



Win in the flat world

SURFING THE OFFSHORING WAVE

When Infosys CEO Nandan M. Nilekani told Pulitzer Prize-winning journalist and The New York Times columnist Thomas L. Friedman that the playing field is being leveled, he did not intend to inspire the title of a path-breaking bestseller on globalization. He was making a statement of fact founded on his experience as the leader of the world's most successful IT services company. However, **Mohan Babu K.** took the cue. Through his book **OFFSHORING IT SERVICES: A Framework for Managing Outsourced Projects**, he reveals the offshoring secrets that brought Nilekani those credentials.

The business of offshoring

Global outsourcing was an outcome of necessity – the necessity of global companies to reduce costs to prop up declining margins in the wake of intense competition. In its basic form, it is no more than an innovation on methods for reducing costs and cycle-time, by exploiting the combined forces of information technology, the growing pool of global talent, and easy mobility across economically and politically liberalized countries, thus making the entire world one level playing field.

Offshore outsourcing by software service organizations is not an isolated trend but part of a larger shift towards the globalization of business processes. Some highlights of the offshoring activity that gained momentum around the year 2000 include:

- International teams and members co-located in multiple geographic locations
- High reliance on modern tools and communications technologies
- Mode of development includes Global Delivery Models and multi-site management strategies
- Challenges include cross-cultural management and motivating teams from different cultural backgrounds

Organizations need to consider several aspects while formulating their offshoring road maps, including their international business strategy, available resources, lobbying by special interest groups and government policies.

Management strategies for offshoring

A good working knowledge of the emerging trends, issues and practices in managing offshored projects is essential for efficiently managing offshored projects. The book provides all of these in three main sections:

- **Section I:** Broadly analyzes the offshoring context, landscape and environment. It examines the salient aspects of offshoring management, offshoring risks, popular offshoring models and imperatives of building an Offshoring Strategy.
- **Section II:** Introduces the Offshoring Management Framework and the intricacies involved in implementing, executing and managing outsourced IT. It discusses the tools and technologies of communication, which is a significant area of focus and concern in onsite-offshore coordination.
- **Section III:** Examines aspects pertaining to the external landscape like technological developments, Knowledge Management practices and the global economic environment.

The author has adopted a conversational style for presenting the complex realities of the offshoring business. He has strewn the book with real-world experiences from his career. This makes the book interesting not only for those involved in offshoring, but also for relative newcomers to the concept. As a Strategy Thought Leader in IT, Mohan Babu has a single-point agenda for his readers – providing in-depth knowledge of offshore outsourcing and all its winning strategies and options.

The book includes 'how to' techniques, strategic guidelines, interviews with experts experienced in IT service offshoring, and case studies describing the highly successful offshoring practices of companies such as Cisco India, Infosys and ABX Corporation. The working model provided can be used by managers, policy makers and analysts for inputs on developing offshoring strategies and implementing outsourced projects.

Executing offshoring strategies

Since offshoring strategies may survive beyond the life of a vendor relationship or involve multiple vendors, offshoring companies ideally need a vendor-neutral approach toward sourcing. The author advocates an Offshoring Management Framework (OMF) to bridge the gap between offshoring strategies and execution of globally distributed IT projects. The Framework can be adopted by 'both ends' of the offshoring spectrum — outsourcing organizations and onsite and offshore service delivery firms.

"... A highly user-friendly book, illuminating many facets of global IT management from all points of the offshoring spectrum. This author understands offshore practices from the inside out, having IT experience both in North America as well as in India. One of the most attractive features of nearly every one of the book's chapters is the content related to culture, communication and virtual work -- along with insight about the management of technical and project issues. With the integration of both project and (what some may view as) "soft" issues, Mohan continually reminds the reader to consider the human and cross-cultural elements operating on global teams. This book will benefit anyone working across time, distance and culture."

Deena Levine

Global Business/Cross-Cultural Consulting
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The management imperatives in global delivery of software applications include buy-in and sponsorship from senior executives, program and project management, managing the operation of development and maintenance life cycle and creating an environment of open communication across the teams. The Framework (Fig. 3.1) addresses four major areas of focus:

- Governance Layer
- Management Layer
- Project Execution Layer
- Communication Layer

This framework is intended to help organizations to evaluate sourcing models and to manage their transition from existing IT infrastructure and processes to offshore teams.

Managing offshoring programs

Organizations that offshore multiple projects need a single point of contact to manage and administer outsourcing programs. This is done by Program Managers or a formal Project Management Office (PMO). However, in the globalized context, managers of offshored projects must address the challenges of managing onsite and offshore teams, time and distance.

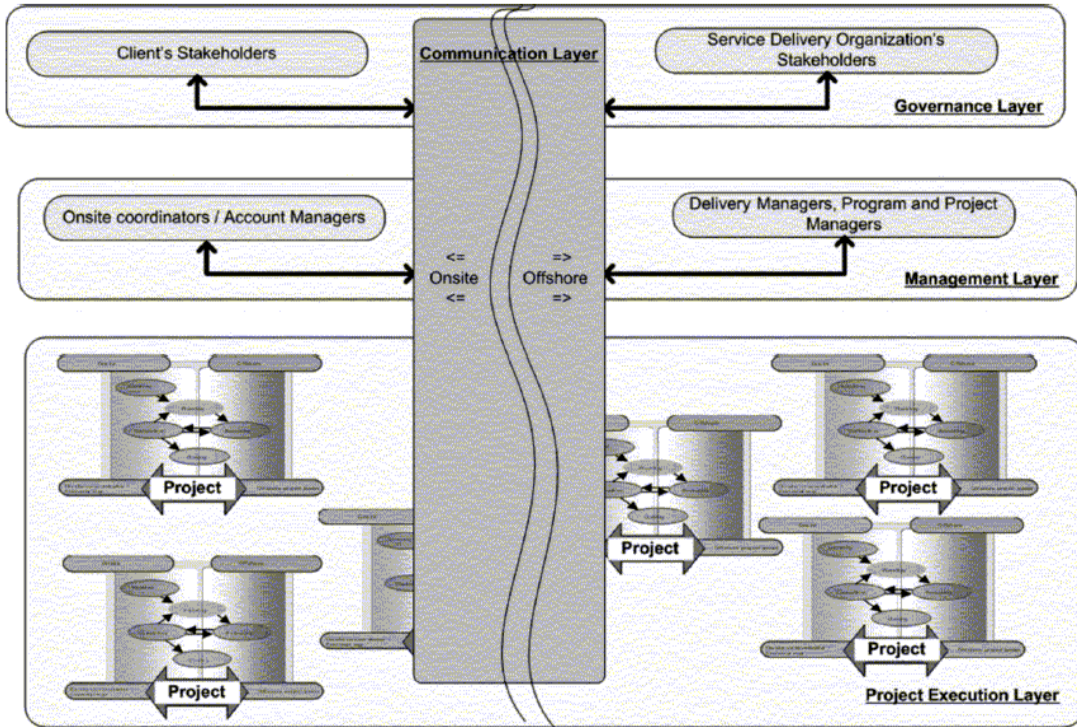


Fig. 3.1 Offshoring Management Framework

The Management Layer of the Offshoring Management Framework addresses the management imperatives of delivery and development of IT systems with onsite and offshore teams. Global managers draw inputs from the available Body of Knowledge and supplement it with a wide array of tools and techniques to manage the development cycle. Figure 4.1 depicts the highlights of globalized projects, extending the basic management practices to address onsite and offshore management.

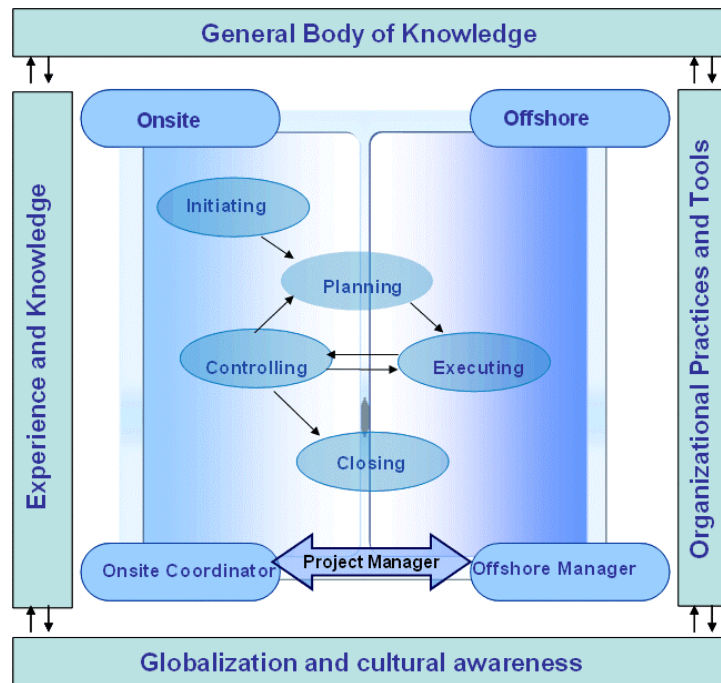


Fig. 4.1 Inputs for managing global projects

The strongest pillar

People are the strongest pillar and the weakest link in offshoring activities. While offshoring is accomplished only through the skilled and talented 'geographically distributed teams' or 'virtual teams', its greatest challenge lies in synchronizing their efforts toward a common goal. Offshoring necessitates interaction, communication and networking with partners, vendors, suppliers, outsourcers and others from around the world. The author has thoughtfully dedicated an entire chapter on managing globalized workforces and has discussed the cultural aspects of offshoring in detail.

To ensure success of global development models, project managers executing outsourced projects must possess:

- Core technology skills
- Team management skills
- Good understanding of project, program and systems management
- Functional business expertise
- Communications and cultural sensitivity

The bare reality of offshoring

Offshoring does not cannibalize markets. It helps consolidate information silos, exploit knowledge spread across geographies, adopt best practices for improving efficiencies and enables 24X7 service availability. And most importantly, it helps organizations achieve the factor critical to survival — reduced costs!

Case in point: SunGard's Man in India

Mack Gill hopes to expand the financial service giant's offshore services outside the company's walls.

Catching up with the president of SunGard Offshore Services (SOS) these days will probably involve voice mails and e-mails, as Mack Gill splits his time between his firm's Manhattan and its Bangalore or Pune offices in India. Gill is currently in the midst of expanding the SunGard business unit's customer base from strictly internal SunGard clients to include the financial service firm's external client base.

"SOS was a well-kept secret within SunGard," says Gill. The Indian unit was formed in 1993 to act as an internal development team for the company's Brass trading platform. "The team grew nicely through the Nineties and in a couple of years it grew quite sizable. It has become a resource used by many of the other SunGard units," he says.

Although his organization shares the same initials as the international Morse Code distress signal, Gill doesn't think this will be a hindrance as SunGard re-brands itself and spins off its business continuity arm, which will keep the SunGard moniker. "To be honest, the initials aren't going to last with the re-branding," says Gill, whose business will be part of the newly branded company.

Since other brand-name offshore service providers, such as IBM, Tata Consultancy and Wipro, also provide project development, data migration, system re-design and quality assurance services, Gill differentiates SOS's offering by its depth of domain knowledge. "If you look at the offshoring market, domain expertise is hard to find," he says. "It's domain expertise and the focus is on smaller scale deployments, such as department-level contracts." At this point, all of SOS's customers are other SunGard business units, but Gill plans to change that by offering three key features to investment firms—quality, economics and "expertise around SunGard products," he says

What has Gill's mandate been since taking the helm of SOS? The answer is simple, he says. "As any other SunGard unit president, my mandate is to grow the business and find interesting ways to do that." Unlike the pre-spinoff SunGard, Gill has set his sights on building his organization through aggressive organic growth rather than through acquisition.

Since the beginning of the fourth quarter last year, SOS has grown from 200 developers located in Pune that have been supporting 13 other SunGard business units to more than 250 developers. Gill expects far larger growth throughout the year, but he declines to offer any details. "There are too many growth opportunities out there," he says. The major factor contributing to this rapid growth is SOS's presence in Bangalore and Pune. "Bangalore is the Silicon Valley of India, and as such, it enables you to source certain types of talent. Pune is the biggest education center with a focus on engineering in India. It's the Oxford of the East," he explains.

The opening of the unit's Bangalore office has only happened in the past few months, as SOS chose to leverage sibling business unit SunGard SCT's presence within the city. "SunGard SCT serves a different part of the market," explains Gill. "Historically, it focuses on the higher education market by providing enterprise resource planning systems for universities in Europe and North America. That unit will continue to focus on higher education, but we will use the facilities and management. Now we can scale twice as fast by being in both cities," he says.

Gill is also looking to grow SOS beyond its current Indian borders. "We're looking to widening the area and are looking at other geographies," he says. "SunGard already has development locations in Israel, New Zealand, Canada and other areas."

Name:	John Mackay "Mack" Gill
Education:	The University of British Columbia and Yale University
First Job:	Working at the United Nations' Department of Political Affairs in New York, helping manage negotiations during the 1993 Haitian crisis.
Best Advice:	"Happy clients buy more software." Window or Aisle? I like a window seat—you don't want to miss the Himalayas en route to Mumbai.

About the author

Mohan Babu K. is a technocrat and IT executive with extensive experience in globalized application development, services and consulting. He is currently a Senior Manager with Infosys Technologies Ltd. He has a master's degree in Computer Applications and is also a graduate of University of Colorado, Colorado Springs, where he completed his MBA in Technology Management. He is a certified PMP from the Project Management Institute (PMI).

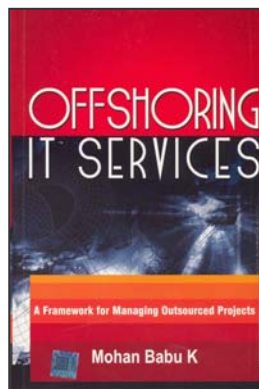
Global Sourcing leadership at Infosys

Since 1981, Infosys Technologies Ltd. has led the transformation of the outsourcing market. The company pioneered the Global Delivery Model to enable the distribution of application and business process lifecycle activities and resources, while ensuring their integration. Infosys has worked to expand its worldwide presence and resources to ensure that the right skills are available in the right locations at the right cost with the right risk profile - becoming a truly global provider of sourcing consulting and delivery services in the process.

Outsourcing has evolved into global sourcing; a market enabled by technology, supported by a highly skilled low-cost worldwide workforce, and defined by a complex array of services, business models, and economic imperatives. The transformation of outsourcing is not complete, nor will it be, as long as the global economy continues to change and grow. Along the way, the company has developed and continues to refine collaborative best practices in sourcing governance, service level and relationship value metrics, and data privacy and security planning and management, to ensure that sourcing operations support and deliver desired results.

For a fuller picture, read the book **Offshoring IT Services – A framework for managing outsourced projects** by Mohan Babu K., Tata McGraw-Hill, New Delhi, 2006

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