

Offshoring Realism

How Businesses Are Learning to Effectively Leverage Global Skills

By Anna Frazzetto, VP of Technology Solutions, Harvey Nash

It's sometimes said that the key to a long and happy life is moderation: "All good things in moderation." The same can be said for a successful technology operation. You cannot manage every aspect of IT operations in house. You cannot effectively outsource all functions. Sending it ALL offshore is downright nutty. However, strategic use of in-house, offshore and locally outsourced resources yields a more efficient, cost-effective and productive technology operation.

Most IT organizations are already taking a blended approach to managing IT deliverables, but have they found the right blend? As offshoring rapidly becomes a mainstream tool for accomplishing IT objectives, it has become clear that restricting the scope of offshore initiatives is what makes it most successful.

The 2006/2007 Harvey Nash CIO Survey offered a peek into the mindset of IT leaders who are working to leverage global talent resources. According to the survey, offshoring solutions on the whole are working well and most IT leaders expect their offshoring usage to increase. Of those surveyed, 67% said their offshore solutions had "met" or "exceeded" expectations, increasing from 60% the year before. Over 95% of IT leaders who leverage offshoring said that their offshore spend will "stay the same" or "increase" in the year ahead. These positive numbers are proof that offshoring has become a mainstream business tool.

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Why is offshoring a common practice among IT organizations, especially in the face of strong objectors in the marketplace who feel it reduces job opportunities and national competitiveness? Because both providers and businesses have learned to limit the reach and scope of offshoring in order to reduce costs, expand resources and accelerate time to market.

Rather than offshoring entire software development projects or mission-critical business functions, businesses are finding that limited-scope projects, such as upgrades, maintenance and quality assurance, work best across long distances and multiple time zones. Restricted in scope

How to Effectively Offshore

In the last several years IT offshoring success has greatly expanded due to the fact the business leaders have learned how offshoring works best today.

Simplicity – Simple IT projects, such as maintenance and upgrades are the most suitable offshore projects today as they are easily monitored and measured.

Architecture Stays Home – The complexity of IT architecting is best when it is kept at or very near home. Access to decision makes and business teams is a must and is still too hard to simulate remotely.

Small Bundles Work Best – Bundling projects in small manageable groups is the best approach to managing offshore projects and offshore relationships. Rather sending massive design and development projects that are complex to manage and to complete, deliver smaller, easier projects that will reduce rather than increase in-house workload.

and measured by clear-cut service level agreements, these offshore solutions allow businesses to quickly realize greater efficiency from distant vantage points.

It took the U.S. time and experimentation to learn when an offshore approach would succeed. It was only a few years ago that Dell Computers moved its corporate IT support operations overseas and then back again after widespread customer backlash. Numerous businesses also saw the costs and timeframes of the mission-critical technology projects sent offshore expand rather than contract. The learning curve has been costly but surprisingly quick. Here is what today's smartest businesses that offshore now know:

Simple Is Best

Ongoing maintenance and upgrades are the most suitable functions to send to offshore teams. Their simplicity allows the business to easily measure success while their persistence (there is always work to be done) allows organizations to significantly reduce IT costs.

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Architecture Belongs In-house

The vast majority of architecture work belongs in-house or very near-shore. Architecting software requires near constant access to business teams, users and often executive decision makers, which is much too hard to simulate remotely.

Bundle Offshore Development Work

If development work is where the most support is needed, it should be bundled in manageable packages that can be quickly assessed from a quality perspective. Sending out entire mission-critical software design and development projects, which are outsourced from start to finish, has proven risky.

Despite the best project management and collaboration capabilities, the lack of shared working hours and in-person teamwork slows and complicates sophisticated software development projects. However, splitting up work in carefully managed bundles is a smart way to leverage offshore skills while ensuring the quality of the work delivered.

Be a Realist, Be an Offshore Success

As the offshore industry continues to grow, businesses need to maintain a healthy dose of realism. Offshore teams are valuable extensions of today's IT departments, but they will always be remote from the business they serve. Understanding the limitations of remote IT support is the secret to succeeding in offshoring. Keeping that in mind, no matter how good cost savings look on paper, is the constant challenge of being a realistic offshore provider as well as a realistic offshore customer.

About the Author

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Anna Frazzetto, Vice President of Technology Solutions for Harvey Nash, is an IT executive who has architected, implemented and overseen application development, managed services and outsourcing/offshoring initiatives at Global 1000 as well as mid-size companies. In her more than two decades of IT leadership experience she has been responsible for the development and operation of technology practices in numerous organizations.

Frazzetto began her career in information systems as a systems engineer with IBM. She later joined Syncsort as a product developer and was responsible for managing quality assurance for new software development. In 1983, she moved to MHT Software and had strategic responsibility for software development, capacity planning and production support teams. In 1993, she joined Spherion and was a key driver in expanding their managed service line of business from \$30 million to \$120 million. Prior to joining Spherion, she was an integration manager with Comdisco Computing Services, where she developed and implemented their remote computing service and initiated a help desk practice.

Recently named to the HDI Support Center Leadership Certification Standards (HDI SCLP) Committee, Frazzetto's professional affiliations also include leading IT industry groups such as Support Services, Xephon and The Gartner Group. She holds a bachelor's in computer science and mathematics from New York University.

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