



Benefits of Hosting/Outsourcing and Developing a Strategic Partnership

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Objectives

- An high level overview of outsourcing, the advantages and disadvantages, and the models available. Our objective is to answer the following questions:
 - Who is OneNeck?
 - What is outsourcing exactly?
 - Why outsource?
 - What are the advantages and disadvantages?
 - Who should outsource?
 - What do I outsource?
 - How do I select a vendor?
 - How does AX fit into all of this?

Dynamics AX Outsourcing Experts

Introducing OneNeck

 **Herman Miller**

Microsoft
GOLD CERTIFIED
Partner

Russell Stover Candies

 Microsoft Dynamics

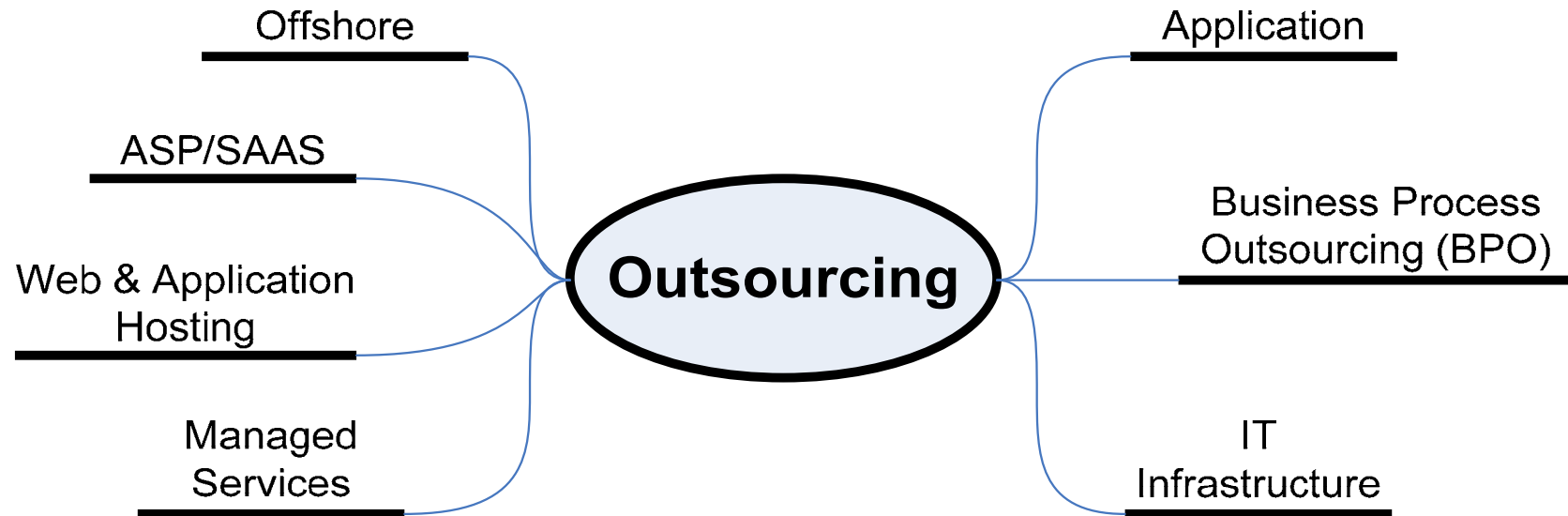
**Sunny
Delight**
Beverages Co.

 **AXUG**
DYNAMICS AX USER GROUP


Targus

OneNeck provides a **comprehensive, flexible** suite of outsourcing solutions designed specifically for mid-market companies

- Founded in 1997
- Supports over 50 customers at over 850 sites worldwide
- 99% Contract Renewal Rate exceeding the industry average of 85%
- Primary data center/support center operations in Phoenix and Houston
- 100% US based operations and employees
- Diverse staff of Dynamics AX certified professionals
- Average of 99.9% systems availability
- Supports multi-site deployments for two of the largest hosted Dynamics AX environments in North America
- Ranked #1 ERP Outsourcing Vendor by the Black Book of Outsourcing



Outsourcing is an arrangement in which one company provides services for another company that could also be, or usually have been, provided in-house.

Understanding your motivation and desired results are fundamental to success

- Strategic Reasons

- ✓ Improve business focus
- ✓ Access to world-class capabilities
- ✓ Shared risk (regulatory compliance)

- Tactical Reasons

- ✓ Reduce/control operating costs
- ✓ Resources not available internally and difficult to find externally
- ✓ Function difficult to manage
- ✓ Scalability of infrastructure

Industry Drivers

Why outsource?

Healthcare	Alleviate staffing/expertise shortage Allow internal IT staff to focus on strategic projects Reduce costs or make cost predictable
Manufacturing: Discrete	Reduce costs Alleviate staffing/expertise shortage Allow internal IT staff to focus on strategic projects
Manufacturing: Process	Allow internal IT staff to focus on strategic projects Reduce costs Test/expedite launch of new technologies and applications
Retail	Increased M&A activity driving need to consolidate platforms Allow internal IT staff to focus on strategic projects Move IT assets and staff off of balance sheet
Transportation	Standardize technology across enterprise Reduce costs Avoid retraining staff
Utilities	Allow internal IT staff to focus on strategic projects Standardize technology across enterprise Reduce costs

Source: Gartner (December 2005)

Industry Drivers

Why outsource?

Communications	Decrease time to market for delivery of new services Mitigate risk of heavy infrastructure investment Streamline operations for efficiency gains and standardization
Oil & Gas	Reduce costs Test/expedite launch of new technologies and applications Standardize technology across enterprise
Financial Services (Banking and Investments)	Reduce costs Test/expedite launch of new technologies and applications Allow internal IT staff to focus on strategic projects
Financial Services (Insurance)	Test/expedite launch of new technologies and applications Allow internal IT staff to focus on strategic projects Standardize technology across enterprise
Government: National/Federal	Test/expedite launch of new technologies and applications Alleviate staffing/expertise shortage Allow internal IT staff to focus on strategic projects
Government: State/Local	Alleviate staffing/expertise shortage Allow internal IT staff to focus on strategic projects Standardize technology across enterprise

Source: Gartner (December 2005)

Pre-Summit Survey Results

Why outsource?

- Are you having a hard time finding qualified Dynamics AX resources for employment in your company?
 - ✓ Yes – 53%
- How difficult do you find managing your Dynamics AX environment?
 - ✓ Somewhat Difficult to Very Difficult – 63%
- Have you consider outsourcing the hosting of your Dynamics AX environment?
 - ✓ Yes – 27%

Advantages of outsourcing

- Depth and hours of coverage
- Control operating expenses
- Scalability
- Advanced technology and expertise
- Security and protection
- Contractually guaranteed service levels
- Costs lower through economies of skill and scale
- Leverage talent pool
- Avoid hiring, training, and retention costs
- Enables strategic focus

Advantages of retaining in-house

- Environment control
 - ✓ Avoid change
 - ✓ 100% accountability
- Sunk costs not wasted
- Full use of existing resources
- Regulation compliance
- Could cost less than outsourcing

Disadvantages of outsourcing

- Feeling of control loss
- Transition costs
- Remote connectivity needed
- Possible Costs:
 - ✓ Hidden costs
 - ✓ More expensive than in-house resources
- Potential sub-standard services
- Overall fear of the unknown
- Long term commitments

Disadvantages of retaining in-house

- Real cost of employees
- Difficulty find and retaining those employees
- No guaranteed service levels
- Data center costs
 - ✓ Environmentals
 - ✓ Facilities maintenance
- Upgrade and patch management
- Governance issues
 - ✓ SOX Compliance
 - ✓ Documentation

Every company is a candidate for outsourcing!

- The Challenges:
 - ✓ Identify your organization's core competencies
 - ✓ Determine where predictable services and service levels are needed and not being met
 - ✓ Determine what supporting functions of the organization will be outsourced

Find Your Core Competencies

What do I outsource?

Corbett Core Competencies Test

1. If starting your business from scratch today, would you build this capability internally?
2. Would other companies hire you to do this for them?
3. Will tomorrow's leaders of the company come from this area of the business?
4. Are you receiving world-class services at a competitive cost today?
5. Does this process create or defend a unique competitive advantage for your firm?
6. Is this business process directly contributing to business growth or expansion?

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Selection Methodology

How do I select a vendor?



How does AX fit into all of this?

- Technical management
 - ✓ Application
 - ✓ Database
 - ✓ Servers
- Functional support
 - ✓ Manufacturing
 - ✓ Distribution
 - ✓ Finance
- Models
 - ✓ Hosted and managed in the OneNeck data center
 - ✓ Remotely managed from OneNeck offices

Thank you for your time.
Questions?

