

# How to Run a Successful Offshoring Engagement

A Step-by-step Approach



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30 years  
experience in  
Software Product  
Development

12 years  
experience as an  
interim director

Mix of blue-chip  
and start-up  
experience across  
various sectors

12 successful  
off-shoring  
engagements

End-to-end  
off-shoring  
consultancy

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# Overview

- The different types of off-shoring
- The main barriers to off-shoring
- Why should you off-shore?
- Finding your Ideal Partner
- Various Contractual Matters
- How to ramp up your team
- How to run the team
- Trouble at t'Mill!
- Secrets of Successful Off-shoring
- Q&A





# Different Types of Off-Shoring

## Captive

- Team is an extension of your organisation
- Off-shore workers are employees
- Benefits: Belonging, inclusion, market penetration
- Disadvantages: Higher management overheads. Full responsibility

## Captive-Hybrid

- Same as above, but admin is run by 3<sup>rd</sup> party
- Feeling of belonging
- Management overhead somewhat reduced
- Easier start-up (legal, compliance etc.)

## Outsourced

- Team does not belong to you
- Greater effort needed for team unity
- Easier to control based on agreed KPIs
- Responsibility for productivity rests with 3<sup>rd</sup> party



# Main Perceived Barriers

## “Un-English”

- Damages UK Economy
- Destroys Profession
- Only benefits shareholders
- Short Term solution only

## A Long way away

- How far is far?
- Nearshore ≠ Offshore?

## Cultural Differences

- Leads to miscommunication
- Redefines expectation

## Lack of Control

- Team not near you
- Only phone/video conference access

# Why Off-shore?

## Cost

- 40%-60% less than onshore TCO
- Should not be only driver

## Scalability

- 0.5m IT-related graduates in India alone
- Good people easier to come by

## Skill Levels

- Improved massively since 1990s
- Rare & new skills readily available

## Motivation

- Highly motivated to learn and succeed
- Highly motivated to work for a US or European company

# How to Find your Ideal Partner



## IP Protection

- Policy, References, Procedures

## Flexible

- Willing to bend, Can cope with changing requirements

Partner  
(not Supplier)

## Executive Engagement

- Who are you talking to? How quickly can you reach the top?

## Ethical

- How are staff treated? Do values mirror yours?

# How to Find your Ideal Partner

## Partnership

One Size Doesn't Fit all

Can processes be scaled?

Comms Infrastructure

## Engagement

Who is in charge (Locally)

Who is in Charge (Remotely)

How often will you meet?

## Flexibility

Fixed Price vs. T&M

Willingness to do work "for free"

High Availability when required

Speak to other clients

## IP

How will it be protected?

Are other clients your competitors?

What security features are on offer?

# How to Set up the Contract



## Make sure your contract has the minimum requirements

- Set the tone of the engagement
- Get the basics right (price, remedial procedures, notice, cancellation)

## Fixed price or T&M?

- Fixed price is NEVER fixed price
- T&M: Control costs by controlling no. hours/day, days per year

## Named Resources are Crucial

- Know who you are hiring
- Put the names in the schedule and track them

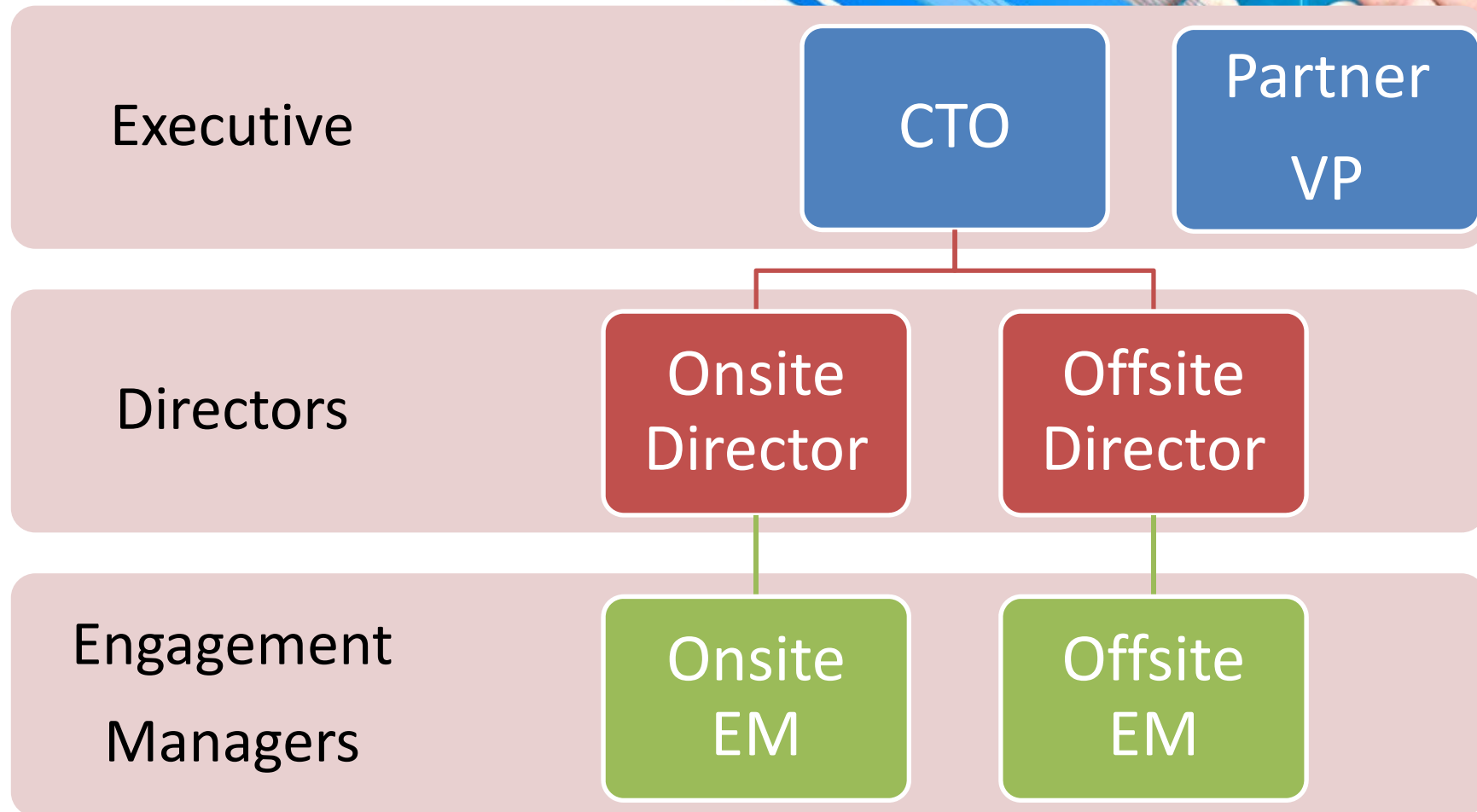
## Engagement Methodology

- Must be an appendix
- Must be binding
- Must be suitable to the product/service you are offering

# How to build your team



# How to Organise the Team



# Phases of the Engagement



## Knowledge Management

- Learn about your company
- Learn about Culture
- Learn about your products

## Transition

- Environment Testing (Sprint 0.1)
- OTJ Training (Spring 0.2)
- Sprint 1: Limited deliverables

## Steady Phase

- Normal Agile methodology
- Tools in place
- Shadow Resources
- Fully productive @ 7-10 months.

# How to Run the Engagement

- Understand Business blue print
- Understand the Process and technology needs
- Finalise milestones, metrics
- Understand the acceptance criteria
- Finalise communication plan

## Knowledge Transfer

- Dev & Test planning
- Dev & Test case preparation
- Offshore team ramp-up
- Remote environment setup
- Metrics definition
- Offshore training


## Transition

- Use process templates for dev & test case documentation and reporting
- Build Automation scripts
- Functional testing (manual)
- Interoperability testing (permutations/domains)

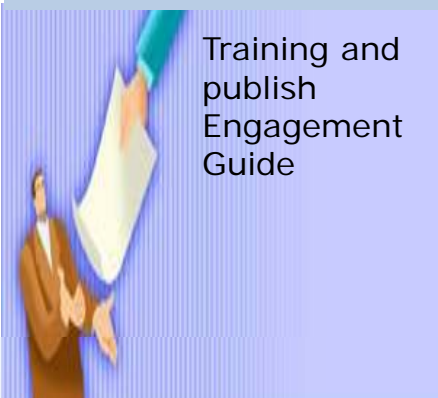
## Steady

- Defect Metrics Analysis
- SLA analysis
- Causal analysis
- Process enhancement suggestions


## Reporting



Document Metrics, Acceptance Criteria



Training and publish Engagement Guide



Execution Using Agreed Methodology



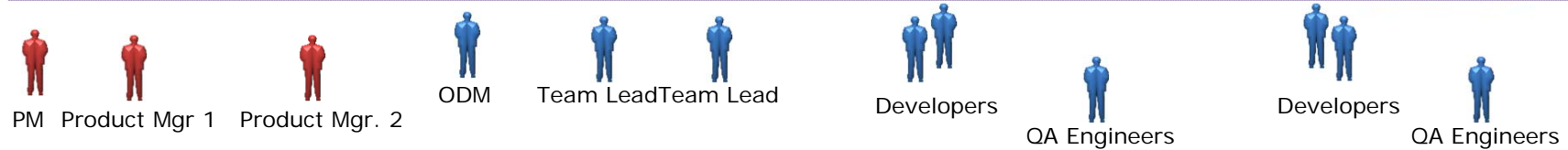
Metrics Analysis and Reporting

# Onshore & Offshore Teams

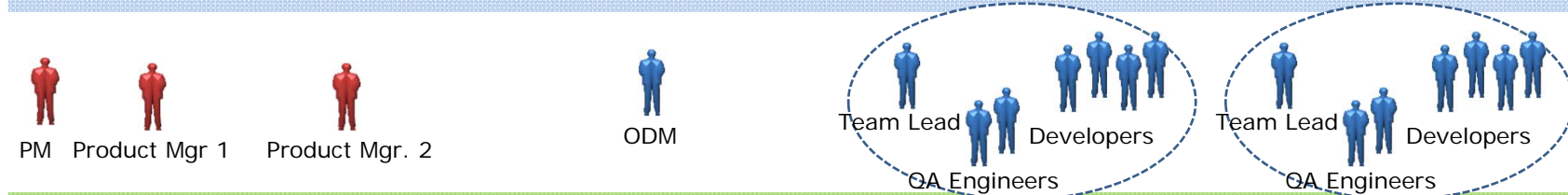
Onshore Resources

Offshore Resources

Knowledge Transfer Phase (Week 1 to 2)



Transition Phase (Week 2 to 4)



Steady State Phase



Client (YOU)

Offshore Partner



# Reporting



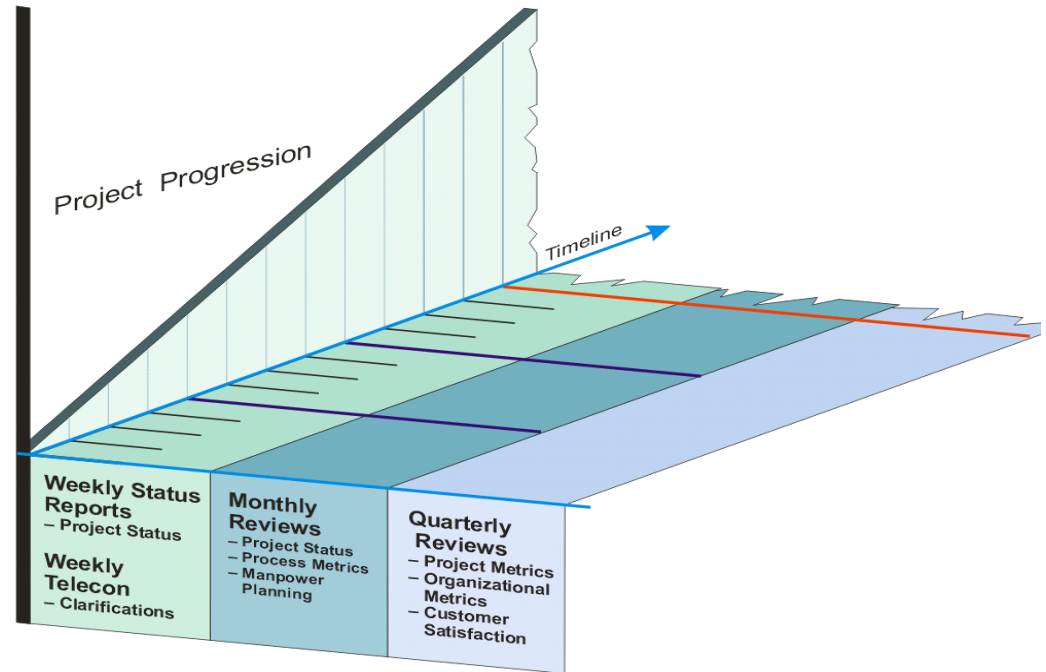
## Engagement Reviews

### Weekly Status Report

Participants	<ul style="list-style-type: none"> <li>Onsite PM</li> <li>Onsite Team</li> <li>Onsite Delivery Manager</li> <li>Offshore Team</li> </ul>
Objectives	<ul style="list-style-type: none"> <li>Project Status</li> <li>Past Week Progress</li> <li>Plan for next week</li> </ul>

### Monthly Status Reviews

Participants	<ul style="list-style-type: none"> <li>Onshore PM</li> <li>ODM, Offshore PM</li> </ul>
Objectives	<ul style="list-style-type: none"> <li>Overall Status</li> <li>Metrics Analysis</li> <li>Resolve Project Issues</li> </ul>



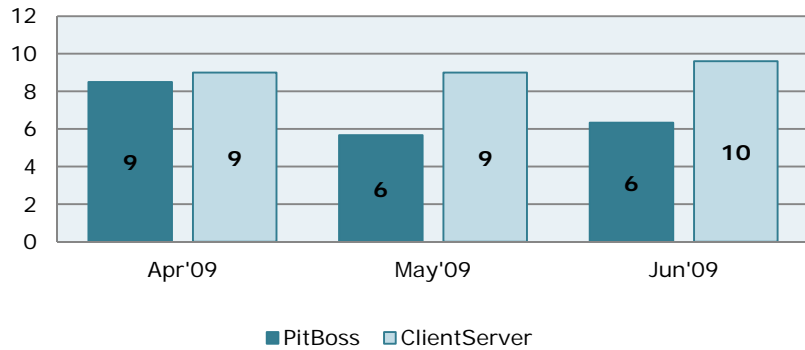
### Steering Committee Meetings

Participants	<ul style="list-style-type: none"> <li>Onshore Senior Executive</li> <li>Offshore Senior Executive</li> </ul>
Objectives	<ul style="list-style-type: none"> <li>Overall Status</li> <li>Resolve Engagement related issues</li> <li>Process Improvements</li> </ul>

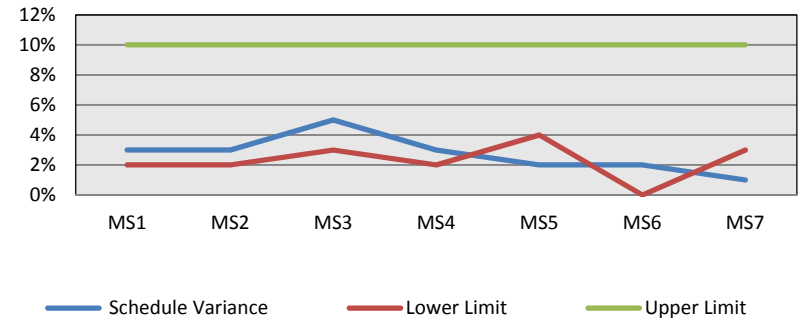
# Metrics



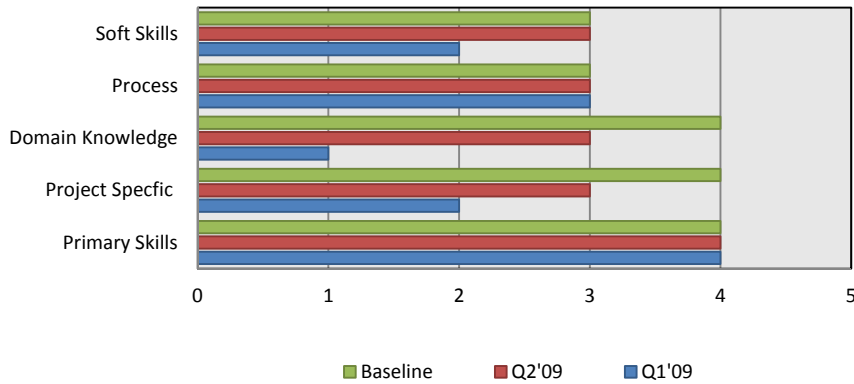
Monthly Task Closure By One Resource



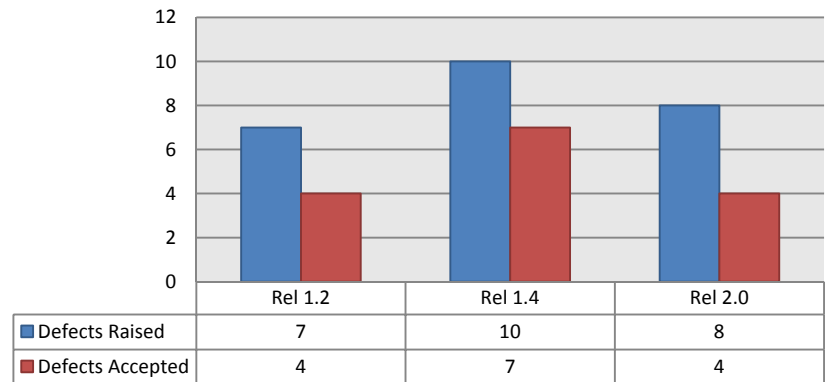
Schedule Variance



Skill Matrix

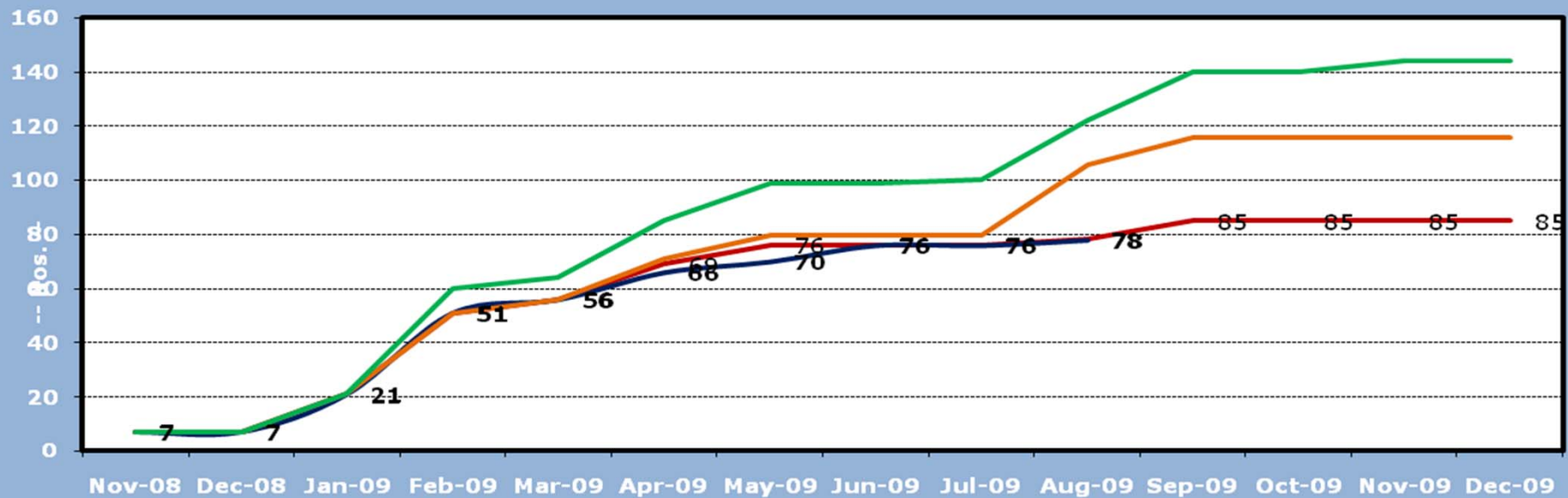


Test Defects Raised vs. Accepted



# Staffing status

Monthly Cumulative

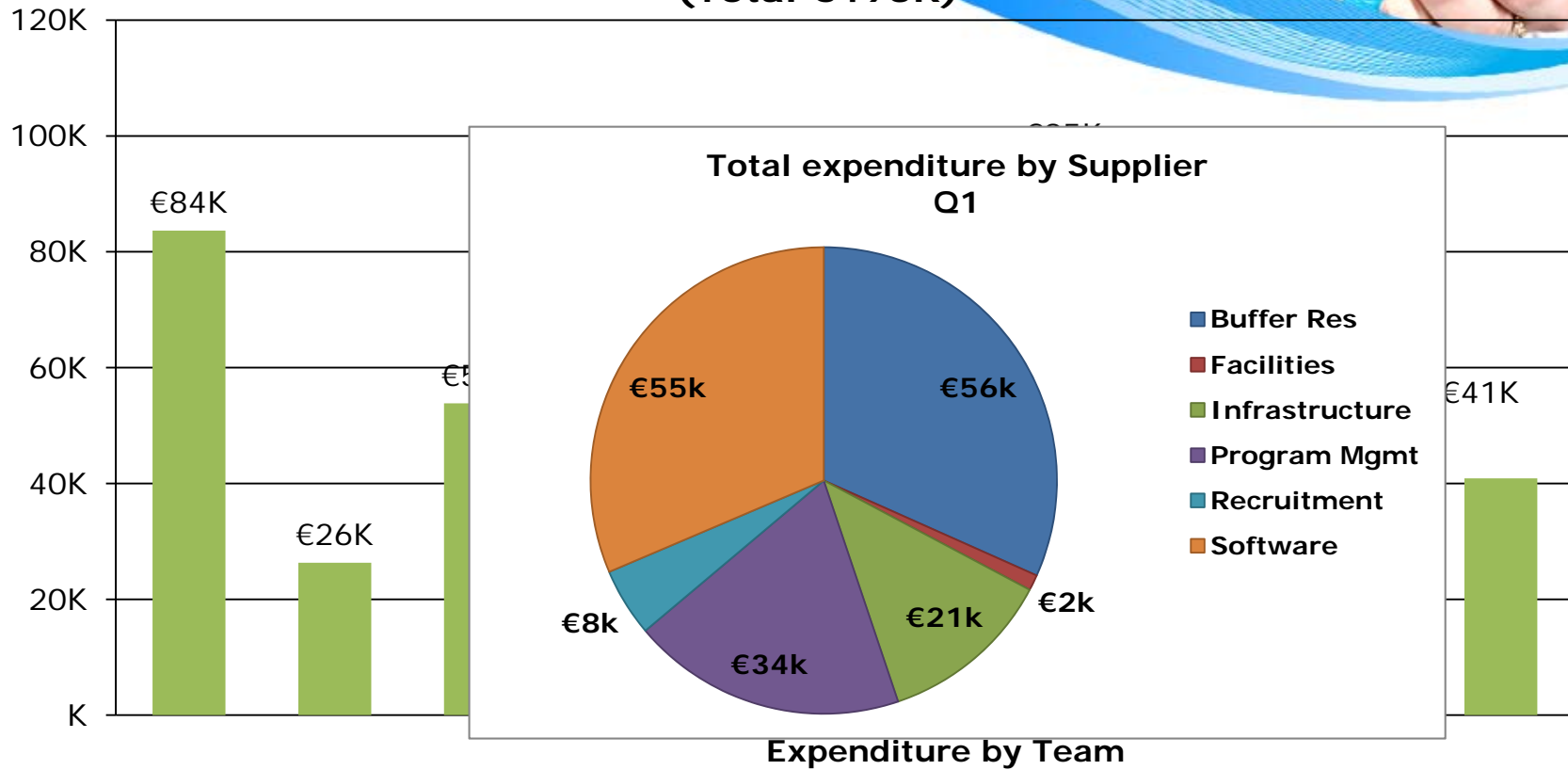


- Total/Planned
- Actual
- Rev2
- Rev1

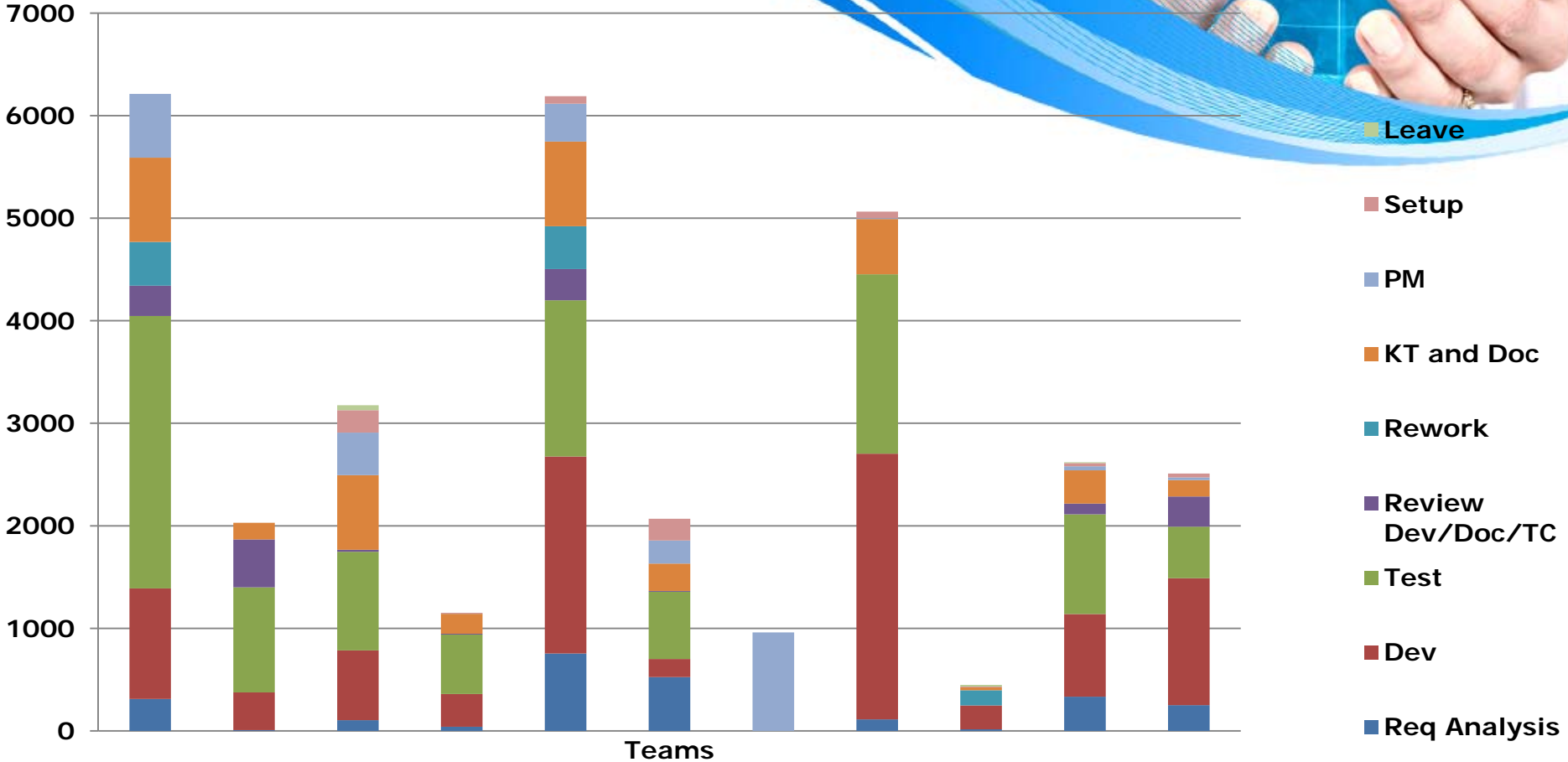
-- Month --

# Q2'09 Costs(sample)

Cost Distribution - Streams Q2'09  
(Total €493K)



# Effort Distribution



Q2'09 Total Hours 32,430



# What can go wrong?



Bad team or  
team leader

Onsite  
resentment

Onsite sabotage

Security leaks

Communication  
issues

Unethical  
partner

# How to get out of Trouble



- Make sure your Team is aware of the process
- Be aware of sabotage (internal & External)
- Escalate when necessary

## Communication



- In both company's interests to resolve issues
- Be realistic
- Be reasonable
- Be firm and business-like

## Collaboration



- Demand value for money
- Demand quality
- Require Professionalism
- Do not reach for the contract

## Confrontation



# The Secret of Successful Off-Shoring



Collaboration

Preparation



Expectation

# Q&A

