



Mend Services Pty Limited (Mend) provides injury management services, specialising in the construction industry. Their aim is to get people back to work as quickly as possible. This involves liaising with insurance companies, employers, employees and medical practitioners. With three offices in NSW they currently have 20 staff and are growing at a fast rate.

Mend's IT Requirements

Mend use their computer system to manage their clients' cases and communicate with employers, insurance companies and medical practitioners. They run these cases via a software program called *Case Manager*, for which a shared database is required.

Each consultant does not need their own PC, but they do need to access their own files that are all stored in the one location.

How Mend managed their IT before outsourcing to OBT

Mend only had one office with 4 PCs and 6 staff when they first investigated the OBT option. They were looking to expand by adding more offices and consultants, but they were not sure as to how to manage the IT issues that came along with the growth.

Before becoming a client of OBT, if there were any computer problems, the administration personnel would usually deal with these as the first level of support. For instance, if a computer crashed or someone downloaded an application that would not run, administration staff would have to refocus their attention to try and help.

Untrained staff would often spend several hours trying to work out the problem, and if they could not solve it, they would have to call an external IT company. The IT company would attempt to solve the problem over the phone, which required time to firstly identify the problem and then go through the necessary processes to try and resolve it.

If the problem could not be fixed then the external IT person would have to come out to the site, not only resulting in lost work time for staff, but in many cases a substantial service charge.

Mend's current IT Set-up

Mend now has 20 staff working in 3 different offices. They all access the same database and files. They can all move from office to office and some staff can work from home when necessary.

Why did Mend choose an OBT Solution?

Mend required access to their network remotely and also to share the information between the offices, therefore needing a centralised system.

This simple matter became a logistical nightmare. To facilitate this, *Mend* would have had to set up a remote access network system, direct communication links between all of their offices, potentially have servers at all sites, communications routers at each site, firewalls and internet connections. An external IT company would have implemented all this, therefore ongoing maintenance & support fees would not have been stable.

If they expanded any further they would then need a full time IT person to look after the in-house IT system – this would result in more being spent on wages, office space, and travel between sites. In addition, a full time IT person would still need the services of an external IT company for specific technical problems.

After looking at various options and carrying out a thorough cost analysis for all methods *Mend*

found that by using an OB T solution they could expand their operations quickly and easily without having to factor in IT as an obstacle.

Another advantage was that they were clearly able to set the budget for IT expenditure and stick to it. Normally it is very difficult to predict IT costs – for example, a virus attack, a database corruption or a server could break down tomorrow and need to be replaced or repaired.

With an OB T solution *Mend's* IT cost is a predictable and fully tax-deductible monthly expense. They can show the true cost of IT for each staff member, which is very difficult to quantify when using traditional IT systems, as there are so many hidden expenses that have to be factored in such as support costs, emergency repairs, network maintenance, access and cabling, telecommunications costs, not to mention loss of productivity during down time.

The OB T solution allowed *Mend* to run their network with a centralised database over the 3 sites with minimal expense. Most importantly, the responsibility of the entire IT system lies with OB T – in most cases, this is the biggest aspect that seizes time and expense.

Why did Mend choose OB T?

At the time when *Mend* was evaluating various outsourcing alternatives, they felt that OB T helped them understand what they really needed from an IT system. When *Mend* invited OB T to do an analysis of their requirements, they also found that OB T provided an unbiased opinion, giving them the pro and cons of each solution.

How has OB T affected their business operations?

Since moving to OB T, the staff at *Mend* have been able to concentrate on what they do best, which is helping people get back to work after an injury.

If there are any problems with the system, the administration personnel just has to call OB T's 24-hour support line to have the problem dealt with. This saves *Mend* spending valuable time trying to sort it out themselves. With the use of highly sophisticated troubleshooting methods, OB T technical support is able to immediately assist even those with the most basic computer knowledge.

As *Mend* has expanded and added new staff, the coordinator only has to email OB T support with the new user details and that person is set up within 24-hours. No one has to come out on site, eliminating the long and drawn out process of adding (or removing) a new user.

Other benefits Mend has experienced after switching to OB T?

Mend now has the benefit of not having to upgrade their PCs as frequently and when purchasing a PC for new staff they only require the most basic model. All the processing is done within OB T's system so *Mend* receive the benefits of fast processing power without the high expense for new equipment.

Mend no longer has to allocate someone to back up all the data daily, which theoretically would only take a few minutes but is a continual responsibility and hassle (especially if they are diligent and ensure that it is backed up off site as well).

Furthermore, *Mend* staff can work on their own files and database from home and at any of their offices.

In conclusion, for the reasons outlined in this study *Mend* is glad that they chose the OB T solution, and after being a client of OB T since mid 1999, can still reaffirm that *"The service provided has not wavered and we are confident that the association with OB T will be of benefit to our growing business"*.

Information used for this case study was kindly provided by Marie Lucas, CEO of Mend Services Pty Limited. You are welcome to contact OB T if you have any questions or would like further information relating to any aspects of this study.



Analysis of IT Set-up costs using Mend’s current requirements of 20 staff and two offices

The Traditional System*	Start date	Year 1	Year 2	Year 3	Total
Hardware					
Server for file storage, backup system, email system, corporate database system & marketing database system. Includes power UPS, tape backup system & tapes	\$10,665			\$ 4,266	
Application server for remote offices to access ‘common’ set of company data	\$11,620			\$ 4,648	
Two Routers for linking two offices	\$ 2,500				
Additional expenses relating to higher powered PCs (with OBT a basic model such as a 486 can fulfill the same function as a Pentium IV)	\$ 5,400			\$ 4,200	
Software					
MS-Windows Server, client licenses for 20 users & remote application software	\$15,300			\$ 3,154	
Email software	\$ 4,241			\$ 2,175	
Anti-Virus software	\$ 1,750				
MS-Word, MS-Office Standard & MS-Office Professional software	\$14,605			\$ 5,160	
Implementation Services					
Servers	\$ 4,800			\$ 3,840	
Routers	\$ 600				
Internet access	\$ 600				
Workstations	\$ 3,600			\$ 1,800	
Telecommunication costs					
Average SME ADSL Package	\$ 800	\$ 3,660	\$ 3,660	\$ 3,660	
Two ISDN Links	\$ 590	\$ 5,650	\$ 5,650	\$ 5,650	
Maintenance Services					
Router maintenance	\$ 350		\$ 350	\$ 350	
Anti-Virus software	\$ 400		\$ 400	\$ 400	
Regular maintenance on servers		\$ 7,200	\$ 7,200	\$ 7,200	
IT Support/Consulting Services					
Estimate of 4 hrs per month in general support		\$ 7,200	\$ 7,200	\$ 7,200	
Total	\$77,821	\$23,710	\$24,460	\$53,703	\$179,694

(includes upgrade costs)

(Note: In this case the start date costs make up 43% of the total cost of ownership of this IT system over three years. Typically, most companies would spend about 20% at the start date.)

*** Notes for analysis of traditional system**

- The traditional system does not have any allowances for the installation/upgrade of software applications.
- Only one remote application server is included. This means that if any problem occurs with that server, all users using it will be impacted immediately.
- No allowance for training has been included.
- Only a nominal amount of time has been allowed for support for the 20 staff.
- No allowance for “quick-to-recover” services if servers fail.
- No allowance for anti-virus & spamming problems has been included.
- No allowance for high-end firewall protection & security of network included.
- No off-site backup or Disaster Recovery Systems have been included.
- No option for secure remote access has been included.
- If staff at southern office requires access, then STD call rates will apply for the duration of access (which has not been included). Otherwise, an authentication system will be required for Internet access.
- No scalable allowance for support personnel or support company if technicalities or staff numbers increase.

Peace of mind and Responsibility - Who looks after your system?

Cost and efficiency are both crucial, but responsibility for systems are equally important

	<i>Traditional</i>	<i>With OBT</i>
Recovery Time	Unknown	Switch to one of many backup systems
Overall maintenance service	Staff / IT Consultant	OBT
Maintenance of backup server & information	Staff / IT Consultant	OBT
Configuration & maintenance of router	Staff / IT Consultant	OBT
Data storage in-house	Your Staff	OBT
Data storage off-site	Management	OBT
Email server	Staff / IT Consultant	OBT
Application upgrades	Staff / IT Consultant	OBT
Internet Link	ISP	OBT/ISP
Firewall maintenance & upgrade	Staff / IT Consultant	OBT
Virus checking	Staff / IT Consultant	OBT
Security	Staff / IT Consultant	OBT
Database recovery	Staff / IT Consultant	OBT
PC Upgrades	Staff / IT Consultant	OBT Partners
General IT support & application questions	Unknown	(No upgrades necessary unless PCs are faulty) OBT



How OBT compares financially

1. Where the traditional model is a capital expense

	Traditional model – using capital Full Amount			OBT model	
End of year 1					
Total Capital Expense	\$ 77,821				
Total Cash flow Expense	\$ 23,710			\$ 60,828	
Tax benefit (30%)	See table 1 below (\$16,451)			\$ 18,248	
Total nett cash flow expense		\$ 85,080		\$ 42,580	
Accumulated total			\$ 85,080		\$ 42,580
End of year 2					
Total Cash flow Expense	\$ 24,460				
Tax benefit (30%)	See table 1 below (\$12,941)			\$ 42,580	
Total nett cash flow expense		\$ 11,519		\$ 42,580	
Accumulated total			\$ 96,599		\$ 85,159
End of year 3					
Total (new) Capital Expense	\$ 29,243				
Total Cash flow Expense	\$ 24,460				
Tax benefit (30%)	See table 1 below (\$14,209)			\$ 42,580	
Total nett cash flow expense		\$ 39,494		\$ 42,580	
Accumulated total			\$ 136,093		\$ 127,739

Assumptions: Assumed a full 12 months in year one

Table 1

	Year 1	Year 2	Year 3
Tax Benefit Calculations			
Depreciation	\$ 31,128	\$ 18,677	\$ 22,904
Expenses	\$ 23,710	\$ 24,460	\$ 24,460
Tax Deduction	\$ 54,838	\$ 43,137	\$ 47,364
Tax Rebate @ 30%	\$ 16,451	\$ 12,941	\$ 14,209
Depreciation Calculation			
Opening Balance		\$ 46,693	\$ 28,016
Plant & Equipment Purchased	\$ 77,821		\$ 29,243
Depreciation - 40%	\$ 31,128	\$ 18,677	\$ 22,904
Written down value	\$ 46,693	\$ 28,016	\$ 34,355

2. Where the traditional model is a leased expense

	Traditional model – using lease Full Amount			OBT model	
End of year 1					
Total leased expense (full 12 months)	\$ 77,821				
Total lease payments (full 12 months)	\$ 29,171				
Total cash flow expense	\$ 23,710			\$ 60,828	
Total deduction	\$ 52,881			\$ 18,248	
Tax benefit (30%)	(\$15,864)			\$ 42,580	
Total nett cash flow expense		\$ 37,016		\$ 42,580	
Accumulated total			\$ 37,016		\$ 42,580
End of year 2					
Total lease payments (full 12 months)	\$ 29,171				
Total cash flow expense	\$ 24,460				
Total deduction	\$ 53,631				
Tax benefit (30%)	(\$16,089)				
Total nett cash flow expense		\$ 37,541		\$ 42,580	
Accumulated total			\$ 74,558		\$ 85,159
End of year 3					
Total lease payments (full 12 months)	\$ 29,171				
Total lease payment for upgrade (12 of 24 months)	\$ 15,802				
Total cash flow expense	\$ 24,460				
Tax benefit (30%)	(\$20,830)				
Total nett cash flow expense		\$ 48,603		\$ 42,580	
Accumulated total			\$ 123,161		\$ 127,739

Assumptions: Assumed a full 12 months in year one - Interest was calculated at 8.25%