

Managing Offshore IT Outsourcing Projects

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Agenda

- ❑ Introduction
- ❑ Offshoring: Strategic Imperative
- ❑ Offshoring Management Framework
- ❑ Layers of OMF
 - ❑ Governance Layer
 - ❑ Management Layer
 - ❑ Communication Layer
 - ❑ Project Execution Layer
- ❑ Guided Discussion
- ❑ Q & A

Introduction

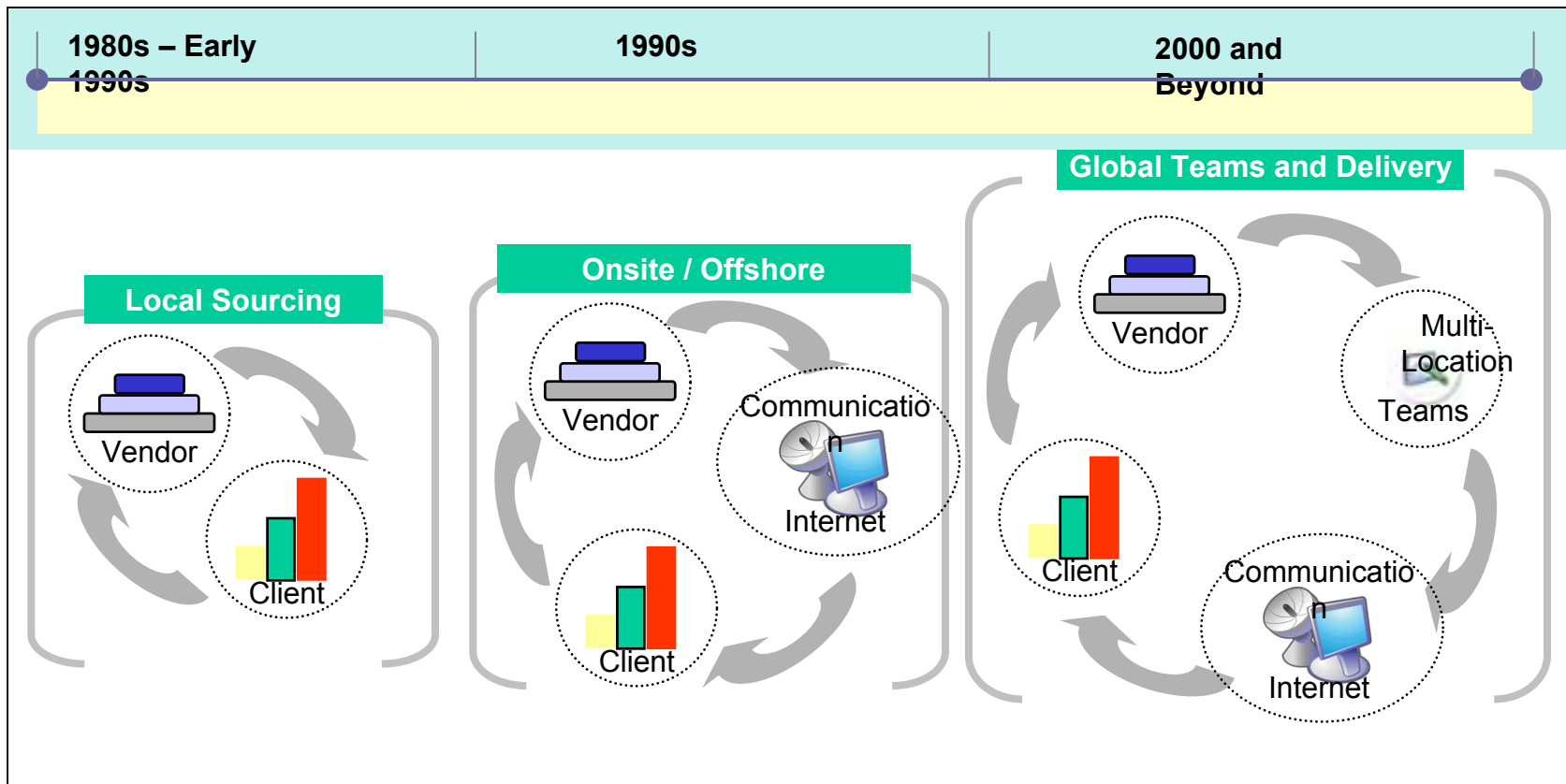
Defining Offshoring: *Offshoring translates to a strategy of relocating business processes, services and work to overseas locations where it makes most business sense by capitalizing on the global skill pool, advances in communication technologies and the benefits of cost arbitrage.*

Approaches to Offshoring

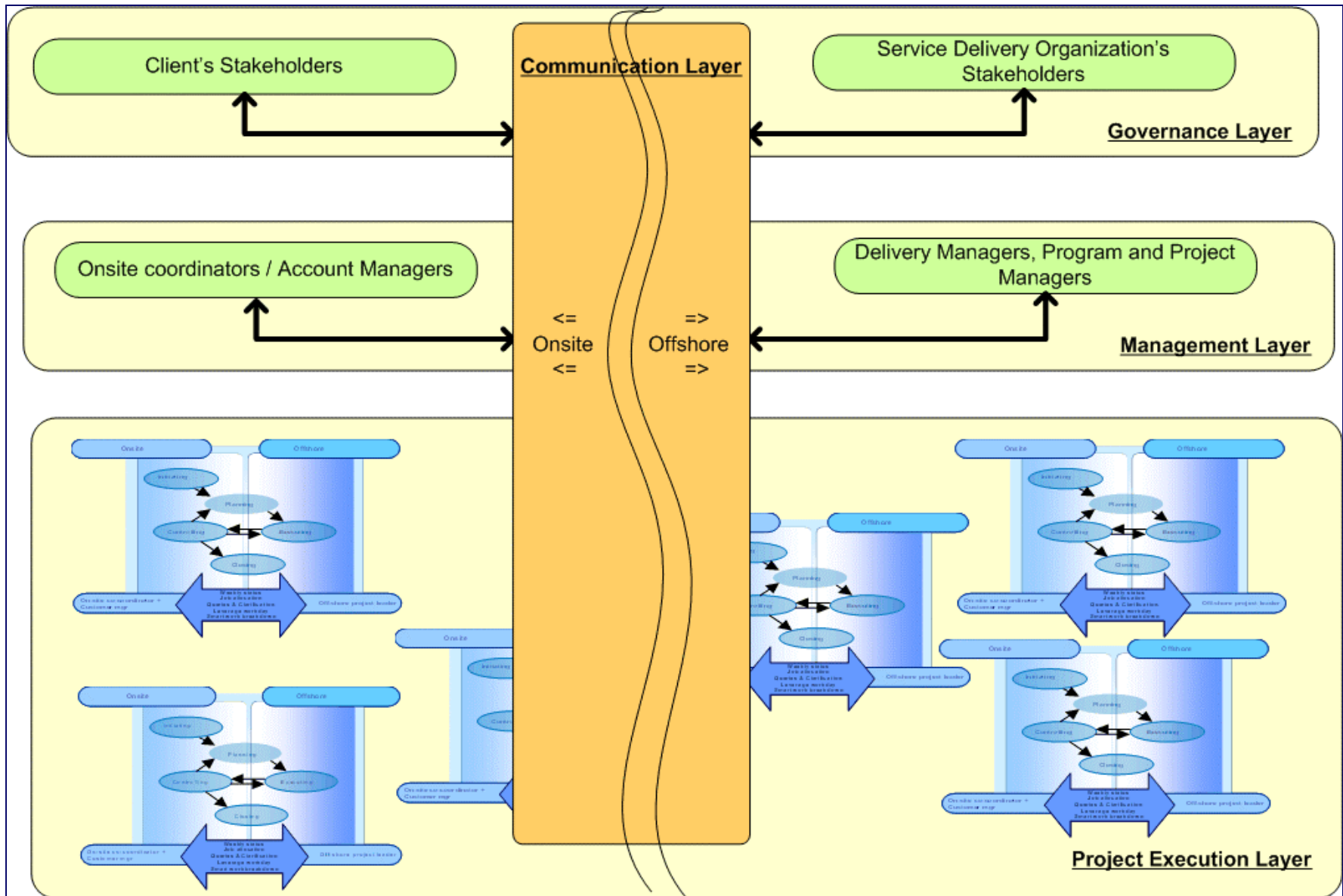
- **Bottom-Up:** Organic growth of offshoring when individual Line-Of-Business managers experiment with different offshoring models before a cohesive organizational reorganization of offshoring happens
- **Top-Down:** The senior management formulates an offshoring strategy for the organization, before LOB managers adopt it.

Offshoring: The Strategic Imperative

- Offshoring is here to stay
- Managers and executives need to be aware of emerging trends
- Best practices on Globalized Delivery continue to emerge



Offshoring Management Framework



Offshoring Management Framework: Layers

- **Governance Layer:** Executive sponsorship of offshoring initiatives is a key to successful development, delivery and deployment of projects and programs.
- **Management Layer:** The success of offshoring lies in the consistent and predictable delivery of projects and products.
- **Communication Layer:** The key challenge in managing *any* project is communication; more so of projects spanning geographic boundaries
- **Project Execution Layer:** This *Layer* details the workings of global teams and projects functioning towards execution, development and delivery of work products.

Governance Layer

Executive sponsorship of offshoring initiatives is a key to successful development, delivery and deployment of projects and programs. *'Offshoring is strategically important and challenging – and requires strong governance. Most of the firms establish a steering committee from the very beginning to oversee initial deployment and on-going operations.'* - Deloitte report*.

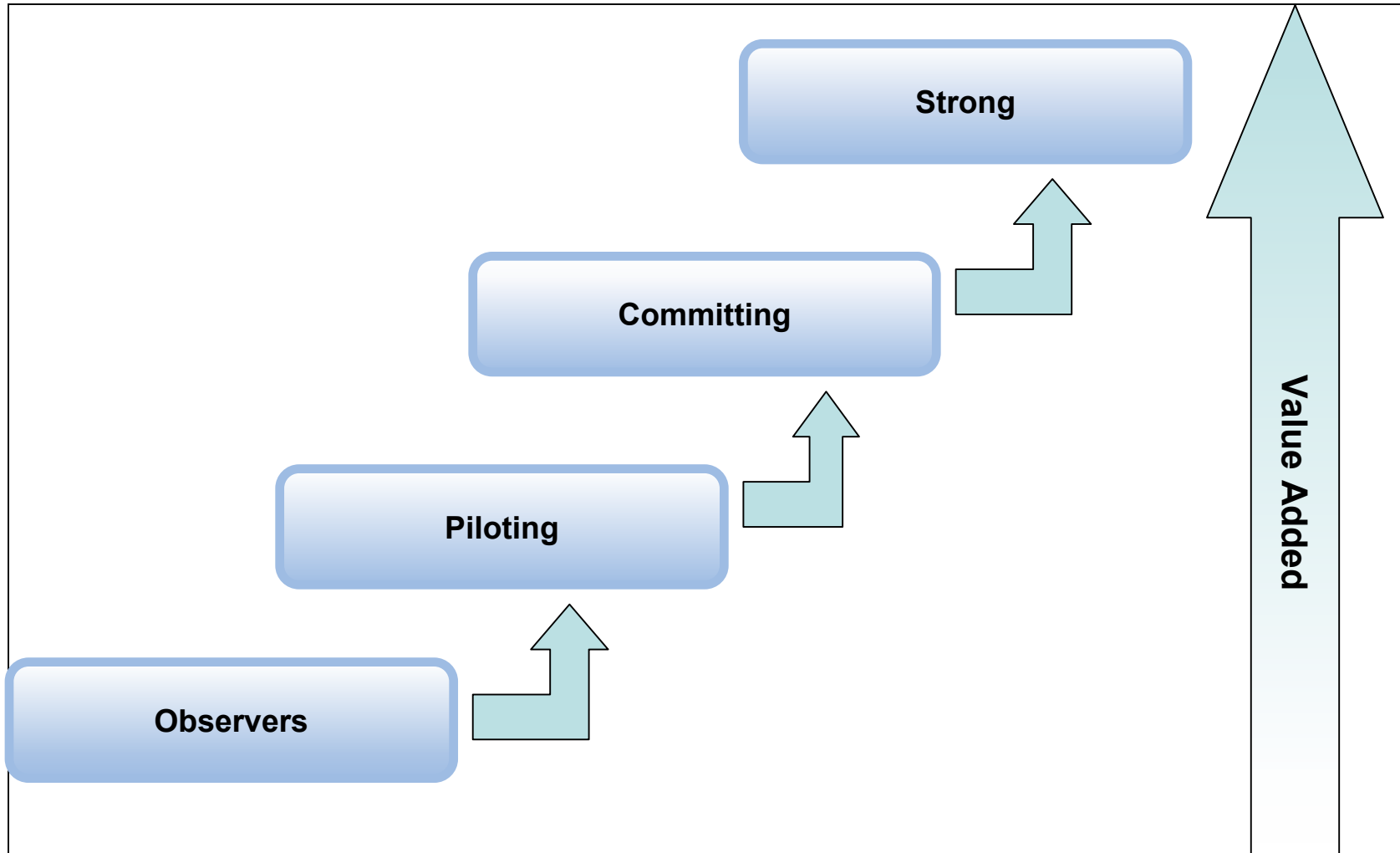
The key dimensions of offshoring governance include:

- **Definition of a Service Level Agreement:** This could be between an offshore and onsite team, or the client and the vendor
- **Program Management:** This could include establishing a formal offshoring Program Management Office
- **Transition Management:** Includes strategies and tactics for transitioning an organization towards becoming a *strong* offshoring player

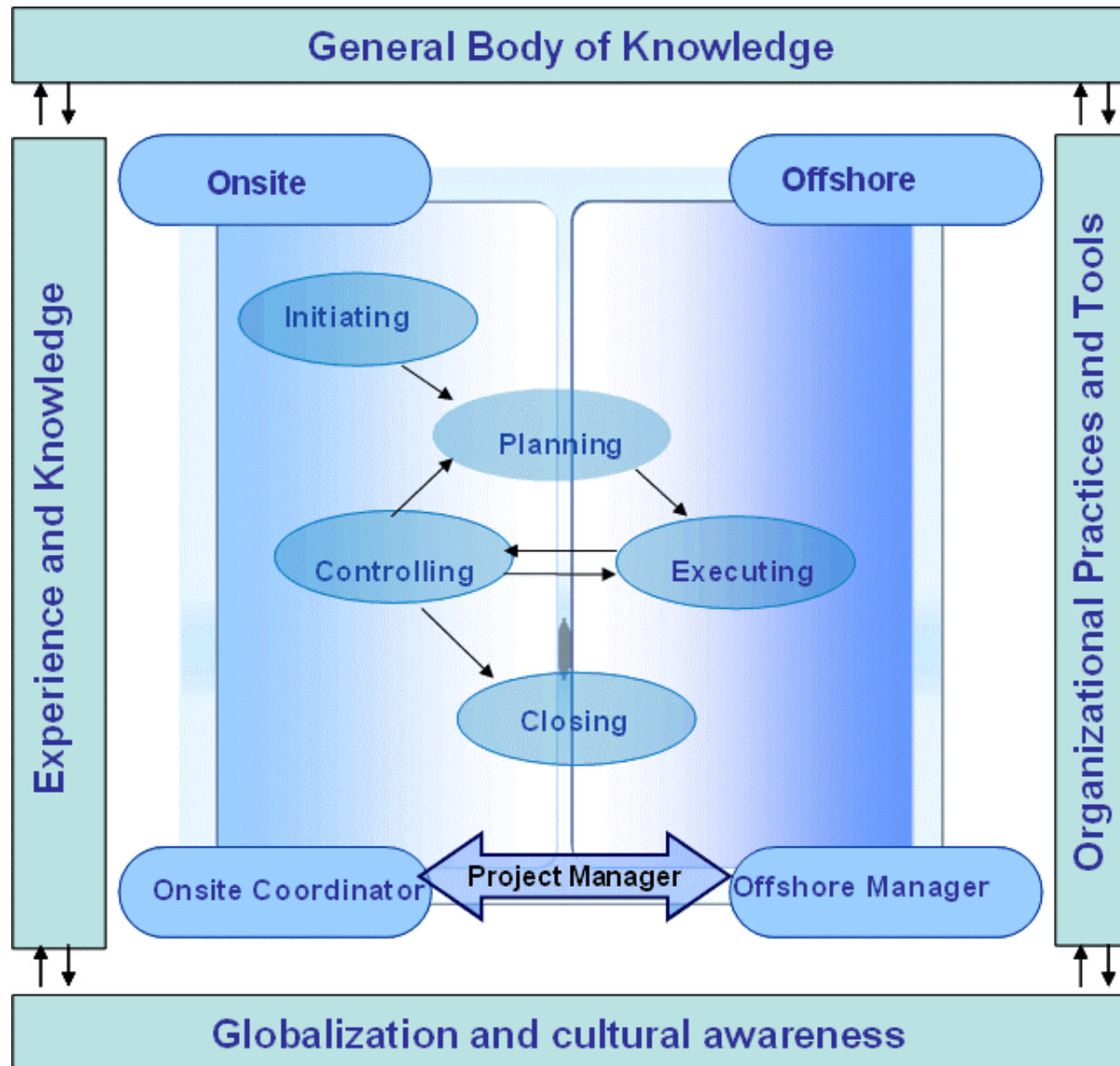
*The Titans Take Hold [A Deloitte Research report]

Governance Layer: Offshore Transition

The Goal is to move to a strong offshoring player

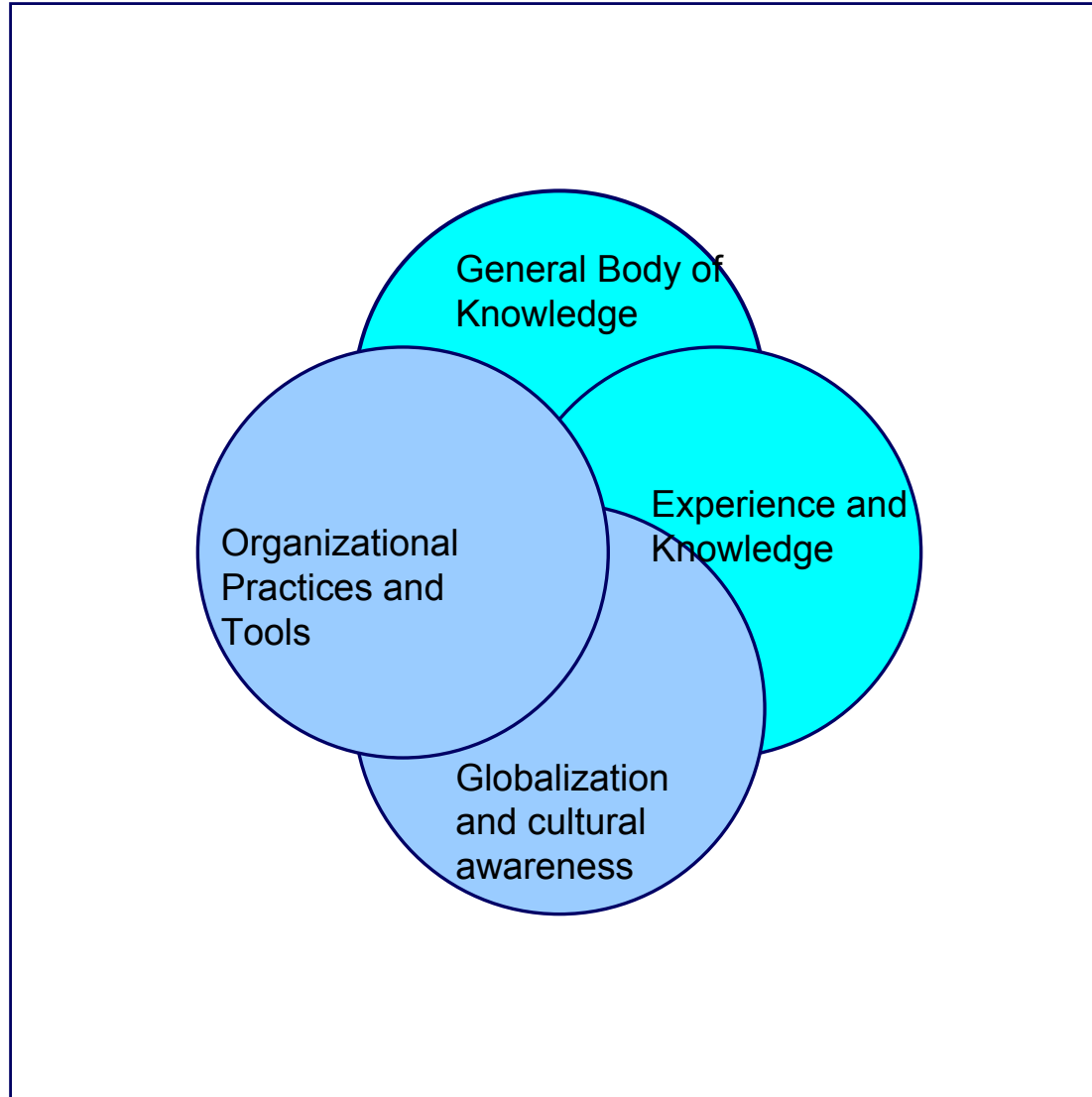


Management Layer

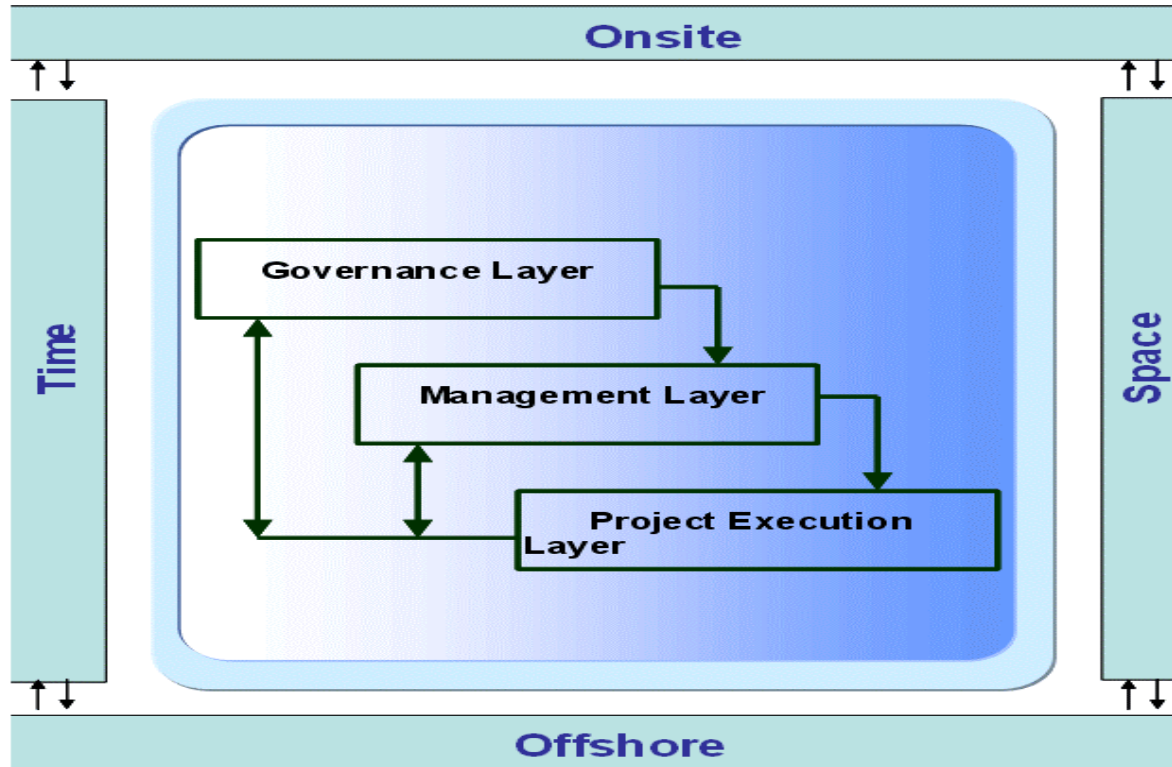


Management Layer: Global Project Management

The four key inputs for a Global Project Manager



Communication Layer



- Cuts across all layers of OMF
- Cultural aspects of communication like challenges of communicating across different languages, dialects and accents along with other cultural traits also come into play in offshoring
- Dynamics of two key dimensions come to play:
 - Time and Space
 - Onsite and offshore

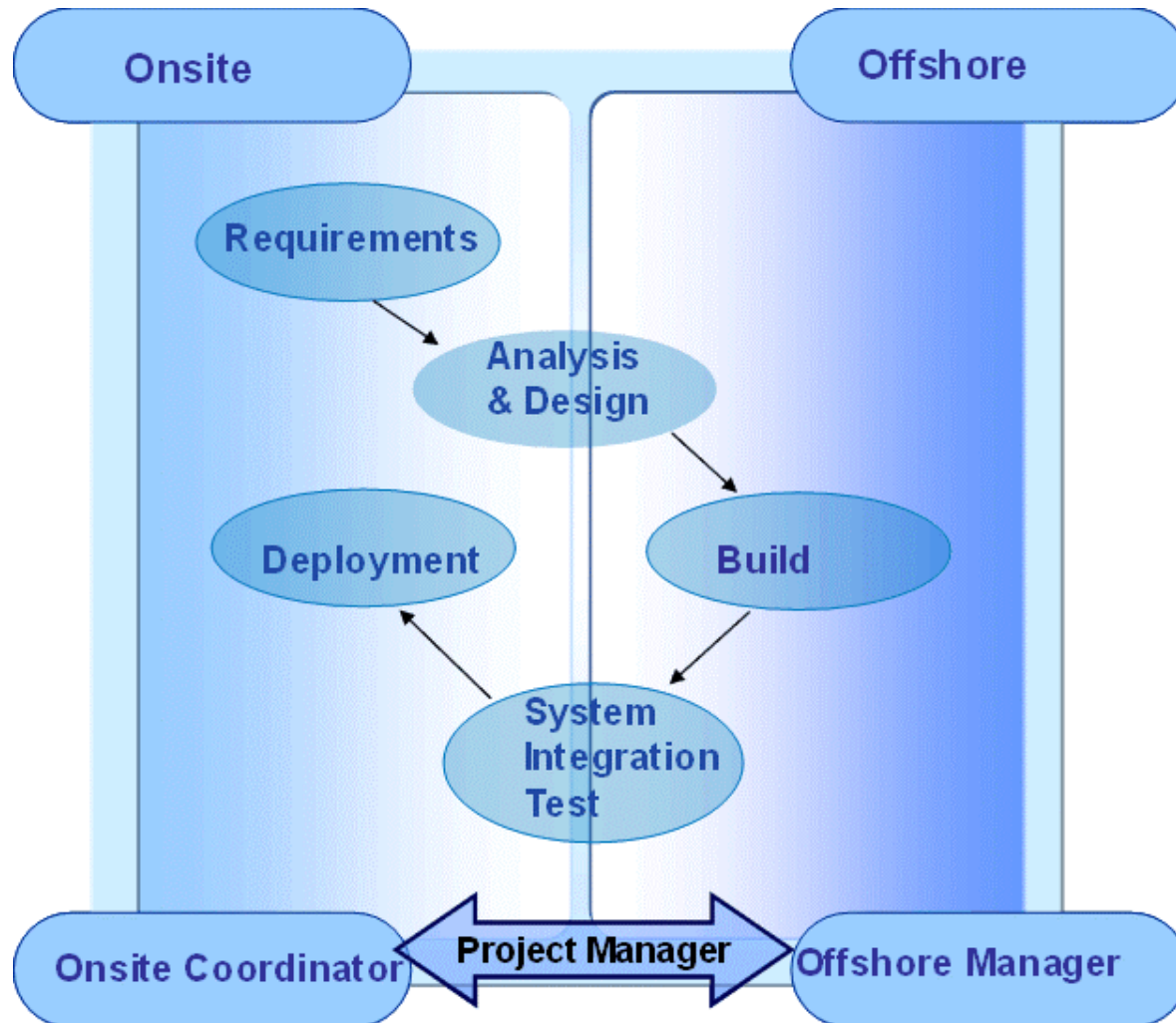
Offshoring IT systems

Typical IT work offshored includes:

- Re-engineering and maintenance
- Custom application development
- Validation Services
- Enterprise Architecture Definition
- System Integration
- Research & Development and innovation

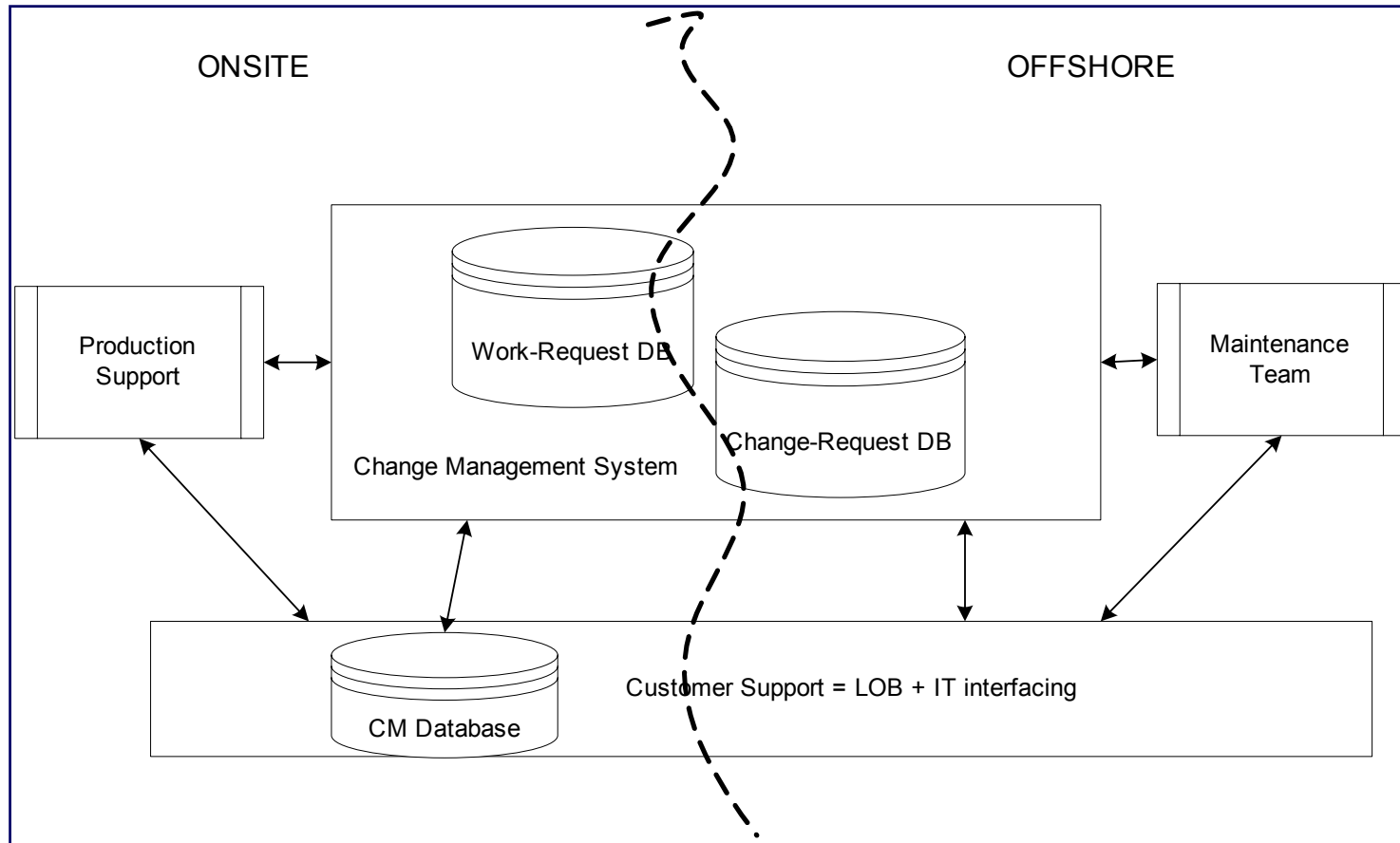
Project Execution Layer

Application Development: Development Life Cycle



Project Execution Layer

Application Maintenance: Extension to OMF



Guided Discussion Themes

- ❑ Theme 1: Offshoring Risks
- ❑ Theme 2: Offshoring Models
- ❑ Theme 3: Offshoring Managers

End Note

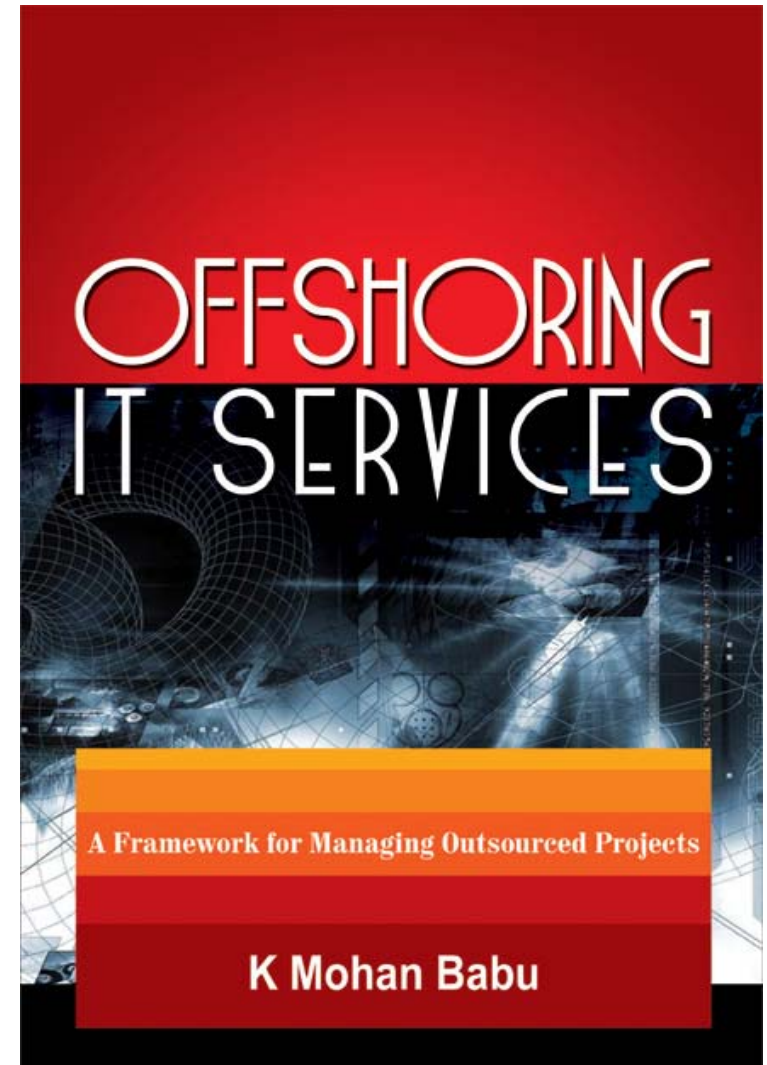
Although the author is an executive and consultant with the Technology Consulting Group of Infosys, the views expressed in this paper are his personally.

Mohan Babu has extracted the key inputs for the paper from research for his recently published book 'Offshoring IT Services : A Framework for Managing Outsourced Projects'.

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Mohan's Research for the book
<http://www.OffshoringManagement.com>

Blogs:
<http://www.infosysblogs.com/managing-offshore-it>
and
blogs.ittoolbox.com/emergingtech/technocrat



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