Advantages to Outsourcing IT Service Globally

PGS WHITEPAPER SERIES

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Executive Summary

In today's highly interconnected and digital world, businesses are increasingly leveraging global outsourcing for IT services to gain competitive advantages. This whitepaper explores the multifaceted benefits of outsourcing IT services on a global scale, including cost savings, access to specialized expertise, enhanced focus on core business functions, scalability, risk management, and innovation acceleration. It aims to provide a comprehensive understanding of why and how organizations can effectively outsource IT services to drive growth and efficiency. Patriot Global Services (PGS) values the relationship we have with our clients and partners – and we're focused – Dedicated to Service, Committed to Excellence.

Introduction

Outsourcing IT services has evolved from being a cost-cutting strategy to a strategic initiative for achieving various business goals. With advancements in technology, improved communication tools, and a growing pool of skilled professionals worldwide, global IT outsourcing has become a viable option for companies of all sizes. This whitepaper delves into the advantages of outsourcing IT services globally, supported by industry examples and best practices.

Benefits of Outsourcing IT Services Globally

1. Cost Savings

Lower Labor Costs

- **Competitive Pricing**: Labor costs in many countries are significantly lower than in North America and Western Europe. This allows companies to reduce operational expenses while maintaining high-quality service.
- **Reduced Overhead**: Outsourcing eliminates the need for large investments in infrastructure, training, and benefits associated with in-house teams.

> *PGS Value*: *With capabilities in the US, Canada, Perto Rico, Hong Long, China, Taiwan, South Korea, Australia, Poland, Germany, Netherlands, and the UK – PGS is positioned to support your organization globally.*

Operational Efficiency

- **Economies of Scale**: Outsourcing providers often serve multiple clients, enabling them to achieve economies of scale that reduce overall costs.
- **Variable Cost Structure**: Companies can convert fixed costs into variable costs, paying only for the services they use.

PGS Value: Servings clients since 2008, funded by a corporate information technology strategic sourcing and procurement professional – PGS has the experience and relationships to deliver consistent results.

2. Access to Specialized Expertise

Skill Availability

- **Global Talent Pool**: Outsourcing offers access to a diverse pool of IT professionals with expertise in various domains such as software development, cybersecurity, data analytics, onsite system repair, IT installations, networking services and more.
- **Up-to-Date Skills**: Outsourcing partners typically invest in continuous training and development to keep their workforce updated with the latest technologies and industry trends.

PGS Value: We staff engagement and dispatch resources based on the critical skills and knowledge needed for the task – as needed and on-demand. Leveraging our network of over 55,000+ field technicians ensures your team is always ready for what's next.

Advanced Technologies

- **Cutting-Edge Solutions**: Many outsourcing firms specialize in niche technologies and can provide advanced solutions that might not be available in-house.
- **Innovative Approaches**: External providers often bring innovative ideas and best practices gained from working with different clients across various industries.

PGS Value: Whether providing access to an on-demand labor force for response to outages, planned projects user support services or staff augmentation – PGS carefully curates the proper resources to your IT services need, always training and certified for the role.

3. Enhanced Focus on Core Business Functions

Strategic Alignment

- **Core Competencies**: By outsourcing IT functions, companies can focus more on their core competencies and strategic initiatives, rather than being bogged down by technical details.

- **Resource Allocation**: Internal resources can be reallocated to areas that have a direct impact on the company's growth and competitive advantage.

PGS Value: Drive your new project initiatives while we help you handle the tedious IT services and support that are taking away time from your key staff – and are creating morale and wellness concerns for overworked team members. Take on work you might otherwise refuse or postpone – because PGS can reliably mediate IT service issues for you.

4. Scalability and Flexibility

Adaptive Workforce

- **Scalable Resources**: Outsourcing partners can quickly scale up or down based on project requirements, ensuring flexibility in operations.
- **Global Time Zones**: Leveraging different time zones allows for round-the-clock operations, leading to faster project completion and customer support.

PGS Value: Avoid costs for ramp-up or ramp-down, local labor compliance, expenses and more. PGS positions you to get results without the hassle.

Business Agility

- **Rapid Deployment**: Outsourcing enables quicker deployment of IT projects, allowing businesses to respond swiftly to market changes and opportunities.
- **Seasonal Demand Management**: Companies can manage peak periods and seasonal demands without the need to maintain a large permanent workforce.

PGS Value: Moving skilled team members or hiring and training into a geography can be cost prohibitive and also create lengthy timelines to delivery. PGS solves this issue for you.

5. Risk Management

Shared Risks

- **Risk Mitigation**: Outsourcing providers often share the risks associated with IT projects, including security breaches, data loss, and compliance issues.
- **Business Continuity**: Global outsourcing ensures business continuity by distributing operations across multiple locations, reducing the impact of local disruptions.

PGS Value: By leveraging PGS resources and capabilities – you mitigate risks in compliance and business continuity – because we have plans in place to manage outcomes for you.

Compliance and Security

- **Regulatory Compliance**: Reputable outsourcing firms are well-versed in international standards and regulations, ensuring compliance and reducing legal risks.
- **Enhanced Security**: Outsourcing partners invest in robust security measures to protect client data, often surpassing the capabilities of in-house teams.

PGS Value: We understand the issues in compliance, security and confidentiality that are involved locally – and have a consistent record in place to ensure compliance – eliminating your need to manage these issues across the globe.

6. Innovation Acceleration

Technological Advancement

- **Access to New Technologies**: Outsourcing firms stay at the forefront of technological advancements, providing clients with access to the latest tools and innovations.
- **Collaborative Innovation**: Engaging with diverse global teams fosters a collaborative environment that can lead to creative problem-solving and innovation.

PGS Value: Our leadership and key staff ensure we're at the forefront of technology training and we regularly conduct sessions with staff that aid in their

ongoing development. Our teams are always outfitted with the latest technology to ensure we deliver results for you.

7. Improved Customer Satisfaction

Better Service Quality

- **Dedicated Support**: Outsourcing providers offer dedicated support teams, leading to improved service quality and customer satisfaction.
- **Faster Response Times**: The global reach of outsourcing partners ensures faster response times and resolution of issues, enhancing customer experience.

PGS Value: We offer 1.4-hour average time to fill - for labor orders, with an A+ partner rating year over year. We continually deliver with a 99% approval rating and have continuous improvement efforts that ensure we're advancing delivery options and metrics.

Industry Examples and Case Studies

Example 1: IBM's Global Delivery Model

IBM has successfully implemented a global delivery model for its IT services, leveraging resources from multiple countries to provide seamless service to clients worldwide. This approach has allowed IBM to offer cost-effective solutions while maintaining high standards of quality and innovation.

Example 2: Microsoft's Partnership with Indian IT Firms

Microsoft has partnered with several Indian IT firms to develop and support its software products. This collaboration has enabled Microsoft to tap into India's vast pool of skilled IT professionals, ensuring continuous development and support for its global user base.

Example 3: General Electric's IT Outsourcing Strategy

General Electric (GE) has outsourced various IT functions to multiple global providers, allowing the company to focus on its core industrial operations. This strategy has resulted in significant cost savings and improved operational efficiency for GE.

Best Practices for Successful IT Outsourcing

1. Define Clear Objectives

- **Set Goals**: Clearly define the objectives and expected outcomes of outsourcing to align both parties' expectations.
- **Measure Performance**: Establish key performance indicators (KPIs) to monitor and evaluate the performance of the outsourcing provider.

2. Choose the Right Partner

- **Due Diligence**: Conduct thorough research and due diligence to select a reputable and capable outsourcing partner.
- **Cultural Fit**: Ensure that the outsourcing provider's culture aligns with your company's values and work ethics.

3. Establish Strong Communication

- **Regular Updates**: Maintain regular communication with the outsourcing partner to stay informed about project progress and address any issues promptly.
- **Collaboration Tools**: Utilize collaboration tools and platforms to facilitate seamless communication and coordination.

4. Manage Risks Effectively

- **Risk Assessment**: Conduct a comprehensive risk assessment to identify potential risks and develop mitigation strategies.
- **Contractual Agreements**: Clearly define the terms of engagement, including service level agreements (SLAs), in the contractual agreement to protect both parties.

5. Focus on Continuous Improvement

- **Feedback Mechanism**: Implement a feedback mechanism to gather input from both internal teams and the outsourcing provider for continuous improvement.
- **Performance Reviews**: Conduct regular performance reviews to ensure that the outsourcing arrangement remains effective and aligned with business objectives.

PGS Value: The team at PGS can help you develop your plan, aid in key resources and leadership roles, and then implement for you in various geographies to ensure efficient and cost-effective IT services that increase your uptime and key stakeholder satisfaction, while lowering your overall costs.

Conclusion

Outsourcing IT services globally offers numerous advantages, from cost savings and access to specialized expertise to enhanced focus on core business functions and improved scalability. By carefully selecting

the right outsourcing partners and implementing best practices, organizations can leverage global IT outsourcing to drive innovation, improve operational efficiency, and achieve strategic goals. As the global market continues to evolve, the importance of a well-planned and executed IT outsourcing strategy will only increase, making it a crucial component of business success in the digital age. PGS is positioned to act as your partner to deliver key values globally – that help you leverage Global IT Services Outsourcing to achieve that return on investment your organization needs.

References

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About PGS

Founded in 2008 by a former US Army Officer and corporate information technology strategic sourcing and procurement professional, we endeavored to build a staffing and services firm based on extensive buy-side experience. Our culture is characterized by the drive and commitment developed during our US military service. Today, our Labor-On-Demand service is rapidly expanding to meet our clients' needs for short term IT projects and support and longer contracting engagements. We pride ourselves on client focus and satisfaction.