




Computing debate: The future of money
 Click here to watch our exclusive video roundtable



home news **comment** audio & video community jobs knowledge centres

SEARCH Computing Jobs White papers Google

computing [input field] [submit]

Register . About . Digital Edition . Advertise . PDA . RSS

Outside help

What are the difficulties and advantages faced by small and medium-sized businesses thinking of outsourcing?

Mark Kobayashi-Hillary, Computing, 02 Aug 2007



Contracting IT engineers could allow SMEs to spend time focusing on their core business

Outsourcing has been established for some time as the strategy of choice for large corporations eager to pay specialists for performing non-core tasks, rather than employing in-house teams. But how do smaller firms benefit from the trend?

Small to medium-sized enterprises (SMEs) do not usually possess the scale or internal resources capable of managing the outsourcing process. Yet SMEs make up almost all of the UK's registered businesses – see 'The small [business](#) market' below – and need outsourcing for the same reasons as their larger counterparts.

A lot of small companies are one-man bands. They have enough of a challenge delivering services or goods to their clients, drumming up new business, and completing VAT and tax returns. The prospect of managing something new through a labyrinth of service level agreements can strike fear into the heart of even the most capable free agent. Strategies tend to be personal and specific.

James Ewart, managing director of niche travel firm Explore the World, says that as an SME, it is unlikely his organisation would want a large number of market researchers on the streets of London asking questions of the public to formulate a marketing strategy. 'My requirements are more along the lines of helping me build a new web site and designing a variety of databases or electronic brochures,' he says.

Ewart also mentions a recurring nightmare for every SME boss: just keeping the hardware running.

'Some sort of maintenance of company computers and networks is often needed by smaller companies,' he says. 'I tend to sort out my own computer problems, but it is quite likely that other companies might be happy to open their network to an engineer who could resolve problems by remotely accessing the office systems.'

Nivid Technology Solutions offers the type of support service Ewart describes. The firm aims to offer a complete IT department to smaller organisations, and it has engineers that can support clients in London. For most firms, however, support takes the form of remote diagnosis – assuming the problem is not with the network itself.

Pushpendrasinh Jhala, chief executive of Nivid, says there are a number of key reasons why smaller companies should take a look at an outsourced solution.

'Beyond just cost-reduction or creating a climate of certainty, the smaller organisation needs to take every opportunity it can to focus on its own business – rather than spending time on PC support,' he says.

'Such a focus should increase management time available for the core purpose of the business. Outsourcing also gives smaller companies access to experts within the area they are hiring. And gaining access to experienced IT engineers, for example, can significantly help the business by ensuring that the systems are managed well, not just managed as best as possible with the skills available in the office.'

Both Jhala and Ewart suggest that the biggest problem for smaller companies is a lack of understanding about the process of contracting and the process of defining exactly what the service provider will do. 'Where do I find an external source I can trust that can do what I want with some understanding of what I am trying to do, and how I am trying to do it?' says Ewart.

'When you sit at a desk and discuss a problem with another human face-to-face it is a lot easier than when you write your requirements down in a brief. Not all [small business](#) owners will be prepared to do this.'



Most popular topics on Computing.co.uk

Communications . Ecommerce . Government . Green . Hardware . Innovation . Integration . Jobs . Outsourcing . Security . Skills . Software . Strategy

IThound

- [Going for growth: How SMEs can meet customer demands through IT](#)
- [The Easiest Way to Eliminate Security Vulnerabilities and Achieve Compliance for SMEs](#)
- [Insourcing and Outsourcing Advisory Services from Equaterra](#)

Computing newsletter

Computing essentials

Submit

Existing user

Computing Careers

Job of the week



HM Treasury, Desktop Support Specialists, London,
 □25,000 - □28,196 (more may be available for an exceptional candidate)

Related jobs

- Software Engineer/Developer, 25-27k, London, E17.
- Software Developer - Delphi/ SQL, 25-27000, London
- Network Engineer, London

Search for a job

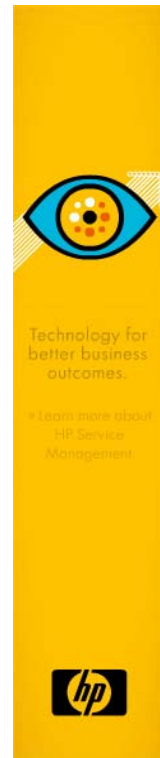
[input field] [submit]

Try our [Advanced search](#)

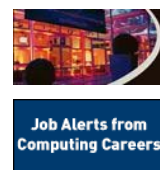
white papers

Search for solutions, reports & analysis

advertisement



advertisement



But some small firms are already taking a move towards external provision. Sean Cook, director of graphic and web design specialist **Level Three Creative**, has experience of not just outsourcing, but also offshoring small IT projects to India.



'We have used programmers in India for the relatively small programming jobs that developing a small web site may require, such as getting forms to execute on the web server,' he says.

'The benefit for a company such as ours is simple – I can get the basic programming tasks I need doing completed cheaply and quickly.'

Further reading:

Continued on page 2 >

- [Europe bucks outsourcing trend](#)
- [Outsourcing keeps its shine](#)

More stories on these topics: [Outsourcing](#), [Strategy](#), [Ecommerce](#), [Skills](#), [Communications](#), [Communications](#)

[Permalink](#) [Comments](#) [Forward](#)

what do you think?

- ✚ [Post your comment](#)
- ✉ Send an email to the Computing editor at feedback@computing.co.uk




Reader comments for this story

[Post your comment](#) [What is this?](#)




Like this story? Spread the news by clicking a link: [del.icio.us](#) [digg this](#) [reddit!](#)

related content

latest news

-  **Innovation**
■ **Schools set to go open source**
Tender seeks suppliers for an £80m framework deal 22 May 2008
 -  **Privacy**
■ **Retailers fingerprint plans prompt privacy concerns**
Budgens and Costcutter have introduced the system to monitor staff working hours 22 May 2008
 -  **Retail**
■ **Carphone Warehouse rings in the changes**
CTO Simon Post leads major projects including integration with electronics group Best Buy 22 May 2008
- [More news](#)

latest in depth

-  **Skills**
■ **The outsourcing force**
Jon Collins analyses recent research into attitudes to outsourcing and finds that it affects the way IT is viewed within businesses 20 May 2008
 -  **Strategy**
■ **On the road to a greener future**
Setting green targets at different levels in an organisation makes for better strategy 22 May 2008
 -  **Communications**
■ **Mobile web will split in two**
Technology gap with developing world will lead to extra complexity for business 21 May 2008
- [More in depth](#)

Advertising Marketplace

Ads by Google

- UK IT Salary Calculator
Curious to know the salary of other IT pros? Find out here!
www.activeTechPros.com
- London IT Support Company
IT support for London small-medium business. Keep your system running
www.ouritdept.co.uk
- Dell Business Solutions
Small Business insights, advice and information from Dell.
www.dell.co.uk/sb360
- Business IT Guide
Free IT advice and solutions. Increase your IT productivity!
www.BusinessITGuide.com
- Award winning IT Support for London based businesses Read about our innovative solutions
www.wavex.co.uk

IThound

- Search for solutions, reports & analysis
- Enterprise Accounting Solutions
- Business Intelligence Solutions
- Enterprise Content Management (ECM)
- Supply Chain Management
- Enterprise Resource Planning (ERP)
- Project Management Solutions
- Customer Relationship Management (CRM)
- Security Solutions
- Systems Management
- Networking and

Sponsored links

-
-


SonicWALL ECLASS SO MUCH FOR THE STATUS QUO. **SONICWALL** PROTECTION AT THE SPEED OF BUSINESS

SSL VPN SOLUTIONS

Click here to download our free white paper: "Increase productivity of mobile workers"

Computing debate: The future of money

Click here to watch our exclusive video roundtable



home news **comment** audio & video community jobs knowledge centres

SEARCH Computing Jobs White papers Google

computing

Register . About . Digital Edition . Advertise . PDA . RSS

Outside help

What are the difficulties and advantages faced by small and medium-sized businesses thinking of outsourcing?

Mark Kobayashi-Hillary, Computing, 02 Aug 2007



Contracting IT engineers could allow SMEs to spend time focusing on their core business

< Continued from page 1

Cook says that some of the tasks are so small that when he has approached UK-based suppliers they are either not interested in the work, or it goes to the end of a very long queue. There are, however, instances when he has chosen to stick with domestic providers.

'When I have a more complex database to outsource I have not yet used an Indian firm to do this because I do not have enough confidence to trust an organisation outside the UK for such work,' he says.

Such reservations manifest through a combination of reasons: language, billing – Cook normally has to pay for services up front – and geographical separation. 'I realise that some of these issues may be unfounded, but in my experience, I know that if I receive poor service from a local company then I am confident of how to complain and get issues resolved,' he says.

B.G. Mahesh, chief executive of **Greynium** – a software and web development company in Bangalore – echoes Cook's sentiments, suggesting that the offshore service provider has to act more like an extended department of the client company.

'The outsourcing partner will work in line with the goals of the client and be an even more integral part of the **SME** than a similar large company outsourcing arrangement,' he says.

Though it remains difficult to create an effective SME to SME outsourcing relationship, many **smaller businesses** have started exploring the external service provision option.

And with such a large number of firms looking for assistance, growth in the sector is likely to be the major outsourcing trend over the next few years.

Mark Kobayashi-Hillary is co-author of *Global Services: Moving to a Level Playing Field* and a director of the National Outsourcing Association. Read his blog at: <http://markkobayashihillary.computing.co.uk>.

SME outsourcing growth

Research group **Evalueserve** recently analysed the potential for outsourcing to offshore partners on a small scale.

The process is referred to as person-to-person offshoring (PPO), in a belief that the trend is moving more towards a peer-to-peer model for skills rather than just a smaller version of large outsourcing contracts.

As the business schools and globalisation gurus such as Thomas Friedman have suggested for a long time, the internet offers a perfect market for skills and services – and now the theory appears to be approaching some credibility as a marked trend is developing.

PPO consists of services that can be offshored by entrepreneurs that are trying to kick-start their new organisation as efficiently as possible. With technological advances and the growth of the internet, small offices, home businesses and even individuals can use such services.

Risk and cost is low. And the kind of services that are already available include online tutoring, web site development, graphic design, database maintenance and software development.

The value of individual contracts is usually quite low – between \$100 (£49) and \$5,000 (£2,400) is considered normal – but since the number of consumers and small businesses is enormous, Evalueserve estimate that the potential market in the US alone easily exceeds \$20bn (£10bn).

SonicWALL ECLASS SSL VPN SOLUTIONS SO MUCH FOR THE STATUS QUO.

SONICWALL PROTECTION AT THE SPEED OF BUSINESS

Click here to download our free white paper "Increase productivity of mobile workers"

Most popular topics on Computing.co.uk

Communications . Ecommerce . Government . Green . Hardware . Innovation . Integration . Jobs . Outsourcing . Security . Skills . Software . Strategy

IThound

- **Going for growth: How SMEs can meet customer demands through IT**
- **The Easiest Way to Eliminate Security Vulnerabilities and Achieve Compliance for SMEs**
- **Insourcing and Outsourcing Advisory Services from Equaterra**

Computing newsletter

Computing essentials

Submit

Existing user

Computing Careers

Job of the week

MI6

MI6, Configuration Manager, £32,443 - £37,925

Related jobs

- Software Engineer/Developer, 25-27k, London, E17.
- Software Developer - Delphi/ SQL, 25-27000, London
- Network Engineer, London

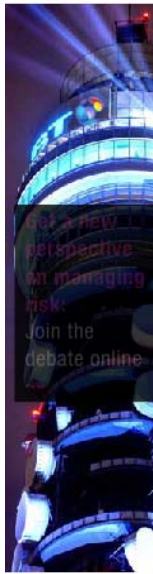
Search for a job

Try our **Advanced search**

white papers

Search for solutions, reports & analysis

advertisement



advertisement

Search over 18,000 IT jobs in the UK



The research shows that between April 2006 and March 2007, the revenue from the small business sector was more than \$250m (£122m) and is likely to grow to more than \$2bn (£1bn) by 2015, representing a cumulative annual growth rate of about 26 per cent.

Furthermore, because SMEs – or individual consumers – have diverse requirements, the breadth of offshoring services offered is also likely to be fairly large.

Many of these offshoring trends are in the beginning of their lifecycles and others only have a few early adopters, so it is not clear that all of the services being offered will enjoy mass adoption in the long run.

Nevertheless, the value of receiving such services at a significantly lower cost and just in time is clearly irresistible, and therefore the overall sector shows the promise of rapid growth.

The small business market

There were an estimated 4.3 million private sector enterprises in the UK at the start of 2005 and almost all (99.3 per cent) were small businesses (up to 49 employees).

Only 27,000 (0.6 per cent) were medium-sized organisations (50 to 249 employees) and just 6,000 (0.1 per cent) were large companies (250 or more employees).

SMEs together accounted for more than half of UK employment (58.7 per cent) and business turnover (51.1 per cent).

Source: [Office of National Statistics](#)

Further reading:

- [Europe bucks outsourcing trend](#)
- [Outsourcing keeps its shine](#)

More stories on these topics: [Outsourcing](#), [Strategy](#), [Ecommerce](#), [Skills](#), [Communications](#), [Communications](#)

[Permalink](#) [Comments](#) [Forward](#)

what do you think?

[Post your comment](#)

[Send an email to the Computing editor at \[feedback@computing.co.uk\]\(mailto:feedback@computing.co.uk\)](#)




Reader comments for this story

[Post your comment](#) [What is this?](#)



Like this story? Spread the news by clicking a link: [del.icio.us](#) [digg this](#) [reddit!](#)

related content

latest news

-  **Schools set to go open source**
Tender seeks suppliers for an £80m framework deal 22 May 2008
 -  **Retailers fingerprint plans prompt privacy concerns**
Budgens and Costcutter have introduced the system to monitor staff working hours 22 May 2008
 -  **Carphone Warehouse rings in the changes**
CTO Simon Post leads major projects including integration with electronics group Best Buy 22 May 2008
- [More news](#)

latest in depth

-  **The outsourcing force**
Jon Collins analyses recent research into attitudes to outsourcing and finds that it affects the way IT is viewed within businesses 20 May 2008
 -  **On the road to a greener future**
Setting green targets at different levels in an organisation makes for better strategy 22 May 2008
 -  **Mobile web will split in two**
Technology gap with developing world will lead to extra complexity for business 21 May 2008
- [More in depth](#)

Advertising Marketplace

Ads by Google

Human Resources Service
HR & Personnel Management Services Reduce Costs & Workload. See Here!
 HeadCountServices.co.uk/HRServices

UK IT Salary Calculator
Curious to know the salary of other IT pros? Find out here!
 www.activeTechPros.com

Learn and Love IT
All the latest IT advice & guidance to help make you an IT Guru.
 www.BusinessITGuide.com

London IT Support Company
IT support for London small-medium business. Keep your system running
 www.ouritdept.co.uk

Dell Business Solutions
Small Business insights, advice and information from Dell.
 www.dell.co.uk/sb360

IThound

- Search for solutions, reports & analysis
- Enterprise Accounting Solutions
- Business Intelligence Solutions
- Enterprise Content Management (ECM)
- Supply Chain Management
- Enterprise Resource Planning (ERP)
- Project Management Solutions
- Customer Relationship Management (CRM)
- Security Solutions
- Systems Management
- Networking and Communications Solutions

Sponsored links

Featured jobs

IT Director
Ross-on-Wye or Blackpool, United Kingdom | PGL & NST
 IT Director, Ross-on-Wye or Blackpool, CE80,000 Holidaybreak Plc Education Division comprises market leading educational holiday's operator PGL and educational tours organiser NST. It is a £100m business employing over 3,000 staff across 2 head office ... more >

Configuration Manager
London, United Kingdom | MI6
 Configuration Manager, £32,443 - £37,925 We're the Secret Intelligence Service. You may know us as MI6. Information is at the heart of everything we do. We operate around the world to gather intelligence which combats ... more >

PMO Service Manager
United Kingdom | NHS Blood and Transplant
 PMO Service Manager ABOUT US The National Blood Service is an integral and vital part of the NHS. Our two million volunteer donors contribute 1.6 million units of blood every year which helps to save ... more >

Client Development Support Specialist - 21350
United Kingdom | Bloomberg LP
 Client Development Support Specialist - 21350 The Company Bloomberg is the leading global provider of financial data, news and analytics. The BLOOMBERG TERMINAL and Bloomberg's media services provide real-time and archived financial and market data, ... more >

More job opportunities

Site Credentials:

About us . About Incisive Media . Privacy Policy . Terms & Conditions . Advertise . Contact Us . RSS Feeds . Sitemap

Business & Technology Websites:

Technology News . Computer Reseller News . IT News . Information Science News . Electronics News . Search Engine News . Online Marketing News

Blogs & Community:

BackBytes . The Knowledge . Comment . Mainstream Matters . The Editor's Diary . Reader's Letters . From The Newsdesk . Innovation in IT . Employment Matters . The Industry View . Information Management . Hack Cartoons . Small Business Focus . Talking Outsourcing . Technology Law . Get the Inside Track . Government Insider . IT Skills Matters . Leadership Strategy . Leaders & Opinion . Management and IT . The analyst view . Technology leadership

Knowledge Centres:

Mobile . Internet . RFID . Retail . Finance . Education . NHS . Police . Manufacturing . Transport . Utilities . Sport . Management . PC . Storage . ID cards . Regulation . SME

News Channels:

Ecommerce . IT Management . Finance & Reporting . IT Services & Outsourcing . Applications . Developer . Licensing & piracy . Open source . Operating systems . IT management . Public sector . Employment & skills . Services & outsourcing . Bugs & fixes . Enterprise security technology . Security . Hacking . Privacy & data . Appliances . Chips & components . Client . Peripherals . Portable . Server . Storage . Mobile . Network infrastructure . Telecoms . Wireless networking . Voice & Data . Communications

Tools & Resources:

IT Jobs . Search UK jobs by location . Search UK jobs by role . Recruitment Agency Directory . IT Salary Calculator . Web Seminars . Whitepapers

© Incisive Media Ltd. 2008

Incisive Media Limited, Haymarket House, 28-29 Haymarket, London SW1Y 4RX, is a company registered in the United Kingdom with company registration number 04038503