

Business Standard

The ABC of RIMS for SMEs

GUEST COLUMN

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Taking a leaf from international businesses, Remote Infrastructure Management Services (RIMS) are what SMEs in India should scout for to manage their IT investments better. It will end up giving them a competitive edge, helping them take on bigger competition.

Recently, I was talking to a friend who was looking at buying a home in Bangalore. He had zeroed in on an upmarket, gated community where the villas have a Spanish architectural flavour. But more importantly, the services flavour was non-geo specific. Let me explain. The property had tied up with a well-known hospital to offer telemedicine to residents in the complex. Residents could, 24x7, login remotely and consult a doctor, get 'examined', provide test results without going to the hospital and get medicines prescribed. Here we have a case where best-in-class medical services can be delivered from anywhere in the world - to anywhere in the world. The example tells us two things: selling real estate isn't what it used to be until five years ago! And, more importantly, businesses are getting increasingly complex as they use a technology backbone for delivery of services.

Both, the realty developer and the hospital, don't specialise in setting up, running, monitoring and maintaining the technology that makes all the magic of modern day living possible. They need the help of specialists to manage the technology which enables all this. Put another way, they need an IT Remote Infrastructure Management Service (RIMS) provider - a specialist who provides the high-end skills required to manage computer and

data networks that are becoming essential to businesses across the world.

RIMS is a large global trend. Look up the financials of practically any global enterprise or organisation and you are bound to stumble across an entry that speaks about RIMS. And India is where they are trying to get the service delivered from.

NASSCOM released a deep-probe report from McKinsey & Company on the RIMS space a couple of weeks ago. The report is called "The Next Growth Opportunity for the Indian IT Services Industry". According to the report, the global RIMS industry has grown at more than 80 per cent CAGR, from \$2 billion (bn) in 2006 to \$7 bn in 2008. And India can capture \$13 bn to \$15 bn of the global opportunity by 2012. According to McKinsey, a survey undertaken of over 140 CIOs indicated 10 per cent of CIOs had off-shored parts of infrastructure in 2006 and the number had increased to 27 per cent by 2007.

These developments are about to have profound and long-term implications for businesses in India - especially SMEs - which can leverage the learnings and capabilities of RIMS players and, in the process, becoming more nimble and competitive. We are already seeing signs of major players becoming early adopters. Banks, pharmaceutical companies and telecom players have recognised the importance of Indian companies out sourcing IT Infrastructure Management. And if banks can outsource the management of mission critical infrastructure such as their ATM networks, can others be far behind?

Imagine for a moment SMEs like consumer durable chains or white goods chains that have become so popular over the last decade. They are heavily dependent on technology to manage inventory over a large geographical spread which can typically include dozens of cities. They operate in rapidly changing markets. And they are dependent on their IT investment that has grown organically, incorporating several technologies, grown in complexity and now needs continuous investments in IT infrastructure. How will they find the talent to manage their IT investments?

In a world where technology skills are scarce (and likely to remain scarce), where shorter business cycles mean technology needs to be available on tap for rapid growth and de-growth, SMEs face an uphill task in terms of managing their IT infrastructure. In addition, today's IT work force is looking for challenging assignments - something that SMEs are unable to provide - and talent acquisition and retention is often pegged to how much a job has to offer in terms of learning and skill enhancement, you can see that SMEs are going to have no option but to opt for outsourcing. Given that their infrastructure is so small that having onsite support is not viable, opting for RIMS is inevitable.

There is one other factor that will inevitably drive SMEs towards considering RIMS for their businesses: the fact that the tools required to monitor, manage and heal IT networks and infrastructure are growing complex by the day and therefore becoming unaffordable. RIMS providers can make these sophisticated tools available on a pay-per-use basis, bringing

down the investment required by SMEs in delivering a world class service.

Making RIMS as part of the way business is done by SMEs is inevitable. And there are a number of critical drivers for this. SMEs are starting to find that micro markets are not critical by themselves and need to extend themselves into multiple cities (as an example, outlets like Croma and eZone will soon be in smaller cities like Ujjain and Mangalore - if they are not already there!) and as the geography of the business spreads, so does the complexity of the IT infrastructure required to run the business. SMEs, which cannot be expected to understand technology and want to focus on their core competence, will soon begin to shop for standardised services from RIMS providers, picking and choosing the options that take the pain away from managing IT.

According to the McKinsey study \$26 bn to \$28 bn of the total global RIMS opportunity is likely to be realised by 2013, and India can position itself to acquire a share of around \$14 bn to \$15 bn. The figures tell us that expertise which is being built in the RIMS space will mature rapidly, giving rise to a number of players who will offer their services to SMEs in the country. As any chief technology officer will tell you, about 70 to 80 per cent of all IT tasks can be off shored or remotely managed. SMEs need to appreciate and understand this so that they can begin to chalk out a business plan that begins to outline how RIMS can be leveraged, thereby enabling their business to scale rapidly as well as deploy networks that were so far possible only in very large enterprises. Finally, while the world is going flat, SMEs can turn to creating a level playing field in technology when it comes to bigger competitors, using RIMS.

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Constraints of infrastructure make onsite support unviable; opting for RIMS is thus inevitable