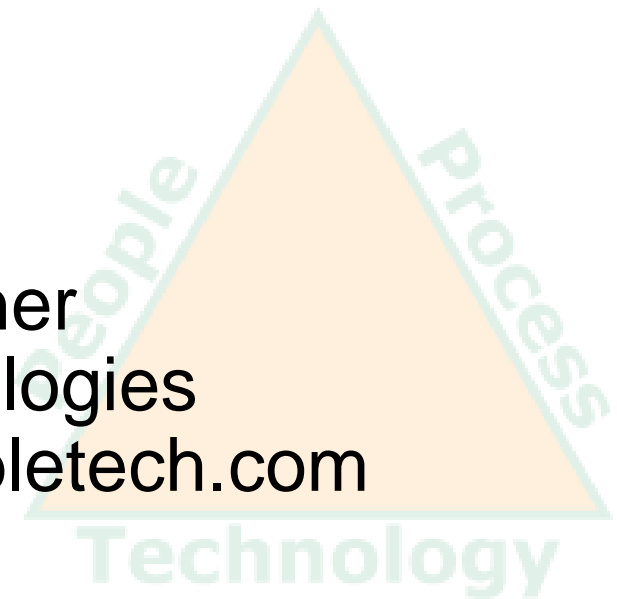


Best Practices for Outsourcing

Sunil Mehta
Managing Partner
bNimble technologies
smehta@bnimbletech.com



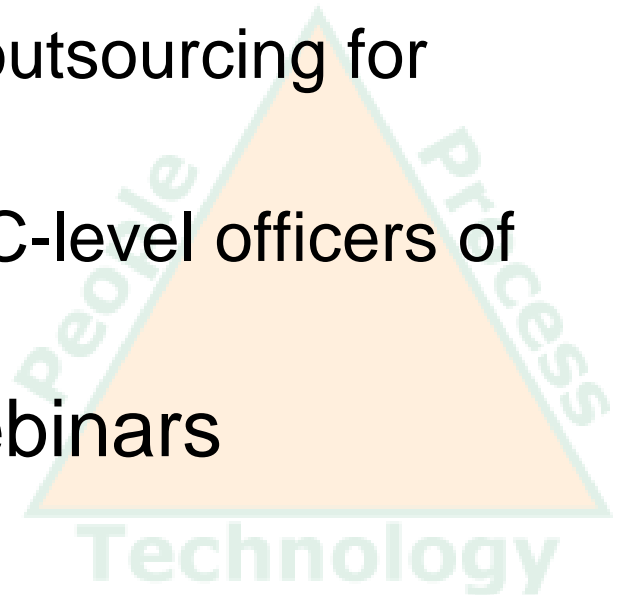
My Background

- Ph.D. Stanford University
- Engineering, Marketing and Management for high-tech companies
- Worked in Silicon Valley since 1982
- Founded bNimble technologies in 1991
- Co-founded Outsourcing Practice in 2001



Today's objective

- Give you the bNimble view on Best Practices for Outsourcing
- Distilled from
 - Our experience in managing outsourcing for clients (Kovair and Inxight)
 - Conversations with VP's and C-level officers of high-technology companies
- To hear more, watch our webinars



What your colleagues think

“If you can afford it, don’t offshore!”

Managing people 10000 miles apart is hard. However, cash constraints, competition and operating margins will force you to outsource. Even the diehards are doing it.”

Ajay Kela, SVP, Product Development, newScale, inc.
Comments at bNimble webinar

What your colleagues think

“We are in a deflationary environment – prices are falling. To survive, you must take cost out of your operation... engineering costs are the largest part of a software operation.

Outsourcing is now well understood – not “bleeding edge”. There are people to help you. Those who can successfully meet the challenge will create margins and opportunities for their companies. It’s worth doing!”

Wayne Willis, Chairman, BeNotified Software
Comments at bNimble webinar

Outsourcing Trends

Tactical

Not Core
Competency

Project
Outsourcing



Strategic

Core
Competency

Globally Distributed
Development

Why?

- ☐ Companies must lower their operating costs
- ☐ Companies need to own their strategic resources
- ☐ Companies want to control their long-term destiny

Why care about best practices?

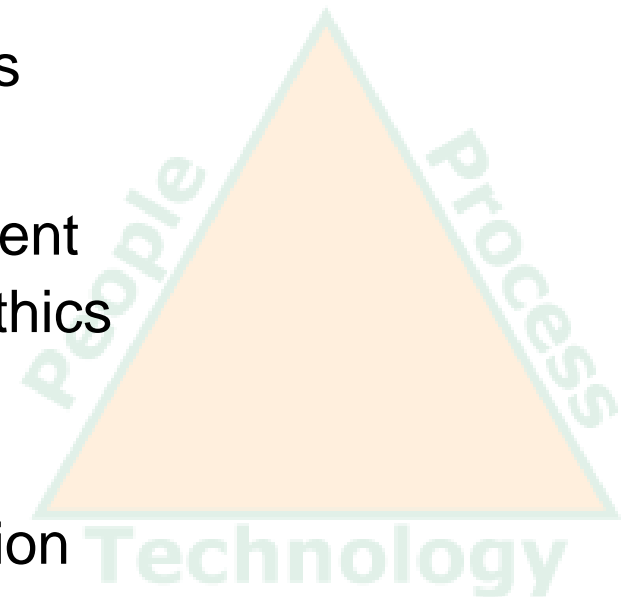
■ Best practices enable you to

□ Gain the benefits of outsourcing

- Cut engineering cost by 40% or more
- Cut your time to market
- Gain access to flexible resources

□ And, manage the risks

- Long-distance project management
- Different work styles and work ethics
- Different company processes
- Cultural issues
- Cross-company problem resolution



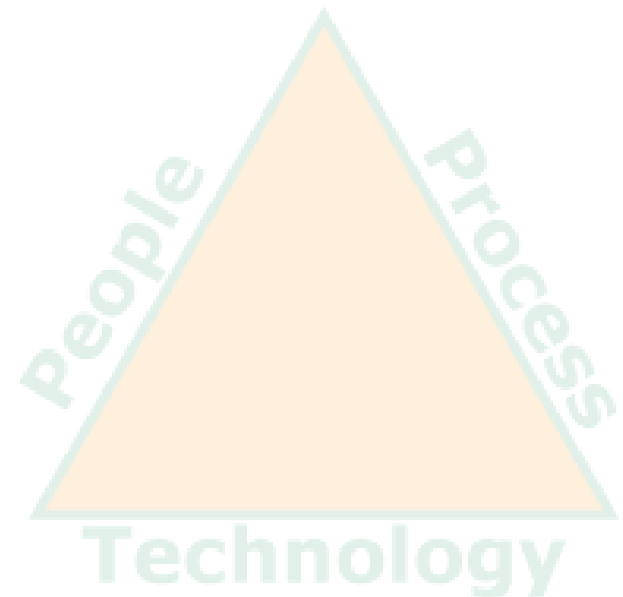
Where Best Practices Apply

Phases of Outsourcing

	Prepare	Select	Pilot	Execute
Business Model				
People				
Processes				
Product				
Technology				
Operations				
Management				
Intellectual Property				

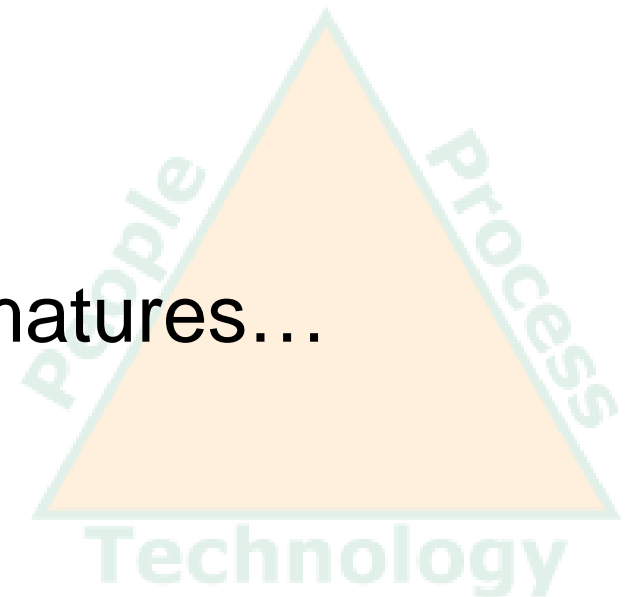
Best Practices - Business Model

- Know why you are outsourcing
- Know what you should outsource
- Know your horizon
 - project vs long-term
- Know your constraints
- Know your choices



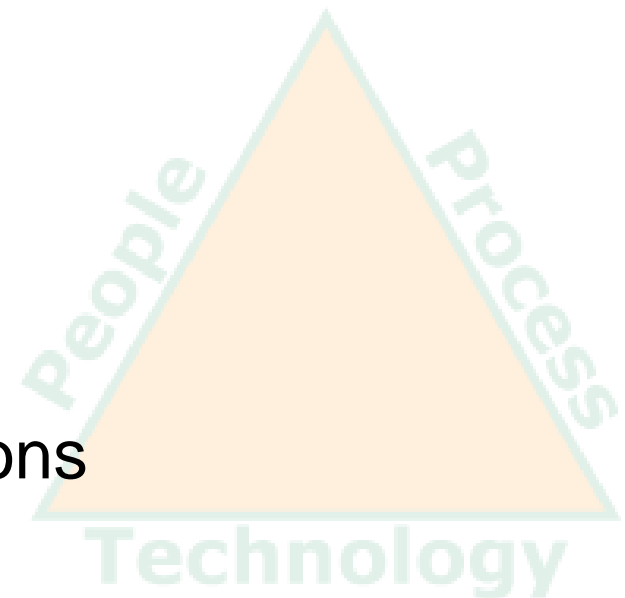
Business Model Choices

- Onsite/offshore teams
- Dedicated development center
- Acquisition
- Joint Venture
- Build-Operate-Transfer
- More variations as market matures...



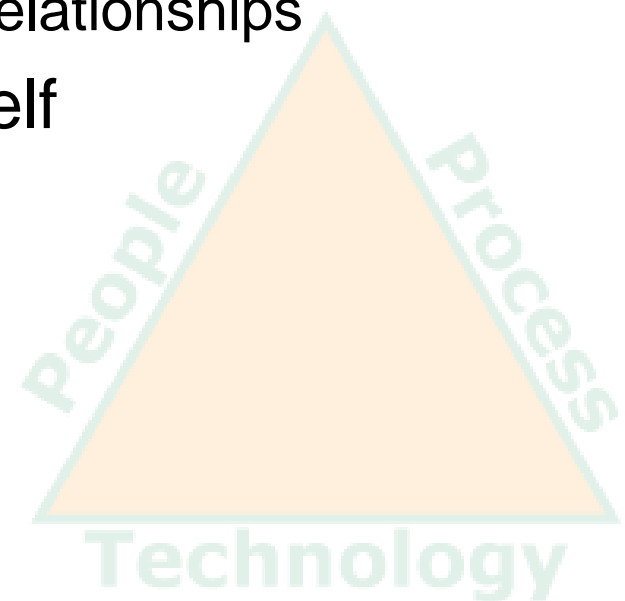
Best Practices - Management

- Understand the business case
 - Tangible/intangible
- Understand the risks
- Improve team skills in
 - Negotiation
 - Communication
 - Business
 - Planning
- Prepare for multi-cultural situations
- Scorecard the relationship



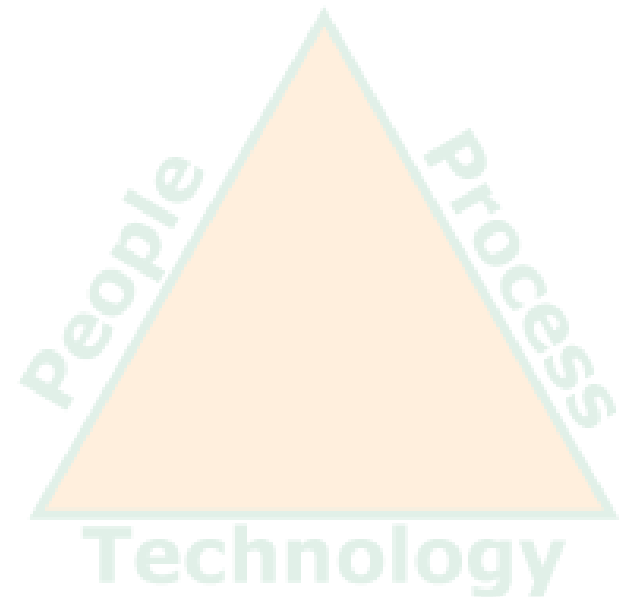
Best Practices – Vendor Selection

- Assess vendor company culture
 - Project-driven vs. product-driven
- Assess vendor's business strength
 - Especially important for long term relationships
- Make site visits to see for yourself
- Do rigorous due diligence
 - Technical
 - Talent
 - Business/Operations
 - Legal



Best Practices – Intellectual Property

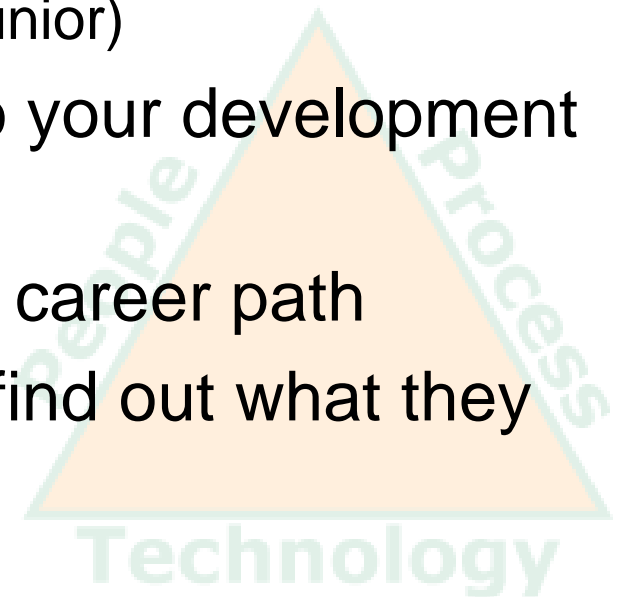
- ☐ Know your requirements
- ☐ Understand your options
- ☐ Write the right contracts
- ☐ Perform vendor due diligence



Best Practices – People

■ Remote team

- ☐ Know your requirements
 - Skill set (Java, real-time, QA, etc)
 - Talent (Senior / Intermediate/ Junior)
- ☐ Integrate the remote team into your development plan
- ☐ Give remote team members a career path
- ☐ Don't ignore cultural issues – find out what they are

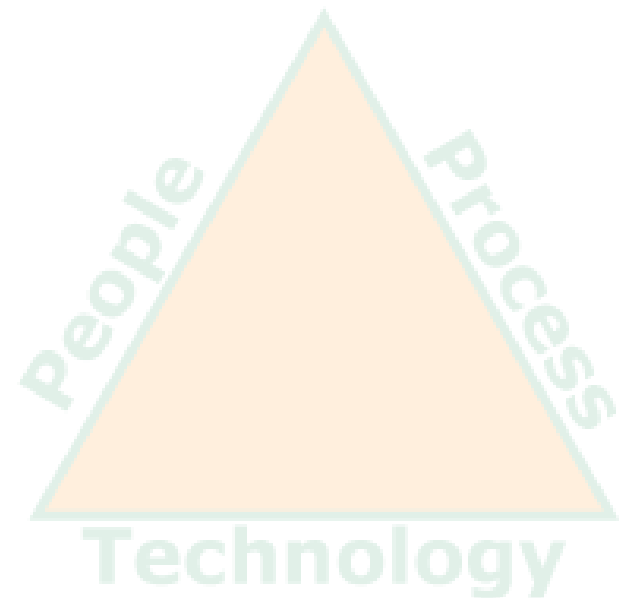


Best Practices - People

■ Local team

□ Manage work environment disruptions

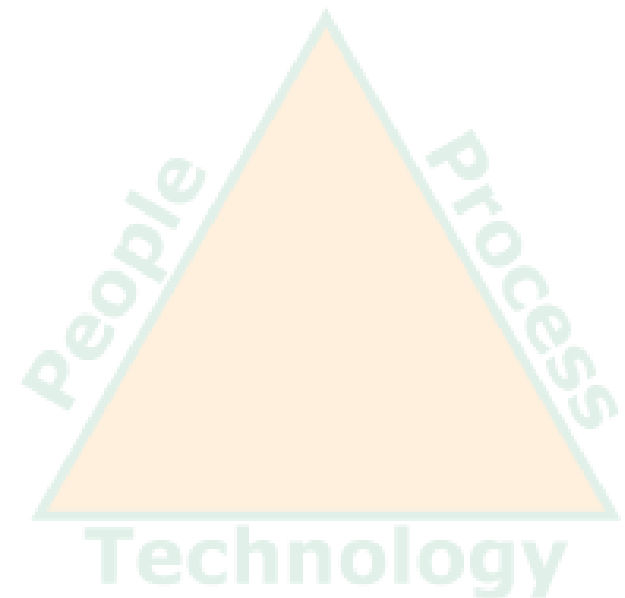
- Time zone issues
- Changing tasks and priorities
- Fear of job loss



Best Practices - People

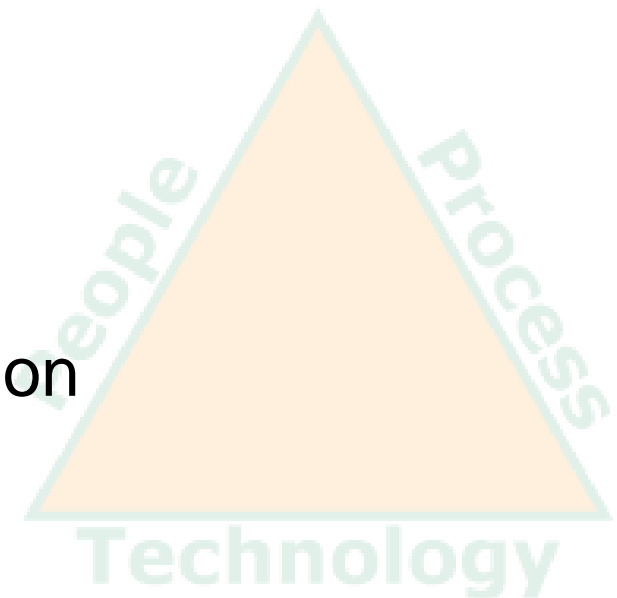
■ Local and Remote Teams

- Create strong inter-team relationships
- Build bridges between the teams
 - Company culture
 - Company process
- Know when you need
 - In-person meetings
 - Teleconferences
 - Email



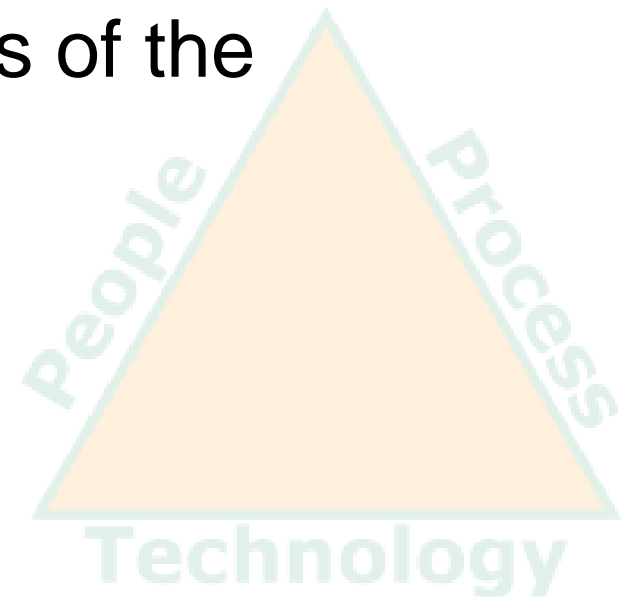
Best Practices – Product

- Get your house in order
- If you don't know “exactly” what you are building, they won't either
- Make sure that you have
 - Requirements documents
 - Product Specifications
 - Design and User Documentation

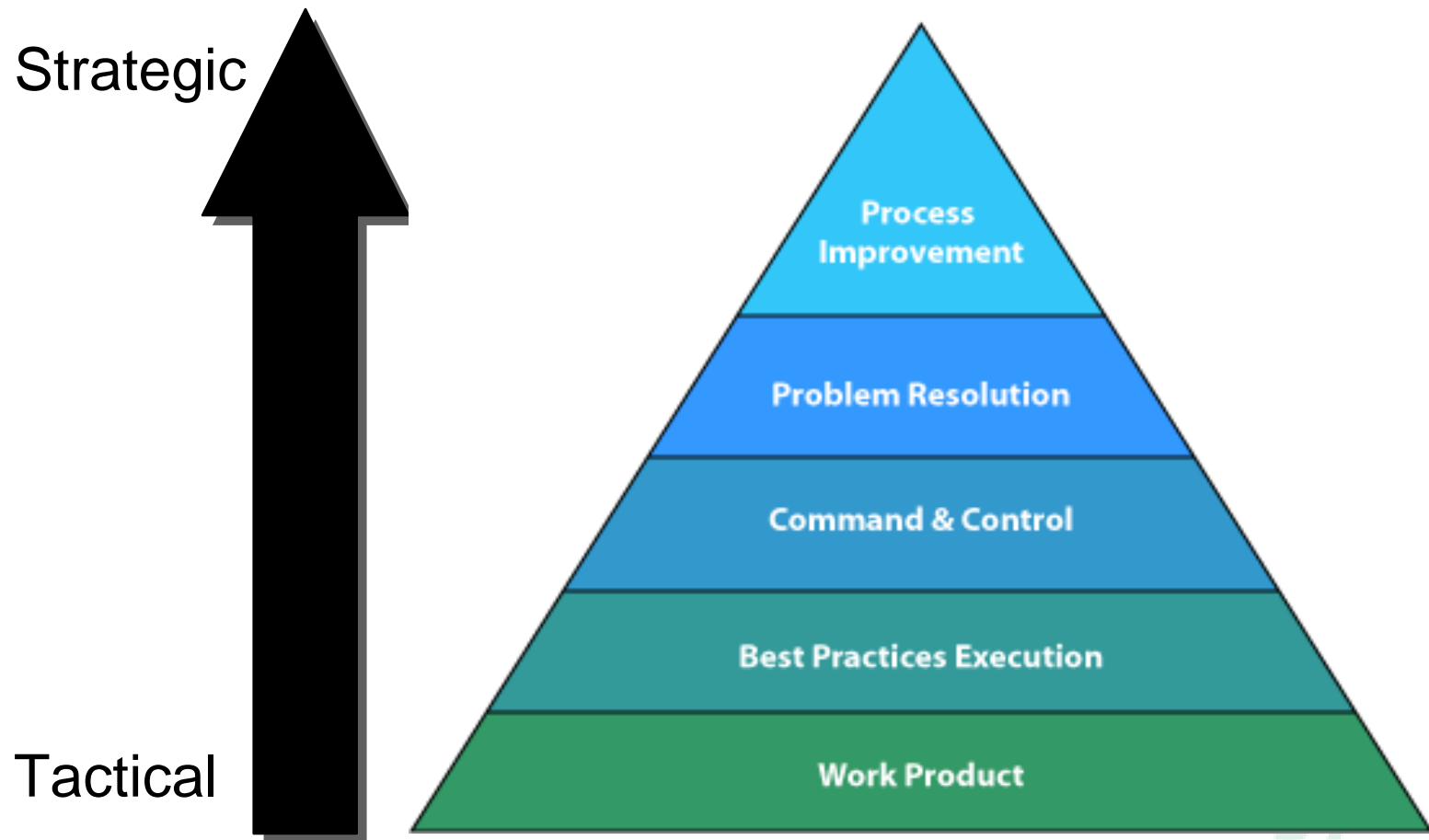


Best Practices – Process

- Make sure that you have processes for the entire product life cycle
 - Or, at least for the part you are outsourcing
- Cover processes at all levels of the outsourcing value pyramid

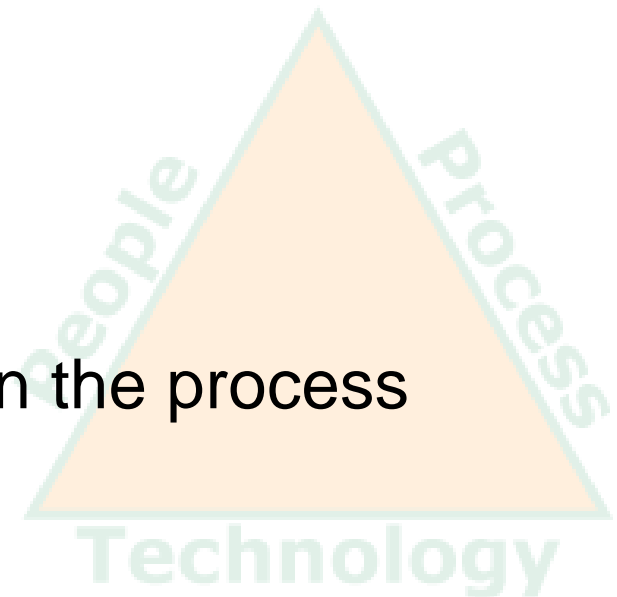


The Outsourcing Value Pyramid



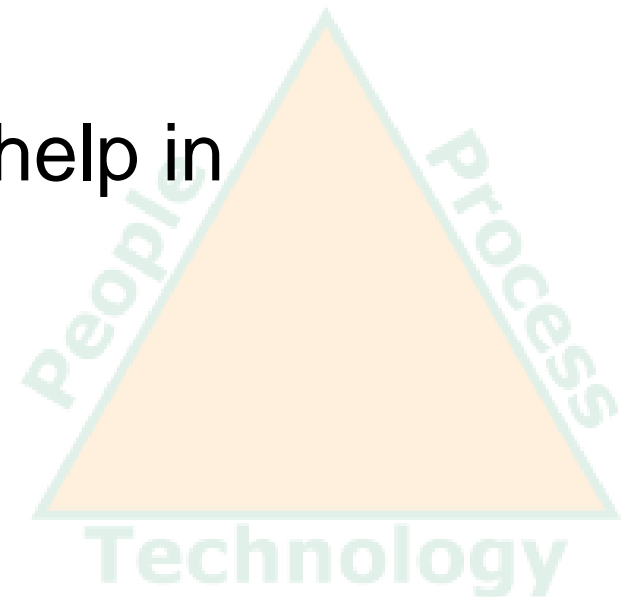
Best Practices - Process

- Know what CMM SEI is
 - Know why it is (or is not) important for you
- Extend your processes to the remote team, especially
 - Strong communication
 - Strong problem resolution
- Factor in cultural issues
 - What does “yes” mean?
- Plan to “pick up the pieces” when the process breaks
 - plan to learn and improve



Best Practices – Operations

- Know what you need to know
 - Legal
 - Financial
 - Human resources
- Always retain professional help in outsourcing country



Best Practices – Technology

■ Use it!

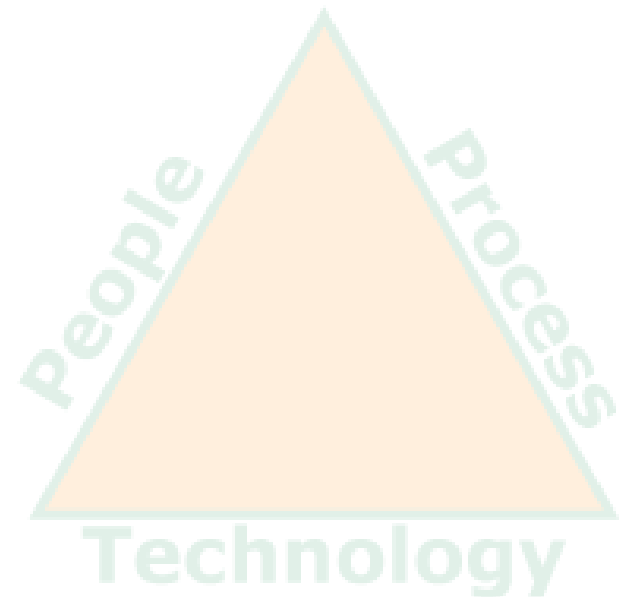
- ☐ Collaboration
- ☐ Distributed project management
- ☐ Web conferencing
- ☐ Instant Messaging

Strong process supported by technology will multiply your effectiveness as a manager



Closing remarks

- Hire experts in outsourcing
 - Decrease your overall risk
 - Cut your ramp-up time by up to 50%



bNimble technologies - Webinars

- Outsourcing: The Good, the Bad and the Ugly
 - Available on demand (contact me)
- Choosing the Right Business Model for Outsourcing Software Development to India
 - Available on demand at our web site
- Build-Operate-Transfer: The Superior Business Model for Strategic Outsourcing –
 - Thursday, May 22, 2003, sign up at www.bnimbletech.com

bNimble technologies

www.bnimbletech.com

smehta@bnimbletech.com

510-659-0664

Thank you!

