Outsourcing IT Resource Management to Third-Party Providers:

Freeing Transportation Organizations to Focus on Their Core Business

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ACHIEVING SUCCESS IN AN EVOLVING INDUSTRY

Over the past few years, a number of trends have emerged that impact how transportation organizations operate their business. The growth of globalization, outsourcing, and expanded distribution channels has resulted in a fragmented supply chain, creating challenges in managing inventories and warehouses, and improving customer service.

As such, transportation organizations need faster, intelligent, and more efficient solutions to give them greater visibility into their broadened supply chains. Information collected from multiple locations can now be gathered into one place for easier sharing and processing, giving organizations a clearer picture of what's happening, while helping them better manage customer expectations.

These solutions require new, more advanced IT resources. The decision to manage IT resources in house or use an outside third party is an important new consideration. Historically, most transportation organizations managed their resources in-house, however IT resource management typically lies outside their core competency. In addition, IT investment tends to be capital intensive. As technology needs continue to grow due to these new demands such as government regulation and customer demands, organizations are struggling with whether to invest capital into IT or into their more core lines of business.

To assist with this decision, many organizations look to outsource their IT resource management to a third-party solution provider, using a usage-based pricing model. Doing so allows organizations to focus solely on their core lines of business and increase flexibility to support areas outside their core. For example, professional IT services help organizations improve business processes by relieving them of the responsibility for planning, implementing, operating, and managing IT resources and networks. The key is then to find the right provider to create an IT resource management and delivery system that best fits organizational needs and business objectives.

When considering a new IT delivery solution, organizations should look for one that meets their security, privacy, and reliability needs, while providing greater overall visibility into their supply chains. Some solution traits to consider:

- Managing IT resources and data security expenses.
- Using near real-time data to make better informed decisions.
- Addressing security risks and compliance issues, while improving productivity to increase supply chain efficiency.
- Providing greater visibility into the supply chain so customers know the location and status of their shipments, which helps build positive customer relationships.

DRIVING MARKET EXPECTATIONS THROUGH ADVANCED IT SYSTEMS

Technology solutions that offer speed and responsiveness help transportation and distribution organizations maintain their customer focus and improve their risk management abilities and efficiency. Increased supply chain visibility and the availability of data analysis help organizations make better informed decisions, which can lead to better overall performance. Such solutions include network operations systems, cloud-computing services, mobile workforce management, M2M technology, and strong network security. These solutions provide near real-time access to information that supports more informed decision-making, improvements in logistics operations, and more efficient inventory tracking.
Controlling resource expenses through secure, flexible solutions

With trade globalization, demand for “just-in-time” logistics, and growth in online transactions and business-to-consumer logistics, multiple IT resources have become increasingly important. These trends drive the need for ongoing technology development that helps organizations keep up with the competition.

Effective IT resources must support important transportation systems, such as fleet and warehouse management, order processing, collaboration, and more. These functions require IT resources that can be adjusted as needed to provide more control over systems and processes. This need can be filled by managed hosting services.

Managed hosting services free transportation organizations from managing IT resources internally and provide the tools they need to better control their supply chains. These services provide organizations with high levels of reliability and adaptability, and greater visibility for their supply chain management processes. Plus, managed hosting services offer data center application servers where developers can create new applications to fit an organization’s specific needs. Transportation organizations can now control expenses by paying only for the services needed and focus solely on their core area of expertise.

One managed service that’s getting a lot of attention is cloud computing. Cloud computing has experienced significant growth over the past few years. Much of this growth can be attributed to increased usage by existing customers. Customers initially used the service for smaller tasks, then eventually moved more and more business processes to the cloud. A recent Frost & Sullivan survey studied the workloads and applications moved to the cloud. Across nearly all industries, the number and types of workloads shifted to the cloud has grown. This shows that organizations are beginning to trust cloud providers with more important applications, as shown in Figure 1.

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The use of dynamic cloud services can help increase organizations' efficiency, responsiveness, and competitiveness. Advanced IT resources and managed services from Verizon Terremark provide the size, security, and reliability to meet the growing demands and needs of transportation organizations around the world. With its vast network of data centers and broad list of available IT solutions, Verizon Terremark works with transportation organizations to help them take advantage of all that cloud-computing services has to offer, allowing transportation organizations to focus on their core lines of business.
“Ongoing support and technology management provided by Verizon has put us in an excellent position to continue our heritage of customer service innovation, while leaving the task of infrastructure management to the experts.”
— The Hong Kong and Shanghai Hotels, Ltd.

Driving informed decisions with near-real-time data access

Communication and collaboration are important to the success of any transportation organization. It drives the operation as a whole, including cargo, vehicles, employees, transport and warehouse management, telematics, and order centers. Effective communications help transportation organizations conduct business more smoothly and improve process efficiency.

A unified mobility solution can help meet the ever-changing needs of transportation organizations and gives their field resources near real-time access to cloud-based applications. Such a solution should include programming tools that can link to additional applications, such as customer relationship management, enterprise resource planning, and desktop and mobile clients. This concept is shown in the product delivery scenario found in Figure 2.

Figure 2: Mobility and Machine-to-Machine Solutions in a Product Delivery Scenario

The barriers of time and distance have the potential to disrupt effective communications and collaboration. However, Verizon Mobility Solutions help reduce the effects of time and distance by actively improving collaboration within transportation organizations. Now, they have a cost-effective way to connect employees to co-workers and customers, giving them near real-time access to important data and resources.
Keeping the network secure through risk management and strong security

Transportation organizations exchange a high volume of data on a daily basis through business processes, such as workforce, warehouse, fleet, and vehicle management, and other functions. A study conducted by Frost & Sullivan found an estimated 4,000 petabytes (1 petabyte = 1,000 terabytes) of data is generated and stored in North America alone. By 2025, its estimated global data traffic will exceed 100 zettabytes (1 zettabyte = 1 billion terabytes) annually. This means organizations must maintain data integrity and keep confidential data secure, while giving authorized users data access when and where they need it.

Effective data security providers offer both proactive and reactive security measures. Proactive measures include services like firewalls, antivirus/antispyware, end-point security hardware and software, and encryption. Reactive measures, such as data breach investigation services, help track down the cause of a breach after it happens to help reduce the likelihood that it happens again. Not only do these tools provide organizations access to knowledge and expertise to secure their network and IT resources, they are also valuable tools to help prevent, detect, and report threats.

Another potential threat to IT security is the increased usage of mobile devices in the enterprise. Mobile device infections grew by 20% in 2013 over the previous year, primarily due to growing mobile usage and online transactions. Mobile devices require specialized skills to protect them from outside attacks. Studies have shown that 4G LTE devices are the most likely to be infected, with 60% of incidents occurring on Android smartphones, 39% in Microsoft Windows-based laptops with a mobile hotspot or USB dongle connection, and less than 1% from Apple iOS devices.

Managed security service providers must offer strong data security solutions that protect IT resources and assets against breaches. These solutions can help keep malicious cyber attacks from infecting and destroying physical and digital assets. IT security solutions from Verizon help protect transportation organizations from security threats across all areas of their enterprise. As part of its risk management services, Verizon can conduct risk assessments that help protect the organization and control costs, while maintaining data access. These solutions also help organizations learn about changes in payment card industry (PCI) compliance requirements, manage security and vulnerability issues, and offer scanning capabilities for application vulnerabilities.

Improve supply chain efficiency through mobile access and applications

When mobility is at the heart of an organization’s operations, it gives employees quick and easy access to enterprise systems and applications, which helps increase collaboration and improve customer service. Employees with mobile access, location-based services (like vehicle or asset tracking), and mobile workforce applications can complete everyday tasks from nearly any location, helping to increase their overall efficiency. For example, mobile transportation applications allow drivers to clock in and out remotely, receive dispatches from headquarters, track fuel expenses, and plan best/shortest routes. Service providers can use mobile workforce applications to take onsite pictures for proof of job completion or gather signatures electronically for billing purposes and drive up customer satisfaction.

Mobile workforce applications can also have a positive effect on customer, vendor, and employee vendor relationships. These applications help employees complete tasks more quickly, with added levels of responsiveness and service. Using GPS and other location-based technologies on their mobile devices, transportation organizations can locate and manage field workers and assign new tasks on the fly. Plus, many paper-based processes can now be completed electronically, such as providing proof-of-delivery/completion documentation, invoicing, work orders, and more, which speeds up processing and fulfillment times.

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A recent survey by Frost & Sullivan discovered that 62% of North American companies currently have or plan to have a mobile workforce management solutions and applications in place soon. Large enterprises were more likely to have a solution already deployed or about to be deployed. The survey stated that 60% of large enterprises plan to include or expand their mobile workforce management usage over the next few years, as shown in Figure 3.

Figure 3: Deployment Plans, Mobile Workforce Management Market–North America, 2013

Aligning to the growing trend of mobile workforce management, Verizon’s mobility products are proven in helping organizations keep pace with employees, partners and customers, ultimately translating to greater productivity and increased customer satisfaction.

MAINTAINING SECURITY IN THE FACE OF EMPLOYEE-OWNED MOBILE DEVICE PROGRAMS

Any successful mobility strategy must consider the use of personal mobile devices within the organization. Currently, 28% of employees use their own devices for work-related activities, which is expected to grow even more over time. For example, there is a growing trend among organizations to no longer provide corporate-owned devices to their employees. As organizations consider areas to cut costs, 38% expect to stop offering corporate-owned devices by 2016 and switch to employee-owned device programs instead. Organizations will need to secure these new employee owned devices and strengthen their mobile security measures.

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4. Frost & Sullivan Mobile Workforce Management Solutions Market Insight
5. Embracing IaaS to Bridge the Divide between IT and the LOB, a Verizon and Frost & Sullivan webinar, September 23, 2013.
OUTSOURCING IT RESOURCE MANAGEMENT TO THIRD-PARTY PROVIDERS: FREEING TRANSPORTATION ORGANIZATIONS TO FOCUS ON THEIR CORE BUSINESS

PARTNERING FOR SUCCESS

The evolution of the transportation industry has prompted organizations to consider and adopt advanced IT systems to stay ahead of their competition. Over the past few years, thin profit margins have forced organizations to cut costs and find new ways to generate revenue and control operational costs. Transportation organizations find themselves challenged to offer innovative services, grow their business, and increase revenue. Advanced technology – such as machine-to-machine, mobility applications, and cloud-computing services – help organizations reinvent their business models and create new revenue opportunities. Plus, these solutions help transportation organizations improve their communications abilities, logistics processes, and inventory tracking capabilities to help boost customer and brand trust and loyalty. Delivering a comprehensive suite of transportation IT solutions in vital areas—cloud computing, security, mobility, and advance communications—Verizon is well positioned to provide the right products and services to meet the needs of today’s transportation organizations.

For more information about Verizon transportation offerings, visit
http://www.verizonenterprise.com/industry/transportation.

For more information about how Verizon has positively impacted other organizations, visit:
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