

Database control a prime area for saving

TODAY, most companies understand what technology outsourcing is all about and many are already getting a significant return on investment from it.

"This is particularly so with database management, configuration and support," says Jaroslav Cerny, MD of RDB Consulting.

It takes years to gain knowledge in this highly specialised area and outsource providers have greater access to skills resources.

He says one of the company's manufacturing clients had a database problem that was causing 10 to 12 hours of factory downtime a year and costing it R1.5m, plus a loss of reputation for late delivery.

"The database was running too slowly because it was not configured properly due to lack of internal skills."

Outsourcing the management,

maintenance, backup and support of this database reduced downtime to zero, and the amount saved more than paid for the cost of the service.

"It costs 40% of the annual saving for the outsourcing service, and the rest is pure saving."

He says in another case a retail chain had database problems that prevented it having a clear overall view of its stock situation across almost 100 stores nationally.

"Customers were irritated because when an item was not available at one store the assistants could not check whether it was in stock at any other store."

By outsourcing the management of its stock database over the past year the retailer saved five times the cost of the service in what would otherwise have been lost revenue.

In another scenario an insurance company needed to create a central database

repository and gather information into it from different sources relating to customers' life policies.

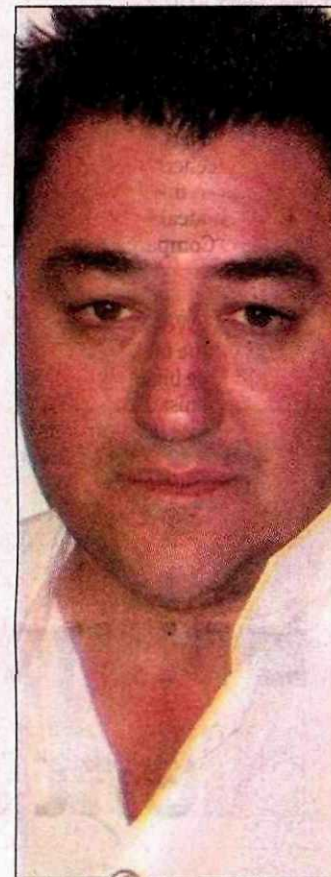
The aim was to analyse the information and use it for business intelligence purposes, for example to profile customers to sell them other forms of insurance.

However, the company could not get the information into the repository due to lack of skills and it subsequently decided to outsource the task.

"It took a few hours to sort out the problem and deliver the required information."

If the company sells just 10% of its existing customers other policies it will generate an estimated R12m and fixing the problem cost a twentieth of that.

Because of the success of the outsourcing of this task the insurance company decided to outsource the operation, maintenance and support of all of its databases.



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