

Agile and flexible IT is fundamental to dynamic mid-market companies

Providing services of any kind to mid-market companies presents very specific challenges and outsourcing is no different. The very nature of the mid-market (companies that are too big to be considered SMEs, but smaller than large, exchange-listed businesses) dictates that they are likely to be going through some kind of development or business event. They could be preparing for an IPO, in the process of selling to a private equity house, or growing through acquisition or organically, for example. So, what they are looking for from an outsourcing service is agility.

Choosing to outsource: the triggers

Whilst meeting mid-market expectations is challenging – particularly since most IT outsourcing providers will already have developed a go-to-market offering and a service catalogue – it is well worth doing. There is a growing demand in the sector for quality IT outsourcing services, and an exciting culture of innovation, in part borne out of the necessity to control costs and look at new avenues for growth. But the main driver that steers mid-market companies towards outsourcing is in merger and acquisition activity, which results in new teams, new locations, new offices and new service requirements. The delivery and support models in the mid-market are often going through change, so with a degree of structured agility and flexibility, outsourcing has a vital role to play.

How can an IT outsourcer support the mid-market?

In some cases the services mid-market companies require are strategic – a virtual CIO, for example – and the role is to assess and make recommendations for their IT footprint including the overall infrastructure, hardware and software. Business transition means that they may have an IT Manager, but no one with strategic skills, or they may have concerns about vulnerabilities in their system that require the support of an outsourced partner. These specific examples are in addition to standard

services, including core service desk and service call handling, plus change, problem, asset, vendor/supplier and security management.

What characterises these companies, however, is not necessarily the services they need, because their requirements are so variable, but the fact that they have so little time to achieve their corporate goals. They are driven by specific targets – whether it's to make an acquisition or to get to an IPO – so from an IT perspective they can't move fast enough. Our job is to help them get there quicker.

So having decided to outsource, what qualities should a mid-market company look for in a potential provider?

Flexible service model

This is not always easy for IT outsourcing providers. Those with a mature service delivery model often base this on a specific set of technologies, but what if the mid-market company finds this too restrictive? Flexibility is crucial. These companies are often in transition and they need a wide range of services to support them at whatever stage they have reached. They don't want to be dictated to and they may still want to manage aspects of their business IT themselves, so providers have to listen first, be adaptable and deliver according to each company's individual needs.

It's worth remembering that there are around 30,000 mid-market organisations in the UK with sales between £10m-£500m but they are responsible for a third of private sector jobs and economic output. Perhaps this explains why they demand maturity and agility at the same time; they are on an upward trajectory and we will benefit by keeping up.

Client led goal setting

From the start of the relationship, outsourcing providers have to accept that the client dictates the business environment and the overall objective.

The level of maturity they have reached in IT and IT support provides a framework for the services that a provider can offer, and in this market the project is likely to span at least 24-36 months. Crucial in the early stages is that the provider manages expectations balanced with delivering solutions to meet their business requirements.

The right cultural fit

In the mid-market, relationships are important. Of course they are looking for financially stable partner and a minimum set of service capabilities, but there are lots of providers who can do that, so an important differentiator is whether the provider will make a suitable partner. Mid-market companies are not yet enormous animals, they are still growing, so they look to build strong relationships with people and at the same time ensure they have a mature service provider.

A space is beginning to form between smaller service desk players and the larger providers who can be more automated in their approach. The latter scare the mid-market organisations, who feel they will be treated like a small fish in a big pond; instead they want a partnership with both parties bonding at every level, and a firm focus on peer-to-peer relationships. The strategy for the outsourcing provider is to remain flexible, develop an expertise in the client's market and support the client through change.

Sector expertise

Expertise is increasingly important and there has been a growing demand for greater insight and sector knowledge particularly across service management and applications. The financial services sector is a great example of this. Outsource providers must be aware of legal requirements or changes to the law that affect their clients – if a solution has to be delivered within a tight timeframe you don't want to hold up the process simply because you are unaware of the law.