



# “Whats” and “Whys” of IT Outsourcing?

What is Outsourcing?

A quick surf on the internet reveals a whole series of definitions:

- "acquiring a product or service rather than producing it yourself"
- "the contracting out of a company's non-core, non revenue-producing activities to specialists"
- "transfer or delegation to an external service provider of the operation and day-to-day management of a business process"

All these of course are perfectly valid. They all amount to pretty much the same thing: the passing of service provision or production to another party. There is almost a never ending list of services and tasks that could be outsourced. Some are fairly rare, but others, such as IT services, are now exceedingly common indeed. Specialist firms and products have arisen to assist this activity, as IT outsourcing has become an industry in its own right.

So why Outsource?

The benefits of IT outsourcing of course are variable, dependent upon the nature

and situation of the organization. However, the following is a list of common reasons why IT outsourcing is undertaken:

- Lower costs due to economies of scale
- Ability to concentrate on core functions
- Greater flexibility and ability to define the IT service more readily
- Higher quality service due to focus of the supplier
- Less dependency upon internal resources
- Control of budget
- Lower ongoing investment required in internal infrastructure
- Lack of internal expertise
- Increased flexibility to meet changing business conditions
- Improved risk management
- Acquire innovative ideas
- Increased commitment and energy in non-core areas

Despite the size of this list, every scenario is different, but the most important and most common reason to outsource IT needs is that of lower costs due to economies of scales. Take the following example: An average business with 50 employees would need about 20 hours

of IT services per month. At the maximum rate of \$120/hour, this would come out to a yearly outsourced IT cost of \$28,800. An employee doing the same work would incur costs of salary, benefits, social security taxes, vacations, and human resource expenses, all totaling at least \$40,000 per year.



In this worst case scenario for an employer, there is still a savings of over \$10,000 per year. In most cases, this savings is greatly increased due to the smaller business size of the customer and the reduced M&H rates for various maintenance programs. Many business decisions can be difficult, but for the small business with 75 employees or less, IT outsourcing should be one of the easiest. If you are not already doing your IT outsourcing with M&H Consulting, call us at 866-9MH-Tech at your earliest convenience to discuss our services. Start saving money now.

## TAKE \$\$\$CASH\$\$\$ FROM M&H CONSULTING

Refer a new Tech For A Day client to M&H Consulting and mention this offer to us, and you will receive \$25 for each PC the new client has. Call for details.

### Intel Celeron vs. Intel Pentium 4

If you have ever purchased a computer you may have noticed that a computer with an Intel Celeron processor costs less than one with an Intel Pentium 4 processor. This is true even if they both are the same speed. This is because a Pentium 4 processor has more L2 cache, higher front side bus speeds, and hyper threading technology. This allows it to perform head and shoulders above a Celeron processor.

The L2 cache is like your computer's system memory except it is stored inside your processor. This cache can be accessed much faster than your actual system memory. The Intel Celeron D only has ¼ Megabyte of L2 cache while the Intel Pentium 4 has a full 2 Megabytes. This gives the Pentium 8 times as much of this faster cache memory which allows it to process information much quicker.

The front side bus of a processor is the connector from your processor to your system memory and graphics

card. An Intel Celeron D has a 533 MHz front side bus while an Intel Pentium 4 has an 800 MHz bus. This allows it to connect to your system memory as well as your graphics card 50% faster than a Celeron.



Lastly, Hyper Threading allows the Pentium chip to perform two tasks together. Processors have gotten fast enough nowadays that it appears to us as if the computer is doing several things

at once, but in actuality single core processors can only do one thing at a time. With Hyper Threading, your processor is able to process two jobs together, thus allowing more utilization of your systems full resources.

Intel continues producing the Celeron because they can sell it for about \$100-\$200 less than a Pentium 4, but a Celeron should only be used in an environment where the speed of the computer is not an issue. Since in most business environments time is money, the higher price of the Pentium 4 is almost always preferable to the time lost using a Celeron.

