



IT Employee versus Outsourcing



Smart Dolphins
IT SOLUTIONS INC

TECHNOLOGY WITH PORPOISE

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INTRODUCTION

For organizations with **25 or more employees**, the IT labour requirements of their computer network are significant enough to consider hiring a full-time employee dedicated to the IT support roles.



The alternatives are having an in-house employee support the organization's IT on a part-time basis, while also serving in other significant roles. Or, an organization can outsource their IT support to companies like **Smart Dolphins**.

In this e-book, we bring to light numerous considerations that are all-too-often overlooked when organizations are deciding between in-house and outsourced IT.

One **full-time** employee should be able to support roughly **50 to 150** computer **users**.

As a rule of thumb, one full-time employee should be able to support 50 to 150 computer users. If the organization uses technology more intensively or has significant customer-facing technology, the IT staff demands might be greater. And vice versa: If the company has relatively simplistic needs and is less reliant on technology, one employee can be stretched to service more users and infrastructure. So, an average company with 50 employees, for example, might be **over-investing in technology** support if they hire a full-time IT person.

Employee specialization is ideal. Trying to take on many responsibilities often means you aren't doing any of those roles as well as you could. It's best to avoid the "slash". The "slash" is someone that is responsible for two (or more) significant functions, i.e. IT/Controller. Some roles are more complementary to IT than others, but as a rule, you don't want someone trying to decide whether to spend the day delivering product or service to a customer or spending time on the internal IT — neither task tends to be accomplished well or efficiently.

Outsourcing IT to Smart Dolphins, can be scaled to the needs of the organization. Often this change comes with the assumption that your IT costs will increase. But when you consider the challenges we've discussed above, outsourcing can be an efficient way to properly allocate your IT investment.

REASSESSING THE COST OF INTERNAL IT

For companies that have 50 to 100 computer users, generally speaking, the cost of outsourcing might appear to be similar to the cost of having a full-time employee.

An experienced full-time, IT person will be paid between \$40,000 and \$100,000 — or more — per year.



Perhaps outsourcing your IT has been quoted at a similar number. If so, do both options cost the same?

You might think you can hire a full-time person for the same cost as outsourcing your IT, but make sure you do all the math.



Most business professionals know that an employee that is paid \$60K per year costs a lot more than \$60K per year. Here's a list of some of the extra costs:

- Extra direct payroll costs and benefits.
- The costs of office supplies: Every employee needs a desk, a phone, a computer, a bunch of software... and more!
- There are costs associated with hiring a new employee and too often, there are even bigger costs in firing the wrong hires and rehiring.
- There is the cost of training, which is particularly important with an IT employee if you are going to support their technology evolution and certification. Technology evolves quickly — this will likely involve travel expenses.
- A successful in-house tech will also need tools, such as a trouble ticketing system, troubleshooting assets, remote management software and a myriad of other possible tools.
- Let's not forget that all employees need the precious time of the company's leaders and management. They should be spending a lot of time with this IT employee if technology is an important area in the business.
- The IT person will also need to take time away for sickness and vacation, so, they will need to cross train others.

Can we agree that a \$60K wage isn't simply a \$60K cost to the company? It's probably at least \$80K, and maybe a whole lot more, depending on how you cost out certain items in the above list. Regardless of the numbers, the point is to make sure you're doing all the math when assessing the costs of your options.

PROACTIVE IT LEADERSHIP

Information Technology Needs Leadership.

Companies that choose to hire an internal employee (full time or part time) need to recognize that they are now in the IT business, and they need to actively lead the IT path for their organization over the short term and long term. Every organization needs an employee that dedicates time to being the **Chief Information Officer (CIO)**.

This CIO function is extraordinarily challenging as a part-time role, as they would have to balance this function off the side of their desk while also trying to be effective at one or more different roles. What tends to happen is the more urgent elements of the various responsibilities get the most attention. The long-term CIO leadership tends to get neglected because it always seems like it can wait “until things settle down.”

Similarly, a great CIO usually doesn't make a great day-to-day support technician and vice versa. The two roles take different skills, experience, and processes that aren't as complementary as one might hope. *To be able to see the whole forest while you're also examining specific trees takes rare talent and discipline.*

Every company also needs to have a consistent **Systems Administrator**, and this is another set of skills altogether. This function is responsible for maintaining IT on an ongoing basis. This role needs to be methodically scheduled, structured, and adhered to consistently.

What tends to happen in organizations where there is a single person trying to fulfill the IT role is that the important duties of the CIO and Systems Administrator get neglected. The value of putting out today's fire, in the moment, is seen as more important than investing in the future. Further, the nature of the roles are diverse enough that companies typically hire someone with the propensity for one of the roles, but not all of them.

We've segregated each of these primary roles; these are all different people in our organization. We call our Virtual CIO “Business Technology Navigators” (BTNs), and our Systems Administrators “Dolphin Defenders.” Both of these roles can ignore the noise of the reactive issues – they are sheltered by our dedicated Service Desk team. Our BTNs can instead spend time understanding our clients' business and creating an IT roadmap. Meanwhile, our Dolphin Defenders can consistently engage in the critical process of applying our best practices, regardless of what the other roles they are immersed in.

OVER-INVESTING IN IT SUPPORT

We previously mentioned that an organization can be of an awkward size where they hire full-time IT support, but really don't have enough work for this person. With an IT employee, a company might hire more technology labour than they really require, leading to an over-investment.



Over-investing in IT infrastructure is actually not a huge problem — as long as that over-investment is recognized and managed as such. Without that recognition, you might find yourself in these two common situations that generally don't end well:

1. The employee feels the need to show their value by appearing busy. This can evolve into a lot of “make work” projects. We've seen more than one situation where a small organization has paid dearly to have their IT person painstakingly create reams of relatively-useless technical documentation (nearly all of which could be collected automatically with the right tools) and/or “automate” the environment using scripts and customized solutions that only he/she understands. Sometimes these things happen from pure boredom — IT people like a challenge and the opportunity to learn. Idle hands...
2. The employee ends up with additional responsibilities outside of leading and maintaining the IT infrastructure that distract them from doing their core job. The end result is often that the person can only get to the IT fires and is never able to get ahead of things.



Smart Dolphins is incentivized to optimize the amount of labour needed to lead and manage each of our clients' networks effectively.

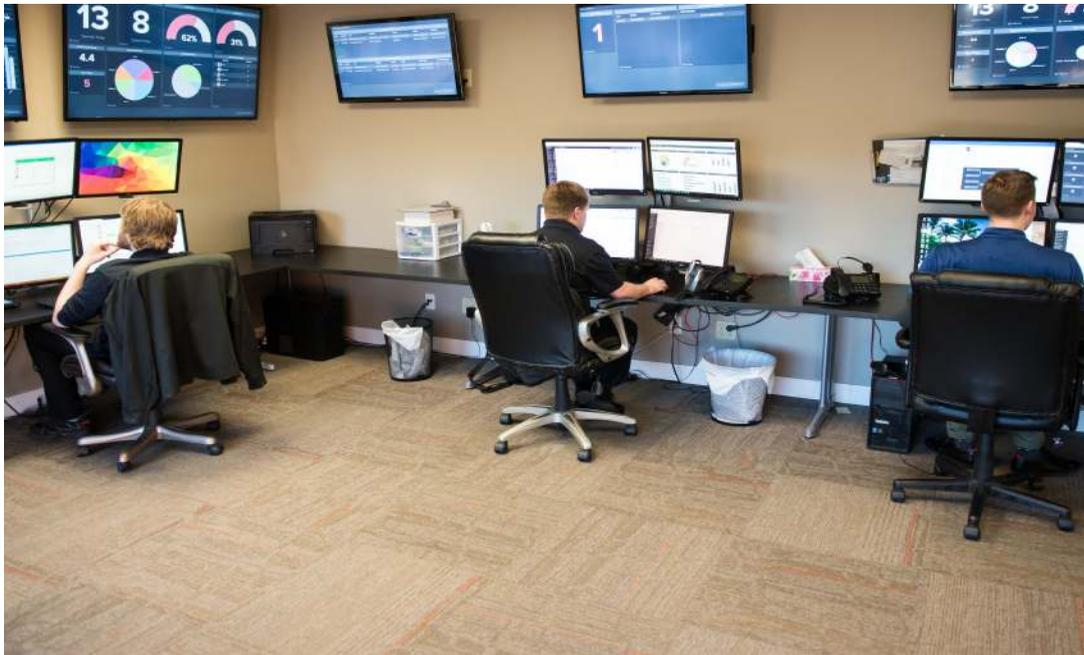
We don't ask our customers for any additional fees if we spend more time on their network than necessary — in short, we don't have idle hands. We also aren't going to take on extracurricular activities like our clients' external-facing client support, sales or whatever might draw that internal employee's "spare" capacity.

We focus on doing our tasks well for our clients, and optimize the labour needed to do it.

DEVELOPING & ADHERING TO PROCESS

Success in IT requires developing process.

It is all-too-common for organizations with a one-person tech department to lack process. On rare occasions, some businesses can hire IT professionals with lots of skills and experience and these individuals can bring in proper IT process. This is still a major undertaking as they have to plug all the process into the organization and maintain it.



Even with good process and policy in place, the individual needs to adhere to the process and policy. It takes a lot of discipline to stick to process, especially as a single-person department with no accountability. Process can feel very bureaucratic when you're working by yourself and nobody is holding you accountable. Who's going to care if you don't document that "little change" you made to the server? Who is going to know that you skipped testing the restoration of your server from backup or update the latest security patches on the server this month? The organization that has the one person IT department will need a disciplined individual leading their IT.

Smart Dolphins has been in this business now for over 16 years and we're still building our processes, but as a large team with LOTS of technology to manage across many clients, we definitely know the importance of developing and adhering to process and policy.

BUSINESS CONTINUITY & RISK

We all know that we need to have a good backup system for our data. Sometimes, having a backup of a company's IT employee is overlooked. A single-person IT department is a big challenge and a risk from a business continuity perspective. Even something as simple as an illness or a vacation can cause a large and costly gap in support.



Of course, permanent employee turnover can be an even bigger challenge — even when it is an amicable departure, with plenty of notice. To compound this, it is rare to find long-standing technology employees. The IT industry attracts the type of person who loves to learn and be challenged. In a single-network environment, the best IT people will often be transient. If an IT employee is good, they are more likely to be moving on before you'd like. A mediocre IT employee can be even more challenging to transition away from because of the damage-control required after they depart.

Whether an IT employee is around for a short time or the long term, they often surround themselves with technology and make themselves comfortable by configuring things in non-standard ways. It isn't necessarily with any intent other than doing the best they know how to do. One person is naturally going to end up with gaps in their knowledge and experience. The challenge is that the remaining infrastructure left by a departed IT employee might be difficult to support without major work to bring it up to industry standards.



Leading and managing IT people has its own unique set of challenges.

When you only have one of a certain “type” of employee, you’re more likely to not give it as much attention as the “types” of employees that make up the bulk of your team. Unless an IT team is part of your core business, those duties might be best left to a company that specializes in attracting and retaining the best IT talent in your marketplace.

- ✓ Smart Dolphins has been recognized through several awards for attracting and retaining the best IT talent in our market. This is a critical part of our core business and it is a core competency we have developed and refined over many years.
- ✓ Our team has the scale to provide continuity to our clients that they couldn't achieve on their own.
- ✓ Most importantly, we have a very special process of auditing and aligning our clients with world-class standards and best practices.

WHEN THERE IS A PLACE FOR IN-HOUSE IT

There is one situation where an internal technical employee is particularly valuable: when the technology the IT person is responsible for is critical to the organization's competitive advantage and is a core competency of the employer. Key IT personnel are required to work very intensively and focus on those technologies, such as an internal IT person, for example, who is focused on customizing an ERP system for the specific needs of the company.



Team Up

Even when there is a place for in-house IT, we still see opportunities for organizations to better leverage technology to be more competitive. In addition to our comprehensive IT service, we also offer a service approach we call "Team Up." In a Team Up partnership, an internal employee would be responsible for the front line reactive day-to-day service and Smart Dolphins would bring our proactive tools and processes to support the employee and the rest of the company. This frees up the internal employee to focus on the company-specific technology projects and capabilities. We do this work better, faster and cheaper than the internal technician. This is a great win-win situation for many of our partners, often the "best of both worlds."



ABOUT SMART DOLPHINS

Founded in 2000, Smart Dolphins is an award-winning provider of computer and network support. Over the years, we've built a reputation for helping our organizations grow and succeed by providing the highest quality managed IT services at a cost-effective price. If you're ready to transform your business and achieve your goals quicker — [reach out to us today.](#)

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