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VIEWPOINTS
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Public private partnerships for IT services: municipalities gain operating efficiencies and performance while minimizing risk

by American City & County Contributor in Viewpoints

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By Gary Nichols

For nearly a decade, public policy advocacy groups have been highlighting the value of public-private partnerships (PPPs) for government entities. Although this approach was first used for large capital improvement projects, forward-thinking municipalities are realizing that the complexity and rapid pace of technology make IT services a perfect PPP target.



The benefits of **outsourcing** IT are well documented—research firm Gartner found that a \$96.14 million increase in IT outsourcing by organizations resulted, on average, in a \$121.14 million drop in operating costs for *non-IT functions alone*. For municipalities, not only does outsourcing IT services reduce costs, it also spreads risk, enhances service delivery to citizenry and businesses, and improves operating capacity. PPPs can even drive indirect results, such as reducing crime or improving fire-risk ratings.

The Value of IT Service Delivery through PPPs

With IT complexity, efficiency and pace of innovation increasing, municipalities with in-house IT operations cannot keep up. In 2012, for example, research firm IDC found the optimal hardware replacement cycle is 3-3.5 years (with an average payback of 11.7 months). Yet, many municipalities have IT infrastructure that is five, 10 or more years old. Trends such as virtualization are further increasing IT efficiency and savings, and these technologies are also advancing at a rapid pace. Only by working with skilled IT professionals who continually train in new methods can municipalities reap full value

What's Viewpoints?

It features the Editor's Viewpoints and contributed commentaries.

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from emerging technologies.

With PPPs, cities gain new perspective. Gone are the days when entrenched, stagnant attitudes towards IT prevailed. In their place, certified, forward-thinking IT professionals are present to encourage more nimble, innovative system designs. Furthermore, outside IT firms encourage long-range IT planning, including not only repairs and maintenance but also upgrades. Planning helps cities optimize their IT spend and reduce unplanned downtime. It also makes it easier to budget for and implement desired improvements, such as adoption of E-services or deployment of [GIS](#) solutions.

IT providers with PPP experience can also offer insight and recommendations based upon solutions they develop for other cities. Municipalities save money because it takes less time and effort to devise the right solution. With this experience also comes expertise at a detail level, whether the project requires networking expertise or a specialist in [Microsoft Exchange](#) or VoIP.

Paybacks that Go Beyond IT

The benefits of outsourcing IT functions through a PPP extend beyond the actual technology itself. The value reverberates across the municipality, from [human resources](#) to risk management. For example, an outside IT provider usually covers salary and benefits for its workers in the municipality, keeping HR costs predictable. Cities also have more resource flexibility and can ask their provider to replace unsatisfactory workers rather than dealing with the complexities of Civil Service.

On the productivity side, workers gain access to advanced IT support systems such as ticketed Help Desk and remote hardware monitoring. These solutions not only improve system reliability, they also foster greater worker productivity and service delivery. Finally, PPPs of all types transfer the risk of performance to the provider. In the case of IT services, the risk of maintaining functioning IT systems and achieving uptime and citizen delivery goals become the IT provider's responsibility.

City Consortiums

Municipalities can gain further strategic benefits from IT service PPPs by collaborating with other towns and cities. IT requirements and compliance guidelines are becoming increasingly burdensome for smaller cities and towns, an impact that is also minimized with city partnerships.

With the consortium model, cities can rely upon each other's locations for offsite data archival and backup (and recovery in the event of a disaster) rather than bearing the expense of leasing data center space. In InterDev's experience, when partner cities host each other's failover locations, each municipality enjoys savings in the tens of thousands of dollars per year.

Consortiums also give cities more [purchasing](#) power, whether they are buying hardware as a group, implementing similar solutions such as Eservices and GIS systems, or sharing policies, procedures and programs that were developed for one city but can be shared with others. This approach is especially beneficial in developing business continuity and operating continuity plans, which InterDev has found are often outdated and/or inadequate in many cities.

Finally, consortiums offer the benefit of standardization. If an IT provider can help multiple cities replicate some or all aspects of each other's configurations, it is more efficient and cost effective for that provider to bring support, monitoring and management to all of them. In many cases, the synergies gained when working together enable municipalities to deploy solutions that would not be cost-effective for one city or town alone.

Big Impacts; Better Value

Leveraging the broad perspective of an outside IT provider – especially when city

partnerships are involved—lets even the smallest city serve citizens as if it were a large metropolis. IT providers help municipalities act more nimbly but with better discipline and focus. Cities also gain more robust, innovative infrastructure development and better strategic control over project and service delivery. The result is greater innovation and resiliency, faster response times and more satisfied citizenry, overall.

Gary Nichols is founder and CEO of InterDev, a professional IT services firm of over 30 years with offices in Atlanta, Chicago and Jacksonville. InterDev provides fully outsourced IT, GIS and Security for municipalities throughout the United States under a public-private partnership (PPP) model.

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