



Toby Strauss



## The new way to build an IT services business

How to make sure you have the right skills on hand when branching out into services

If you are in the business of selling IT equipment, the chances are that your customers are already demanding help with installation as well as operation and are looking to you to fix any problems that arise following their purchases.

If you don't already offer services as a matter of course then you may well be considering doing so. The big question is how to make sure you have the right skills on hand.

Demand for services varies by region and by season; this winter's big requirement may be for experts in high-definition television, while next summer's may be for mobile integration specialists.

How will you handle requests from far-flung regions of the UK? Should you invest in training or seek new recruits?

Traditionally, there have been three routes to offering IT services:

- Full insourcing — the employment of sufficient technical experts to provide all services. This is a good model where demand is high and the work is within a tight geographic area. It suits smaller firms who need a depth of expertise.
- Use of contractors and preferred supplier lists: the judicious use of external companies or self-employed resources. This model

works well for larger companies because it allows them to use preferred suppliers for specialised requirements such as cabling.

- Outsourcing: the delegation of specific tasks or activities to other companies. This has the benefit

within other firms. And we know that capacity exists. Most major IT services firms that are stock exchange listed report 60 to 70 per cent utilisation rates.

An increasing number of companies are taking advantage of

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of a clear contractual relationship with a specialist in that field, but is time consuming to set up.

There is another way. 'Flexible resourcing' has only been fully achievable since the internet became pervasive. Requirements for work are posted on a web-based platform, and suppliers can bid on the work if they have the appropriate skills.

flexible outsourcing for a variety of applications. Sun Microsystems, for example, has used flexible resourcing to build its own global marketplace for procuring Sun skills. The company has broadened its base of suppliers and achieved 20 per cent cost savings from its existing suppliers.

Others are using the concept to manage remote geographic coverage and peaks in demand. DSGi, the owner of PC World and Dixons, has acquired teams with expert, local, vetted suppliers to serve customers across the UK. Finally, flexible outsourcing makes possible new revenue streams.

Companies such as Ebuyer and WStore have created service offerings from scratch, knowing that they can place the work at competitive prices and that they haven't had to invest up front in technicians in the face of uncertain demand.

The model is simple, useful to all sizes of operation, and you can expect to hear more about it — it's catching on quickly. ■

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Suppliers are vetted in advance, rated after each job and paid through the platform. While a different specialist supplier may be selected for each job, a single platform means that there is no need to negotiate multiple supplier agreements.

Essentially, this model enables firms needing resources to tap into a new source of IT services skills: the spare capacity available