



Selecting the Right IT Services Provider for Mid-level M&A/VC/Private Equity Firms

By Phil Sipowicz

You're probably expecting to read another article on why you should outsource your IT services. Well, surprise – I assume you are all smart enough to have figured out that for a mid-level M&A/VC/Private Equity firm, outsourcing IT is the way to go. However, with the wide array of choices, today, more than ever, it is vitally important to select the right provider whose solution matches your business needs. Here are some pointers.

START WITH THE BASICS -WHAT SERVICES ARE PROVIDED AND AT WHAT COSTS?

To really outsource IT, you will need to find a partner who can provide a wide variety of services, such as on-site network engineering, phone support, network monitoring, etc. Depending on your requirements, these services might need to be offered on a 24x7 basis. Some providers offer both a la carte choices and others may provide price breaks if you purchase a suite of services.

Recommendation: Find out if the provider can really do what you need, and then determine prices based on a monthly budget. This will allow you to make a real value judgment.

WILL THE CONSULTANT PROVIDE AN INDEPENDENT PERSPECTIVE?

Many IT outsourcing firms masquerade as consulting firms when they are really just equipment resellers that will come on-site and install the systems they sell. With the decline in margin that many of these resellers have faced over the years, the opportunity to get a few bucks for services is a great option- for them, but not you. A true consulting firm will provide a perspective that is based on actual industry best-practices/best of breed solutions, not on a reseller agreement with a particular manufacturer?

Recommendation: Choose a consultant that is vendor agnostic.

WHAT IS THE FIRM'S AREA OF EXPERTISE?

Once you find a true IT consulting company, find out if they have worked with other mid-level M&A/VC/Private Equity firms? Does the provider personally know the industry players? Selecting the provider who is knowledgeable of the M&A/VC/Private Equity industry will im

prove the quality of the results and decrease the amount of time needed to achieve the goals.

Recommendation: Choose a firm that has industry experience and can provide references.

DISCUSS THE FIRM'S STAFFING POLICIES.

How do they find their people? Discuss the IT firm's retention history with employees. As we all know, it is difficult to retain technical employees (one of the reasons you have chosen to outsource IT!), so you should pay special attention to the retention history of the firm's leaders. Beware the firm that says they have a great retention history and corporate culture, but has seen the recent departure of a founder or Sr. member of their team, this could spell corporate trouble.

Recommendation: Focus on stability in the highest ranks of the organization, as this is where you real risk lies.

CHECK INTO THE FIRM'S STAFF.

Do they perform criminal and financial background checks on employees? People in M&A/VC/Private Equity environments are exposed to high-confidential, sensitive documents. Do you have assurances that this material is not being compromised?

Recommendation: Look for a company that really knows their employees.

DISCUSS THE LEVEL OF COMMUNICATION YOU MIGHT RECEIVE FROM THE FIRM.

Does the provider provide detailed account activity information? Do you receive complete and detailed status report of his or her activity - what tasks were completed?, what tasks remain outstanding?, and when the next visit was scheduled?. When something needs to be done, does your consultant presents an analysis of what is needed and why, along with a number of possible options, with their recommendation?

Recommendation: Look for a company that is overly communicative with you.

DISCUSS THE FIRM'S BUSINESS MODEL.

We all are in business to make money, but make sure that the outsourcing partner you ultimately select has a model that fits your need as well. Does the consultant have enough manpower to cover emergencies or even employee vacations? If a firm's on-site staff is 100% utilized, how will they be able to cover an emergency at your site? If an emergency happens at another customer's site, will you lose services that were scheduled for your site?

Recommendation: Look for a company that has its team busy and productive, while also carrying enough bench strength to answer the bell.

ONE FINAL THOUGHT

Check beyond the references provided by the firm – all companies, if they are around long enough, have former clients. Talk to one of them and see how the end game was handled.

Recommendation: Look for a firm that is professional going into and exiting any relationship.

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