

TECHNOLOGY HORIZONS



Aligning Information Technology With Business Strategy

SPRING 2012



The True Cost of IT

What are your computer systems really costing your organization? Here are some key questions to ask.

Economic pressures are forcing organizations of all sizes — particularly small-to-midsize businesses (SMBs) — to find ways to improve efficiency and competitiveness while lowering costs. “Cost” does not always equate to “value,” however, particularly when it comes to technology. If not properly managed and maintained, IT systems can actually increase operational costs, sap productivity and negatively impact customer service.

This is particularly true as organizations put off technology upgrades and “make do” with older equip-

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ment that's going to be more prone to failure and downtime. But even organizations that regularly refresh their computer systems need to take a look at the real cost of ongoing maintenance in terms of both dollars and competitive advantage. Often, the cost of in-house IT maintenance is high, and SMBs end up several steps behind the latest patches, upgrades and security updates. The results can be devastating.

A **managed services solution** that provides monitoring and proactive maintenance of IT systems can help prevent downtime and unexpected IT costs. As the managed services market has matured, however, numerous providers have emerged with pricing at commodity levels. When assessing whether to outsource or comparing managed services providers, it's important to understand true costs of IT maintenance along with the value of efficient and secure computer systems.

- **What does one hour, five hours or eight hours of IT downtime cost my business?**

If your organization relies upon IT for day-to-day operations — and what organization doesn't? — then every hour of computer downtime is an hour of lost business. Depending upon the industry and size of the business, the cost could range from several thousand dollars an hour to much more. In addition to lost revenue and productivity, downtime can impact intangibles such as customer service and goodwill. The cost increases with extended downtime, with many small businesses simply unable to recover.

- **How much time does my staff spend fixing IT problems?**

Even organizations that do not have dedicated IT staff have someone who responds to IT issues, and those "shoulder tap" requests for help can really add up. There are hidden costs here as well. For example, what are the risks to the business if the one person who keeps things running gets sick, goes on vacation or leaves the company?

- **How much of my budget is spent simply maintaining my current IT systems?**

Experts say organizations spend two-thirds of their IT budgets simply fixing desktops and servers, performing

backups, and handling other maintenance and support tasks. That percentage may be higher among smaller organizations that have postponed new technology investments. That doesn't leave much room for innovation.

- **What are the costs of "reactive" IT maintenance?**

Responding to IT problems as they arise increases maintenance expenses and puts the organization at much greater risk of downtime or a security breach. The potential costs are mind-boggling. For example, a recent study found that 90 percent of businesses fell victim to a security breach at least once in the past 12 months, with 41 percent of those breaches costing at least \$500,000 to address. Proactive IT maintenance helps insure the business against those risks.

- **Can my cash flow take a big "hit" right now?**

Computer system problems that crop up unexpectedly can cost thousands of dollars to repair, and the price goes up if the repair is done on an emergency basis. That's tough to swallow in a tough economy — particularly when proactive maintenance can prevent many problems and smooth out IT expenses.

Armed with an understanding of how much reactive IT really costs the business, owners and managers can make more-informed decisions about ongoing computer system maintenance and management. SMBs can then ascertain whether a managed services solution can help them reduce overhead while improving availability and security, and select the best managed services provider to meet their business needs.

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Editorial Correspondence:

4941 S. 78th E. Ave., Tulsa, OK 74145

Phone (800) 726-7667 • Fax (918) 270-7134

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Government Going Mobile

Federal agencies looking to become more efficient have embraced mobile computing. More than half of federal employees surveyed recently report they use at least one mobile device at work — many of those using personal devices to accomplish work-related tasks. Nearly all of the 414 federal employees and IT staff surveyed say mobile computing makes them more productive and improves service to their constituents, according to the report from CDW Government LLC (CDW-G).

Nearly all the federal IT professionals (99 percent) said they have deployed mobile devices to their agency workforce, and 62 percent said their agencies allow employees to use personal devices for work.

“Mobility is the ‘new normal’ for federal employees,” said Bob Kirby, vice president of federal government for CDW-G. “Employees increasingly expect to be able to work anywhere and at any time. Agencies responded first by deploying mobile devices, and now they are enabling use of personal devices.”

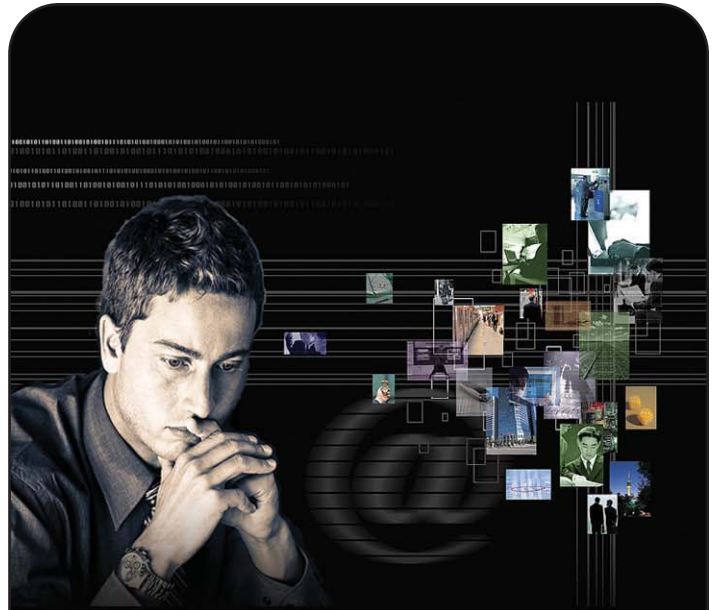
Kirby expects the bring your own device (BYOD) trend to continue, particularly since the Obama administration issued an executive order in November asking agencies to reduce costs by limiting the number of IT devices they issue to employees.

Smartphones Surpass PC Shipments

Total global shipments of smartphones exceeded those of client PCs, including tablets, in 2011, according to a recent report from Canalys, an IT analyst firm that tracks smartphone markets. According to the report, approximately 488 million smartphones shipped worldwide in 2011, compared to 415 million client PCs.

“In the space of a few years, smartphones have grown from being a niche product segment at the high-end of the mobile phone market to becoming a truly mass-market proposition,” said Chris Jones, Canalys VP and Principal Analyst. “The greater availability of smartphones at lower price points has helped tremendously, but there has been a driving trend of increasing consumer appetite for Internet browsing, content consumption and engaging with apps and services on mobile devices.”

However, Canalys expects to see smart phone market growth slow in 2012 as vendors exercise greater cost control and discipline, and put more focus on profitability.



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SMBs in the Cloud



Global study shows that small to midsize businesses will be using more cloud services over the next three years.

In many ways, [cloud computing](#) seems ideally suited to small to midsize businesses (SMBs). Smaller organizations often lack the in-house resources to maintain a complex IT infrastructure, and hesitate to tie up capital in fixed overhead. SMBs in a growth dynamic need the ability to scale IT capacity on demand to meet changing needs, and introduce new service rapidly to take advantage of new opportunities. Cloud computing fills the bill on all counts.

It's hardly surprising, then, that SMBs plan to increase their spending on cloud computing services, including [Software as a Service \(SaaS\)](#) and [Infrastructure as a Service \(IaaS\)](#) offerings. Microsoft's global "SMB Cloud Adoption Study

2011" investigated how cloud computing will impact SMBs in the next three years. The research found that 39 percent of SMBs expect to be paying for one or more cloud services in that time period, an increase of 34 percent. It also finds that the number of cloud services SMBs pay for will nearly double.

Those SMBs paying for cloud services will be using 3.3 services, up from fewer than two services today. The larger the business, the more likely it is to pay for cloud services. For example, 56 percent of companies with 51 to 250 employees will pay for an average of 3.7 services within three years.

Gradual Move to the Cloud

SMBs are not flocking to the major cloud providers such as Amazon, Apple or Google, however. The survey found that past experience with support from a service provider is a key driver of service provider selection among SMBs. Eighty-two percent of SMBs say buying cloud services from a provider with local presence is critical or important.

Furthermore, SMBs are taking a measured approach to cloud adoption, and seeking ways to minimize monthly service fees. Within three years, 43 percent of workloads will become paid cloud services, but 28 percent will remain on-premises and 29 percent will be free or bundled with other services.

“Cloud adoption will be gradual, and SMBs will continue to operate in a hybrid model with an increasing blend between off-premises and traditional on-premises infrastructure, for the foreseeable future,” said Marco Limena, vice president, Business Channels, Worldwide Communications Sector at Microsoft. “As cloud computing becomes more ubiquitous and SMBs’ existing IT becomes outdated, adoption will grow rapidly. Hosting service providers should consider the appropriate sales, delivery and support models to target larger SMB customers that are more likely to pay for cloud services.”

Cloud Supports Growth, Profitability

The 2011 study indicates that cloud service adoption is not limited to SMBs that see themselves as fast growers. The study showed little difference in adoption rates between SMBs that expect to grow in the next three years (42 percent) and those solely focused on profitability (40 percent).

Growth companies want a scalable environment that can meet their expanding needs, with an affordable, pay-as-you-go pricing model that eliminates the need for over-investment in IT. SMBs that want to maintain their size, but want to become more profitable, seek cost-effective, efficient solutions that match their needs for predictability and low overhead cost. Cloud services can serve both sets of criteria.

The study also found that SMBs that are adopting both SaaS and IaaS services are larger, more growth-oriented and more interested in additional services, such as unified communications and remote desktop support. This provides an opportunity for hosting service providers to offer both SaaS and IaaS in order to acquire and retain high-value customers and maximize revenue per customer.

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Smaller companies without fulltime IT personnel on staff often find they are constantly “putting out fires” related to technology. This constant troubleshooting often results in a loss of business focus, not to mention substandard technology solutions.

Atlantic-IT.net can help you beat the heat. Our comprehensive technology services and support offerings can ensure that you:

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- remain virus free to keep your network running smoothly;
- get value for your technology dollars by having the expertise of Microsoft Certified professionals on your side;
- enjoy unlimited help desk and technical assistance;
- receive impartial advice on hardware and software purchases;
- retain documentation on everything technology related in your organization.



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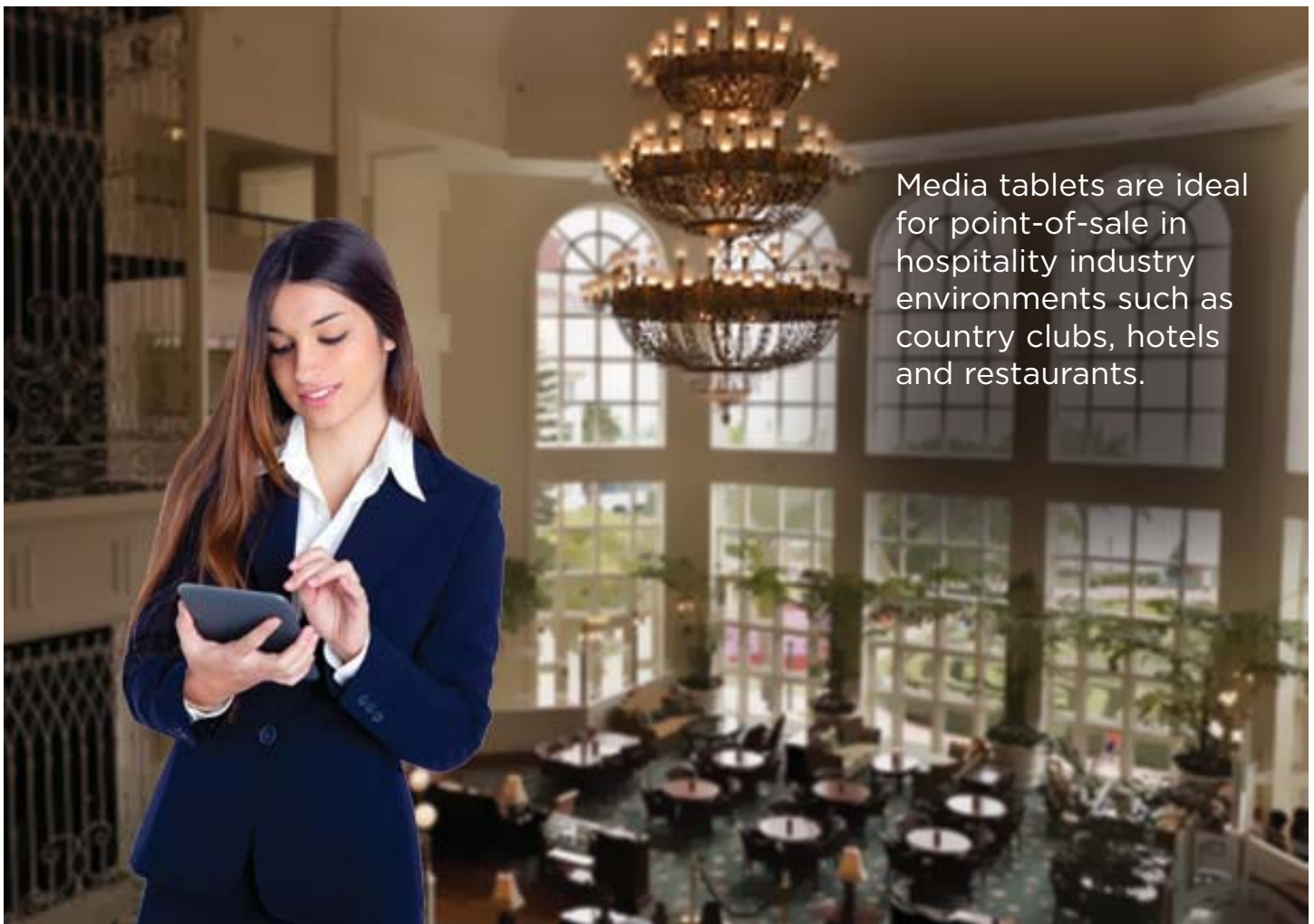
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Businesses Should Experiment with Media Tablets

Gartner Special Report provides advice on best practices for business uses of the popular touchscreen devices.

Media tablets present a variety of new opportunities for business while supplementing traditional uses of notebooks and smartphones, according to Gartner, Inc. As a result, Gartner recommends that business IT leaders begin experimenting with media tablets without delay.

“The iPad, and the larger wave of media tablets, have captured the imagination of business leaders. Some companies have issued them to business and IT leaders in the spirit of exploration. Others see areas in which they can use media tablets to bring computing into settings that were not practical or were too cumbersome to use traditional approaches,” said David Willis, research vice president at Gartner. “For the consumer, the iPad brought a casual but rich experience into the living room, or the train, or while waiting in line at the bank. In turn, IT organizations



Media tablets are ideal for point-of-sale in hospitality industry environments such as country clubs, hotels and restaurants.

are finding new places where tablets can deliver information and media in new ways.”

The impact of the media tablet in the eyes of the public is much greater than would be believed from the number of units shipped. Gartner expects media tablet shipments to be approximately 69 million in 2011, which is only a small fraction of the total number of application-capable mobile devices, such as smartphones. Yet already the impact of the device on other forms of computing is great.

An Additional Tool

A media tablet is a device based on a touchscreen display whose primary focus is the consumption of media. The devices have screens with a diagonal dimension that is over five inches and may include screens that are as large as is practical for handheld use, roughly up to 15 inches. The media tablet runs a lightweight OS that is more limited than, or a subset of, the traditional fully featured OS such as Windows.

Gartner has long maintained that media tablets are neither “better laptops,” nor “better smartphones,” but complement both. When compared with laptops, media tablets activate instantly, allowing a user to get right to what he or she needs, immediately, without long and frustrating startup times. They have exceptional battery life and are responsive, tactile and inviting. However, in a common mobile-worker scenario, employees may travel with a media tablet during the day, but then return to their laptops in the evening for heads-down data entry or content creation.

“Sales leaders are clamoring to **adopt media tablets** with their sales teams as a more engaging way to share sales collateral and promotional materials. And it won't stop there: Next will come customer relationship management systems, and order entry and sales configuration applications. For sales managers, media tablets will be a

natural platform for business analytics and performance dashboards,” said Willis.

“In other settings, the intimacy of using a media tablet supports more personal interactions. Doctors, nurses and medical technicians find they can sit down with a patient and help that patient understand a diagnosis, walk through a medical procedure and describe a therapy with them. Retail clerks can use tablets to display customized clothing for a customer. Conference attendees can take surveys on their own, with no training required. The opportunities are huge.”

The Time Is Now

Just as media tablets won't replace PCs, Gartner does not believe that they will replace mobile phones as voice devices, even in the smaller form factors. Nevertheless media tablets still have enormous potential in the workplace and present a variety of new opportunities for businesses.

At the same time, media tablets are requiring a new set of policies, technologies and skills for enterprises. Willis pointed out that companies that had already recognized the flood of consumer devices coming into business, and had figured out a way to leverage it rather than fight it, have been more prepared to support media tablets.

“CIOs are determined not to make the same mistakes they made with smartphones, which were often written off early as expensive and frivolous toys, or executive status symbols — which then left room for more inventive leaders who saw the competitive advantage that mobile applications would bring,” said Willis. “They are also more willing to see that they don't need to supply and manage every device that employees use at work: Consumerization is here to stay, and moving very fast. If you can think of an application for tablets, your competition may well be thinking in the same way — and acting on it. It is time to explore the use of media tablets in business.”



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Human Firewalls



Employee vigilance is the key to thwarting ‘social engineering’ attacks.

Technology is only one line of defense against hackers. Establishing a “human firewall” through strong internal security policies, training and education is just as important as investing in antivirus software, firewalls and virtual private networks.

Hackers often take advantage of the kindness and trust basic to most humans to gain access to an otherwise secure computer system — a strategy called social engineering. The recent News Corp. scandal in which reporters hacked cellphone voice mail accounts of 9/11 victims, politicians, celebrities

and crime victims is likely a high-profile example of social engineering. Although details haven't been confirmed, many security experts are speculating that the reporters used a technique known as pretexting, which involves calling the phone company and convincing a technician to change the PIN for a customer's voice mail.

Social engineering works because hackers are able to prey on people's trust, lack of awareness and curiosity. Anytime an unknown person calls requesting information, it should raise a red flag. Other signs to watch for include the caller refusing to provide contact information, rushing the call or flattering the employee excessively, using intimidation tactics, making out-of-the-ordinary requests or claiming a request was approved by an authority.

What makes a good human firewall security policy? The SANS Institute makes the following recommendations:

Educate Employees. Implement a set of procedures for setting up new employees on your network. New hires should immediately begin training on the organization's security policies and procedures. Policies and procedures should be placed on the company's intranet where they can be checked frequently for updates and additions.

Create a password policy. Employees should change their passwords periodically, and passwords should include special characters, numbers and even misspelled words to make them more difficult to crack. But remember the human equation. If the password policy is too stringent, employees won't follow it. Strike a balance between security and ease of use.

Be suspicious of unsolicited phone calls. Never provide personal information, such as credit card or bank details, to an unsolicited caller — even if they claim to represent a respected company.

Secure your help desk. Establish procedures for giving out passwords to employees. For example, the procedure should require that the help desk call the employee back to verify his

location. Consider requiring the use of personal information or code words before the password is given out. Many organizations simply don't allow any passwords to be given out over the phone.

Provide proper support. If a help desk staffer refuses to give an angry vice president his password, that employee must be supported if the vice president complains to his manager. Finally, make sure that your help desk knows who should be contacted in the event of an attempted security breach.

Create and maintain access privileges. Specific procedures should state who has access to various parts of your network, and how. These procedures should also state who is authorized to approve access, and who can approve any exceptions.

Consider using ID badges. Large organizations should require employees to wear picture ID badges and guests to wear "visitor" badges at all times. Anyone without a badge should be challenged. Be especially alert to vendors, such as coffee, candy or soft drink vendor employees who enter your building to refresh the snack areas.

Shred all confidential documents. Provide paper shredders in all areas of your organization that handle sensitive information. Remember that such seemingly innocent information as a phone list, calendar or organizational chart can be used to assist an attacker using social engineering techniques to gain access to your network.

Protect your physical plant. Sensitive areas in a building should be physically protected, with limited access. The doors in these areas should be locked — perhaps with passkeys or passwords — and access granted only to those with a need to be in that area.

Report all violations. Develop a process for reporting and insist that all violations of security policy be reported. Even a minor policy infraction could be the first sign of an impending social engineering attack.

Rise above your technology limitations



Keeping up with the multitude of new developments in hardware, software and infrastructure can be overwhelming for IT staffs that are already stretched thin. Atlantic-IT.net can help.

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