



# EXTERNAL AFFAIRS: USING MANAGED IT SERVICES

**CFOs now see capabilities, not lower costs, as the key benefits of IT outsourcing.**

For about as long as companies have been able to outsource IT services, senior finance executives have identified saving money as the most common reason for doing so. This made sense. Third-party IT specialists, combining scale with domain expertise, were able to deliver cost efficiencies few companies could hope to achieve on their own. But now, as managed IT services have matured, the benefits of outsourcing the information technology function have become broader and more strategic.

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In a recent CFO Research survey of 123 middle-market senior finance executives, conducted in collaboration with RSM, finance chiefs say that the top benefits of outsourcing IT activities today are “freeing internal resources for other purposes” and “gaining access to world-class capabilities”—benefits cited by 57 percent and 50 percent of the survey respondents, respectively. These are followed by “streamlining or increasing efficiency for time-consuming

functions,” cited by 45 percent of the respondents.

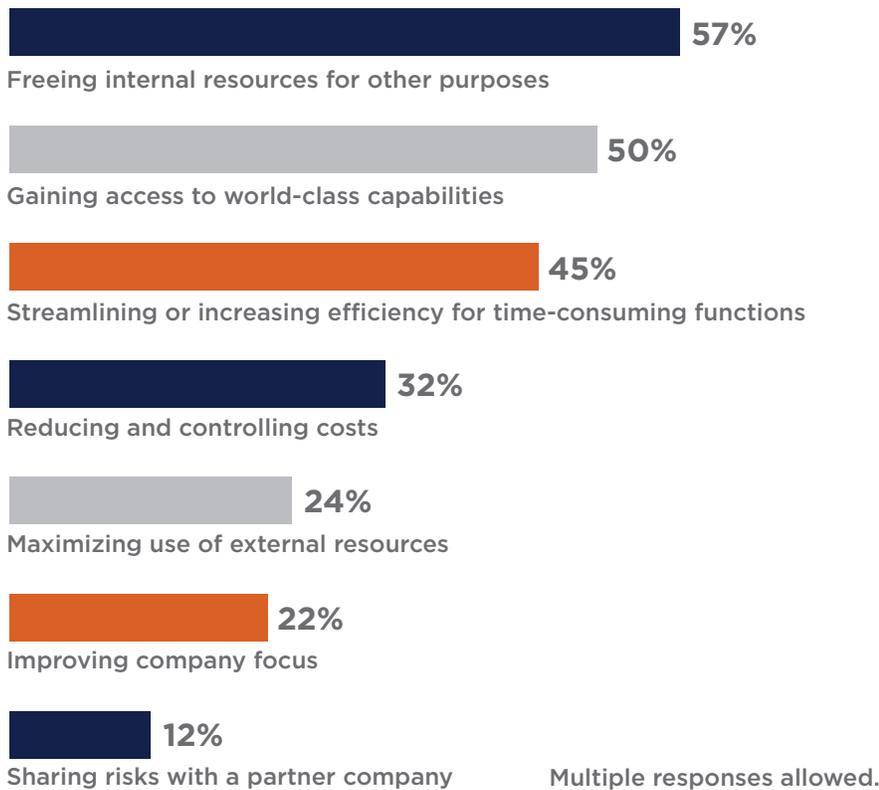
As for reducing and controlling costs, which not long ago would have been far and away the top reason companies gave for moving to an outsourcing model? That now comes in fourth place, cited by only 32 percent of the survey respondents. (See Figure 1.)

**The Virtual CIO**

These findings dovetail with the

evolution of managed IT from something used primarily to provide tactical capabilities to a more mature, higher-value service. For many finance executives, the benefits of the newest offerings in this field handily outweigh traditional concerns about cost and quality. These offerings can assist companies in creating a strategic vision for the IT function, deliver “virtual CIO” capabilities, and help companies navigate their transformation into digital enterprises.

**FIGURE 1**  
Potential benefits to be realized from outsourcing some or all IT functionalities to a trusted managed IT services provider



The ultra-speedy pace of technological change, perhaps combined with the ubiquity of business process outsourcing after decades of refinement, appears to have given finance executives a stronger appreciation for outsourcing IT functions than they once had. Most now believe they can gain continuous access to top-shelf technology—and still improve the predictability of their costs—by embracing a managed IT approach. Indeed, nearly seven in 10 finance executives polled in the latest CFO Research survey—69 percent—agree that a trusted IT services provider can do a better job than the typical company can do on its own. And 60 percent say they would be comfortable having a trusted managed IT services provider deliver not some, but all, of their company’s IT functionality.

**CFO Comfort Zone**

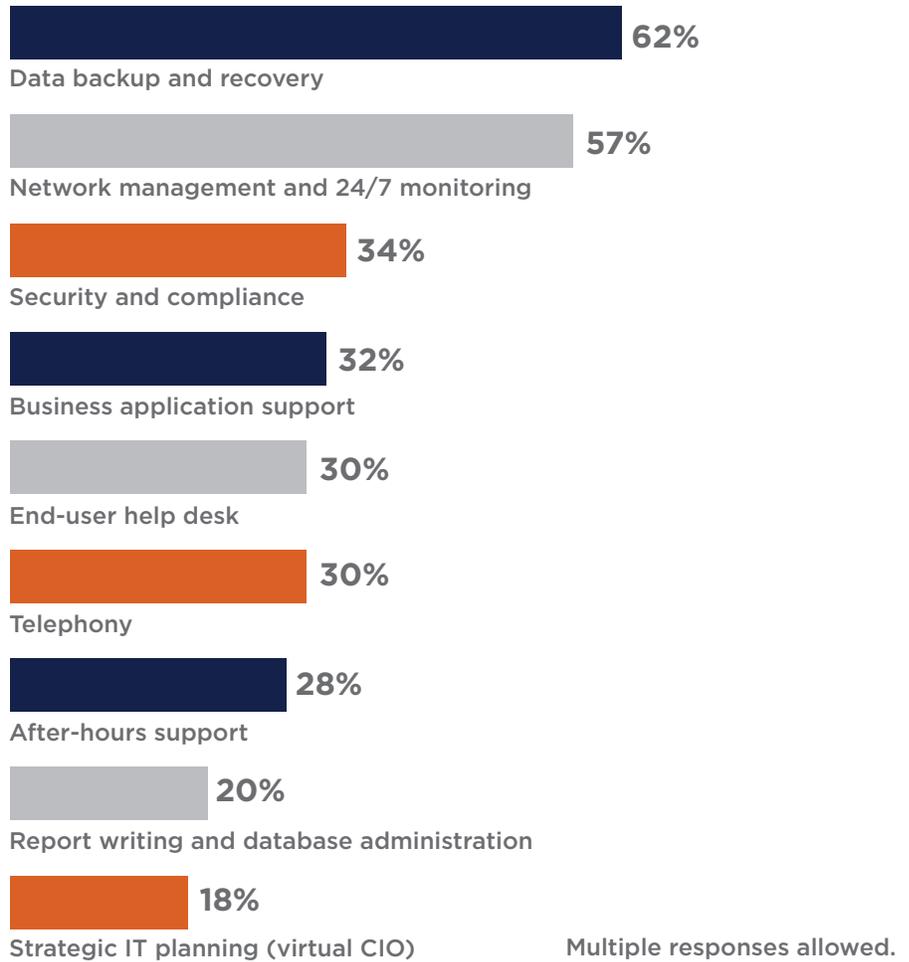
Among the survey respondents who say they would still be more comfortable trusting only a subset of their IT functions to a managed IT provider, more than half say they'd be most willing to hand over responsibility for data backup and recovery operations (62 percent of respondents), and network management with 24/7 monitoring (57 percent). (See Figure 2.)

Back-up services, including cloud-based offerings, give companies access to IT capabilities and skills they might not otherwise be able to hire or afford, such as 24/7 monitoring. They also shift infrastructure-related burdens, such as hardware and system upgrades, from their internal IT operations to a third party. Presumably, this allows the business to invest additional resources in more strategic initiatives.

There are, to be sure, lingering concerns among some finance executives about outsourcing IT functions. Their top three are costs (52 percent), the provider's ability to understand the company's businesses and key systems (50 percent), and service quality (47 percent). Given the broad appetite for managed IT services evidenced by the other survey findings, it may be that outsourcing still sounds too

**FIGURE 2**

Specific IT functionalities that survey respondents would be most willing to turn over to a trusted managed IT services provider



good to be true to some finance executives, who seem wary of their own ability to assess a service provider and negotiate an appropriate service-level agreement.

This, too, is understandable. Finance executives are seldom trained in IT, even though IT

often reports to finance. All the more reason, then, that finance leaders today can benefit from a trusted IT services provider—a modern, managed IT provider who can deliver not just tactical but strategic support as technology becomes ever more critical to keeping companies a step ahead of competitors.

# ABOUT RSM

RSM US is the leading provider of audit, tax and consulting services for the middle market. Our Technology and Management Consulting professionals act as strategic advisors, helping maximize technology investments and ensuring stable, compliant IT environments. Our professionals average 15+ years of technical experience.

RSM's managed IT services is a highly scalable platform that combines our industry knowledge with the essential IT functions organizations need to run a high-performing,

innovative IT department. We are the next generation managed services provider (MSP) ready to guide your organization through its digital transformation.

RSM utilizes our full range of services to develop a customized solution to meet your needs. You have the flexibility to choose a co-managed platform, with our advisors working alongside your IT staff, or a fully managed engagement to outsource your entire IT department. Either way, your technology support costs are more consistent, with a predictable monthly expense.

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