



DA Systems - Strategic Insight

A managed service - is it the best practice?

Dave Upton, managing director at DA Systems, examines the total cost of ownership of managing mobile applications in-house and dispels the myths of using a managed service



Successful organisations are increasingly recognising that there is a significantly lower total cost of ownership when outsourcing their IT infrastructure, compared to managing it in-house. The cost savings, stability and security gained from using a managed service for your mobile application make it a more compelling option.

MAKING YOUR BUDGET GO FURTHER

One consideration is whether to go down a CAPEX or OPEX route for obtaining your infrastructure. Hosting your own application requires capital expenditure, while using an external managed service that offers pay-as-you-go or leases services, falls into ongoing operating expenditures.

Capital investment can be limited as you may want to direct investment toward revenue-generating activities. This is why many companies prefer to lease rather than purchase - you may not want to tie up precious capital in depreciating assets. By contrast, if you rent a service, you are committed to it only as long as you want to use it - giving you real flexibility.

REDUCED INFRASTRUCTURE COSTS

You may however believe that you can absorb a mobile application system within your existing infrastructure by using a spare server or utilising your data centre. For some vendors this can be a get out clause as the customer takes on the considerable risk of managing the application in-house. As SLAs are no longer applicable, the customer accepts full responsibility for the up-time of the application.

In-house Budgetary Examples
Software support costs & expert hardware support and maintenance costs - 24/7
Power, floor space, storage
Resilience costs- including the double purchase of parallel resilience systems for application failover
High-end server costs, including licence fees
Ongoing costs covering scalability as you expand – including hardware, licences etc
Network design and build
Security systems
Data communications lines and infrastructure

You will then need to go and repeat these purchases and set up the infrastructure in a different location in order to provide the necessary levels of resilience!

But if you choose the managed approach, all you need is an internet connection and all of the expenses highlighted in the in-house method become included, as fixed and predictable costs. You will experience a lower total cost of ownership, because a managed infrastructure is shared across established platforms.

If you employ the expertise of managed service for your application, you also enjoy the benefits of an adaptable and scalable infrastructure - without the pain. The vendor should proactively monitor the service and scale of the infrastructure as required. This enables them to cope with your growth - without the extra costs associated with new infrastructure. This means that you have predictable costs that can be budgeted accordingly for your future expansion.

HIGHLY RESILIENT AND SECURE APPLICATIONS

You may still believe that it is *safer* to run your applications in-house. However, the bar has risen to very high levels, in terms of the quality, availability and security of managed services - all driven by the threat landscape that has evolved over the past few years. Businesses are demanding increased service performance and availability, coupled with reduced exposure to perceived security threats that an in-house approach would struggle to replicate.

Happily, the fixed, highly competitive costs of a managed service include all the elements that ensure your application is available on demand 24/7. Managed service vendors have designed platforms based on a multi-tenancy architecture, which is highly secure and carefully developed as it has to independently service multiple users - on a consistent basis.

These platforms offer maximum service availability and resilience, providing the power, connectivity and network redundancy, sophisticated monitoring equipment and application engineers. All this is prohibitively expensive for most organisations to replicate in-house, so with a managed service you will benefit from these economies of scale.

You will enjoy the benefit of having your application backed up and part of a tested disaster recovery and business continuity plan, ensuring in the event of unforeseen IT problems, downtime is minimised compared to an in-house system.

FOCUS ON CORE IT COMPETENCIES

More and more organisations are realising that they don't need to use up valuable resources running non-core but essential

business functions, in-house. Using a service to manage an IT application enables you to pass the day-to-day running over to an expert in the chosen field so that you can concentrate on strategic and revenue generating activities.

Ask yourself, how much do you contribute to your organisation's competitive advantage by hosting your own mobile applications? Let a specialist who can do it better and cheaper than you, manage it for you while you concentrate on areas where you can contribute significantly to your business.

In solution areas where IT plays an important supporting role, outsourcing delivers significant value by reducing risk, reducing costs and freeing up your organisation to concentrate on competing with others within their marketplace.

GETTING THE BEST MANAGED SERVICE

As with every business choice, the decision to outsource requires a measured look at risks and rewards together with the cost implications and an understanding of who can provide the best value for money. It's a case of 'what is it worth to you?' For example, take into account the value of the mobile application to your business, the direct and indirect (i.e. reputational) costs if it were simply unavailable or worse compromised (hacked).

So, you've weighed up the risks and rewards and you're in the process of choosing your provider. How do you know how much to pay and that you're getting value for money? In general, the adage that you get what you pay for applies to outsourcing just like it does to every other decision.

Once you've decided the value that the service has for your business from there you can work out what level of service you

need to meet the perceived level of risk vs. cost. You are then in a position to judge who actually provides the best value for money.

However, you need to be certain that you understand what you are paying for in the SLAs - and what is included - and what is excluded. The industry is rife with jargon which confuses this and meaningless service level agreements that may look tough but either have let-outs or no actual meaningful compensation/penalty if the supplier doesn't perform.

At their best, SLAs provide an indication of the level of service that they can expect from their provider. They should clearly document a minimum level of service, but give some indication of what their expectation of service should be. In addition, they should exclude as little as possible, and have penalties that ensure that the entire document is actually taken seriously.

Managed service providers have evolved to meet increased demands by offering flexible, high quality, cost effective services that deliver measurable added value to their clients. By employing a managed service approach for your mobile applications, you can improve your business efficiency, reduce IT costs and risks – as well as increasing the level and quality of service.

About DA Systems

Formed in 1999, DA Systems (<http://www.da-systems.co.uk>) is a leading UK provider of software solutions that enable end-to end management of the movement of goods and people across the transportation, logistics and service delivery sectors. Through Advanced Courier Interface, DA Systems provides real-time management and scheduling for distribution, fleet and field-based staff operations. DA Systems' highly advanced NX Transport and NX Fleet Tracking solutions deliver instant, seamless communications between office and field-based staff. NX Framework (<http://www.nxframework.com>), a managed, fully bespoke mobile-data solution, enables companies to capture and manage any type of job information or data in real-time.

By using these powerful systems, organisations can control and manage their operations, significantly reducing operating costs, increasing business efficiency and maximising service quality. The company has over 60 UK customers that include, UK Mail, The DX, Rico Logistics, Courier Systems, Echo Logistics plc and CEVA Logistics.

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