



IBM Midsize Insider Blog

Title: Is Cloud Usurping IT Outsourcing?

Cloud computing may be disrupting today's IT budgets. New research found various technologies are affecting how much IT departments are spending.

Outsourcing Falls

A new survey by Computer Economics discovered that for the second year in a row, IT outsourcing has fallen while new IT resources are growing. Outsourcing averaged at about 10.2 percent a decline from 10.6 percent last year in 2013 and from 11.9 percent two years ago in 2012. Meanwhile IT operational budgets rose 2.4 percent this year. Outsourced help desk, desktop support, and application maintenance function are on the decline. Services that are seeing growth include IT security work and web operations.

According to the results featured in ZDNet, IT managers want plug-in, ready-made services which is available thanks to cloud computing. They understand they can be ready with their solutions in just hours or even minutes. The study also pointed out that the classified use of Software as a Service as a form of application hosting outsourcing is on the rise. The survey also revealed that cloud will continue to have an impact on both tradition outsourcing and in-house operations.

Investing in Infrastructure

Firms from all industries seek cloud computing solutions to increase collaboration and improve productivity. It's what IT professionals are budgeting on when it comes to investing in new infrastructure. At the end of the day the benefits and risks of cloud computing affect how firms how firms manage their IT infrastructure costs. Midsize firms often turn to public clouds since they don't have the same security risk and legacy IT restrictions as large enterprises have.

When IT professionals at midsize firms aim for innovative cloud solutions they aim to gain better aligned technology spending that is in synch with business needs. At smaller firms, the money spent on IT is often aimed at maintenance and security areas so it's easy to have the value of the cloud overlooked. IT professionals that fail to recognize the benefits of well-thought out cloud strategies won't invest and that can affect potential gains. By consulting with experienced cloud vendors, smaller firms can implement the right solutions that align with their business goals.



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Spending Future

IT spending is outpacing spending on outsourcing and according to new research cloud has a lot to do with it. It's a trend that more midsize firms migrating to the cloud will see firsthand as the confidence in cloud solutions continues to take off in the marketplace.

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