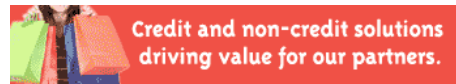


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Lack of proper diligence puts retail organisations at risk

Thursday August 27th 2009

At a time when retail organisations are struggling to recover during the economic downturn, many are putting themselves at further risk by not carrying out in-depth checks on their maintenance service providers.

New research published today reveals that the vast majority (91%) of respondents are focused on checking financial stability at the expense of critical factors such as the ability to meet key industry standards, customer references or manufacturer backed technical assistance.

Commissioned by Networks First the research revealed that less than three quarters (72%) considered industry accreditations - both at company and engineer level - either 'important' or 'very important' when performing due diligence. A further 43% also did not place much importance on quality and security standards such as ISO 27001 and ISO 9001 or customer references (28%).

Commenting on the findings, Peter Titmus, managing director, Networks First, said: "Whilst it is heartening that most companies realise the significance of only doing business with other financially stable companies, we were surprised that in today's business climate that it was not 100%. If your service provider goes out of business, it will make no difference if you've already paid for two years' support - you could suddenly find yourself with none at all."

Titmus continues: "It is also shocking to see the number of retail organisations who are still not checking a potential new business partner's ability to meet a certain level of standard in terms of both quality and security. Without these checks in place, they are clearly putting their businesses at risk."

Nearly half of respondents (45%) placed importance on the ability of a provider to offer a 'one stop shop' of services. However, Titmus explains: "Whilst it is important that service providers are able to provide support across a whole spectrum of products and manufacturers, without checking on the qualifications or training of the consultants involved, you could be left high and dry. It is far too

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easy for unscrupulous providers to overpromise and under-deliver which is why due diligence becomes so vital if a company wants to ensure its IT and communications network remains up and running no matter what the circumstances."

The area of due diligence which the retail sector deemed least important was in relation to if the service provider had access to manufacturer technical assistance centres, with less than 1 in 3 (30%) rating this as 'important' or 'very important'. Titmus warns: "Without manufacturer backed technical assistance support, you can't be sure your equipment is fully registered and therefore meeting legal requirements. It also puts you at risk of not getting the appropriate technical updates as they become available or having the necessary support when required. The retail sector really needs to be thinking about how critical it considers its IT networks and putting far more emphasis on due diligence in this area.


"Too many companies rely on contracts to protect them when in fact the actual protection is minimal. The penalties in contracts fade into insignificance if the service actually provided is well below the expected standard because the real cost of downtime is huge compared to the penalties paid for poor performance.

"The combination of a financially sound supplier who can prove they have the resource to meet their obligations is far more important than the last resort contract."

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