The role of Managed Services in digitising government workplaces

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A changing world needs a new approach

Technology advances have created new ways to communicate both personally and professionally. Mobile technology in particular has created a new world in which people can access information faster and in more ways.

This has resulted in an increased expectation from employees that work is no longer a destination but an activity. They expect to be able to work as effectively as ever regardless of their location. Indeed, for many employees, the availability of new technology has helped them be more productive than ever.

As this new wave of productivity continues to build, government departments must develop new processes that match employee expectations and departmental requirements, or risk facing rising costs associated with inefficiencies. They must continue to find ways to do more with less, minimising risk and maximising efficiency.

Growing expectations

As the expectations of employees gets higher, so employees also increasingly expect a high level of service from their employer. A high performer can deliver 400 per cent more productivity than the average performer, but they need to be given tools that help them achieve their potential.[1] This encompasses everything from technology to simply being empowered to collaborate as needed. In fact, 41 per cent of employees say they value up-to-date technology at work.[2]

Government departments need to treat their employees like customers, providing not just effective technologies but streamlined processes, and responsive service to fix issues. There is growing public pressure for government to enhance efficiency and securing and retaining top talent

is vital for doing so. Departments that can't deliver on expectations in the working environment risk losing high-performing employees.[3]

New technical complexity

The advances in technology that have driven these changes have enriched the world in many ways. However, they have also introduced a level of technical complexity to our everyday and working lives.

The provision of government services has grown complex in unprecedented ways because of this new technology flooding onto the market. The emerging business practises that feed off such technology are also presenting challenges. Many departments find themselves investing escalating volumes of time, energy, and other resources to keep up with the public's expectations.

Although the challenges involved in keeping pace with today's business technology developments have mounted, many don't have the resources to keep up. This has driven increased adoption of managed services, the emerging alternative course of action.

Managed services are skilled outsourcing functions that transfer in-house functionalities to be managed by third-party provider. This lets organisations bring in competences that they lack, or replace functions or processes with huge recurring costs.

This whitepaper explores the growing challenges government faces as it tries to keep up with emerging technology and new ways of working in the global business ecosystem. It also outlines the increasingly important and democratising role that outsourced managed services play in helping government overcome these challenges and level the playing field.

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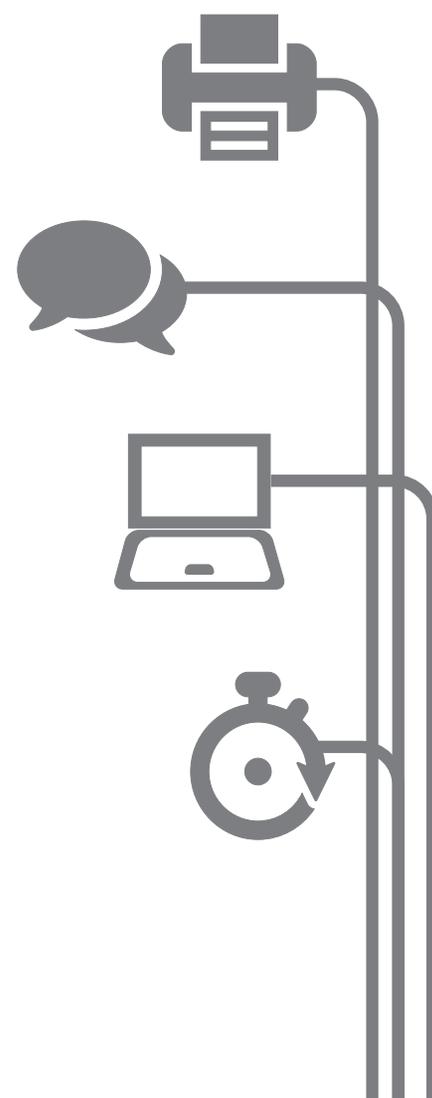
1 Karie Willyerd, Harvard Business Review, What High Performers Want at Work, Nov 18, 2014
2 Ibid.
3 Ibid.

Adapting to change: survival of the innovators

The need to do more with less is a constant theme for government. For many, this translates to trimming excess costs from internal systems by implementing innovative technology. The costs and time required to research, implement and manage new solutions, however, can prove prohibitive for some organisations.

Research has shown the government is looking for ways to achieve operational efficiency and savings. According to IDC, IT services represents the largest category for government spending, with projects aimed at driving consolidation, cost savings and efficiency gains continuing to be a primary focus.[5]

As a result of this need to lower operational overheads, managed services is becoming more attractive. This option lets government manage budgets more effectively through subscription-based models, while the services themselves can help streamline costs.

Managed services come in many forms, including business process outsourcing, automated workflow services, unified communications, lifecycle management activities, maintenance and support activities, and IT services.

There are three key benefits to these services: financial benefits and reduced risk; improved productivity, collaboration, and communication; and better service delivery. These all contribute to enhanced public perception and experiences.

Financial benefits and reduced risk

Outsourcing IT functions to a managed service provider delivers cost benefits through economies of scale. It also lets departments pay for IT costs as an operating expense rather than a capital expense.

This reduces the financial risks inherent in any department that incurs high IT expenses, as well as lowering those expenses.

Importantly, outsourcing to a managed service provider drives operational efficiencies, which can also contribute to the bottom line.

Improved productivity, collaboration, and communication

Moving from paper-based, manual processes to digital, automated processes can unlock the value in information. It makes it faster and easier for employees to find the information they need, because digital documents are searchable within the document management system. This means colleagues can now spend more time working together and less time finding the documents they need, or worse, failing to find the documents they need.

Automating processes like invoice processing, document creation, and approval chains results in a more streamlined enterprise. Digitising documents can improve productivity by more than one-third, while automated document processing can reduce the cost of manual data entry by up to 75 per cent.[6]
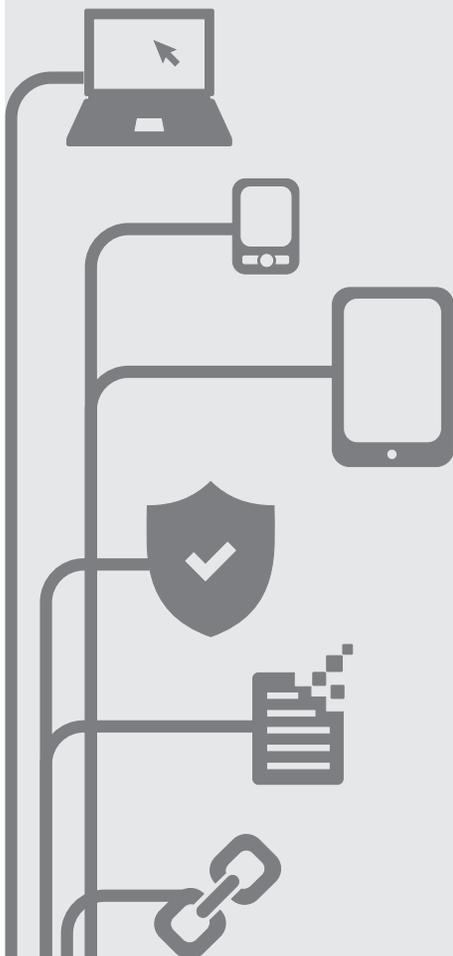
4   IDC Asia/Pacific, *C-suite Barometer*, 2015
5   IDC Asia/Pacific, *Australia Government ICT 2014–2018 Forecast and Analysis*, May 2015
6. AIIM, *Turning Documents into Data – using data capture to improve document processing,* Jan 21, 2014

> **"Strategic outsourcing, or adopting managed services, can deliver sustainable efficiency improvements."**

Mobile printing also delivers significant productivity benefits, such as: the ability to print to a secure printer while travelling or commuting; the ability to print from anywhere within the workplace; and the ability to provide printed documents to colleagues, customers, or suppliers.

Government departments can facilitate the increasing culture of collaboration in the workplace by creating collaboration spaces. These spaces, which include remote video conferencing and interactive technology, let employees come together regardless of their physical location.

According to a Deloitte report, organisations that prioritise collaboration are five times more likely to experience a considerable increase in employment and twice as likely to be profitable.[7]

Service delivery

There are two key drivers for outsourcing: either the tasks are routine, time-consuming and non-value adding; or they are specialised functions that require in-depth technical knowledge. Strategic outsourcing, or adopting managed services, can deliver a sustainable improvements to service delivery.

The top ICT challenge this year for almost one-fifth (19 per cent) of business leaders is a lack of thought leadership in ICT strategy and roadmap. For 16 per cent, the top challenge is growing complexity in IT environments/varied user requirements. Managed services can provide the solution.

Outsourcing routine, time-consuming processes and functions can free up internal staff to focus on those areas that will deliver great efficiencies. In an environment where innovation is the key to success, government

departments that are stuck spending time on non-value adding tasks are less likely to have time to innovate their core business functions.

Outsourcing the functions that require in-depth technical knowledge makes it more likely that government will reap a significant return on investment in technology.

For example, a managed unified communications and collaboration (UC&C) service lets departments leverage the value of UC&C without any specialised knowledge. It can untether UC&C from the office and make it available to all employees, regardless of location. And it does this without requiring the enterprise's in-house IT function to lift a finger.

This frees up the IT organisation to add value in other areas, while at the same time ensuring the business gets the best, highest-performing UC&C solution.

7   Deloitte Access Economics, *The Collaborative Economy – unlocking the power of the workplace crowd*, 2014

How managed services are meeting new business challenges

Increasingly, government departments are tapping into enterprise-grade services that let them interact with the public, their customers, from more places, with more people, across greater distances, and with better clarity and insight than ever before.

At the same time, public pressures are seeing many departments downsize and consolidate their existing infrastructure, even as they face rising expectations from the companies and individuals they interact with. Those that embrace innovation are more likely to deliver meaningful, efficient services in the new market environment.

Government is turning to externally-managed services to keep up without having to pay high costs for the latest technology and business processes, as well as the skills pool needed to implement them.

External managed services providers employ the latest technology and can also generally be considered experts in their respective fields, such as document and content management, operational efficiency services, and application services, among many others.

Further, in most cases, departments need only pay for what they use from managed services providers, meaning budgets can be handled much more easily than if they implement such technology internally.

Managed services are becoming so important in helping government departments and businesses of all sizes operate as efficiently as much larger organisations, without having to match investment spend, that the managed services market is set to grow from (US) $107.17 billion in 2014 to (US) $193.34 billion by 2019, according to recent estimates.[8] This represents a compound annual growth rate (CAGR) of 12.5 per cent.

Not only does the adoption of managed services mean that departments are not faced with crippling capital expenditure costs when taking on new technology and systems, but also that such outsourced services can continue to deliver cost savings as the years go by. In fact, research indicates that managed services can reduce the recurring in-house IT costs for an organisation by up to 30-40 per cent, and enable a 50-60 per cent increase in efficiency.[9]
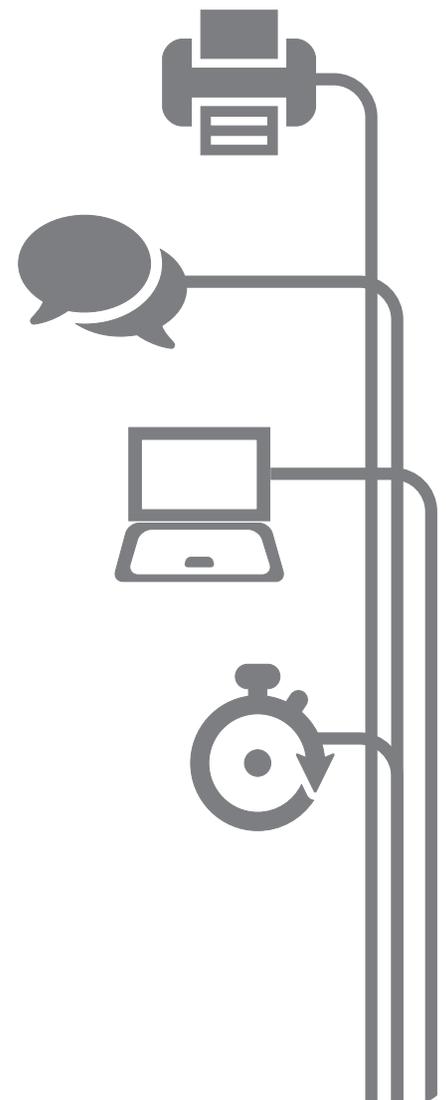
8   MarketsandMarkets, *Managed Services Market by Managed Data Center, Managed Network, Managed Information, Managed Mobility, Managed Infrastructure, Managed Communications, Managed Security – Global Forecast to 2019*, January, 2015.

9   Ibid.

Barriers to adopting managed services

While many organisations understand the potential value of managed services, some are being held back from adopting them. The reasons for delaying and avoiding the adoption of managed services can range from concerns about security, governance, and risk aversion, to change management issues, or a lack of executive support.

Security and governance

Deciding to outsource functions to a managed service provider naturally raises questions around security and governance. This is particularly true if data is likely to be stored in offshore data centres, where different legal requirements may compromise the enterprise's ability to comply with local privacy laws.

Likewise, those with strict governance policies in place may be reluctant to cede control of certain functions to a managed service provider due to the risk that the provider will not meet governance requirements.

These concerns, while valid, can be effectively addressed. For example, appointing a provider with ISO accreditation undertaking risk assessments within a consistent framework and integrating them into decision-making processes will help government departments minimise exposure.[10]

Risk aversion

Government tends to be risk averse, particularly when it comes managing mission-critical technology and processes. As a result, departments may choose not to deploy managed services because of the perceived risk of doing so, and a lack of understanding of how to mitigate the risk.

Managed services require the government to trust the provider to run certain business functions. If the provider fails, there is a risk of operational failure as a result.

While the service can be outsourced, the risk cannot.

For example, departments may worry that customer service can be affected by delays at third parties. This can be overcome through comprehensive service level agreements (SLAs) and performance reviews.

Change management issues

Like any new technology initiative, moving to managed services creates change that must be managed effectively. If employees don't embrace the change, the entire initiative can fail. For many enterprises, the challenge of managing change effectively can seem like an insurmountable barrier to adopting managed services.

In reality, managed services make existing employees' lives easier. It can help transform operations and let employees contribute more directly to innovation. By communicating the benefits clearly through a strategic change management program, government can adopt managed services without fear of employee rejection.

Executive support

Management buy-in is essential for the success of any project, regardless of whether it is IT-related. For many enterprises, the main barrier to adopting managed services is a lack of executive support.

The key to getting buy-in from C-level executives and management is to demonstrate a strong business case for managed services. This includes: highlighting the operational pain points (not the IT pain points) that the service addresses; outlining how the department and managed service provider will work together to make the project successful; and creating a financial model that demonstrates how the arrangement will save money and increase productivity. It is also essential to address concerns regarding lack of control.[11]
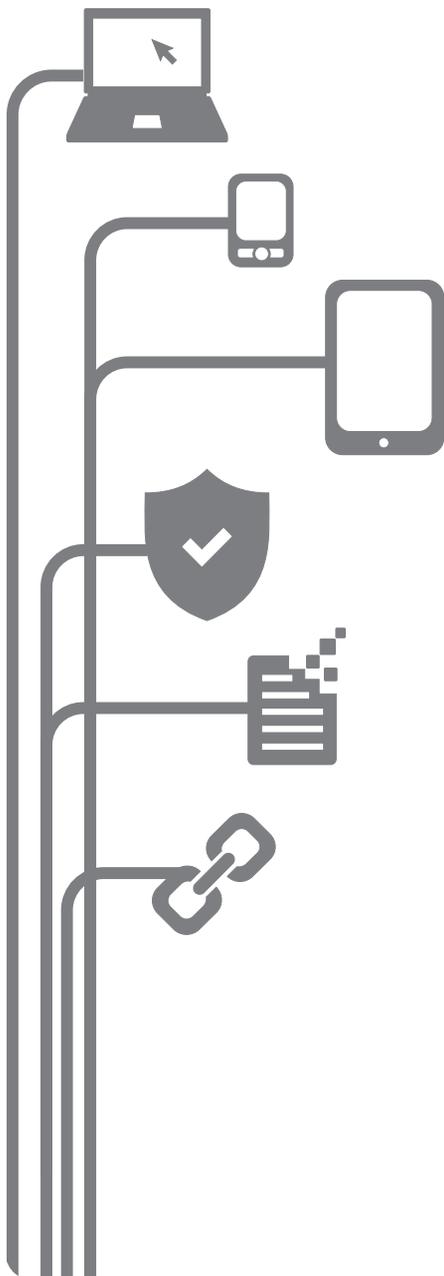
10 Carl Colwill (British Telecom), *Outsourcing: the Security Risk Management Challenge,* Australian Information Security Management Conference, Edith Cowan University, Dec 5, 2006

11 Legal IT Insider, *Guest Opinion: Winning board approval & buy-in for managed services,* Jan 8, 2013

Managed services for a lifetime of change

The managed services domain is broadly classified into application service providers (ASP) and managed service providers (MSP). ASPs often sell advanced telecommunication equipment and provide value-added managed services. MSPs, meanwhile, often partners ASPs, providing specific managed services functionalities, such as support, billing, and other business processes to customers.

However, some managed service providers, such as Ricoh, have a range of capabilities and the right mix of new technology and traditional infrastructure to provide a broad suite of managed services. These include business processes, IT infrastructure, application, communication, managed document, production printing, and workplace services.

The benefit of such vendors is that government departments can begin their managed services journey with just one service to help overcome a specific business challenge. Then, as business needs grow, departments can gradually expand their outsourced services with a trusted provider that they have already developed a relationship with.

Such managed service providers can guide businesses through a lifecycle of change and innovation as they adapt to the future. With a comprehensive portfolio of services, underpinned by the latest technology, these providers can fundamentally improve how government works, collaborates, and manages information, all while saving them money.

Most importantly, outsourcing managed services to trusted providers lets departments of all sizes spend less time, energy, and money on complex infrastructure and systems, so they can focus all of their resources on their core business. By spending less time on non-core operations, government departments can focus more on strategy, growth, and being the best at what they do.

Engaging a managed services provider

Having made the decision to engage an MSP, government departments can choose any number of options. For example, they may choose to outsource a single process, or to outsource the entire IT function. To minimise risk, many choose to outsource a single function initially, then progressively outsource more functions as the need or opportunity arises. This may mean expanding the relationship with a single provider, or it could mean developing relationships with numerous providers on a best-of-breed basis.

Begin the relationship by gaining a clear understanding of the services on offer, the costs involved, and how the MSP works with customers. It is also important to establish roles and responsibilities upfront, then continue to communicate openly, honestly, and regularly.[12]

According to industry group, CompTIA, in 2014 only three in 10 organisations had any of their IT in the hands of an MSP. In 2015, more than two-thirds of companies surveyed for CompTIA's Fourth Annual Trends in Managed Services Study have used a managed services provider within the last 12 months.[13]

This demonstrates that businesses are becoming more familiar and comfortable with managed services offerings. While mobile is an area getting more traction, the traditional MSP services include managing network infrastructure and basic software infrastructure, according to Carolyn April, senior director, Industry Analysis, at CompTIA.[14]

The study also revealed that MSPs generally complement rather than replace internal IT. And the key benefits have evolved from being purely cost-related to being more about gaining efficiency, particularly for larger enterprises.[15]

Starting with internal processes

One of the least-risky ways to sample managed services is to start with internal processes. For example, the cost of documenting business processes can be high, particularly if the department relies on manual processes.

A managed service provider can review the department's methods and needs, then find the right ways to streamline and optimise processes. According to Gartner, routine activities can chew up between 60 and 70 per cent of the department's total budget.[16]

By automating the accounts payable process, for example, organisations can save up to 80 per cent on invoice costs, as well as the time it takes to process paper invoices.[17]
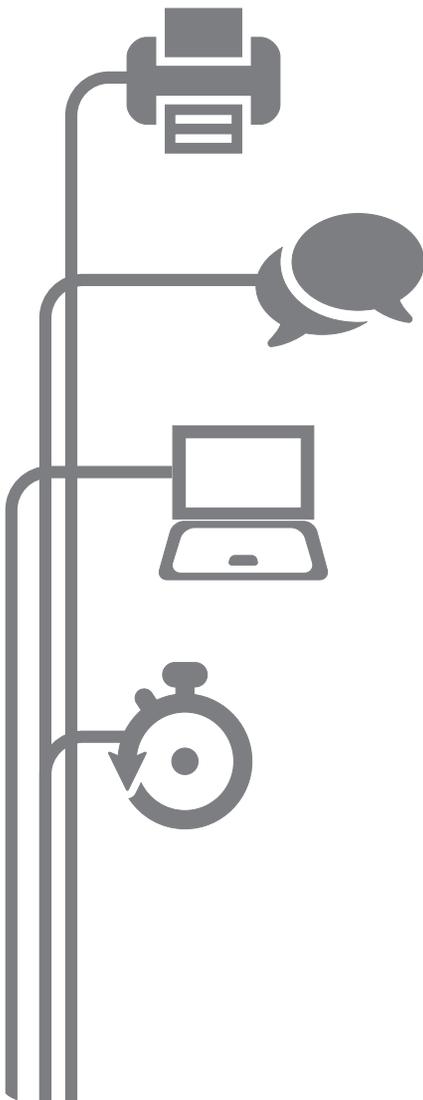
12   Kevin Casey, InformationWeek, *5 Tips For Working With A Managed Service Provider,* Sept 9, 2011

13 CompTIA, *Fourth Annual Trends in Managed Services Study,* June 2015

14 Thor Olavsrud, CIO, *Why businesses are turning to managed IT services,* June 3, 2015

15 Ibid.

16 Gartner, *Game Changers: Five Ways to Help the CIO Move IT From a Culture of Cost Cutting to Generating Value*, Jan 30, 2014

17 Bruno Kock, Billentis, *E-Invoicing/E-Billing – The catalyst for AR/AP automation*, April 2013

How Ricoh's Managed Services benefit government

Third platform technology like cloud is increasingly being used to underpin managed services such as unified communications, application management, IT infrastructure services, and even managed document services, which can help businesses unlock the value of their paper documents. Such examples highlight how third-platform technologies are helping government and business transcend the limitations of traditional infrastructure.

Ricoh delivers services to improve the way organisations work, collaborate and share information. These services include:

Workflow Services

Ricoh's workflow services begin by evaluating the way information flows throughout the organisation. Then Ricoh helps redesign, implement and manage an enhanced set of business process that mirror the organisation's unique needs.

New applications and technologies are only effective if they integrate with your current working environment. Ricoh workflow services create the best possible fit between business applications, innovative technologies and the processes they are designed to enable.

Benefits include:

– Faster, more agile operations through anytime, anywhere access to critical business information in the format that is most useful at the time

– Improved employee and customer satisfaction by making customer-facing employees' lives easier

– More efficiency and less overhead through controlling costs and creating secure, highly-streamlined processes that make businesses more efficient and effective

– Improved infrastructure agility for greater productivity by integrating new applications tightly with existing processes and workflows

– Enhanced customer relationships and interactions through supporting the use of the right applications, deployed in the right way, to help employees exceed customer expectations

– Reduced business cost and risk with finely-tuned business applications that mean it takes less time and labour to complete critical business processes, comply with relevant security regulations, and minimise errors.

IT Services

From your core IT infrastructure to the tools your people use day-to-day, to the way your department communicates, captures, transforms, and manages information, we can provide today's changing workforce with the right information, at the right time, in the right form, no matter where they are.

Benefits include:

– Keep your department up and running, and productive, by giving employees the tools they need to work, like new mobile technologies

– Successfully defend against security threats and downtime by keeping on top of user authentication, access control and training

– Enhance the value of customer communications, reduce the cost of collaboration and help employees communicate and collaborate more effectively.

Managed Document Services

Getting the right information to the right person at the right time is fundamental to growth. Ricoh works with customers to optimise their infrastructure, apply printing management technologies that eliminate waste and govern information, and adapt processes to make them more efficient and effective.

Quocirca recently named Ricoh as a leader in its managed print services quadrant for 2015, making it the fourth consecutive year Ricoh has maintained its leadership status.

Benefits include:

– Respond faster for better customer satisfaction, since employees don't have to search for information

– Get more value from information by being able to move it freely throughout the organisation in ways that people prefer to work

– Get the best return on investment in improved processes by removing bottlenecks and wastage, and working with employees to manage change effectively.

Communication Services

Ricoh communications services help businesses successfully engage customers and workforces by combining Ricoh's own advanced technologies with industry-leading communication and collaboration tools.

Benefits include:

– enhanced customer communications that cut through the noise to connect with customers wherever they are

– reduced cost of communication and collaboration with an intelligent communications suite that lets you showcase customised messages, foster collaborative live communications, and support dynamic, interactive presentations; all while lowering costs

– more effective employee communication and collaboration through engaging and interactive ways for workers to be present, no matter where they are.
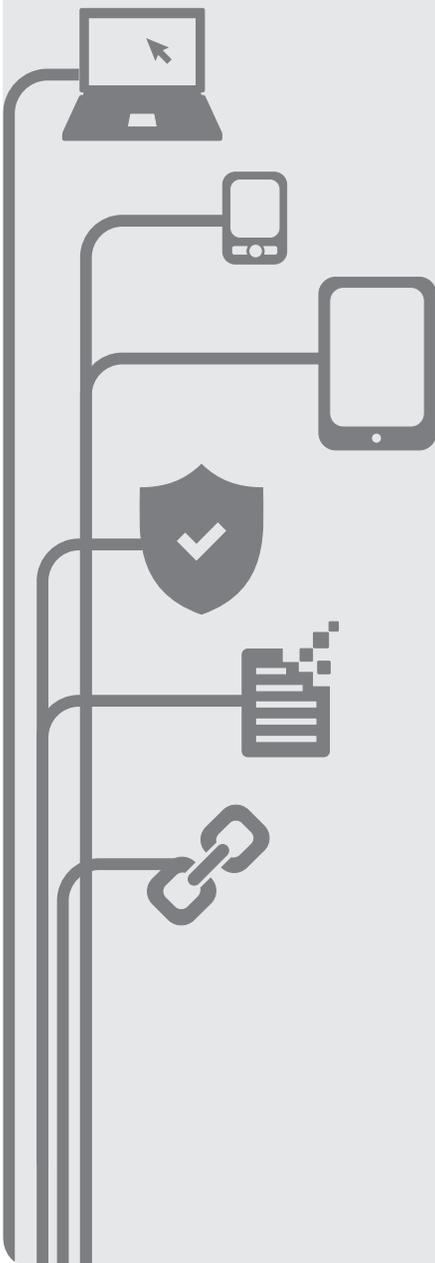
Ricoh's Managed Services

Summary

The changing nature of work means people can communicate and collaborate more easily than ever. Their expectations are high: employees expect to be able to use technology seamlessly, supported by processes tailored for their unique work environment.

For many government departments, managed services provides the ideal way to meet employees' and the organisation's needs. Outsourcing services like unified communication and collaboration to the right provider can drive costs down, and boost productivity and efficiency; all of which contributes to the bottom line.

Companies can choose to engage a managed service provider in many ways, from a single process to full-blown IT infrastructure support. They may choose a single provider or numerous, best-of-breed providers.

Regardless of which option they choose, government often has to overcome barriers such as security concerns, lack of management buy-in, and change management, in order to reap the benefits of managed services. Those who do so are more likely to remain competitive and responsive in a fast-paced, changing world.

About Ricoh Managed Services

Ricoh delivers services to improve the way your entire organisation works, collaborates and shares information. From your core infrastructure to tools your people use and the way you communicate and capture, transform, and manage information, Ricoh services provide today's changing workforce with the right information, at the right time, in the right form, no matter where they are.

About Ricoh.

Ricoh is a global technology company specialising in office imaging equipment, production print solutions, document management systems and IT services. Headquartered in Tokyo, Ricoh Group operates in about 200 countries and regions. In the financial year ending March 2015, Ricoh Group had worldwide sales of 2,231 billion yen (approx. 18.5 billion USD).

The majority of the company's revenue comes from products, solutions and services that improve the interaction between people and information. Ricoh also produces award-winning digital cameras and specialised industrial products. It is known for the quality of its technology, the exceptional standard of its customer service and sustainability initiatives.

Under its corporate tagline, *imagine. change.* Ricoh helps companies transform the way they work and harness the collective imagination of their employees.

For further information, please visit **ricoh.com.au**

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