

**Babenko A.
K. Pilova, research supervisor
National Mining University**

THE VALUE AND BENEFITS OF IT SERVICE OUTSOURCING FOR SMALL BUSINESS AND THE CULTURE OF ITS CONSUMPTION IN UKRAINE

Lots of small business owners in Ukraine prefer to manage IT support by themselves. It makes sense as long as business is really small, for example when a private entrepreneur works by himself, without employees.

But what happens when business and number of employees grow? Does it still make sense to waste time and energy on IT issues?

In most cases, the answer is a definitive "no." It's better to spend this time on business differentiating, competition, increasing of customers' loyalty and new product and service development that would allow to preserve business growth.

When business owner realizes that he needs IT help, the next question is whether to outsource to an IT service provider or hire one or more IT staffers.

Outsourcing has several advantages over hiring. Firstly, an IT service outsourcing provides greater flexibility. Depending upon the contract and/or the outsourcing provider, small business owner can get extra help when it's needed - such as when transitioning to a new software application or technology. Secondly, businessman can reduce the level of IT help when the necessity diminishes. Thirdly, because an outsourcing IT provider has lots of clients, business owner may get a wider perspective on how to solve a particular problem than an IT staff might provide. Outsourcing also can be less expensive than hiring because businessman doesn't have to pay for benefits, training and other employee costs.

Unfortunately, the IT services consumption culture in Ukraine is at a very low level. Many small and medium-sized business owners ignore the importance of these services. Typically these businesses are paying their attention to the IT component only when something is already invalid. Thus, they increase the standing idle and reduce profit margins. In addition when critical situation most of small business owners are looking for the cheapest solution of the problem, that often leads to costs increasing.

Five years ago, IT services were a luxury for small businesses, both in Ukraine and in the USA. For example, in the United States a single PC remote support took 500-600 dollars. During the last 5 years the price has declined by about 80% and now it is 75-100 dollars per device. But even such price doesn't allow small business in the USA to have full support of all equipment. But majority of representatives of small companies chooses several aspects and pay full attention to them. Someone thinks it is crucial to update software. Other ones are

investing their money in safety and implementing anti-spam solutions. Others plan to expand virtualization in their networks.

In Ukraine, small and medium business owners find IT services expensive, even at the price of 12-20 dollars per device. However, they do not think about the losses their companies will have in case of failures in IT system and consequently of standing idles.

Matters related to the software in Ukraine go from bad to worse. If company needs to update it's software, the owner starts to think not about how to save money for that issue, but how to break the law and use pirated software passing unnoticed.

Hopefully, in the nearest future, the small and medium business owners in Ukraine will understand the importance of IT services and consumer culture in this industry will increase.