WHITE PAPER: WHEN TO OUTSOURCE TECHNOLOGY

Considerations in a Changing World

Introduction

As we've said in a previous white paper, the pace of change in business is frenetic and companies must consider what they can do to innovate to keep up with the changes (e.g., strategically leverage their data in new ways). That was focused on the business world and market changes (pre-pandemic). If 2020 has taught anything, it is that business must adapt to changes that have nothing to do with their markets. Regardless of the source, significant changes will inevitably happen in 2021 and beyond...and your company must be ready to adapt (https://www.cio.com/article/3304276/speed-adaptation-and-the-pace-of-change.html).

While the move to transform how IT groups work has been happening in recent years, the pandemic and other external forces (e.g., increased wildfires) have amped up the urgency for companies to rethink how they work. Especially with the pandemic, many companies are rethinking their technology infrastructure for the long-term (https://www.entrepreneur.com/article/354872). While that may not be a huge shift for a company that already had most or all of their applications in the cloud, other companies may find it much more difficult to adapt. On-premise technology that requires all employees to maintain a near constant VPN to a dedicated network are feeling the burden. Not only can it be a support issue, but it highlights the challenges in dealing with sudden spikes for certain resources and capacity planning when no one knows what the next catastrophic event will be or when. This is why cloud services have seen an enormous increase this year (https://www.computerweekly.com/news/252493539/Post-pandemic-Looking-at-the-long-term-legacy-of-Covid-19-on-enterprise-cloud-adoption-rates) and it doesn't appear that it will slow anytime soon.

Even pre-pandemic, companies were experiencing a huge benefit from reworking their technology using cloud services. A local success story in Indianapolis is Indiana Interactive. It was a successful contact center technology vendor. By investing in re-architecting its core application to be "cloud-native" (not just moving the existing architecture to the cloud), it experienced huge benefits that led it to one of the most lucrative sales in recent years to Genesys (https://www.genesys.com/blog/post/unveiling-the-magic-of-scalability-in-the-cloud).

Regardless of your company's cloud adoption, the message from the pandemic is clear: major changes can and will happen at a moment's notice and the company must be able to react and adapt to stay in business. Therefore, outsourcing is a strategic tool. This is not only for cost control, but also to allow employees to focus on the business and using the existing technology to support the business (https://www.cio.com/article/3540233/it-outsourcing-is-back-and-its-more-critical-than-ever.html).

To be clear, the old idea of massively outsourcing the company's technology is typically not a good idea (https://www.infoworld.com/article/2652801/painful-lessons-from-it-outsourcing-gone-bad.html). Additionally, Metamor Systems believes that start-up's should not outsource their

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product development (https://www.intellias.com/outsourcing-bad-idea-early-stage-startups/). In both cases, the key decision to make is: what is core to keeping our business running? In-house technology employees should focus on this core. The cases where it is a good idea to outsource are several and specific. Below are some of those.

Something about the core technology is holding the business back and a new perspective is needed

Oftentimes, long-term technology employees may get so invested or focused on the current design that they cannot see other possibilities. Bringing in a "fresh set of eyes" can do wonders in finding and fixing issues with the current applications. An example in the past is that a company was spending a huge amount of time just maintaining their existing applications. By reworking portions of them, the maintenance went down and the employees could then focus on new revenue generating features instead of just maintenance.

The company wants to explore or transition to a new technology

Similar to the item above, some long-term technology employees may spend all their time focused on particular technologies. It is possible that they are overwhelmed and don't have the time and motivation to explore new technologies. If you technology team is spending all their time just "to keep the lights on", then asking them to innovate with new technologies will be a failure often demoralizing to technology and business staff alike. It also may inadvertently reinforce the old technology because "we tried the new technology and it didn't work"...but the reality is that, not enough time and focus was given to leveraging the benefits of the new technology.

The company needs internal tooling to help innovate

As mentioned above, employees should focus on their core business technology. So sometimes additional resources are needed to help implement new innovation enablers. For example, if the company is committed to better data-driven decision making, an outsourcing company may be needed to create internal databases, analytics/kpi's, and dashboards. This is perfect for outsourcing because it is extra work that employees won't be able to easily take on and it's not the core business application (it ingests data from the core business applications).

As noted above, Metamor Systems will not always recommend outsourcing. We believe in partnering with our clients to find the right places to outsource. This is also part of our commitment to helping our clients grow and innovate. We believe that doing right by our clients

will enable us to be a strategic partner. That is our ultimate goal. For more information and to discuss your situation if you should outsource, please contact us at: info@metamorsys.com