

Why you should outsource application maintenance

According to a study conducted by the Aberdeen Group¹, application development and maintenance scores for **80%** of the top IT most outsourced activities worldwide. This is a fact, a business fact. The motivations behind this scenario reveal more than just the classical cost savings that companies need to achieve.

This white paper tries to answer a few basic questions: outsource application maintenance or keep it in-house? What are the benefits of outsourcing application maintenance vs keeping it in-house? Are these benefits worth it?

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¹ <http://www-304.ibm.com/businesscenter/cpe/download0/93116/ASoutsourcing.pdf>

Reasons to outsource application maintenance

We shall take the premise that nowadays it's crucial for any company to focus on innovation and business development, while keeping IT applications updated to its needs.

However, **in-house application maintenance consumes**, sometimes, important **time, staff and financial resources**, making it an important expense for any companies.

For most companies, the top three reasons that determine the outsourcing of application maintenance are:

- **Reducing IT operating costs**
- **Improving service**
- **Have internal IT team focus more on strategic tasks**

For companies that have already outsourced application development, it comes much easier and it makes much more sense to continue outsourcing their application maintenance. That is because working with external developers gives the company a chance to calibrate its relationship management skills with more tangible work – development. Then, it can trust the less tangible functions of maintenance to an outsourcer.

Many companies that decide to outsource their application maintenance look beyond the money, to other motivations:

- **The need to improve internal processes**
- **The need for better application control and lifecycle management**
- **Freedom to assign IT specialists on strategic initiatives and tasks**
- **The improvement in skills the staff can gain by working with the outsourcing provider's personnel**

Challenges in application maintenance outsourcing

Although they see plenty of reasons to outsource their application maintenance, some companies still refrain from doing it. The most common challenges an application maintenance outsourcing contract poses are:

- **Finding a provider with the right skills and expertise**
- **Maintaining, troubleshooting, analyzing and assessing applications takes more time and effort than expected**

- **Communication or cultural gaps with the provider**
- **Missed intermediary and final deadlines**
- **Low quality work**
- **Inadequate or insufficient skills to manage an outsourced environment** (on the client's side)

In-house application maintenance

Imagine this simple scenario: a company's in-house IT team only consists of one developer. This developer is highly skilled in a particular technology. He/she leaves on vacation, and the very next minute, a problem occurs. Unable to fix it, the company loses money each day the problem persists.

In reality, things are a little bit more complicated, but follow the same principle: **the lack of internal skills and availability leads to business damage.**

Subsequent principle 1: **Companies must update the legacy and other software applications constantly, to answer of needs of changing business environments.**

The IT systems in many organizations use legacy applications, that's why they must maintain them regularly, to ensure smooth operations. Companies thus have to keep software systems on diverse platforms and architectures that may be several years old. The challenges here is that these platforms may not be up-to-date with new technologies and business demands, and the staff responsible for maintaining them may lack expertise in the relevant technical skills involved.

Subsequent principle 2: **It is critical that organizations control the costs of IT application maintenance, to free resources for research, development and innovation.**

Regular maintenance activities take up a lot of time and resources of the in-house IT team. When maintenance is handled by the in-house staff, they have very little time to develop new applications, to keep the business competitive.

Outsourced Application maintenance

Today, application maintenance outsourcing covers more and more maintenance tasks once handled by in-house staff.

Application maintenance outsourcing produces tangible, positive results, bringing *cost cuttings* and enabling a *quicker response to opportunities*.

Outsourced application maintenance providers can come up with innovative **solutions** for:

- **Adaptive software maintenance**, as response to external factors.
- **Corrective software maintenance**, to solve the corrective, incidental issues and errors.
- **Preventive software maintenance**, to avoid future problems. It is based on past incidents, anticipation, feedback and continuous improvement.
- **Perfective software maintenance**, consisting of functional modifications.

Benefits of application maintenance outsourcing

- **Minimized software down-time**
- **Professional, experienced and certified team**
- **Reduced costs**
- **Continuous improvements to support the changing needs of organizations**
- **Improved application stability and performance**
- **Improved service quality**
- **Focus on other strategic initiatives, rather than maintenance**
- **Software applications aligned with industry's latest trends and achievements**

Conclusions

The quality and diversity of application maintenance outsourcing services has grown constantly over the last few years, allowing companies access to solutions that are suitable to their strategies. The logical model now is to:

1. **Assess application maintenance needs**
2. **Plan an outsourcing program**
3. **Outsource application maintenance**
4. **Manage the outsourcing contract**
5. **Reap the benefits**