

“Offshoring”

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Offshoring
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Offshoring

“... the relocation of business processes from one country to another. This includes any business process such as production, manufacturing, or services.”

- May be internal to organization (contrasts with outsourcing)
- Facilitated by technical progress in telecommunications, globalization of economies, etc.

(Wikipedia)

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Offshoring – Early Days

- Limited Capabilities in Offshore Shop
- Limited Communication to Shop
- Language Issues
- Simple Tasks
- Quality Issues
- Cost Driven

Offshoring – Developments

- Growing skills in offshore centers
 - Local projects
 - International experience
 - Large and skilled offshore workforce
 - Costs increasing at the high end (esp. in IT, engineering)
 - Schooling plus company provided practical training, experience
- Improved communication
 - Data and otherwise (flights, infrastructure, ICT - e.g. MPLS)
- Global development capabilities
 - Multinationals (both ways), project experience
- Addressing communication and control Issues

Offshoring – Global Delivery Models

- Onshore / Offshore subcontractor
 - Traditional model, but larger, more complex jobs
 - Local project management, final QA, data prep, query resolution
 - Internet,VPN, FTP, Project Portal, VoIP / Video Conferencing
- Onshore data / offshore access
 - Addresses concurrent access, security, control issues
 - MPLS / Citrix
- Partnerships / JV's
 - Can involve global development teams, provide end-to-end solutions
 - Increased alignment of organizations / cultural fit
 - All ICT technologies applicable

Offshoring – Issues and Benefits

- Distance / Confidence (at all levels)
 - Relationships matter (trust)
 - Video conferencing, Net Meetings, Plane Tickets
- Time Zones
 - Can reduce overlap
 - Facilitates off-shift production
 - Work practices allow both overlap and off-shift production
- Language
- Peak Load Capacity
- Maintain Core Competence in Customer Shop

Offshoring – Success Factors

- Size of job
- Complexity of job
- Stability of job
- Tools for communication, change management
- Length, nature of relationship
- Experience working offshore

Thank You

