Straight-Line Technology: Driving Small Business Returns from IT

Building a Framework for Focus and Efficiency: Capitalizing on IT delivery alignment
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In the first place...

The efficiency of IT operations matters to small (1-99 employees) businesses. A LOT. Small businesses have great business ambitions and a wide range of technical priorities – but they have a number of challenges, many stemming from resource constraints that affect all aspects of small business operations.

Connecting the dots

One way to obtain a sense for why IT operational efficiency is critical to small businesses is to examine the relationship between IT management objectives, the IT initiatives that will support these objectives, and the challenges faced by IT in delivering effective support to the business.

The left column below lists goals that will be familiar to any small business owner/manager: **keep costs in line, build customer loyalty, improve productivity and quality, drive growth and productivity**. The second column describes the different IT strategies that can help deliver these outcomes; **Small business IT leaders are looking to expand into cloud and mobility, deploy collaboration and analytics, provide security and capitalize on virtualization**. But – as the third column notes – they face an equally wide range of challenges. **Budget constraints are a constant in small business**, and there are operational challenges associated with each of the IT solutions shown in the center column. **But perhaps the single greatest obstacle is “finding qualified and trained people”**.

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*Source: Techaisle, www.techaisle.com*
The disconnect(s)

It’s easy to point to difficulty in attracting qualified IT staff as a small business constraint, and to assume that Small businesses would be able to align IT priorities with business objectives if skilled employees were more readily available. However, a Techaisle survey small businesses indicates that the problems – and solutions – are more involved than simply expanding the pool of IT job candidates.

The plain truth is that staff availability doesn’t have an impact on the vast majority of small businesses: only 4% have internal full-time IT staff managing their IT function, and these firms employ only an average of 3.2 full-time staff members; another 23% have part-time staff managing IT, while more than 40% of small businesses rely on non-IT staff to manage IT. One in five Small businesses (20%) report that they outsource IT management to a third party – an appealing alternative for firms that require IT leadership but that can’t engage a full-time CIO. Startlingly (in our IT-centric economy), 8% of small businesses have no one responsible for IT management.

This last option is clearly does not reflect a responsible approach to management of a business-critical function. But how should a small business plot its path forward?

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**Who Manages IT?**

- **04%** (Avg. no. of full time IT staff=3.2) | Internal full-time IT Staff
- **08%** | Nobody Manages IT
- **20%** | Outsourced to 3rd Party
- **23%** | Part-time internal staff
- **44%** | Internal Non-IT staff

Source: Techaisle, www.techaisle.com
People, process, technology

It’s common for organizations that are looking to drive innovation to focus on three key issues: *people, process and technology*. There is a need to balance progress in all three areas: finding pain points within the business or opportunities for improvement, identifying and acquiring technologies that address these issues, and ensuring that the business has the skills – across the organization, and especially, within the IT department – to deploy, optimize and support the technologies in a business context.

In many cases, though, small businesses are getting overwhelmed by the constant introduction of new technologies and IT-dependent processes, and are struggling to keep pace. More than 70% of small businesses have become more dependent on technology over the past three years. But they are struggling with the key elements that support successful innovation:

- **Technology:** Nearly three-quarters of small businesses report a form of “adoption inertia” stemming from IT complexity.
- **Process:** Over 60% of small businesses are ignoring technologies that might be useful to their businesses because they can’t cope with the demands associated with advanced IT solutions
- **People:** More than half of small businesses are finding that adoption-related pain points have increased.

Taken together, these statistics build to an important conclusion: small businesses need to improve their *people* and *process* capabilities, to capitalize on *technology* that positively impacts competitiveness, growth and long-term viability.

Building a service delivery framework

What capabilities does a small business need, in order to deliver the services required to support users in their business activities? There are at least two dimensions to the answer: a definition of the services that are most important to an SB’s business operations, and an understanding of the approach needed to effect delivery of these services.

Key technology services

One way to gain insight into the services that are most important to small businesses is to assess the services that they are prepared to pay for. In its survey of small businesses, Techaisle asked those that are currently using or planning to use *managed IT services* – technology services delivered on a long-term contract by an external supplier – to identify the capabilities that they are contracting for.

The research shows that **Managed PCs is the most common IT service used by small businesses.** Managed storage, servers and data are also commonly sourced by small businesses who are looking to offload operational responsibilities; managed security and network administration services are
valued by small businesses who understand that they need hard-to-find skilled resources to address these critical requirements.

A process perspective

Another way to understand the IT challenge associated with mapping technology to small business’ needs is to examine the process that small businesses navigate as they integrate IT solutions into their business infrastructure. The key steps in this path include:

- **Strategic planning**: What are the key organizational objectives?
- **Identifying operational imperatives**: What does the SB need to do, or be able to do, in order to achieve the organizational objectives?
- **Gap assessment**: What operational imperatives is the SB capable of performing today, and which are going to require development (or acquisition) of new capabilities?
- **Solution evaluation**: Which solutions would help the SB to address internal capability gaps, enabling it to deliver on the operational imperatives that are important to the strategic plan?
- **Solution sourcing**: What is the best and most cost-effective way for the SB to acquire the solutions that it needs?
- **Solution deployment**: What resources are required to deploy the new solution, making sure that it is integrated with the existing IT infrastructure and with the business processes (and users) that rely on the solution?
• **Solution maintenance**: What resources/agreements does the SB need to put in place to ensure that the solution will continue to function to the best possible extent?

• **Solution/process optimization**: What are the ‘next steps’ from a solution and from a process perspective, to make sure that the small business gets the best return from its technology investments?

In the cycle diagram, the first three steps – strategic planning, identifying operational imperatives and gap assessment – are shaded in blue, indicating that these are management functions that are likely to be covered by internal staff. Three other steps – solution sourcing, solution deployment and solution maintenance – are shaded in green, showing that these are IT responsibilities, ones that may well be covered for the SB by an external supplier. Two steps, solution evaluation and solution/process optimization, are shaded in both colors, to highlight the fact that they can (and should) be shaped by both management and IT perspectives, and may include be delivered by SB staff members, third party firms or a combination of both.

**Aligning internal and external resources**

Small businesses that can prioritize the IT delivery services that are most important to their business success, and that can cleanly identify the tasks that should be handled by management, internal IT staff and contractors, can create an IT service delivery framework that is tuned to their needs, providing needed capabilities in the best way and at the lowest cost.

Small businesses who are able to successfully integrate third party services into their IT operations are able to gain access to industry-leading skills and keep outlays below the level of an internal-only approach. Consider:

• Small businesses that outsource IT functions to third parties report that **outsourcing both contributes to growth** (increasing productivity, keeping pace with technology changes) and **to bottom-line success** (reduced IT costs, greater control, predictable performance and user experience).

• More than half of small businesses that incorporate PCaaS within their organizations report that they benefit from predictable costs and from reduced IT and procurement workloads;
nearly half state that PCaaS allows PCs to be refreshed faster, and more than one-third of Small businesses find that PCaaS reduces the cost of PC deployment.

Reasons for outsourcing IT services

**Contribution to topline & improve business growth**

- Better response time to IT problem resolution leading to improved productivity
- Focus on core competencies
- Keeping pace with technology changes
- Disaster recovery and business continuity

**Contribution to bottomline & reduce operating costs**

- Lower IT Costs
- Achieve greater control over IT environment
- Maintain a lean business environment
- Provide predictability of performance, user experience and cost

Source: Techaisle, www.techaisle.com

Small business: Reasons for adopting PC as a Service

- **55%** Predictable Costs
- **53%** Reduce IT and procurement workload
- **47%** Allows PCs to be refreshed faster

Source: Techaisle, www.techaisle.com
The straight line

In small business, the best approach to new technology is almost always a straight line: a direct connection that links business drivers, a well-defined solution and a target outcome, and which includes selection guidance that small business executives can use to avoid mis-steps in the journey.

Use of third-party IT services such as PCaaS, deployment and maintenance services and financing meets this straight line definition. The driver – a need to capitalize on technology that will meet strategic objectives like cost management/cost reduction and revenue and productivity growth – is clear to anyone who is responsible for a small business that relies on IT to keep pace with customer expectations and competitive pressures. The solutions, which include services that provide for management of the IT infrastructure without increasing internal headcount, have been proven to deliver benefits to Small businesses around the world. The guidance, which looks at IT service delivery from both a capability and a process perspective, gives Small businesses a framework that they can use to align internal and third-party resources. And the target outcome, establishment of an IT delivery engine that meets the current and future needs of the SB without demanding an unworkable financial commitment to internal staff and expenditure, describes an approach that every small business would like to establish.

Small businesses have many challenges and limited resources. An efficient approach to IT service delivery that builds leverage by capitalizing on alignment between internal and external resources gives SB executives an opportunity to reap real, tangible agility benefits that differentiate their organizations, establishing an IT management approach that will support ongoing business success.
About Techaisle

Techaisle is a global SMB IT Market Research and Industry Analyst organization. Techaisle was founded on the premise that Go-to-Market strategies require insightful research, flexible data, and deeper analysis. Understanding the value of data consistency across markets to inform strategic planning, Techaisle has remained holistic in its approach to Insights and provides globally consistent SMB and Channels analysis across geographies. To achieve its objectives Techaisle conducts surveys with SMBs and channels to understand market trends, opportunities, buying behavior, purchase intent, and IT priorities. Besides covering emerging technologies such as SMB cloud computing, managed services, mobility, social media usage, virtualization, business intelligence, big data, collaboration, networking its channel research coverage provides in-depth understanding of resellers and channel partners globally. Techaisle’s insights are built on a strong data-driven foundation and its analysts are conversant with both primary research and industry knowledge, which is a rare combination. Techaisle offers its clients: Syndicated Research, Custom Primary Research, Consulting Engagement, Competitive Intelligence, and Segmentation. For more information, visit www.techaisle.com