IT Insource versus Outsource
What to Retain or Off-Load?

January 20, 2017

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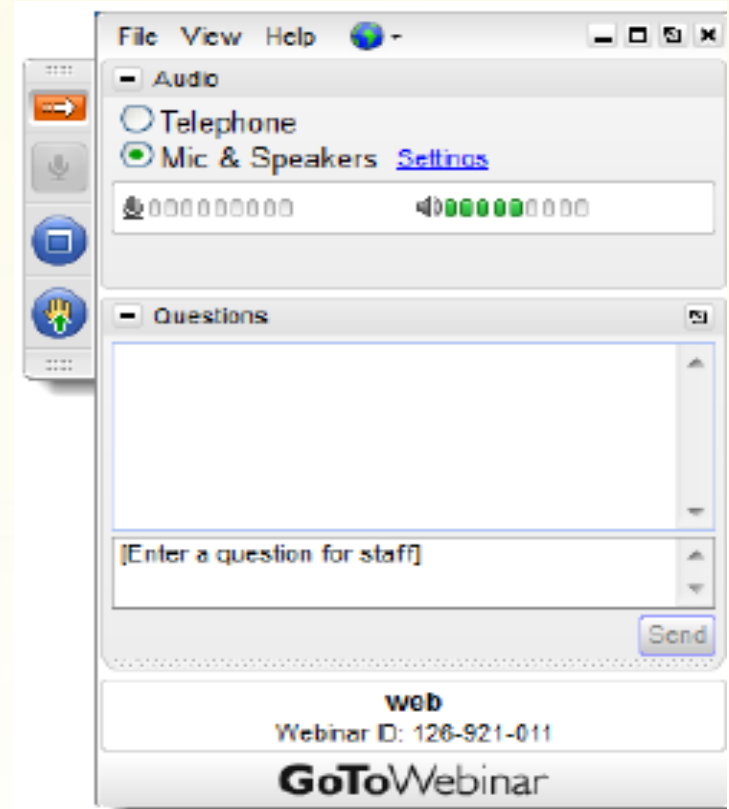
Celebrating 35 years under continuous ownership in Baltimore

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# Our Management Seminar Series

- Learning from our 145,000 Completed IT Support Tickets and 13,750 Satisfaction Surveys

- Security Lessons from Verizon's Analysis of 79,790 Security Incidents

- Reducing Your IT Costs

- Evaluating Managed IT Services

- Cloud Strategy
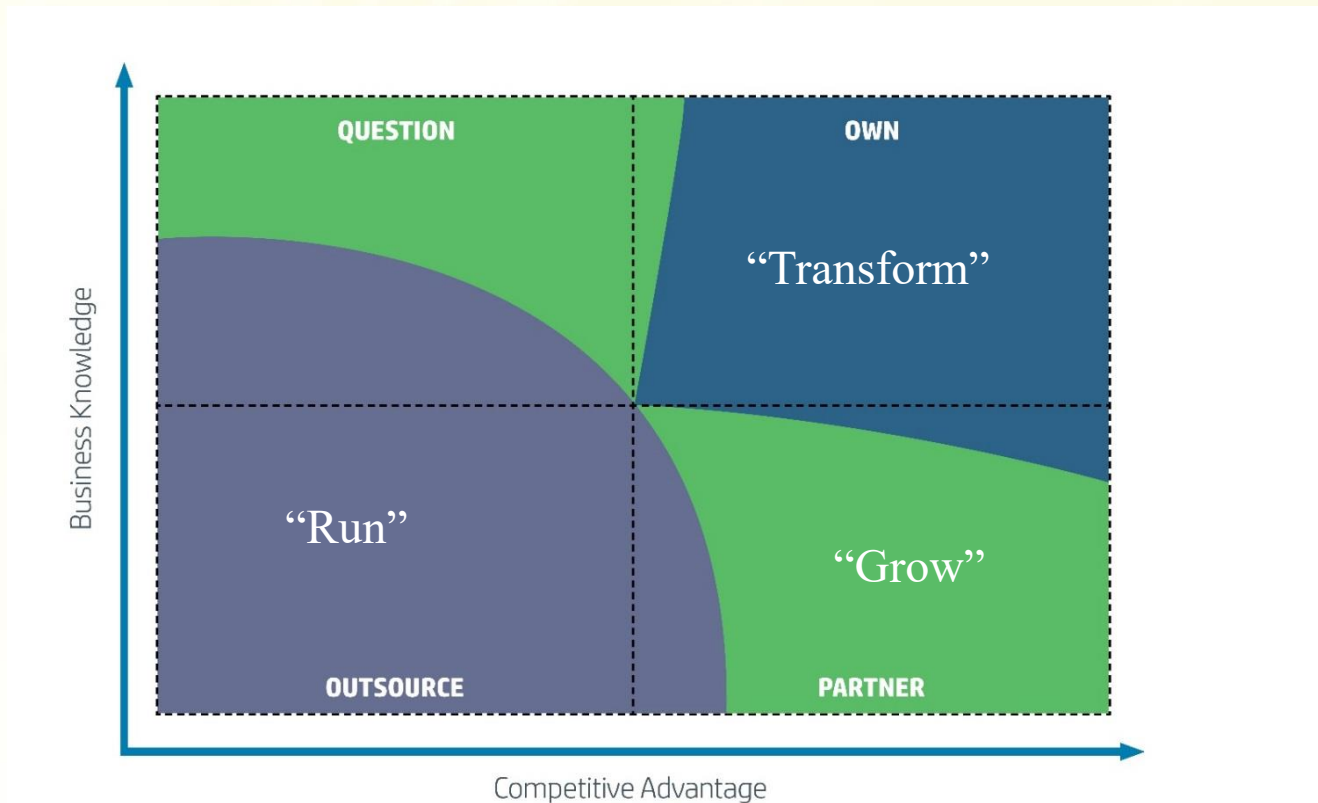
- Building a Cost Effective and Crisis Free IT Team

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Agenda

- Run, Grow, Transform Responsibilities
- Run Choices
- IT Maturity Model
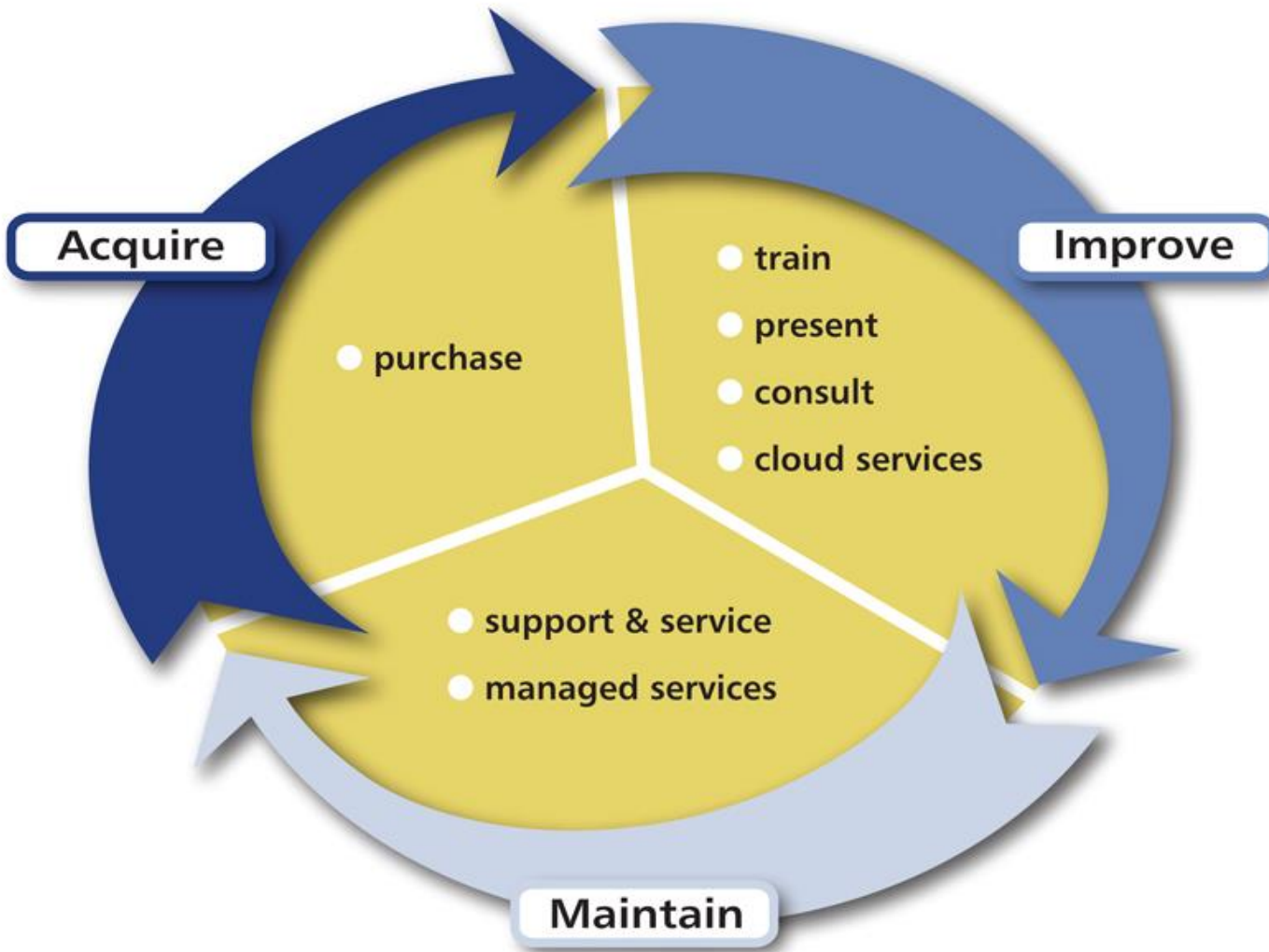
Run, Grow and Transform: Assigning Responsibilities
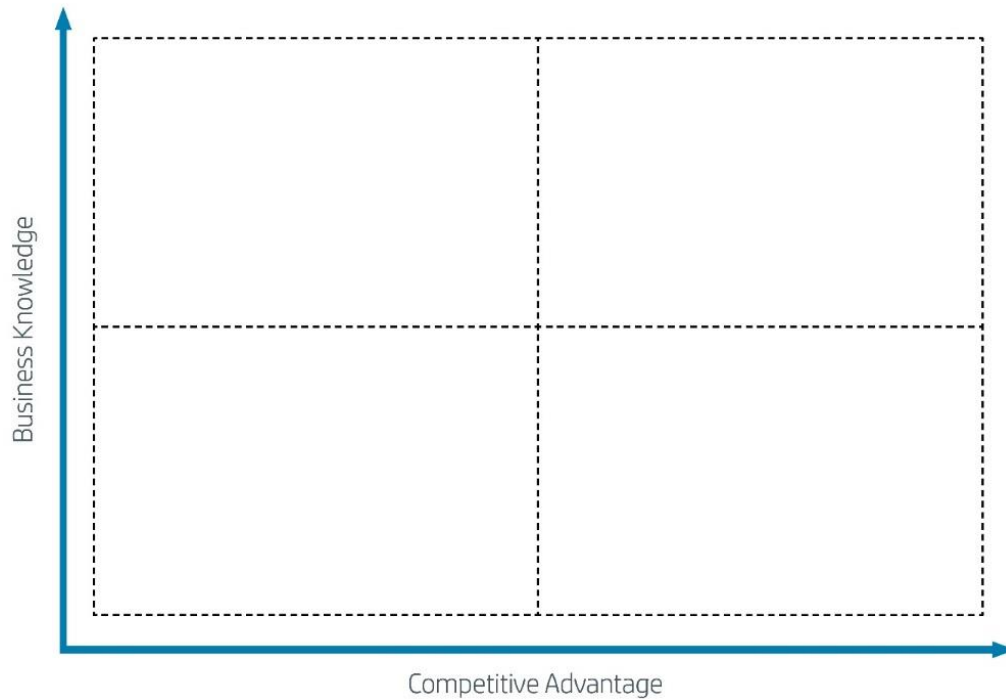
Outsource "Run" To "Grow" & "Transform"

"Run" Choices

- Which alternative gives best price/performance including:
  - Cost
  - Quality
  - Risk

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"Run" Metrics for Support Services

- IT Responsiveness
- Cost Index
- IT Support Performance
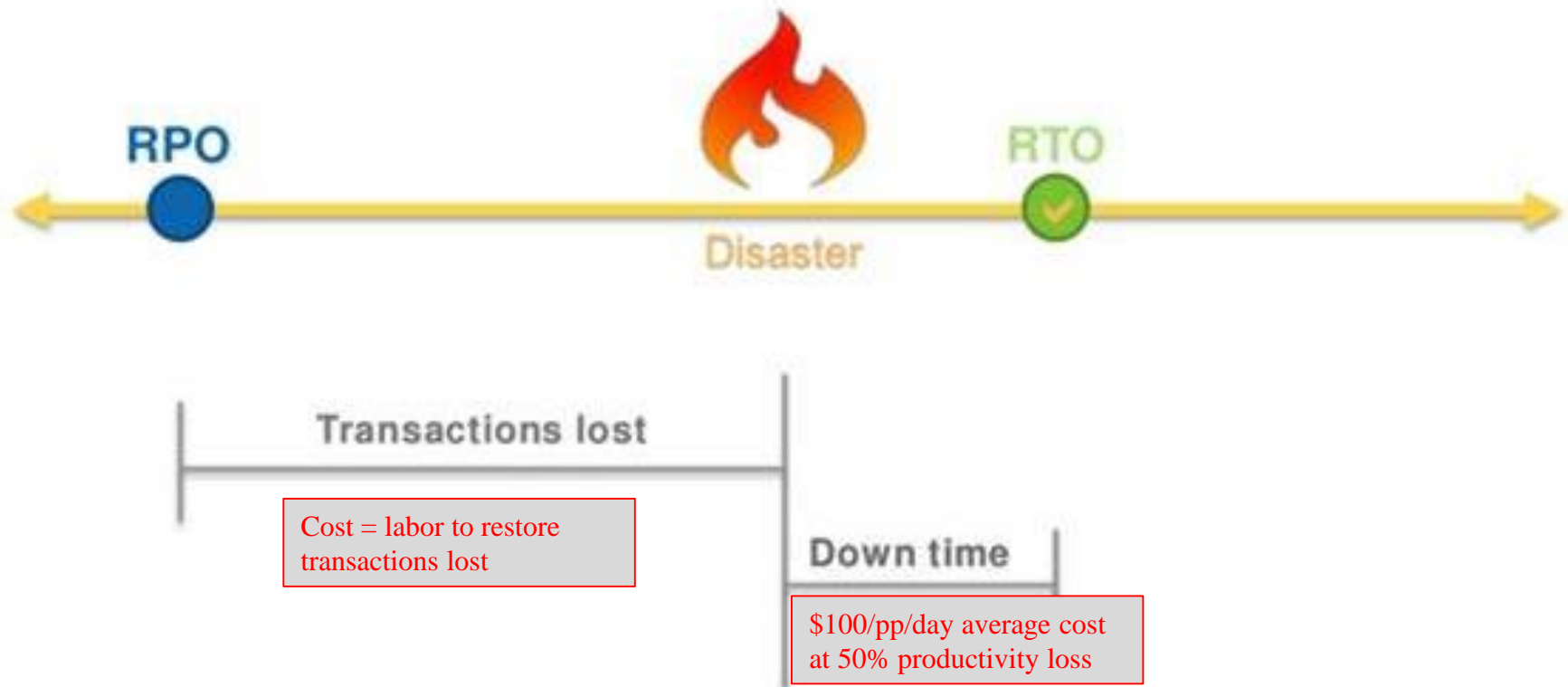- Systems Performance

Outsource vs Insource - Costs

	A	B	C	D
	Options	**Internal IT salaries**	**Outsourcing fees**	**Overall IT expense (B+C)**
	Option 1: System Source - Let Us Manage IT		$ 12,768	$ 12,768
	Option 2: Manage Internally (includes software)	$ 17,973		$ 17,973
	Annual savings for System Source Managed IT Services			$ 62,457
	Assumptions			
	CIO 8+ years	$ 10,876		
	Network Engineer 8+ years	$ 7,113		
	Help Desk Specialist 1-3 years	$ 3,553		
	Help Desk Specialist 4-7 year	$ 4,844		
	Help Desk Specialist 8+ years	$ 5,104		
	Insource startup costs (2 months)	$ 26,842		
	Software tool costs per computer	$ 7.48		
	Number of workstations	161		
	Number of servers	7		
	Number of locations	1		
	salary load	27%		
	All fees shown monthly			
	Salaries are TAE from survey			
	3 year amortization on startup costs			
	Includes only salaries for Network Engineer and Help Desk 8+ years			

$100/pp/day average downtime cost at 50% productivity loss

Outsource vs Insource – Risk Reduction

- Machines missing 10+ patches
- Failover and Load Balancing Services
- SQL Server Service Packs
- Install Dell OpenManage for vSphere
- [core-1.servers.xxxxx] System log generated Warning
- Update Add/Move/Change checklist
- Document iLO or DRAC
- Power Interruption on 6/24
- AD Security Scans

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Recovery Time and Point Objectives for Lower Downtime Costs

RPO

Disaster

RTO

Transactions lost

Cost = labor to restore transactions lost

Down time

$100/pp/day average cost at 50% productivity loss

Implementing Recovery Time & Point Objectives

Recovery Scenario:	Recovery Point Objective (RPO)	Recovery Time Objective (RTO) Short (hours)	RTO - Medium (less than 1 day)	RTO - Long (multiple days)
Single Server	to last backup	Virtual Machine backed up locally with Veeam Backup Exec to disk for VMDK	Backup Exec to disk for physical servers	Tape backup Cloud backup
	to last replication interval	Virtual Machine with vSphere Replication Veeam Replication SAN snapshot Zerto Replication to AWS	NA	NA
Multiple Servers	to last backup	NA	Backed up locally with Veeam Backup Exec to disk for VMDK	Backup Exec to disk for physical servers Tape backup Cloud Backup
	to last replication interval	**B** Virtual Machines with vSphere SRM Veeam Replication SAN snapshot	vSphere Replication w/o Zerto to AWS	**A** Cloud Backup
Individual Item	to last backup	Virtual Machine backed up with Veeam Enterprise Backup Exec with GRT and applicable agent to disk for virtual or physical servers Cloud Gateway	NA	Tape backup Cloud backup
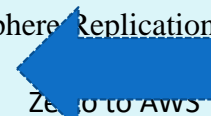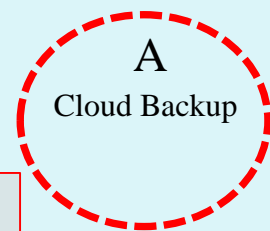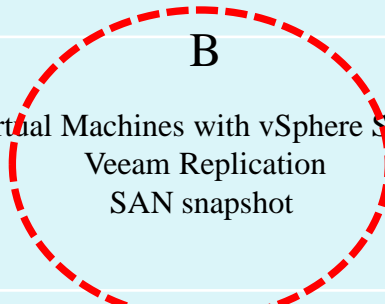
$100/pp/day average downtime cost at 50% productivity loss

Performance Reporting

Network Health Score

Patch Score	94% * 1/3	
OS Score	99% * 1/3	**97%**
Disk Score	98% * 1/3	
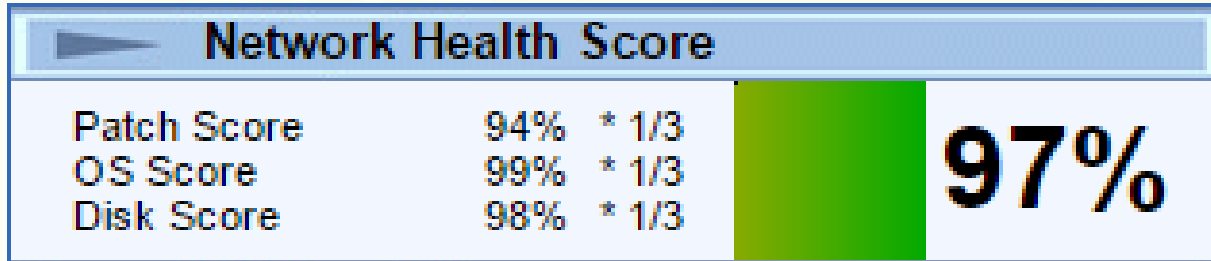
Client A

SonicWall CDP / Acronis

SonicWall CDP	CDP-MIB/CDP-RESTON	S	S	S	S	S	S	S
M-F Full Backup (xxxFILE1)	xxxFILE01	S	S	S	S	S		
M-F Full Backup (xDC1)	xxxDC1	S	S	S	S	S		

Proactivity Drives Risk Reduction

Prioritize Security Purchases

Outsource vs Insource - Quality

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Client Satisfaction Results

"I rate Jackie a 5 on this one. She always makes me feel like she's waiting for me to call just so she can do something for me. Extremely fast and competent."

Customer Satisfaction Results

System Source Managed Service Satisfaction Scores
All Clients

Based on > 4000 responses annually
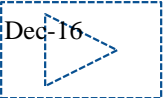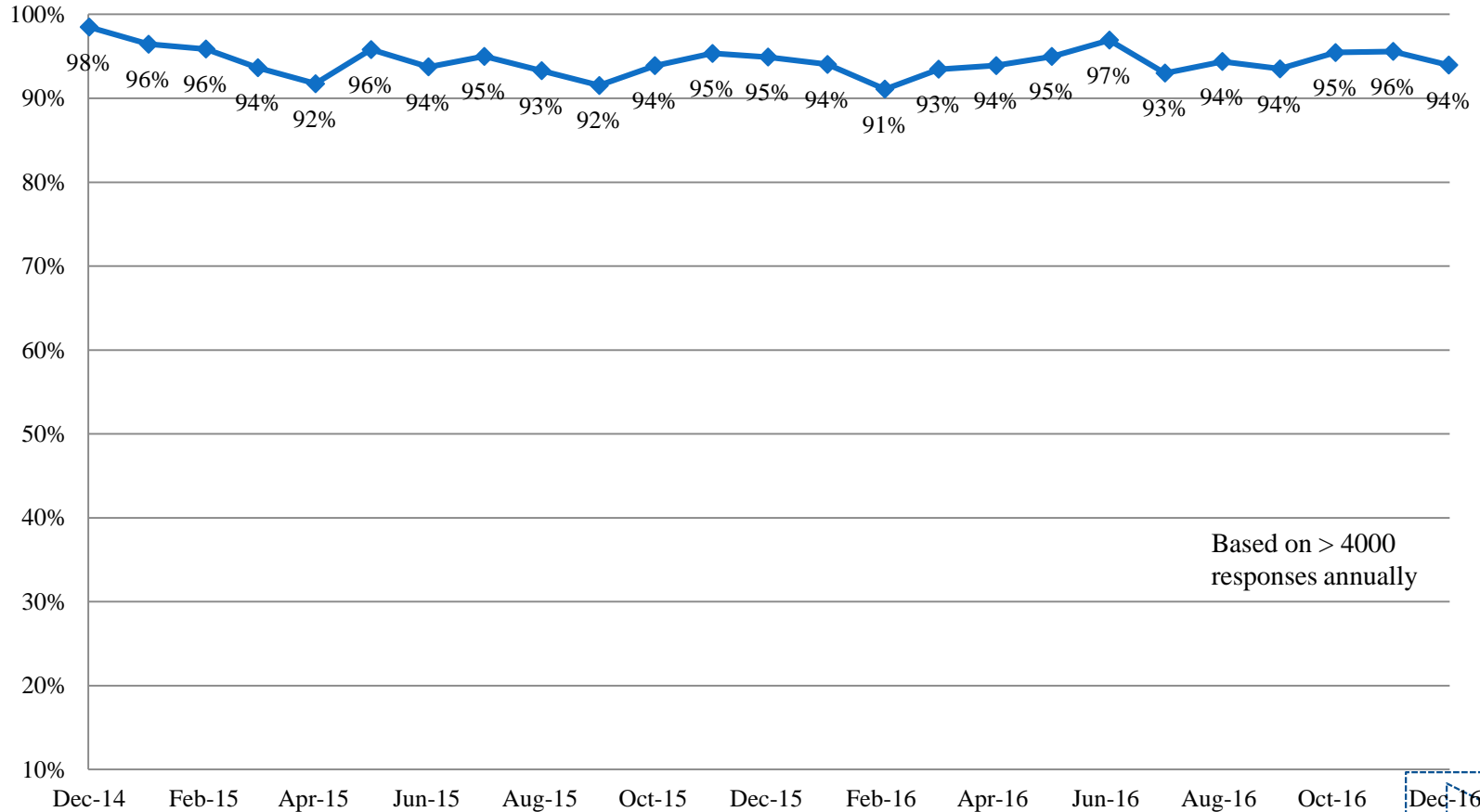
Goal: Increasing User Productivity
Ticket Count Per User/Per Business Day

-40%

Avoiding 40% of tickets at $25/pp/hour average
downtime cost = $120/pp/year for 1 hour/ticket

— total tickets per user/business day   — 3 per. Mov. Avg. (total tickets per user/business day)

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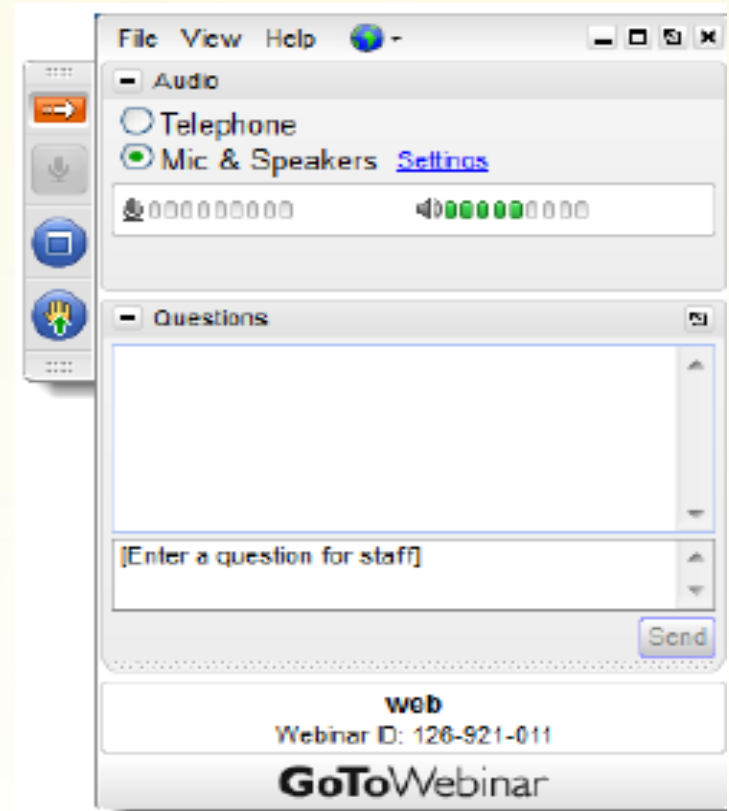
IT Maturity Model

Gartner levels 1-3 for Infrastructure & Operations:

- **Survival** — Little focus on IT infrastructure and operations
- **Awareness** — Critical to the business; beginning with people, process and tools to gain control
- **Committed** — Moving to a _managed_ IT support and improved project management to increase satisfaction

IT Maturity Model

Gartner levels 4-6 for Infrastructure & Operations:

- **Proactive** — Gaining efficiencies and service quality through standardization, policy and proactive processes such as change management.

- **Service-Aligned** — Managing IT like a business; customer-focused; proven, competitive and trusted IT service provider

- **Business Partnership** — Trusted partner to the business for increasing the competitiveness of business processes

IT Maturity Model

	Survival	Awareness	Committed	Proactive	Service Aligned	Business Partnership
People	No focus on IT infrastructure or operations	Technology-centric organization for IT infrastructure and operations	Technology-centric organization; investment in IT service desk	Process-centric organization	Customer and business focused IT service and delivery organization	Business optimization and entrepreneurial culture
Process	No formal process for IT infrastructure and operations	Ad hoc but aware processes are necessary	Defined processes for IT service, support and project management	Repeatable and automated; focus on IT service delivery processes	Integrated, automated; focus on service and business management processes	Dynamic optimization of IT services; implement processes fostering innovation
Tools	No formal strategy or execution on investments	Basic management tools; no formal hardware and software standards	IT support and project management tools; desktop hardware and software standards; begin infrastructure rationalization	Formal infrastructure standards and policies; management tools; virtualized infrastructure	Formal IT management process/tools architecture, shared services, aggregated capacity management	Proactively promoting new technologies to impact business
Support Method	Reactive – Time & Materials	Recurring Scheduled Hours (Professional Affordable IT)		Managed Services		

Q&A

Phone Lines Now Open!

(please 'mute' if you are not speaking! Thanks!)

Thanks for Participating in Today's Webinar!

A brief email survey on today's webinar will be sent at 2pm today. We'd greatly appreciate your feedback!

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