

Paper Checks and IT Managed Services

By: Steve Conner, President of Bross Group

Seems like an odd topic but it is an area where I have had some experience and there is a parallel between the two. Twenty years or so ago when financial institutions started coming out with electronic bill payment applications we started reading all the press about how paper checks would be obsolete in 20 years. Having had a lot of experience in the financial software and services industry, I was recruited by a check printing company that had decided if they wanted to still be in business in 20 years they should start acquiring technology companies selling services into their same vertical. So we went on a buying binge to prepare for the future.

Today, with all the Infrastructure as a Service, (IaaS) companies, IT Managed Service offerings and applications available in the cloud, (SaaS) you could draw the same conclusions about organizations continuing to maintain their own in-house servers and IT operations. You could conclude that in 20 years maintaining in-house servers and in some cases an IT staff would become obsolete for a majority of small and medium sized businesses.

I am not here to expound on the benefits of electronic bill payment (since I am no longer in that business) but have outlined the key benefits to our definition of “IT Managed Services”: The outsourcing of your infrastructure, IT operations (including desktop support) and IT Strategy & Management or some portion thereof.

But first, at a high level, why do so many small and medium sized organizations continue to maintain in-house servers and their own IT operations and management even though the cost savings and benefits are well documented and realized by numerous organizations?

- Resistance to change
- Lack of understanding of technology at a management level
- IT staff that lacks “broad” technology knowledge and experience
- No time or expertise to analyze the benefits of outsourcing those functions

Here’s what you are missing out on:

- **Infrastructure cost savings:** An obvious benefit of moving to the IaaS model is lower infrastructure costs. No longer do organizations have the responsibility of ensuring uptime, maintaining hardware and networking equipment, or replacing old equipment. IaaS also saves enterprises from having to buy more capacity to deal with sudden business spikes. The pay-as-you-go model provides significant cost savings. Because IaaS use is metered, organizations pay for only the capacity needed at any given time.
- **People cost savings:** Many organizations employ larger IT staffs than is required. IT professionals specialize; if you are a Systems Administrator or Software Architect, that is what you do. Organizations end up hiring a full-time Sys Admin even though they may only need 50% of their time. Then, they typically ask the employee to do other things which they are probably not skilled at and probably do not have a desire to do.

This results in poor performance, employee dissatisfaction and elongated or failed deliveries due to lack of experience.

- **Scalability and flexibility:** One of the greatest benefits of outsourcing your IT operations and infrastructure is the ability to scale both hardware and IT resources up and down quickly in response to your requirements. IaaS providers generally have the latest, most powerful storage, servers and networking technology to accommodate the needs of their customers. This on-demand scalability provides added flexibility and greater agility to respond to changing opportunities and requirements. From the people side of the equation, you only pay for what you need for support and maintenance. Projects are scoped and delivered and then those IT professionals with the specific skillsets required go away. This is no different than hiring an outside consulting firm to deliver a project; however, if you have outsourced your IT operations and management your existing partner has an intimate understanding of your environment and can probably deliver the solution in less time and for substantially less money.
- **Support for disaster recover, high availability and up-to-date cyber security protection:** Most organizations have some type of disaster recovery plan and will have some type of cyber security protection in place; however, the technology behind those plans is often expensive, poorly documented, outdated and unwieldy. IT Managed Services and IaaS service providers provide a well-documented consolidated disaster recovery plan and infrastructure, reducing costs and increasing manageability. If disaster strikes, employees can access the same infrastructure they have always accessed via an Internet connection, from wherever they happen to be. From the cyber security stand point, a company that's entire business is dedicated to information technology and IaaS is going to pay a lot of attention to the changing trends and innovations in security and protection of your applications and data.
- **Proper use of time:** Time, money and energy spent making technology decisions and hiring staff to manage and maintain the technology infrastructure is time not spent on growing the business. By moving infrastructure, operations and management to a service-based model, organizations can focus their time and resources where they belong, on developing innovations in their particular line of business.

So paper checks will not disappear in the near future and neither will in-house IT operations and servers. However, I would recommend investigating the new and improved way of doing things and potentially realize the cost savings and benefits rather than continue to do things the "old" way just because it is the way it has always been!

Steve Conner has served as the President of Bross Group for the past seven years. Steve has a broad knowledge and many years of experience in the Information Technology business.

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