■ More Companies Outsourcing Data Storage

In the name of cutting costs, more businesses (about half now) are interested in outsourcing storage of their sensitive data in other countries. So says a recent Vanson Bourne survey

of international IT decision-makers conducted on behalf of McAfee and Science Applications International Corp. Respondents perceive countries such as China, Russia, Israel, and India as being riskier compared to the United States from a data security perspective. Vanson Bourne points out that companies actually seem to seek out countries with weaker data breach disclosure requirements—about eight in 10 respondents admit that disclosure laws factor into their outsourcing decisions.

■ Revenue Increase Points To Possibility Of Tablets With Cameras

Largan Precision Co., based out of Taiwan, announced that its 2011 first quarter saw a 52% leap in revenue compared to the year earlier. This uptick was created primarily by an increase in camera lens orders placed by tablet manufacturers. Although many first-generation tablets were built without a camera, it will be the norm for new tablets to include at least one camera. New orders placed at Largan Precision are for lenses that would support a resolution up to 5 megapixels. The tech market expects the production of tablets with cameras to increase for the rest of this year.

■ IEEE OKs New WiMAX Standard

The IEEE (Institute of Electrical and Electronics Engineers) rubber-stamped the latest evolution of WiMAX, IEEE 802.16m, which could support downstream speeds in excess of 300Mbps. The standard, also known as WirelessMAN-Advanced or WiMAX-2, is seeing stiff competition from LTE (Long-Term Evolution), which is a similar technology but has the backing of a different standards body. Features that help the new revision outstrip its predecessor include MIMO (multiple-in, multiple-out) technology that uses multiple antennas to send and receive simultaneous data streams.

■ Satyam To Settle U.S. Fraud Charges

To settle financial fraud charges, Satyam Computer Services will pay a $10 million penalty to the U.S. Securities and Exchange Commission. In 2009, company founder B. Ramalinga Raju admitted to inflating company earning statements, and the Indian government took over the company. Criminal charges have also been filed against Raju and several other former company executives. According to the SEC complaint, former Satyam managers created more than 6,000 phony invoices to be used in the company's general ledger and financial statements and also created bogus bank statements to reflect payment of the sham invoices. In addition to paying the penalty, the company agreed to train employees and improve internal audit functions.

Choose An Outsource Provider

Introspection & Research Drive The Effective Search

by Christian Perry

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CONSTANTLY KEEPING PACE with daily hardware, software, networking, security, and mobility demands is no small feat, but there's always an outlet in the form of outsourcing. Hiring an outsourcer can deliver the opportunity to focus on IT goals that are crucial to business strategy, rather than tasks that draw away from the business core. Of course, the potential for savings is also a big part of moving parts of IT to an outsourcing team.

Key Points

- Identifying your outsourcing needs and how they relate to business goals is a critical first step in finding the right outsourcing provider.

- Outsourcing providers should be screened through your own evaluation and research of the provider's reputation in the field.

- Make sure the provider has plenty of resources behind the face that's selling the service to ensure you're not left in a bind if your sole contact is unavailable.

"The biggest benefits are that businesses can often reduce overhead costs and gain access to IT skill sets that they don't already have," says Peter Argumaniz, CTO and head of product marketing at Fujitsu America (solutions.us.fujitsu.com). "A sometimes overlooked but very critical benefit is that outsourcing providers have mature standards and processes for handling IT and dealing with the unpredictable."

However, the benefits offered by the outsourcing route aren't always a given, particularly if an organization hasn't performed the necessary research before choosing an outsourcer. Here's a look at what's involved in the process of choosing an outsourcer and how to make the best fit for your business.

Look Inside

According to L.N. Balaji, president of U.S. operations for ITC Infotech (www.itcinfotech.com), organizations should first explore why they would like to outsource, adding that it's critical to look at outsourcing as a strategic move that will be bring continuous value in the long term, rather than a temporary tactical decision. Part of that strategic move is understanding where your priorities lie, especially as they relate to business goals.

"Before choosing an IT outsourcing provider, organizations should clearly define their business objectives, rather than just their technical requirements," Argumaniz says. "More than 90% of the time, I've seen situations where the RFP [request for proposal] was not aligned with the business goals, which can lead to substantial cost increases. Think in advance what you most need to solve. By how much do you need to reduce costs? Is compliance a top priority?"

The best outsourcing providers, he adds, will work with customers to align the outsourced service to its business objectives and deliver a comprehensive assessment of current assets, capabilities, and needs. Of course, not all outsourcing providers will go to this extent, but that doesn't mean those providers don't provide a good outsourced service. In some cases, it can be best to seek outside help before seeking outside help—that is, bring in a consultant to help assess your outsourcing needs.

"It is important organizations know what they want to potentially outsource before contacting providers; otherwise, they may be talking to the wrong providers," says Scott Staples, president for Americas at Mindtree (www.mindtree.com). "Companies that get it right typically hire specialty consulting companies prior to contacting outsourcing companies. These consulting organizations can help define the strategy, do a portfolio analysis of their applications and which ones make sense as outsourcing candidates, and finally they can build a roadmap for companies to follow."

Also, don't forget about networking to help ease your entry into outsourcing. For example, in cases where outsourcers provide manpower and technical sources, it's as important for the provider to be recommended by another business or acquaintance as it is for the provider to be technically savvy, says Joseph Pedano, vice president of data engineering for Evolve IP (www.evolveip.net). Further, if your company works with a hardware vendor, Pedano says it's a good idea to ask the vendor for a recommendation for a local provider, because those providers will usually be certified to service that hardware, among providing other valuable services.

Screening Time

Once business goals are defined and the reasons for using an outsourcing provider are identified, it's time to narrow potential providers to a small number. Determining which provider will be the best fit depends on several factors, including how effectively the provider will be able to accommodate your needs. Naturally, the provider should be at the top of its game in terms of the technologies it handles—and have proof that it is.

"The provider should be able to demonstrate the value of their services as well as provide technical resources in the presale process that can answer advanced technical questions on applications and provide a roadmap for upgrades and enhancements to current systems. While most prospects ask for referrals, very few prospects reach out to those referrals to ask about their experience with the provider. This is probably the most important part of the selection process, as having a good relationship with an outsourcing provider is as important as their technical prowess," Pedano says.

Experts recommend bringing in several potential providers and screening them as thoroughly as possible. Can they handle all of your technical requirements? What technologies do they use? What days and hours are they available? Are these days and times flexible? How would they handle changes in your organization if management decides to change technology directions? In addition to finding these answers, it's still up to you to ask around about the provider's ability to follow through on these issues. Along with asking colleagues, it's a good idea to jump on the Internet and browse through forums that discuss experiences with the outsourcer, says Mark Gilmore, president of Wired Integrations (www.wiredint.com). And don't neglect the fine print.

"Most important, get a look at the contract and SLA [service-level agreement] prior to signing with them. Contracts and SLAs say a lot about a provider's ability to service you. Make sure it is not written entirely in the favor of the provider, as many SLAs and contracts are today," Gilmore says.

Watch For Pitfalls

Your success with choosing an outsourcer rests almost entirely in your hands, so it's wise to watch for potential pitfalls. For example, Pedano advises that customers watch out for the "one-armed paper hanger," or a provider that's a one- or two-man business without much support behind it. If your assigned technician takes a weeklong vacation, you're up the creek if there aren't any backup personnel. Further, if there is no help desk, you're similarly in trouble when problems arise.

"[Another] pitfall I see is engaging a provider that is selected for an in-house application specialization for your business, but then struggles to support the rest of your applications," Pedano says. "Make sure your provider is well-rounded and able to support most, if not all, of your internal applications."

Finally, keep a close eye on change orders, Fujitsu America's Argumaniz warns. Change orders can be required when your business doesn't clearly define its solution requirements or assess its own assets and capabilities. Unfortunately, change orders can quickly double the price of a project, but Argumaniz says they can be prevented with the right outsourcing partner, clear definition of business goals, and an accurate situation assessment. **P**
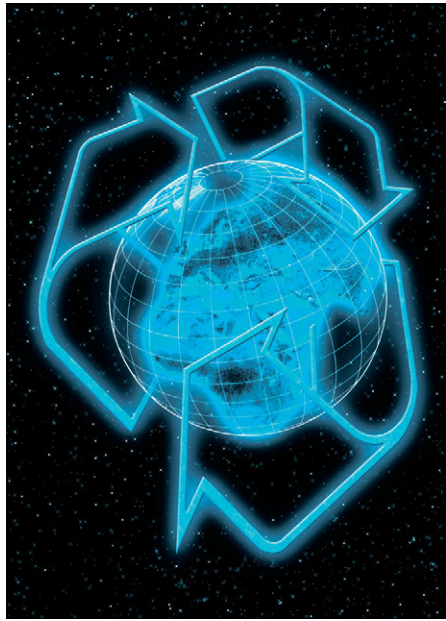
TOP TIPS

Finding the right outsourcing provider depends heavily on the provider's ability to meet your organization's specific needs. L.N. Balaji, president of U.S. operations for ITC Infotech (www.itcinfotech.com), offers the following tips for identifying the perfect provider.

- Ensure the vendor will bring in a substantial quantitative benefit of cost savings.

- There must be a match in the organizational culture of both your company and the vendor.

- Ensure the vendor is reliable. Good governance, transparency, low attrition, and financial stability are good indicators here.

- Confirm the vendor has a proven track record of excellence in its area of service and can be trusted as an advisor in its field.