

## IT Management for Small Businesses

### Using third parties to help take the strain

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*Small and medium sized businesses (SMBs) face many of the same challenges as large enterprises when it comes to IT management. They have increasingly complex systems that they rely on to drive their businesses and gain competitive advantage. Operating and maintaining a complex IT infrastructure requires the necessary skills and investment but getting the right staff at an affordable price can be a problem. So, IT management can then become a bottleneck diverting attention from core business activities. Finding ways around this can give SMBs a competitive edge leaving them free to focus on new business opportunities.*

- **SMBs operate complex IT environments**  
More than half of SMB workers are PC users and over three quarters of SMBs operate more than one server. The majority of SMBs also operate from multiple locations meaning their IT infrastructure is distributed geographically, presenting further issues for IT management.
- **Many SMBs share their IT resources externally**  
Almost two thirds of SMBs open their IT resources to external partners, such as customers and suppliers. This collaboration with third parties, whilst offering business efficiency also exposes SMBs to IT security risks.
- **SMBs have embraced laptops, but are suspicious of mobile devices**  
A high level of laptop ownership further complicates IT management, with loss and theft exacerbating the lack of asset control and the security risk. SMBs are still in the early days of exploiting ultra-mobile technologies in part because they feel they lack the management tools. This needs to be overcome if they are to realise the potential advantages.
- **SMB productivity is impacted by a lack of IT management skills**  
Many SMBs are using semi-skilled in-house resources to deal with IT issues who see IT management as peripheral to their main job function. Hiring a dedicated IT expert does not solve the problem, because whatever the individual's skill set, it will not be broad enough to cover all the IT issues faced by the typical SMB.
- **Despite their extensive IT use, many SMBs are not satisfied with the reactive way in which their IT systems are usually managed**  
SMBs are not investing in the skills and tools to proactively manage IT. This is not only impacting the performance of their IT infrastructure, but ultimately the performance of the business.
- **Some SMBs are turning to external partners that have experts in all areas and take proactive approach to IT management**  
SMBs are seeking advice from external partners, and some go as far as to outsource IT management. Those businesses that outsource are more satisfied with IT systems performance than SMBs who do not outsource.

#### RESEARCH NOTE:

The information presented in this report was derived from 602 interviews with senior IT influencers and decision makers from SMBs who were from a number of European and US countries. The survey was completed in October 2006.

#### Conclusions:

SMBs do not have the IT management rigour that is generally found in larger organisations. This lack of capability is harming SMB productivity, and has a direct impact on cost. With the choice between in-house or outsourced IT management, those choosing outsourced solutions are the most satisfied.



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## Introduction

The pressure of managing ever increasing IT complexity, created by the proliferation of desktops, laptops, servers and mobile devices, at an acceptable cost is the same for small and mid-sized businesses (SMBs) and enterprises alike. However, SMBs often lack the resources and time to effectively manage their IT infrastructure, which can lead to operational inefficiencies and reduced productivity.

Quocirca conducted research in late 2006 to look at the extent of the IT management challenge for SMBs in Europe and the US. This report shows the degree to which SMBs are reliant on their IT systems, the limitations they have when it comes to managing them and the consequences of not addressing those management issues. The report is aimed at those responsible for managing IT in small businesses, provides peer review and advises on how better IT management practices can be introduced.

## The technology reliant SMB

Technology underpins the operations of most SMBs, enabling them to compete in today's globalised and 24x7 business environment. SMBs are increasingly decentralising their operations, sharing their resources with external partners and managing an increasingly mobile workforce. This already multifaceted and distributed IT environment is further complicated by the need to make it secure and safe, whilst ensuring that end-user resources are available and that employee productivity is not compromised. Whilst IT is a key business enabler for SMBs, this is also a risk without good IT management practices.

This includes everything from the mundane tasks of:

- backup (and rehearsed recovery)
- keeping up with software patches and security updates
- monitoring performance and tuning systems
- major software upgrades, asset tracking and so on.

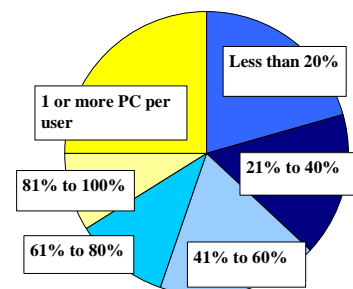
All these tasks must be carried out regularly and thoroughly to ensure the on-going availability of IT systems.

The research carried out for this report shows the extent to which SMBs rely on IT and the limited resources they have to manage it. More than half of SMB workers use a PC in their work (figure 1), and more than 75% of SMBs have more than one server. However, SMBs commonly do not benefit from dedicated IT skills to manage their IT infrastructure, and therefore end up being reactive to IT problems rather than proactively avoiding them in the first place.

Any IT downtime has repercussions, often hitting business operations instantly. This is more so the case for SMBs who do not have the IT skills or tools to identify and fix potential problems before they have an appreciable impact on the business. A disk crashing, for example, can be critical in any organisation but often more so for SMBs, where system backups may not be carried out, or where procedures and tools may not be in place to quickly recover business critical data.

**Figure 1**

**SMB PC Penetration – percentage of employees with PCs**



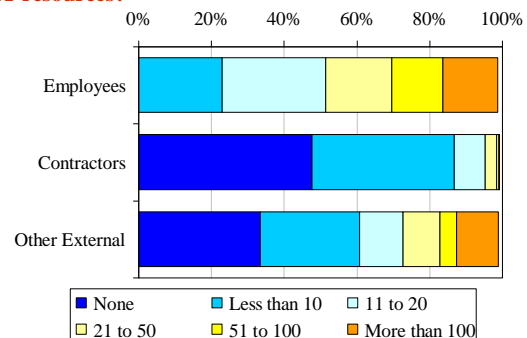
SMBs need to manage the same critical IT functions as any enterprise, whether it is data backup and disaster recovery, managing distributed hardware and applications, storage management or distributing software patches and upgrades. These administrative tasks can take up a high proportion of IT budget for any business, so SMBs should not ignore the potential benefits of reducing this administrative burden. However, as this report highlights, the majority of SMBs simply do not have any specific tools to manage their IT systems. It is no surprise to see that it is these businesses who are least satisfied with their IT management capabilities. Those SMBs with limited IT resources are more at risk from IT failure, but with the introduction of even basic IT management tools, the complexity of IT management can be reduced, and the risks diminished.

## The online SMB

The vast majority of SMBs are today reliant on the Internet for external communications. This creates significant business value enabling communications with customers, suppliers and partners. Many SMBs also allow partners to participate in business processes, but this leaves their IT infrastructure exposed to external risk, and ensuring that their applications are both available and secure when dealing with third parties is an additional challenge (Figure 2)

**Figure 2**

**Approximately how many people use your organisation's IT resources?**

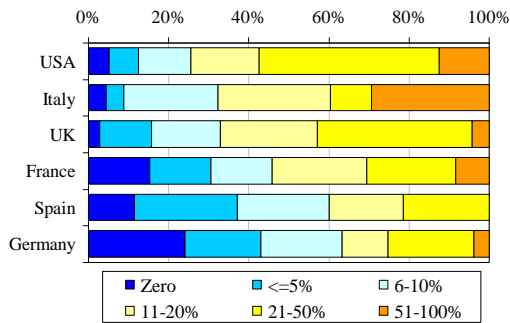


Furthermore, many SMB employees are highly mobile, with many using laptops. This does vary by country, with the employees of US and Italian SMBs enjoying the highest proportion of laptop usage (figure 3). The prevalence of laptops further increases the challenges of IT management, as

they not only need to ensure their IT infrastructure efficiently supports remote connectivity, but also provides safeguards for data loss and theft. Also, laptops require a more specialised form of IT management, due to the manner in which they are only occasionally connected to the main network.

**Figure 3**

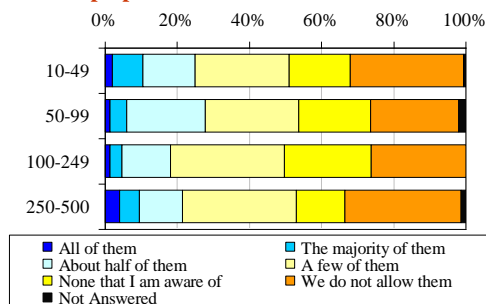
**Approximately what percentage of the total PCs in your organisation are laptops/notebooks/tablets?**



Although laptop ownership is relatively high, many SMBs are reluctant to allow employees to use other mobile devices, such as smart phones and handheld personal digital assistants (PDAs) to access IT resources (Figure 4). The diversity of these products requires a lot of configuration and control, and the advanced skills required to provide remote handheld device integration into most SMB applications all act to counter the usage of such devices in the small organisation. Additionally, the lack of confidence by SMB management in allowing mobile device usage can also be attributed to both security concerns and the lack of good management tools.

**Figure 4**

**What proportion of your employees use mobile devices other than laptops?**



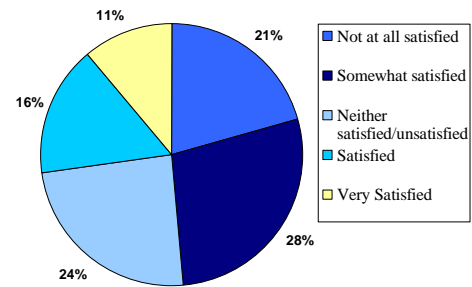
It is not surprising that SMBs are reluctant to provide these devices for employees on this basis, but SMBs are missing out on a potential opportunity to enhance employee productivity, something which many larger enterprises have readily embraced. But whilst enabling workers to be connected to the applications while on the road does pose security challenges, the benefits are many and manifest, such as increased responsiveness to customers and suppliers, and providing sales people with access to customer data whilst on the move. Indeed, SMBs who can ensure employees stay connected most of the time are best positioned to benefit from increased productivity.

## The IT management time drain

Overall, only just over a quarter of respondents are either satisfied or very satisfied with the management of their IT systems (figure 5).

**Figure 5**

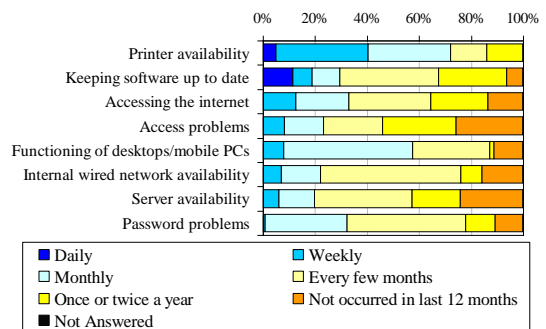
**Overall how satisfied are you with the management, control and performance of your IT systems?**



For end users, daily problems with printers, keeping software up to date and network availability are common frustrations (figure 6). This is exacerbated when advanced capabilities like wireless LANs are thrown into the mix. All this is a time drain for those SMB workers for whom dealing with IT issues is an unofficial aspect of their job role. As they are not IT experts, this not only distracts them from their regular job, but results in a reactive approach IT management which is far from effective. The complexity of managing these problems is amplified again as many SMBs are operating from multiple locations.

**Figure 6**

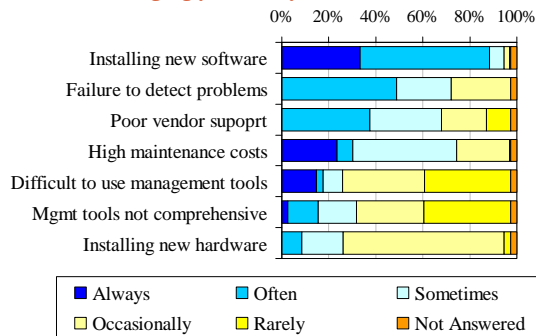
**How often have the following been a problem for your end users in the last 12 months?**



Meanwhile, when it comes to management of their IT systems, SMBs are most frustrated with installing new software, which far outweighs any other problem (figure 7). SMBs are also failing to detect problems in advance, suggesting that they do not have effective IT management or monitoring tools which could help minimise such problems.

**Figure 7**

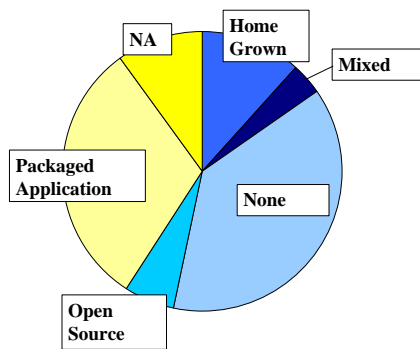
**How often are you frustrated by the following when it comes to managing your IT systems?**



SMBs not only spend a significant amount of time on IT issues, they also do not have the right tools. For those who do use IT management tools, packaged ones are the most popular (figure 8).

**Figure 8**

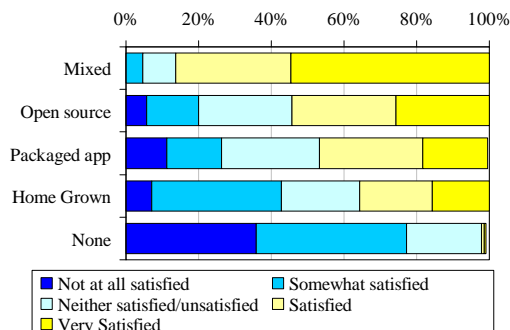
**Types of IT management tools used**



Dissatisfaction with IT management capability is highest amongst those without tools, whilst those who sought a comprehensive set of tools find they are able to both simplify and reduce the complexity of IT management (figure 9). This potentially could be through the use of external advisers, who can help diminish the risk of poor IT performance for the SMB.

**Figure 9**

**Overall satisfaction with tools types**

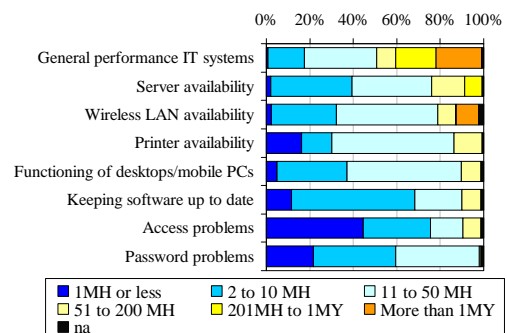


SMBs spend more time on general systems performance and server availability than anything else (figure 10). Such activities soak up time which could otherwise be spent creating new IT capabilities to better support existing or new business activities. However, although these issues take up a

significant amount of time, it is often not enough to justify employing a full time IT administrator.

**Figure 10**

**Man hours/years spent on activities**



Most SMB workers are not IT experts and organisations see productivity impacted if their employees spend too much time tinkering with IT management. By outsourcing the management of their IT resources to an external provider, SMBs can off load these time consuming and expensive activities, and focus on their core business activities.

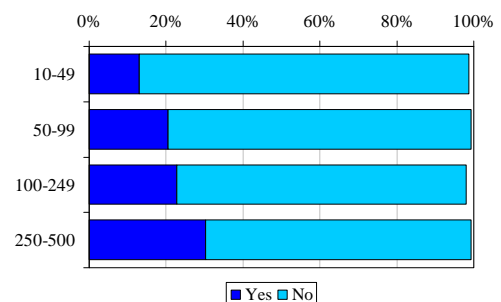
## Outsourcing the IT management problem

Overall one fifth of SMBs outsource IT management, the larger the organisation the more likely it is to do so (figure 11). This might well be because resellers have initially focussed more on the upper end of the SMB market and yet to scale down their offerings for smaller organisations.

Overall, about one fifth of SMBs already outsource IT management to some extent. It is more prevalent the larger organisations become, as they have less budgetary restrictions when it comes to paying for external IT services. Also, it is possible that outsourcing services are more readily available to larger organisations, and equally, smaller businesses may not be aware that outsourcing could address their IT management problems, (figure 11).

**Figure 11**

**Do you outsource IT management?**



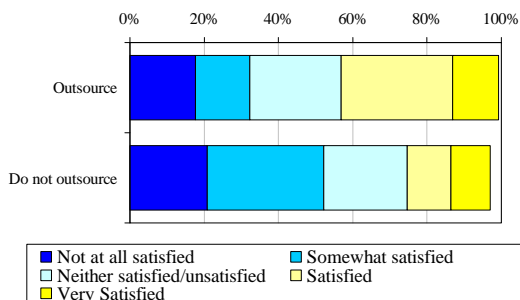
With the right combination of products, solutions, expertise and technology advice, using an external partner who can proactively manage the IT infrastructure and spot problems before they occur, can enable SMBs to focus on their core business rather than worry about the technology that

underpins it. Third parties deliver economies of scales by leveraging their expertise and resources to support many customers, enabling SMBs to emulate the best practices of enterprises, for example through benefiting from the use of best of breed IT management products.

SMBs that outsource IT management are more satisfied with their IT systems performance than SMBs who do not outsource (figure 12). These SMBs have recognised the value to be gained from using external services, and have most likely invested time and effort in choosing providers with proven experience in the areas where specific skills are required.

**Figure 12**

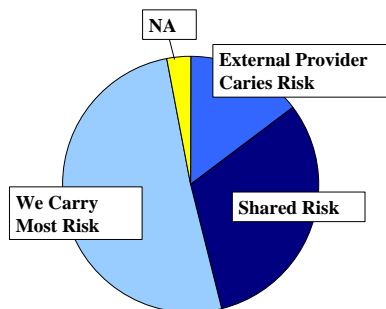
**Overall how satisfied are you with the management, control and performance of your IT systems?**



Currently for those SMBs who do outsource, half of them still carry the majority of the risk, so that there is little pushback on the external provider if there is an IT failure. (figure 13). This reflects the immaturity of the outsourcing market for IT management, which needs to evolve to offer a higher degree of shared risk to make the services attractive to the cost conscious and risk adverse SMB. With the right tools, there is no reason why external providers should not have confidence to share the risk with the customer.

**Figure 13**

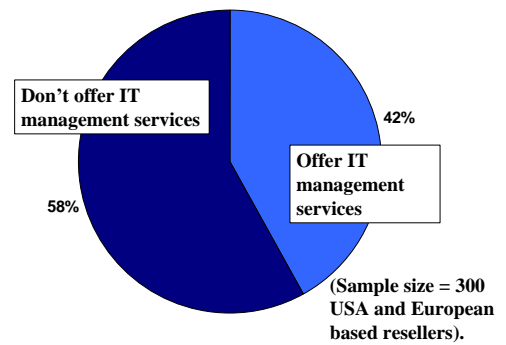
**If you outsource IT management, which statement most closely matches your view of shared risk?**



And there are plenty of 3<sup>rd</sup> parties willing to help. 42% of resellers now offer IT management service of some sort, many doing this from remote locations, only coming on-site when necessary (figure 14).

**Figure 14**

**Reseller organisation activity**



Those SMBs who are able to effectively offload the time consuming and expensive activities of managing IT resources in house will be best positioned to improve business productivity, improve reliability and focus on core business activities.

## Conclusion

Whilst SMBs are highly dependent on their IT infrastructure, IT management is not a core business driver. Even with the right IT management tools, SMBs need trained staff to use these tools, and to diagnose problems before they have an adverse impact on user productivity. Most small businesses cannot afford the luxury of having a qualified IT administrator never mind an entire IT department to manage a network and its connected devices. SMBs are increasingly viewing IT as an enabler to survive in a competitive business market, but many are not equipped to meet the challenges of keeping up to date with the continuous changes in technology.

Outsourcing IT management to third parties offers SMBs a real opportunity to focus on their core business, and be confident that the applications critical to their business processes will be available because they are running on a secure and well managed IT infrastructure. However, SMBs may be unsure of where to start or how to identify the real benefits of using outside services to maintain their networks. There is a strong need for resellers and vendors to provide clear and supportable information to SMBs so that they can understand that outsourcing can reduce their operational costs and with the right provider, strengthen their control over their business processes. However, those offering the services also need to provide enhanced service levels that make it clear that the risk is truly shared.

## APPENDIX – Interview Sample Distribution

The information presented in this report was derived from 602 interviews with senior IT influencers and decision makers during a survey completed in October 2006. Distribution of the sample by geography business size and job role was as follows (figures 15 to 17):

Figure 15

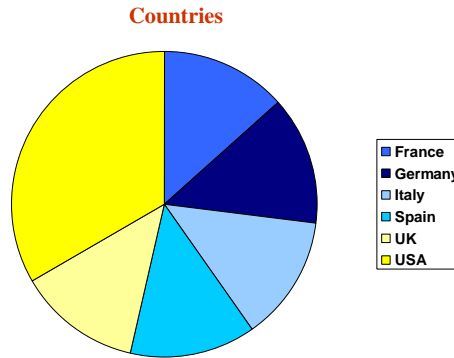


Figure 16

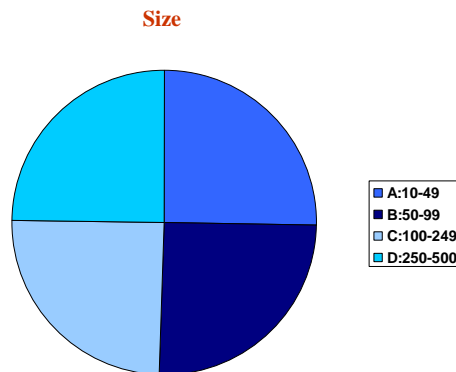
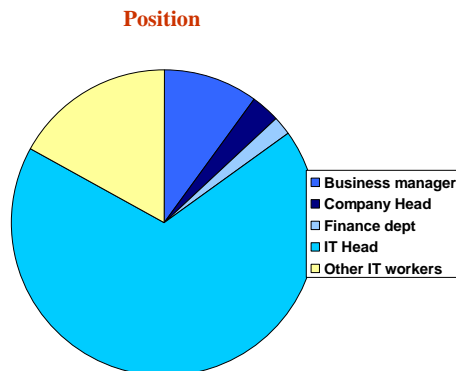


Figure 17



Note: IT Head refers to the person within the organisation

## About CA

CA (NYSE: CA), one of the world's largest information technology (IT) management software companies, unifies and simplifies the management of enterprise-wide IT for greater business results. Our vision, tools and expertise help customers manage risk, improve service, manage costs and align their IT investments with their business needs.

Enterprise IT Management, or EITM, is our vision for the future of IT. It's how customers can close the gap between the promise of IT and what it actually delivers. We make it possible for customers to more efficiently, easily and securely manage all of the people, the processes, the computers, the networks, and the range of technologies that make up their infrastructure — whether distributed or mainframe, and regardless of the hardware or software they are using. We build our solutions on the CA Integration Platform, our common architectural foundation that allows customers to integrate, share and automate the management of IT assets and resources.

Today, we serve 99 percent of the Fortune @1000 companies, as well as government organizations, educational institutions and thousands of other companies in diverse industries worldwide. To date:

- We own approximately 600 patents, with more than 1,900 pending worldwide.
- CA is active in or leading all major standards organization.
- We have achieved the exacting standards of the International Organization for Standardization (ISO) 9002:1994 Global Certification and 9001:2000, the ultimate ISO certification for global quality.

Founded in 1976, CA is a global company with headquarters in Islandia, NY, more than 150 offices in 45 countries and fiscal year 2005 revenues of \$3.53 billion.



## About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first hand experience of ITC delivery who continuously research and track the industry in the following key areas:

- Business process evolution and enablement
- Enterprise solutions and integration
- Business intelligence and reporting
- Communications, collaboration and mobility
- Infrastructure and IT systems management
- Systems security and end-point management
- Utility computing and delivery of IT as a service
- IT delivery channels and practices
- IT investment activity, behaviour and planning
- Public sector technology adoption and issues
- Integrated print management

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation’s environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca’s mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca’s clients include Oracle, Microsoft, IBM, Dell, T-Mobile, Vodafone, EMC, Symantec and Cisco, along with other large and medium sized vendors, service providers and more specialist firms.

Sponsorship of specific studies by such organisations allows much of Quocirca’s research to be placed into the public domain at no cost. Quocirca’s reach is great – through a network of media partners, Quocirca publishes its research to a possible audience measured in the millions.

Quocirca’s independent culture and the real-world experience of Quocirca’s analysts ensure that our research and analysis is always objective, accurate, actionable and challenging.

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