

## IT CONSUMERISATION



# Impact of consumerisation of IT on outsourcing

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**Sean Hargrave** reviews the impact the use of smart phones et al are having on companies and how outsource service providers can help

Corporate IT could never be described as simple but it certainly used to be a lot more straightforward. Companies employed experts to select, set up, host, maintain and support the computer equipment and software that would keep the business running smoothly.

As companies have increasingly realised they can get the same deep level of advice and expertise in running and maintaining systems from third parties, many have chosen to maximise IT budget through appointing more efficient outsourcers.

Today, though, there is a fast-emerging third factor. In addition to the client and provider offering independent advice and support, there is the client's staff. The modern era of internet communications has ushered in an age where the person in the street is increasingly au fait with the latest computing and communications equipment and the range of software applications (apps) which help them maximise their leisure enjoyment and work productively.

The result is a new challenge both to client companies and IT outsourcing providers. Today's employees are knowledgeable about what they want and need and are no longer willing to be prescribed IT hardware.

Instead they have massive global corporations supplying them with hardware, software and support. More often than not, the familiar name on the laptop, smartphone or tablet PC were either unknown ten years ago or, at least, largely unknown in both the b2b and b2c market. However, today the lines are blurred. The device in a person's pocket is easily as powerful

as any their employer might suggest and employees have access to a wide range of highly affordable software.

This consumerisation of IT, as it is known, is being fuelled by hardware suppliers, such as Apple and RIM, making products people want to associate with and which have instant access to a huge library of powerful software tools, such as the Android Marketplace or Apple's App Store.

It means employees' desire to express themselves through their choice of computing device is now not considered an option but a right.

**Bring your own device going mainstream**

Accenture recently found that nearly half (43%) of employees in the UK believe that the computing devices they chose help them do their job better than the ones supplied by their employee's IT department.

What is more, roughly a quarter of employees are also willing to foot the bill themselves to have the tools they feel enable them to be better at their job.

It is a logical progression from employees having sophisticated, powerful tools in their shirt top pocket for home use. These devices were always going to be brought in to the work place and offer people a connection to the mobile airwaves over 3G and the faster corporate Wi-Fi network. The next step, which we are already seeing now, is that people are downloading the apps they need to be productive at work, as well as get the most out of their leisure time.

Lee Ayling, Partner at KMPG, and Head of its Technology Sourcing Practice, has witnessed the steady evolution as the consumerisation of IT has led to affordable, powerful apps and tools being routinely brought in to work by employees who expect to be able to use them.

“The consumerisation of IT is a massive issue for companies because people’s line between a work and a home device have blurred,” he says.

“Companies expect people to work on the move and employees want to be able to be connected outside the office and so the device they use becomes very personal. People want a device they feel comfortable with and they’re expecting to be able to make that choice and for their employer to support it.

“The whole issue is driven by one thing; mobility – and people want to have a choice in how they go mobile.”

### **Mobility needs closer relationships**

Today’s smartphones are faster and more powerful than many of the first PCs today’s middle and senior level executives would have started their careers on. It is this ability for devices that fit in a shirt top pocket to keep the owner in touch and access email and web information that is driving their adoption which, in turn, is fuelling the Bring Your Own Device revolution.

Indeed Gartner figures suggest this will soon become the norm and that by 2013 nine in ten companies will support business applications running on personal devices. In fact, the figures suggest, three in four already support such devices.

This is a massive change in the IT landscape and for outsourcers there is one massive implication – standardisation

is virtually impossible, at least in the short term. If there is one byword for the next handful of years, it is going to be the need for multiplatform support.

Up until recently Apple’s iOS platform had been dominant but Google’s Android platform, included on phones and tablets by a wide range of manufacturers, appears to be in the process of overtaking it. Although figures for Q3 are skewed by the world waiting for the iPhone 4 successor, which turned out to be the iPhone 4S, it is clear Android devices are set to be the most populous.

In the summer of 2010, for example, Apple led Android by 33% to 28% of the UK market. A year on and Android accounted for half the market and Apple just 18%. The iPhone 4S might stem the flow to Android temporarily but, ultimately, the market is on the verge of swinging from domination by Apple to Android.

These are also, of course, operating systems from Research In Motion (Blackberry) and Symbian as well as Windows Mobile. Interestingly Symbian (launched by Nokia originally) is to be migrated in to Windows Mobile and so will represent a major slice of the market.

The advice to outsourcers, then, is to engage with clients to ensure there is not a tendency to try to do a King Canute and hold back an inevitably overwhelming tide.

Outsourcers have the opportunity to help clients through this time of highly disruptive technology and economic challenges.

## **THE CIO PERFECT STORM**

Indeed, it is here that Marc Silvester, CTO of IT integrator and outsourcer, CSC, believes clients can be offered some very helpful advice. He cautions that outsourcers must remember the CIO they report to is going through a ‘perfect storm’ in which the consumerisation of IT and the resulting Bring Your Own debate is playing a major part. To understand the full extent of the challenge to clients, one has to look at a wider picture first.

“There’s never been a tougher time to be a CIO so they need their outsourcer’s CTO to be a visionary pathfinder like never before,” he says. “With the Year 2000 problem a lot of applications were put under the control of business heads, rather than IT. So the CIO does not have as much of an overview as they would ideally need as department managers continue with potentially outdated software that can lead to information being held in silos across the company.

“At the same time, there are people on the board who have heard the hype around low cost computing and think, in a time of austerity, IT budget can be cut with impunity. They are expecting more for less from the CIO yet, at the same time, departments are buying their own software, without IT approval or knowledge.

Executives bringing in their own devices which run on disparate platforms also potentially heightens the challenge. It really is the perfect storm.”

To help a CIO find their way through these challenges, outsourcers are going to need to provide sage advice, in their capacity as CTO to their clients. As we enter a new era in corporate computing, it pays to look at what IT has been ‘sneaking under the radar’ and embrace it where practicable and, ultimately, be a CIO’s right hand person.

“The relationship between CTOs and their clients is going to have to become far closer, far more like a marriage, for want of a better word,” says Silvester.

“A lot of relationships have come about because a CIO decided they didn’t want to have all their infrastructure and applications managed in-house but wanted experts to do it more efficiently for them. We’re now going through a stage where IT companies are helping organisations to go through and consolidate their business activities.”

If there is a situation where a company does not yet endorse Bring Your Own Device, yet staff have used their initiative to work on their preferred handset or tablet, a business could learn from what is coming in to its offices 'under the radar'. The answer will be a huge clue as to the improvements that can be made in the company's IT department.

The potential for value added services here is significant. Consider the business applications an outsourcer has developed on, typically, a single platform. The scope to help a client reach out to the most popular platforms is a massive opportunity. It could mean that a process of re-evaluating a client's portfolio of applications is called for to ensure that all are fit for purpose and deliver on the company's plans for growth at the same time as mobilising its work force.

Where there are gaps, there are considerable opportunities to replace or repurpose applications so they support the likes of iOS, Android and RIM.

A very keen eye should also be kept on Windows Mobile. Although it has never rivalled the popular platform, Symbian, migrating to it is a major event, as will be future versions of the Windows operating system. These are believed to allow the same applications to run on a desktop as on a mobile device and are expected to increase market share for Windows Mobile – albeit, in the future.

Value added services can also be offered around the selection, provision and support of a Bring Your Own strategy. Once a company goes with the flow and accepts user choice in IT equipment and provides support for it, outsourcers have a huge opportunity to run the equivalent of a revitalised car fleet system. Just as many businesses have moved from handing out company cars to offering a vehicle allowance, many are now offering an IT allowance towards a mobile device and connectivity package. This needs to be overseen and is, again, a means for an outsourcer to offer a value added service through which employees are given an allowance and, possibly, order a device through the outsourcer which could also offer support for the new equipment.

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According to Kantor Worldpanel, half the UK's population own a smartphone, 3 in 4 mobiles sold at the end of 2011 were 'smart'

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## Security

With business unit heads buying their own software applications, often without the IT department's knowledge, and employees bringing in their own devices there is one challenge it will come as no surprise will rise up above all others – security.

IT security will always mirror the way in which companies and their employees work. It was not that long ago employees

were expected to get almost everything done within the office. It meant that while security has never been a simple issue, at least an IT outsourcer could be assured the perimeter they were keeping safe surrounded the office network. A strong firewall and regularly updated anti-virus software would mean the majority of cyber threats could be excluded.

The problem today is the lack of a perimeter. Executives expect to work on a personal device inside and outside the office and, to add an extra challenge, they expect to use corporate applications on that device in any location and at any time of their choosing.

Clearly, then, there is a huge challenge for the company and today outsourcers are seeing the rise of the Chief Security Officer joining the Chief Information Officer as a critical contact at client businesses.

Certainly KPMG Partner Lee Ayling believes the one huge challenge clients and outsourcers have to consider, which is way more important than model choice and support options, is security.

"We've worked on several projects where companies are trialling bring your own projects and the big challenge every time is security," he says.

"There's no getting away from the problem you don't know what people unwittingly do with their device when it's outside the office. They could download malware with a Britney Spears wallpaper, or whatever it happens to be. There are often challenges around the cost of an outsourcer supplying equipment and them having to justify it being more than a high street store because of the extra value they bring in supporting it. However, the real sticking point, the big challenge is ensuring the corporate security system is able to handle devices going outside the office and potentially picking up malware before they're next plugged in."

As with any challenge, the opportunity for IT outsourcers to suggest value-added services is huge.

To begin with, whether or not an outsourcer is involved with issuing employees a device of their choice, there is still the issue of protecting the end-user device. Rather than rely solely on a password, security savvy customers will be reassured with mobile data being encrypted so it cannot be intercepted.

The connection back to the business has to be secure too and so clients will need Virtual Private Networks (VPNs) set up if they do not already.

Within the business itself there may well be a need to pull back the firewall protecting a network for intruders back to the server level. Having the perimeter at the edge of a business's property does not cater for the rise in devices entering the office in each executive's top pocket.

Pulling back the perimeter to the server level also has the option of allowing clients and guests to use the same corporate Wi-Fi or Ethernet connections which staff use. This frees up the need to have and support a separate network for non-employees and can feel far more inclusive than the current policy where client guests are required to seek out a different coloured connectivity lead to access the guest network.

## BYOD going mainstream

**90%** of organisations will support corporate apps on personal devices by 2014

**85%** of companies report workers want to use iPad, iPhone or iTouch devices

**75%** are already supporting these Apple iOS devices

**80%** of business will be supporting a work force using tablet devices by 2013

*Source: Accenture Institute for High Performance*

## Social Media

It follows that just as employees want to be productive at work on a device of their own choice, they are now also seeking to interact with companies through their favourite online channels.

In the UK, Experian Hitwise figures show that half of all social media traffic goes to Facebook and around a quarter to YouTube. Twitter registers around 3% of social media traffic and the big names like MySpace and LinkedIn do not register above the 1% mark.

With brands reaching out to consumers through Facebook and Twitter and business contacts on LinkedIn, it will come as little surprise that the sites are attracting both positive and negative comments. Social media is, after all, a two way street and so companies cannot expect only profit from the new medium.

So, to begin with, employees need to sign a code of conduct to avoid embarrassing situations, such as an Apple employee from Norwich who was sacked at the end of last year for remarks disparaging his employer. The technician criticised an app and ridiculed the marketing around the much-anticipated launch of The Beatles catalogue on iTunes. A tribunal upheld the dismissal but the case was still highly embarrassing for the brand.

If the HR function is outsourced this will be an opportunity to devise and implement an internal social media policy employees should be expected to sign up to. Having a document people sign can ensure they are made aware that, even if they believe their profiles are private, they must never bring the company into disrepute.

For customer services outsource providers there is a huge opportunity to similarly work on a strategy of using social media to receive, process and resolve enquiries and feedback. Due to these comments being aired in public, it obviously requires extra training of customer service executives to optimise their use of the medium.

When the communications services company, Cision, recently passed on its five top tips, they centred on using the channel proactively to be actively seen as the client having the best intentions at all time.

## The tips were:

### Listen

The worst thing a company, or its customer services outsourcer, can do is to set up an account and not keep a constant eye on messages coming in.

### Be timely

Just as you wouldn't leave a person hanging on the phone for an hour, reply to people as soon as possible, even if it is just an acknowledgement that their query is being looked in to.

### Take both sides, and go offline

Address both the positive and negative comments in feedback and say 'Thanks' or 'Sorry' when things have gone well or badly. Above all, do all you can to get a conversation going over the phone or email to ensure a complaint does not dominate the feed on an account and detract from positive mentions.

### Confess

It is good for the soul and social media is all about authenticity. So if you have made a mistake 'fess up!

### Good answers

A lot of posts on a brand's Facebook or Twitter page will be questions about its goods and services. These are great opportunities to showcase the client's range to a wider audience. So, make it as simple and easy as possible to act on your timely answer. Provide detailed information, preferably backed up by web links.

### Future trends

The years ahead are likely to be punctuated with a series of challenges and questions as outsourcers face the quandary of which new value added services they concentrate on to take advantage of the consumerisation of IT and the BYOD revolution it is fuelling.

It is worth considering, though, that although it is not an immediate solution, simplicity could be headed the industry's way in the form of the Cloud and the latest version of internet programming language, HTML5. It offers better security than before as well as the ability to work with multiple platforms a lot more seamlessly.

Today many companies are already using the language to deliver non-business critical apps to employees through the web browser on their device, rather than a bespoke corporate app. As applications are increasingly hosted in the Cloud and HTML5 (and future versions) overcome platform incompatibilities and security issues, there is the potential for today's platform support issues to be answered through the browser.

The trend for BYOD looks set to intensify and will see opportunities for outsourcers to offer IT applications, data hosting and network services through virtualisation. This has major efficiency advantages but allows network and server capacity to be shared across the fixed desktop and mobile channels, depending on the company's requirements at any one time. As such, virtualisation can ensure a client company's IT can support the drive towards mobility that is reflected by the BYOD movement.

For the time being, though, the consumerisation of IT and the trend for employees to expect their choice of mobile device to be supported look set to remain a major challenge for clients. As such, they represent a massive opportunity for outsourcers to launch new services to ease clients' pain points. As well as ensuring systems run smoothly, outsourcers can aid clients in attracting and retaining the best talent through having an employee's right to express themselves, through their mobile device, upheld and supported.

**Table 1: Focus on BYOD**

Trend	Concern	Opportunity
Consumer PC, tablet PC and smartphone manufacturers are developing ever-powerful tools which young employees, in particular, want to use.	IT departments are used to handing out equipment rather than allowing self-selection.	Outsourcers can help clients come up with strategies to embrace BYOD and run schemes through which allowances for devices are handed to staff to buy a device of their choice with the purchasing, set-up and support provided by the outsourcer. There are potential cost savings available to clients by having to pay monthly rather than up front for equipment and perhaps using manufacturers' support schemes.
If BYOD is not supported a lot of employees will still use their own device and apps 'under the radar'.	IT is rightly worried this could lead to a compromise of security.	There is scope for new security work such as overseeing a mobile strategy in which devices are set up so they can be wiped, support encryption and virtual private networks (VPNs) are set up to protect sensitive data on the move.
People want to bring their own device but they don't always want to bring the same device.	When IT had the final say there was just one platform, now there are several, which should be supported.	Outsourcers can help companies support the major platforms (such as iOS, Android and Blackberry) through making apps available on each platform. There is also an opportunity to develop services which run through the mobile web browser (in HTML 5) and so do not require separate apps.
Companies expect the businesses they partner with to employ people who are as productive in whichever office or location their business takes them.	IT departments have a major issue over mobilising a work force as well as protecting security when clients people are in their office and their people are in the client's locations.	A mobile workforce can earn more business by getting under the skin of a client's business at the proverbial coal face and they can work productively remotely. By devising a mobility strategy that supports BYOD with security at its heart (encryption, password protection, wipeable data and VPNs) outsourcers have an opportunity to impress clients and help them grow.

**Sean Hargrave** is a technology and digital media freelance journalist who contributes to the Sunday Telegraph, Daily Telegraph, the FT, Marketing Week and several specialist titles. He has edited several outsourcing supplements distributed by The Daily Telegraph. He is the former Innovation Editor of The Sunday Times.