

# Making the Shift from Staffing to Managed Services



Overworked IT departments have a need to hire additional headcount to complete projects, but what is the best solution - a direct hire, a consultant or managed services? For the most cost-effective solution managed services should be considered. A managed service provider can be a true partner in the development and deployment process. An ongoing relationship ensures that they understand your business and will choose the right applications for the right platforms to maximize your value.

With increased pressure to modernize applications, develop innovative business solutions, improve security measures and still maintain existing systems, IT has to make some hard choices about how to accomplish their goals. When weighing the choice to increase internal staff, hire an outside consultant or move to a managed services approach, investing in managed services will most often be more efficient and cost-effective.

When deciding whether to staff, hire consultants or engage with managed services, organizations need to decide on their priorities and what will be the most efficient and cost-effective way to meet business initiatives.

## **The Problem with Staff Augmentation: Direct Hire or Consultant**

Many companies look to staff augmentation, either a direct hire or consultant, to solve short-term staffing needs. A direct hire provides an organization with a single contributor who focuses on a specific competency area with minimal strategic value. This very often turns out to be a long-term solution to a temporary problem when you consider the high cost of engaging a permanent hire.

The short-term hire from a staffing/consulting firm, on the other hand, may not be able to get close

enough to the problem they are hired to solve as they are not an integrated member of the team. It can also be difficult to integrate the consultant into your work processes, especially if you work with multiple vendors.

Using a revolving door for staffing can create more work instead of less and create a situation where the knowledge you need to move forward walks out the door when the contract is up. When used as a permanent model, staff augmentation can disrupt the entire system of IT management as the resources expended to accomplish tasks may not accelerate the process. IT project costs gradually become bloated, and the hired consultants rarely have the skills necessary to affect long-term outcomes.

## **The Advantages of Managed Services**

Managed services provide all of the advantages of staff augmentation, but with greater oversight and strategic value. By becoming a true partner, companies are able to plug into the expertise and resources that reduce management burdens and speed project development. This is one of the big reasons that MarketsandMarkets projects that the managed services market will increase from \$145.33 billion in 2016 to 242.45 billion by 2021.

Three major advantages to managed services are:

- **Managed services are cost-effective.**  
According to CompTIA, 46% of managed service users managed to cut costs by 25% or more. When you pay for managed services, you pay a monthly fee that covers the management, operation, and delivery of mission-critical processes. The fee is dependent on the service you receive and volume of work, not the number of employees hired. This means that costs are predictable and can be controlled.

- **Managed services enable knowledge to be shared.**

When managed service providers create processes, they document what they've learned for your team. In contrast, staff augmentation firms tend to create silos, making it difficult to retrieve the information later.

- **Managed services allow for defined outcomes.**

With staff augmentation, you pay for hours worked. With managed services, you pay for specific outcomes. The delivery risk shifts from the client to the managed service provider where the supplier owns the transition and operations responsibility.

There is absolutely a place for staff augmentation in IT, but more businesses are recognizing the advantages of managed services. Even in a managed services/outsourcing model, staff augmentation is utilized for selected services at specific points in time. It's when staff augmentation becomes the de facto standard operating model for an IT organization that it becomes ineffective, incurring high costs, low commitment and high risk.

IT departments utilizing staff augmentation need to take a look at the real costs of "sourcing externally" and seek to adopt a true managed services/outsourcing model that will maximize value. Managed service providers are your true strategic partner in meeting your IT goals.

