



# Whose job is it, anyway?

A growing number of Middle East CIOs are hiring specialised service providers to manage their organisation's infrastructure. Is this the future of IT?

**W**ith the rise of cloud, everything can now be easily delivered as a service, whether it is business processes, infrastructure or security. As such, the outsourcing of IT functions and management is continuing to gain momentum among enterprises around the world.

The same is the case in the Middle East, with one of the most significant findings of a recent IDC state-of-IT report showing that managed and data centre services have seen significant traction in the region over the last couple of years.

The freedom of the concept allows CIOs to pick and choose what to keep in-house and what to outsource. With innovation continually moving closer to the heart of enterprise, it means CIOs can focus on big projects while outsourcing other time-consuming IT functions, or vice versa.

"The managed services market is growing strongly in the region," confirms Yasser Zeineldin, CEO, eHDF, a leading provider of managed IT services based in the UAE.

"Traditionally, large businesses have relied on the expertise and services of managed hosting providers to offer secure, flexible and scalable solutions," he continues. "However, over the last few years, we have been seeing a growing trend amongst SMEs choosing to work with service providers for their data centre requirements – a large part of which is due to the cost effectiveness that managed services offer."

The last few months have in fact seen managed services evolve to become “the mainstream offerings” from service providers and vendors, according to Anurag Verma, Telecom Operations and Managed Services Lead, Smartworld.

“As a result of this preference, the market for managed services has noticeably grown as well,” he says. “The early consumers for these services have been large enterprises - however, it has now percolated down to SMEs, also.”

Wide adoption of public IT service management (ITSM) frameworks like the IT Infrastructure Library (ITIL) and Control Objectives for Information and Related Technology (COBIT) 5 are further enabling outsourcing as it becomes easy to monitor and govern the managed services process to the end user, Verma adds.

#### Outsource to be reckoned with

As companies continue to search for ways to cut costs and optimise revenue, it is thought that CIOs will continue to turn to outsourcing to create new business values.

That view is echoed by IBM’s Global Technology Services Leader for the Middle East, Saudi and Levant, Ahmed Marouf, who believes outsourcing eases the pressure on CIOs who are urged to significantly cut costs.

“IT departments continue to be asked to take on more functions with limited resources and expertise,” he says. “As a result, we will continue to see, over the coming years, businesses use managed and outsourced services to allow them to focus on more business-critical and strategic functions.

“Businesses will not have the luxury of deciding to retain non-differentiating services in-house if a significantly more cost-effective, high-quality service is available from a third party. Given the variety of service options available, businesses would want to take advantage of a number of service types to meet their management needs both in IT and in line-of-business functions.”

Arup Roy, Research Director, Gartner, adds that the next two to three years will see the Middle East show enthusiasm for outsourcing deals in different sizes, scales and scope.

However, he says this may not necessarily result in successful outsourcing relationships, since the companies in the Middle East are first-generation outsourcers. “It is expected that they will go through a learning curve in contracting and managing their vendor partners.”

# 6-10%

of a company's revenue is spent on print and documents.



Ahmed Marouf, Global Technology Services Leader, Middle East, Saudi and Levant, IBM

Quality of service and proper service level agreements are some of the risks and challenges associated with an outsourced managed services model, according to Meera Kaul, Managing Director, Optimus Technology & Telecommunications.

“The ability of an MSP to provide proactive and reactive support is based on its ability to lower a customer’s overhead costs whilst increasing the availability of the services,” she says. “The availability of different business models - like 24/7 availability, incident-based response or time-based response - further add to the terms that a customer can choose. However, the service delivered is a function of availability of network, quality and infrastructure of remote access, and, last but not the least, network security.”

Further challenges lie in managed print services, which are growing at a rapid rate in the Middle East as organisations find an opportunity to cut costs.

“Organisations in the region have grown quickly, which has led to a sporadic purchasing model,” says Dan Smith, Head of Integrated Marketing, Xerox MEA. “This model lacked structure, and now CIOs and CFOs are reverting their attention to an area which is causing them both cost and management issues, print.

“With industry experts suggesting that six to 10 percent of a company’s revenue is being spent on print and documents, clearly it presents a significant opportunity for savings and positive results, regardless of economic climate.”



Yasser Zeineldin, CEO, eHDF

One of the challenges, Smith adds, lies with organisations not understanding the full scope of their print costs.

“This is where the quality of the assessment becomes critical to the overall business case,” he says. “Once agreed, managing the change from an under-utilised, cluttered environment to an optimised, cost-efficient model needs careful planning and a focus specifically on change management. Without this focus, end users previously spoilt with a plethora of devices can impact the initial success measures.”

### At your service

Asides from print, some of the most common areas for managed services are task-based outsourcing, complete IT operations, or limited hosting with full IT operations.

Some of the popular areas for managed services in the Middle East are enterprise computing management, end-user computing, remote infrastructure management, application value management, and managed test services.

Stephen Fernandes, Assistant Vice President and Head of Middle East, Cognizant, says the rate of adoption of these services varies depending on the outsourcing maturity index of the organisation.

“Clients look to outsource their non-core activities to a managed services model,” he says. “The decision to select the managed service has been fuelled largely by

organisations’ priority to keep pace with their business expansion plans. In doing so, they prioritise the non-core areas that can be moved to a managed service model without impacting their business-as-usual.”

An important aspect of any managed services project is the ability to measure the ROI, which Fernandes says should always be a subset of such an initiative.

“To start with, it is important for organisations to baseline their IT spend calculations and business alignment assessments,” he explains. “All the hidden costs of current operations need to be analysed in detail to ascertain ROI.

“While measuring ROI, clients should see their initial cost savings and the projected impact that outsourcing could have on their financial performance and underlying business processes. They should also compare their current and projected performance against industry peers inside and outside their particular vertical markets.”

Roy adds that CIOs can measure ROI by setting clear business objectives and determining the business case of whether outsourcing is a better option than doing it in-house.

“The CIOs would go through, for example, a benchmark in terms of the cost of operations at a certain satisfaction and service level,” he says. “They would then look at doing a vendor evaluation and selection process. Furthermore, it is important to have a well-written contract with business-linked SLAs.”

So, are managed services and outsourcing the future of IT in the Middle East? It would certainly appear so.

Now, more than ever, managed services are enabling IT organisations to keep pace with rapidly advancing technology and business demands.

“IT managers today are under more pressure than ever to reduce the risks within their business and provide greater availability any time, anywhere, on virtually any device,” Marouf says.

“At the same time, IT budgets are under increased scrutiny as companies try to deliver more with less amid greater complexity. In order to build greater IT impact on business, forward-thinking leaders will need to partner with managed service providers to take advantage of operational efficiencies, reduced complexity, and leading edge skills.”

Managed services are an excellent choice in a high-turnover market, both from a staffing and business perspective, adds Thomas Nordlander, Marketing Manager, Managed Services, GBM.

“The dynamic delivery model with contained risk is something that customers find very attractive,” he says. ■

## ROI

The ability to measure this should always be an important aspect of a managed service.