

Network Services: Outsourcing Pro's and Con's

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The hottest trend in IT today, outsourcing, has recently become more prevalent in the realm of network services. "Outsourcing my DNS management has been great," says Andrew Loyer of [LoyerTCG](#), a boutique website development firm. "[UltraDNS](#) [a managed domain name service] provides us with a specialized DNS service for our network. They monitor each A record we specify in our domain records. If UltraDNS detects that a record is unavailable, they update the DNS record automatically and switch over to the other facility by updating the A record to another IP address. UltraDNS is robust enough to set the TTL [Time To Live] attribute of the domain record down to five minutes instead of the usual eight hours or more. So, the local DNS servers refresh their cache every five minutes."

But outsourcing can also be a nightmare, as one of my students recently illustrated, "There was a company in Dayton that decided to outsource much of its IT and production to a foreign company about five years ago. After about nine months of outsourcing, the company realized that there was a huge loss in quality for both production and IT support. The company decided to cancel the contract and rehire their old employees. They ended up getting most of their old employees back but at a higher wage than before. Most people would think that the story ends there. However, as hard as it is to believe, the company is actually considering outsourcing again. They think it will be different this time. It will be interesting to see what happens."

You may be saying, "What? Outsource our network services!? Without those critical services, our network is down and we're practically out of business!" But that is exactly why you should be considering outsourcing. If done correctly, it can be the most cost effective way to stretch your precious IT dollars and gain valuable expertise in support of your IT infrastructure without breaking the bank. On the downside, if you are not careful, you can end up paying much more for worse service.

What are the tradeoffs of keeping these services in-house vs. outsourcing them? To outsource or not to outsource, that is the question. Let's take a look at your options.

Outsourcing Network Services

The Application Service Provider model may be officially on hold during the economic downturn, but it certainly isn't dead. You can outsource practically anything. Web hosting, of course, is old hat with literally hundreds of companies to choose from. However, many companies offer other more specialized services, like DNS, network monitoring, firewalls, and virus protection subscription services — some even offer entire data and call centers.

"We have seen a trend in businesses to outsource monitoring and management of their networks," says Sandra Palumbo, Telecommunications Strategies analyst with [The Yankee Group](#). "In the tightened economy, customers are constantly searching for ways to reduce total cost of ownership while meeting the needs of their critical services." That is all well and good, but the real reason businesses are considering outsourcing has more to do with the bottom line and squeezing IT budgets to the bone.

A variety of specialty companies offer the networking expertise and economies of scale that some companies cannot hope to achieve on their own. With so many Internet service providers extending their service offerings to include network services management, you should check first to see if you can take advantage of your existing ISP provider relationship.

Advantages:

- Best practices service
- Improved network operations
- Opportunity to reduce costs

- Reliable data backup and recovery
- Economies of scale and specialization

Disadvantages:

- Loss of control
- Less flexibility and customization
- Fragmented services and vendor coordination issues
- Possibility of increased costs
- Locked into contract and service level agreement (SLA). Changing vendors or taking operations back in-house can be difficult, cost prohibitive, or even impossible
- Vendor problems

Contractors or Consultants

Another more traditional alternative is to hire an outside company to send its "experts" to help with your systems support. They are generally on-site rather than in a remote data center or in their own facilities, and as far as your staff is concerned, they behave like employees. The advantages to you are that the contracting company takes care of the training and makes sure you have the services that you contracted for. For example, if one of the contractors leaves, the contracting company is responsible for finding a suitable replacement.

But as another of my students recently commented about outsourcing, "I was a consultant for many years. I always satisfied the customer and did my job to the best of my ability, but there was no ownership. I couldn't really care less about the company I contracted to. Why would I care? If they fired me or went out of business, then I would move to another company as a consultant. I had no desire to volunteer any information or document anything unless I was asked. My point is that having a great consultant does not fix the problem. It only fixes the symptoms. Consultants should only be used to augment the existing staff and not replace it." Also, the promised "expert" might not be any better — or cheaper — than someone you could hire directly.

Decisions, Decisions, Decisions

When you are considering outsourcing, you need to look at your current in-house expertise and your budget. By all means, if you have expertise in-house, take full advantage of it, but if you don't, you may be forced to look outside. As companies continue to lay off IT talent, the pool of people who have the skills and training to support the network services might not be available in-house anymore.

Theoretically, the outsource service providers pass savings on to you in the form of higher quality services at a lower cost. That could work well if you limit yourself to a couple of key relationships, but the cost of coordination between multiple vendors can quickly offset any cost savings. Remember, the vendors are (hopefully) making a profit on their services, so if you are already running an efficient in-house operation, it might be cheaper to keep the services in-house. Some things to watch for include:

- Make sure that you have a contract that both you and the vendor are happy with. If the vendor discovers that they will lose money, they will want to renegotiate or renege.
- Make sure you understand the level of service that you have bought. Read the SLA closely.
- Check the company's references before signing with them.
- Review the contract periodically to make sure you are continuing to get the service that you are paying for.

Closing Thoughts

So does outsourcing network services actually benefit your business and save you money? The answer is, "It depends." If you do not already have the expertise in house, there is no question that taking advantage of the economies of scale and the special expertise of an outside company can be a real benefit, but the return on investment is less clear if you already have good services and support in place.

If you continue to pay attention and monitor the quality of your service, you will find that outsourcing part of your network support services can be very rewarding, but be aware of what you are getting yourself into before signing on the dotted line.

Adapted from CrossNodes.com.

Beth Cohen is president of [Luth Computer Specialists](http://LuthComputerSpecialists.com), a consulting practice specializing in IT infrastructure for smaller companies. She has been in the trenches supporting company IT infrastructure for over 20 years in a number of different fields, including architecture, construction, engineering, software, telecommunications, and research. She is currently consulting, teaching college IT courses, and writing a book about IT for the small enterprise.