitoring, measuring, evaluating, and re-sourcing where and if appropriate. But like any partnerships, outsourcing can sometimes have the reverse effect of bringing about traumatic experiences, which can prove to be costly to the organization. So before you engage a 3rd party IT services firm, seriously consider all the impending factors as outsourcing is a long-term engagement and should not be taken lightly as a temporary relief of internal management failings for the organization.