HOW TO CHOOSE AN INFORMATION & COMMUNICATIONS (ICT) SUPPLIER

There are a vast number of ICT products and services now available, and the small business owner can find the selection and procurement of them confusing. Purchasing decisions for IT systems should be based on more than just price – it is useful to take a longer view of what your business really needs, both now and into the future. IT systems often need to work together, so having a rough strategy for a series of purchases is important. Buying systems outright may be the simplest approach, but there are other possibilities that may prove more efficient.

Previously, when installing an ICT system you would have traditionally chosen a supplier based on price, locality, reputation etc., and they would have fitted a complex machine in the corner of the office and each computer would have had individual software to install manually, both of which would have simply been replaced when the time came.

Today, while costs/support/quality analysis is still essential, the main choices are based around superfast broadband allowing you to move systems to the cloud and the upload/download speeds you can expect, as well as accessibility and capacity to process new programs, apps and unified communications. Choosing the right supplier is more about choosing a service that will be flexible and scalable and support your business requirements as it grows.

WHAT DOES ICT COVER?

IT systems cover hardware, software packages, software development, telecommunications, Local Area Networks, training and support services. Sometimes you may need to procure just one of these to implement a business system, but more commonly a combination is required.

SOFTWARE LICENSING MODELS

One of the best features about moving your IT infrastructure to the cloud is the ability to exploit the many Software as a Service (SaaS) options which are based around a pay as you go structure. Not only does this mean you always have the most up-to-date software and operating systems, but it also means you reduce your capital expenditure. Using SaaS means that you can pay monthly for your office software and turn it into an operating expenditure and spread the cost.

PLANNING AHEAD

It is easy to buy IT components in an uncoordinated, unplanned fashion. This tends to produce systems that cannot communicate with each other, require a multiplicity of different hardware and software and which often will not deliver the expected business benefits. To avoid this it is important to plan IT procurements.

DEFINING YOUR REQUIREMENTS

- Put together a list of functional requirements – the things that the IT system must do efficiently for the business.

- As the business owner you may know your requirements, but it is also important to involve employees, or those using the system, in putting together a realistic set of requirements.

- Define non-functional requirements, which are the things the system must be able to do that are not directly related to the business function, for example, the Operating System that it must work with, or an existing database that it must interface with.

- Describe the business benefits that the new system should deliver and define how your business will achieve these benefits as a result of its acquisition.

- Define the type and level of support that will be needed from a supplier to make good use of the new system. This will typically include the conversion of existing data, the provision of training, and day-to-day problem-solving telephone support.

- Consider the risks associated with the introduction of a new system and work out what would be needed to counter these risks for your business. This analysis may introduce new requirements.

BUYING

- Off the shelf software packages are usually excellent value for money when simple, standard business functions such as word processing, stock control, accounts or payroll are required.

- If the IT system or service required is not available off the shelf, it will be necessary to obtain quotations from potential suppliers. Create a 'Request For Quotation' (RFQ) based on your list of requirements.

- Sometimes it is advantageous to lease expensive hardware items rather than purchase. This can help with cash flow as a business expands.

- Cloud-based services can offer a wide range of business solutions that require only a fast Internet connection; no servers or other infrastructure is needed. The recurrent costs are generally reasonable and all IT management functions are handled by the supplier.

- Corporation tax allowances change over time. Consult with your accountant to decide whether it would be advantageous to buy and quickly write off costs against tax.

- Cloud-based solutions effectively transfer the cost of a new system from capital expenditure to recurrent operational expenditure. This might be a significant advantage for a growing business.

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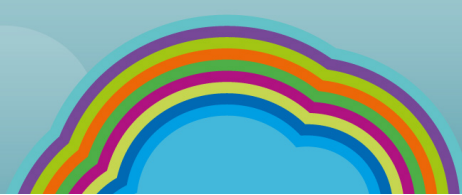
TOP TIPS

Learn from experience – keep records

The costs associated with procuring IT systems can be significant and should be recorded so that your accountant can prepare the books properly and ensure the business gets the correct level of tax allowances.

Implementing

There may be times of the year when it is undesirable to implement new systems. For example, towards the end of the financial year might be a bad time to introduce a new accounts system.

Migrating

It is quite rare for a small business to implement a new IT system that does not replace an existing manual system, or an older IT system. This means that there is usually some data that must be 'migrated' from the old system and made available for the new. Data migration is time consuming. Define who will do this and ensure that it is properly costed.

Training

Training is often a very important part of the implementation. Some suppliers will include this in the cost of a system; in other cases it must be purchased separately. Make sure that you account for the cost of training and the employee time that this will take.

Service Level Agreements

If the procurement contains significant service components, such as support, then it may be useful to consider and negotiate a 'Service Level Agreement' (SLA) with your preferred supplier.

Change management

If you move to the cloud your IT team will need to learn new skills and forget old ones, and your other staff will have to learn a new way of working too. Consider what courses or skills they will need prior to implementation.

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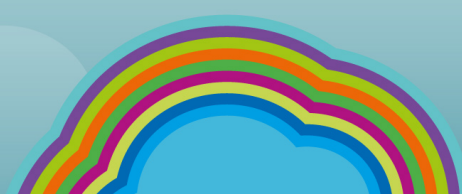
NEXT STEPS

1. **Register to attend a fully-funded Business Development Workshop.**
   www.business.wales.gov.uk/superfastbusinesswales/events

2. **Make an appointment to see a Business Advisor who will help you create a personal action plan to grow your business.**
   www.business.wales.gov.uk/contact-us

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