NINE WAYS IT OUTSOURCING CAN
ENHANCE (OR RUIN!) YOUR LIFE

With the constant threat of hackers and hurricanes along the Gulf Coast, it's not hard to see why legal administrators have turned to outside assistance to help manage their firms' IT functions. According to the Data Governance Institute, **158,048,276 records have been compromised** due to security breaches over a 2 ½ year span**.** According to IDC, 74.6% say security is the chief IT concern amongst businesses. With the average billing rate for non-equity partners ranging between $292 and $309 per hour, law firms run the risk of **losing thousands of dollars for just one hour of computer downtime**.

But can outsourcing alone guarantee computer "uptime" or the security of your data? Outsourcing has become an attractive alternative to the 46% companies who have reduced their IT staff (IT spending per user is up to $7,284). However, analyst firm Aberdeen Group reports 76% of companies who say that vendor management effort and costs were much higher than expected. 51% reported that their outsourcer was not performing to expectations. To determine whether it makes sense to outsource, you must first understand what makes for a successful partnership. It has proven to make the difference between improving - and *ruining* - your work life.

1

Establish business outcomes to ensure measurability and accountability

Determine the business results you wish to achieve through outsourcing. You should establish business objectives for outsourcing with clearly defined goals. This may sound obvious but having scheduled checkpoints to review the status of your outcomes is an easy way to ensure that the provider meets your standards. Otherwise you run the risk of a he-said, she-said confrontation.

2

Determine the "true" financial savings

The cost of practicing law has substantially increased in recent years. While the trend to digitize documents has promised to streamline processes, many are overwhelmed by the related computer problems that hamper productivity. According to Accenture, 25% of executives reported first-day improvements in business processes in addition to cost. If reducing cost is one of your objectives, make sure the vendor-promise of lower costs doesn't compromise efficiency and revenue. Just one hour of downtime costs a 25-employee firm an average of $7500 in lost productivity alone. As one smart IT coordinator of a mid-sized law firm told us, "We pay a premium for IT support to get premium service in return."

3

Choose a proactive business partner

Clients expect law firms to keep pace with their demands, and still work within very strict budgets and timelines. To combat this, an experienced IT provider should be able to identify problems, not just simply react to them. Merely reacting to problems can leave your employees wasting hours waiting for tech support. The provider should have proven skill levels, such as certifications or client references to ensure you avoid becoming their "guinea pig". Be certain that their services meet your standards by asking the provider to offer a trial period. A proven vendor should have no problem offering a trial of their service or

software. Be wary of those who do not.

Select a provider that thrives off your success, not your 'problems'

4 Make sure your IT provider doesn't achieve their goals until you achieve yours. "Reactive" consultants promise to resolve your IT-related issues. But at what cost? How do you know he or she is truly solving your problems instead of milking them? If a provider's fee structure is directly linked with the number of computer problems, excuse yourself from the relationship. Review the service-level agreement (SLA). How will the provider monitor, measure and enforce it? Providers should present you accurate and complete information with realistic quotes and proposals.

Hire a business partner, not just a provider

5 Focus as much on strategic outcomes - like improved profitability, productivity and business growth - as you would upfront costs. Make sure the service provider understands how you intend to use the deliverables that they are agreeing to provide. 80% of executives surveyed by Accenture expressed commitment to permanent outsourcing. Partner relationships tend to have lasting power. "Providers" are usually only a temporary – and potentially costly – fix.

Use a shared-risk approach

6 According to Gartner, clients see a 15% to 20% reduction in costs by moving to shared IT services. But proceed with caution Good IT partners should help you achieve your goals - at their own risk and cost. Ask what kind of recovery and redundancy means the provider offers. The objectives to be achieved by outsourcing must be quantifiable and established as criteria at the start of the contract. If the customer can compare the performance with the pre-established objective, then the benefits of outsourcing are clear. Failure to meet the established service levels **must** result in a predefined penalty.

Achieve scalability & predictability

7 Legal firms are constantly merging or disbanding, requiring administrators to take proper action to ensure that the integration or relocation process is done quickly and without disruption. Lesser commitments to fixed costs make outsourcing an attractive alternative. Your outsourcing provider should meet your growth requirements, not just your current situation. Be sure to review the service offerings to make sure that you only pay for what your company needs, allowing for scalability as needed. According to Garner, you could be paying as much as a 50% premium for so called "added benefits".

Request data when you need it

8 In many IT outsourcing relationships, the vendor may protect its client data and applications at a secure, offsite location, such as a datacenter. This safety measure should provide added security – not added stress. For your peace of mind, make sure your provider provides tapes of your data when you need it. Quarterly tapes are typically the standard.

Have an "out" strategy

9 Lastly, remember that your outsourced provider is working for you. One of the greatest anxieties in social commitments is the fear of being "locked in". The same can be said for business relationships. Create provisions that allow you to terminate the outsourcing relationship if certain expectations fall short. Being held captive by an outsourced provider can make you lose your sanity, and in many instances, your job.