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Jan 2003. Dr. Howard C. Whetzel speaks out about Disaster Recover, Remote Data Storage, and Document Conversion and Management.

Feb 2003. Dr. Howard C. Whetzel appointed as the co-chairman of the Republican National Committee's Business Advisory Council.

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By Kathleen Goolsby

What You Need to Know About IT Outsourcing Trends for 2003

By Kathleen Goolsby, Senior Writer

While many bemoaned the flat budgets for corporate IT investments in 2002, don't assume nothing has changed in the IT outsourcing (ITO) arena. Indeed, five trends are reshaping the dynamics and future of this market.

Trend #1: Provider Techniques

Trend #2: Provider Selection

Trend #3: New "Hot" Markets

The IT areas predicted to see a huge increase in outsourcing in the coming year are "continuity of operations," document imaging and

document retention.

META Group, Inc.'s research reveals that fewer than 25 percent of Global 2000 enterprises have a comprehensive continuity of business (disaster recovery) plan in place. The September 11 wake-up call has moved data back-up operations to the top of IT budget considerations.

A key plank in this effort is the government's new requirement for recovery operations to be strategically remote from the primary operation. Disaster recovery specialist, Wave Technologies, with six pedabytes of storage capability in one of its centers, reports that many top providers don't have remote centers with the capacity needed for government agencies and are turning to companies like EMC and Wave. Other providers, like Antares, have recently implemented generator capacity as extra assurance for their outsourcing customers.

"Along with security, anything to do with documentation is red hot," says Christine Carr, a banking account executive at Getronics. Business is exploding for companies like Wave Technologies because organizations have a desperate need to store documents electronically. Regulatory requirements mandate document retention for personnel records, school records, child custody documents, banking and healthcare records. But Howard Whetzel, president of Wave Technologies, says new imaging software that enables annotations and revisions while maintaining the integrity of the original document is what's driving this market.

Citing examples of backlogged document imaging/retention projects and the drastic need for this technology, Whetzel describes a company in North Carolina with one trillion documents stored from floor to ceiling in seven huge warehouses; so many records stored in various areas of schools and counties that fire marshals are on the scene; and an Oklahoma hospital currently adding more space to its facilities because one-eighth of the potential patient floor space is already filled with documents.

In contrast, Whetzel explains Wave Tech's outsourced solution gives a client a direct feed to fully-indexed records in its database through a secure VPN, as well as a back-up CD. The solution can handle a minimum of 12,000 documents on a single CD.

 The other hot IT market in 2003 is mid-sized companies. Historically underserved by outsourcing, this market is now the focus of several major providers. Antares' CEO, Ed Hartzell, says his company believes there is a great potential for data center outsourcing in this market. State and local governments also fall into the mid-size category.

Trend #4: Buzzwords

Trend #5: BTO Movement

IT Outsourcing Trends for 2003

- Because of the depressed economy and buyer demands for lower prices, providers are implementing such measures as self-service tools, remote management and offshore operations to drive out costs in delivery of services to their clients.
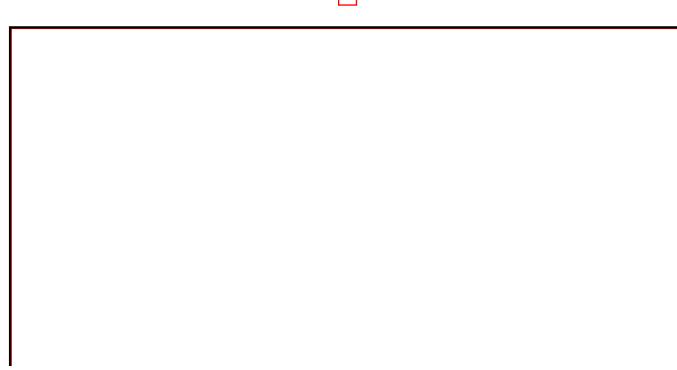
- With new laws and frameworks about the way buyers purchase services, since the Enron and Worldcom disasters and dotcom implosion, buyers are seeking providers that can demonstrate financial stability, longevity, experience and dependability.

- Buyers are becoming interested in the concept of on-demand or adaptive infrastructure (pay-per-use) outsourcing models that scale up or down with business needs.

- Business Transformation Outsourcing is driving providers to develop or enhance vertical solutions and is also driving buyers to seek benchmarking services to analyze the value components achieved through outsourcing.

Continuity of business initiatives, along with document imaging and retention are predicted to be "hot" IT markets for 2003.

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