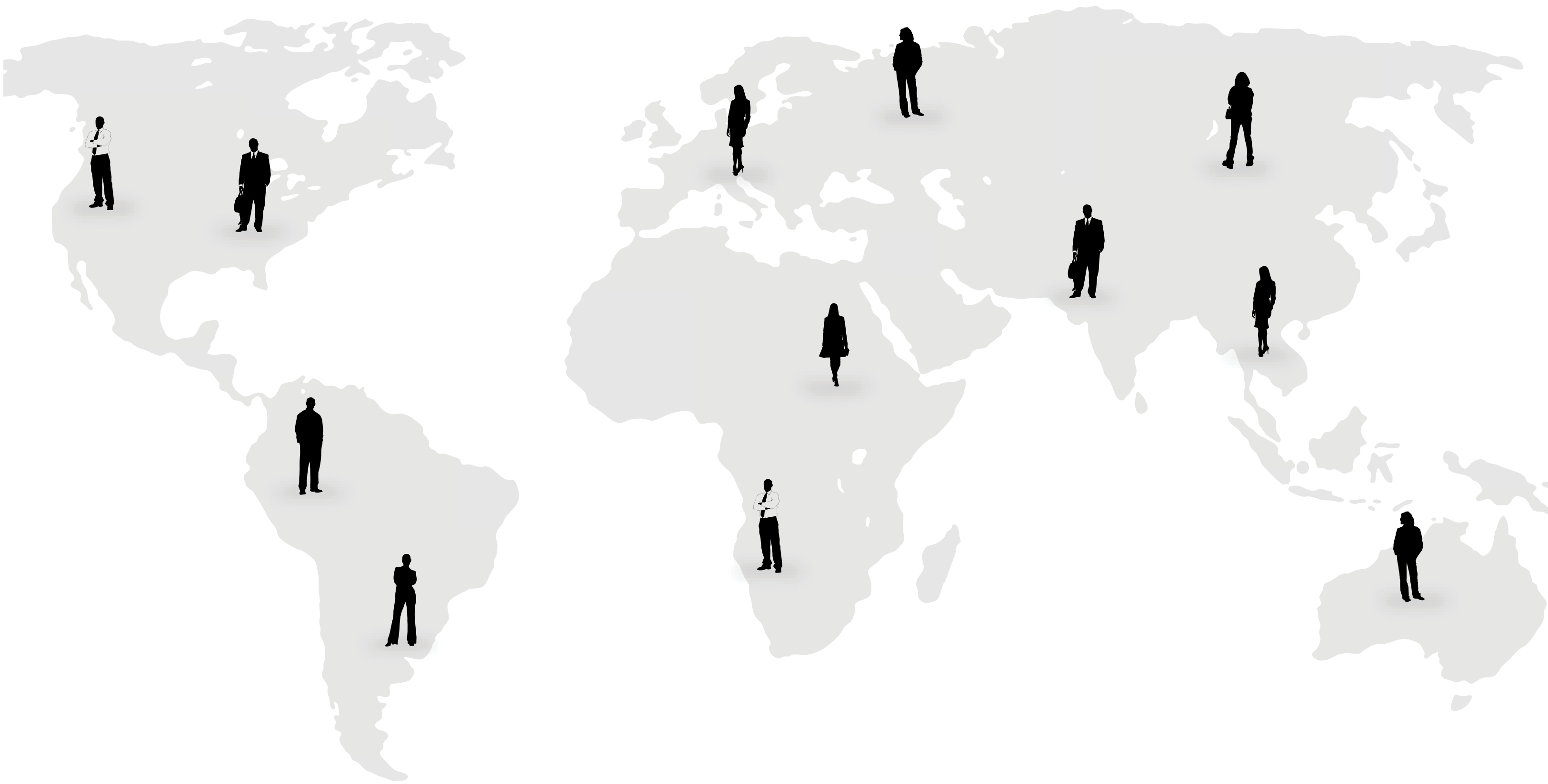
SAP Fieldglass

DEVELOPING AND MANAGING AN EFFECTIVE OFFSHORE PROGRAM

AN SAP FIELDGLASS WHITEPAPER



About This Whitepaper
Offshore outsourcing (offshoring) is currently a hot button issue, both in the IT world and the business world in general. Offshoring certain types of jobs offers definite economic, productivity, and sometimes even quality advantages. It provides options to address a range of market challenges, including price pressures, workforce reductions and the need to continually improve processes.

Today, managers who are being asked to do more work with fewer resources are finding offshoring to be a viable alternative. At the same time, there are also any number of financial and political ramifications to this business practice that are not always apparent.

Still, it appears to be a trend that will continue for the foreseeable future. According to the most recent government data, U.S. companies employed 14 million workers in their overseas affiliates. If this trend continues as expected, it will necessitate a fundamental shift in the way organizations manage both their spend and their labor forces. The human resources systems within most enterprises are configured to manage an internal labor pool; their procurement systems focus on goods rather than services. As a result, neither system is completely sufficient for managing the non-captive, large-scale labor force foreseen in the next decade.

This whitepaper will look at the driving forces behind the move to offshoring, where it does and doesn't have value, best practices for managing outsourced labor (both on- and offshore), and the reasons why offshoring sometimes fails. It will also examine the changes organizations can make to prepare themselves to take full advantage of the benefits provided through offshoring.

Offshoring: A Brief History

Offshoring as an idea originally took root several decades ago as U.S. and European manufacturers realized that dropping transportation costs made it possible to produce goods in overseas factories at a far lower cost than they could in their home countries. Cheap labor, lower freight costs and favorable political climates all combined to make it attractive to send production overseas, first to Japan, then China, Korea, India, and other countries in Southeast Asia. The phenomenon took off in the 1960s and has continued ever since.

While much noise was made about U.S. jobs moving offshore, it was difficult to argue with the resulting economic boom that came with it. Lower prices spurred consumer spending, which drove the U.S. economy to new heights. They also made U.S. products more competitive around the world, bringing additional revenue to American companies.

The movement of manufacturing to offshore producers gave rise to the so-called "service economy" that followed. It was relatively easy to move manufacturing offshore, because the process of manufacturing can be defined well. Products are designed to certain specifications, and the finished goods either do or don't meet those specifications. But the actual design work for those products remained in the U.S. because that type of work required a highly trained and specialized workforce that wasn't available overseas. Or more accurately, wasn't perceived to be available overseas.

Technology application development was another area that fell into this category. The U.S. led the PC revolution, and the Information Age came into being. U.S. schools were suddenly filled with computer science students, business was demanding newer and better applications, and application developers could practically write their own tickets.

The first offshoring of technology development appeared to have begun in the late 1980's. One of the more colorful examples was a ship with Chinese developers that docked ininternational waters, offering programming services at a much lower cost than using U.S. developers. Quality control was questionable but the pricing was such that the work could be done several times before it approached that of domestic development.

Most offshore IT development at that time, however, was being done in India. The country had a highly educated, abundant workforce that was ideal for IT work. Of course, the types of jobs sent offshore were limited then due to logistical challenges. A key consideration was the absence of ready infrastructure for moving the applications back and forth between the U.S. company and its Indian developers.

All of the work had to be saved to and transported on tapes. This was a very cumbersome and time-consuming process, particularly since applications had to be reviewed in stages to be sure that pieces being developed in India would work with those being developed domestically. This factor meant only simple, straightforward, non-time sensitive work could be sent offshore, limiting the impact offshoring had on the IT development industry.

This all changed with the advent of enterprise networking and the improvement and subsequent cost reduction of the entire telecom infrastructure, including the proliferation of Internet-connected computers. Suddenly data exchanges that formerly took days to complete could now be downloaded in a few hours over dial-up modems. Once broadband connections became more prevalent, even that time was reduced to minutes and continues to decrease.

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This speed of connection, which became common circa 1999, made offshoring a more realistic alternative for virtually any type of IT development. It also had an impact on a number of other services such as call centers, payroll processing, financial research, etc.

In an era when co-workers sitting side-by-side in offices exchange emails rather than talk face-to-face, there are very few technological or logistical differences between working locally and sending the work offshore. The determining factor on whether work can be sent offshore often becomes a question of figuring out how much of it is subject to interpretation. The more shades of gray there are, the more the work may need to remain close to the company.

Factors Driving Offshoring

It's no secret that the primary driving force behind offshoring is the potential for dramatic cost savings. Organizations can get the same work done for 25-30 percent of what it would cost to perform the same operations in the U.S.

Yet price is not the only factor in the decision to go offshore. In fact, according to a study from the Aberdeen Group, it is the primary reason in only 53 percent of the decisions. Resource issues (22 percent), time to market (16 percent) and specific expertise (7 percent) are among the other reasons given.

In many ways, all three of those reasons are related. Organizations may feel they don't have enough of a certain type of expertise to bring a product to market in a timely manner. Or they may feel it is so unique to a particular project that it is not worth taking on the expertise permanently. Often they choose to offshore tactical jobs so those within the organization can operate more strategically. A typical IT initiative involves sending 'sunset' applications offshore for routine maintenance and upkeep.

Another reason some companies begin offshoring is to improve their ability to provide customer service. Because it is difficult to differentiate by product benefits to the end user, the difference is often the level of service they can provide to customers. For example, rather than running three help desk shifts in the U.S., companies can provide help desk services during regular business hours from their U.S. headquarters, then outsource the remaining hours to countries for whom 3:00 AM ET is normal business hours locally. By doing this, they achieve a cost advantage as well as a service advantage.

This scenario brings up another important point. Offshoring is seldom an all-or-nothing proposition. The decision of what and how much to offshore should be driven by sound business reasons. That may mean sending out all of a particular process or some portion of that process.

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What it does do, however, is give organizations access to specialized resources they otherwise couldn't use. It allows them to seek out the best of the best, and use talent wherever it happens to reside.

Whatever the driving forces, as organizations increase the type and scope of work they offshore, they must ensure that they have the solutions in place to manage not only the work flow but all of the business processes that go with it. Without them, the cost savings and other benefits can quickly become a logistical nightmare.

The Offshore Players

India is generally considered the first country to aggressively pursue offshore IT business from the U.S. and other developed countries. It was an excellent fit.

Centuries of British colonial rule left a population for whom English was (and is) a widely spoken language, at least among the professional classes. India also has a highly developed and competitive educational system, especially at the college level, particularly in engineering and other technical courses of study. Tens of thousands of students often vie for less than a few hundred openings at the top schools. The exchange rate of dollars to rupees combined with a much lower cost of living in India makes it financially attractive for U.S. companies to pay what are considered top wages there, while still saving a substantial amount over comparable wages in the U.S. In addition, both the U.S. and U.K. have labor laws that are friendly to business, as opposed to countries such as Japan that are much more protective of domestic jobs and require companies to jump through many hoops in order to send work offshore. These factors combined to create a large workforce well-suited to the types of IT jobs being sent offshore.

As with any successful business model, other countries have joined the offshore IT market, creating an even greater competitive advantage for the buyers. Figures compiled by the McKinsey Global Institute from a variety of sources show that India and Ireland are the current leaders in the offshored services market (based on dollars spent), followed closely by Canada and Israel. Others making inroads include China, Mexico, Australia, Eastern Europe, the Philippines, Russia, South Africa and Thailand.

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For some in the second tier, language is the primary barrier. For others, it's the availability of a suitable, highly-skilled labor pool in sufficient quantity. And for some, the monetary exchange rate is too small to offer sufficient savings. As they overcome these limitations, these countries or regions are expected to steal market share from the leaders even as they help grow the overall market. Meanwhile, other countries will emerge as challengers.

What this means to U.S. enterprises is the possibility of managing a widely diversified labor force, which will greatly complicate such straightforward business operations as Request for Quotations (RFQs), contract negotiations, invoicing and payment, (SLAs) and performance measurement against goals. As a result, internal systems will likely have to be rethought and retooled to meet the new global makeup of the organization.

Types of Services Right for Offshoring

Offshoring has grown considerably since the early days of IT development, when it was used primarily for simple maintenance. Today it encompasses a wide variety of data- and voice-driven operations. Many of these are either technical yet repetitive jobs, such as data entry or jobs for which the U.S. labor force may be too expensive for the benefits derived.

A "follow the sun" business strategy may also be a determining factor, as mentioned earlier. This is particularly true for customer-facing concerns such as help desk services. The type of job and service level required will help determine whether offshoring is a viable part of the strategy.

With those factors in mind, the current landscape encompasses the following types of job functions:

- Data entry
- Data conversion
- Transaction processing
- Document management
- Voice and online customer service
- Telemarketing
- Collections
- Finance/accounting
- Certain HR services
- Procurement
- Help desk
- IT maintenance, infrastructure, application and development
- Medical review and monitoring
- Research
- Customer and/or portfolio analysis
- Claims processing
- Risk management
- Engineering
- Content development
- New product design, testing and optimization

In short, tasks that are labor-intensive but do not require a lot of high-level decision making are prime candidates for offshoring. Projects that require hourly interaction between team members, or for which it is more difficult to develop firm parameters, are generally best left onshore — unless the particular expertise required resides elsewhere.

A good example of a newer type of specialized work being sent offshore is medical monitoring. A report on ABC's Dateline showed how the confluence of technology, expertise and a "follow the sun" strategy works. In this story, a heart surgeon performed a procedure on a patient in the U.S. Monitoring devices in the patient's room were then connected via high speed Internet to a matching monitor in India. Medical practitioners there were able to watch the patient's vital signs and the performance of the heart overnight in the U.S. (which is daytime in India).

The patient received expert around-the-clock care that would have been nearly impossible to duplicate without the offshore solution since equally skilled U.S.-based heart specialists would have been reluctant to work that overnight shift.

One perception that is changing in the IT world is whether the offshore worker can or should have client interaction. As both sides of the equation have learned more about the possibilities, offshore IT workers are now being brought in by their onshore counterparts for direct contact with clients. This trend is expected to continue, bringing businesses much closer to a "one world" concept.

Selecting an Offshore Location

Once an organization has made the decision to outsource offshore, there are a number of factors that need to be considered. Failure to examine each of these issues thoroughly will almost always result in an unsatisfactory engagement.

The first consideration is to develop a strong understanding of precisely which jobs or functional areas the organization is planning to outsource—and why. For example, while cost reduction may seem attractive on the surface, the organization needs to decide whether the subsequent loss of direct control over that functional area is acceptable. The organization must also understand the impact that outsourcing will have on overall business processes. In today's connected enterprises, nothing exists in a vacuum. If sending the work offshore will slow down other business processes, it may not be the best decision.

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The next step is understanding the current metrics being used to evaluate the process, and whether the offshore provider will be held to the same metrics. This is where SLAs come into the picture. Are the expectations for the offshore provider the same as those for the internal department? Who will be holding them accountable? If they miss the metrics, will there be a mechanism in place to call attention to it, and will the Accounts Payable department know that an adjustment is in order? At the end of a year, will the organization be able to take a snapshot of the overall performance versus expectations/promises to determine whether the expected value has been achieved? Bottom line: if it can't be measured it can't be managed.

Once those parameters have been established, the organization must match its needs to the areas of expertise available in various countries and the supply of qualified people or suppliers. For example, India and Ireland are both strong choices for IT development projects and outsourced call centers to support U.S. applications. Each country has a ready supply of skilled technical and non-technical workers who are fluent in English. Hungary, on the other hand, would be a better choice than either India or Ireland to support European customers through a call center, as residents there are generally fluent in multiple European languages. Russia has a ready supply of IT developers who are well-suited to heads-down coding and technical tasks, but are less comfortable (for the moment) with the English language. Developing countries such as Thailand are able to offer simple data entry skills at rates even lower than those in India.

The key is matching the skill sets available in various regions with the skill sets required for the job. A thorough investigation prior to engagement will provide much better chances of success in the long term.

The organization's experience with outsourcing in general (and offshoring in particular) becomes another consideration. If it has never outsourced work before, there is likely to be a learning curve as the organization seeks to understand changes required in its business operations. Procuring services of any kind is quite different from procuring goods and materials. Goods can be catalogued, parameters are fairly standardized, pricing is relatively easy and there is a defined beginning and end to the procurement process. In contrast, engaging an outsourcer or buying any type of recurring service resembles a 'lifecycle' with each stage — plan, procure, engage, pay, measure — interacting with and impacting other stages.

For example, payment is made not once, but is usually linked to completion of deliverables, time or the meeting of a service level; performance measurement against expectations is often subjective and must be factored into the payment process. For offshoring, tax liabilities, currency exchange rates, tariffs and other factors also must be taken into account. It is a complex process that requires having systems in place to manage it. The more its ability to automate the procurement process and ongoing performance management, the better its position to ensure that the engagement is (and continues to be) successful. The final decision for going offshore revolves around the age-old question: build or buy? Each has its advantages.

Building an offshore center provides a greater degree of control over processes and procedures. This often results in a faster learning curve, standardization of tools and productivity measures, easier transfer of knowledge between headquarters and offshore, better protection of proprietary and business knowledge, better security and greater accountability since there is no partner to blame. The downside is the organization is now responsible for HR issues where there may be large cultural differences, its talent pool is limited to those people in the area where the facility is built, and it may be difficult to relocate the work to other regions if business or political conditions dictate the move. There's also the "shoemaker's children" syndrome, i.e. since the offshore group is serving internal customers, there may not be the same level of urgency as there would be when serving external customers.

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When it comes to offshoring, many large enterprises choose to work with a partner for many reasons. First, The organization merely has to manage a small group of partners, making it a procurement rather than an HR issue. Using partners also allows the organization to be more selective, using a "best of breed" strategy, not only from country to country but even city to city within those countries. The organization can add or subtract resources as required to account for changes in the business climate, seasonality or other factors. Finally, using partners makes it easier and far less costly to establish a "follow the sun" strategy.

Ultimately, unless security or the need to protect proprietary data is the first and overwhelming consideration, aligning with partners generally offers the greatest flexibility, and is the strategy of choice for large multinational enterprises.

Best Practices for Managing Offshore Engagements

One of the most important yet least understood aspects of offshoring is that it is not a purchase as much as it is an engagement for services. While the agreement generally has a specifically stated beginning and end, most of the work is done using Statements of Work (SOW) or 'schedules' that are continuously added to the Master Service Agreement. During this period, many things happen that can change or affect the scope of the agreement, such as requiring additional resources, a change in the technology being used, the burden on a call center exceeding expectations, delays, scope creep, a lack of proper training or hand-off of the project, etc.

Even if things go exactly as planned, there are still milestones and/or SLAs to be met. Changes in personnel working on the project, unforeseen cultural issues (either country to country or organization to organization) and differences in expectations between buyers and sellers who thought they were in agreement can cause hiccups.

In our work with large enterprises, SAP Fieldglass has found the following best practices used in successful offshore engagements:

Get to Know Each Other Before Signing the Contract
Organizations should perform due diligence, not only on the business aspects of the potential partner, but also take time to get to know the partner's corporate culture and their country. What may appear to be a good fit on paper may not be from the standpoint of a good working relationship. Some cultural norms are deeply ingrained — many programmers in Eastern cultures find it difficult to disagree or dissent even if it would serve the best interests of the client. Spending the time up-front to discover the unwritten, human aspects of the working relationship will help avoid problems and costly misunderstandings down the road.

Meet Face-to-Face to Assure Agreement on Goals and Key Success Factors
While it may seem that written communications are the best way to assure agreement, their greatest value is to recap goals to which consent has already been given. Face-to-face communication makes it easier to win personal commitment around goals and success measures, explain the reasoning behind proposed measures and work out practical details. Managers are more likely to pick up conflicting non-verbal cues at this early stage while developing their own skills at engaging offshore providers.

Have More Than One Point of Contact
This one is simple. If there is only one point of contact, and that person leaves the project or the offshoring company, it can set the relationship back by months. It is better to have two to three primary points of contact and to have them at several levels that match those of the purchasing company. The more deeply both sides are intertwined, the smoother the relationship — and the better able it is to handle the rocky times that are a part of any engagement.

Think Long-Term
Even if the initial engagement is expected to occur over a short period of time, partners should be selected with a long-term view in mind. If the partner is not one with whom the organization would want to do business regularly, it is not a good fit.

Understand Their Business Culture
There is a tendency for all organizations to view others through their own lenses. Yet differences in cultures can be extreme, and if they are not understood they can hamper the overall success of the engagement. For example, in the U.S. there is a tendency for IT developers to specialize in order to advance their careers. They may start doing general work but eventually find their niche and are then rewarded based on their expertise. In India, IT developers are expected to increase their general knowledge in order to advance their careers. In other words, advancement is not skills-based but rather based on their ability to manage work with a wide variety of technologies. U.S. organizations that plan to reward the offshore workers who help them achieve success will need to assure that the parameters for reward are clearly set based on the buyer's requirements, not the seller's. If not, the desire to provide a higher pay level could force the offshore worker into a position for which they are not suited, e.g. becoming a manager because more pay requires a higher grade level.

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Understand General Cultural Differences
This is especially true when extensive training is required. Not knowing the local customs could be a costly mistake. For example, suppose an organization establishes a call center in India that primarily employs females and each employee requires six weeks of training on the products and offers. It will be important to know whether those employees were born in the town where the call center is located. If any are married, it is even more important to know if their husbands are from that town. Indian culture dictates that wives follow their husbands and that sons take care of their families. If the call center is in Bangalore and the employees are from many different areas, the churn rate may cause difficulties.

Make Offshore Contacts Repeat What They Think They Heard
Some cultures are reluctant to ask questions or to look as though they don't understand what is being said. Rather than asking, "Do you understand?" and getting a nod of the head, ask offshore contacts to repeat what they think they heard. If you don't, the silence may be deafening — and deadly to the success of the project.

Keep Goals & Measurements Visible Throughout the Engagement
All too often, goals are set down on paper then quickly forgotten during the course of the engagement as other business issues take center stage. This is particularly true of milestones. Then, when the due date arrives and the project is nowhere near completion, panic sets in and the lawyers get involved. Instead of using goals and measurements

as backup to assign blame, keep the terms of the agreement visible throughout the engagement. An automated engagement lifecycle management system will do this. For example, if an outsourced project is expected to be at 50 percent completion after three months, a reminder can be triggered for the internal project owner at the three month mark. In the case of an SLA, the minimum standards can be accessed electronically from the contract with a single click and brought into a monthly service report or the invoice for comparison against actual performance. By keeping goals and measurements visible in this way, the organization reduces the chance of surprises coming with an invoice or at the end of the engagement.

Evaluate Success on More Than Goals Met

While it is important to establish empirical measures of success, it's also important to evaluate factors other than numbers as well. For example, how easy is it to work with an offshore provider? If goals were met only after great effort on the part of the organization to keep the project on track, the offshore provider may not be the right one. On the other hand, if the provider had an early grasp of the project and required only minimal attention to meet the goals, it may be worth keeping them — even if another provider comes in with a lower bid. In all cases, it isn't enough to know the project reached its goals. Sometimes knowing how it arrived there is even more important to evaluating the success.

Understand All the Costs Involved

In any outsourcing engagement, but especially one that is offshore, there are a number of costs that go beyond the rate card. If the organization is building its own offshore center, these factors include capital expenses for facilities and infrastructure, utilities and telecom, recruiting costs and the cost of attrition/turnover. Whether the organization builds or buys, other costs include management of the resources by internal personnel, process modifications and improvements, travel and changes to the accounting system to allow for these new resources. Also of concern is the impact on productivity over the short term, while the offshore team is being brought up to speed, and long-term if the proper collegial atmosphere is not established between internal and external resources. In short, the difference in billing rates is only one of many factors that must be considered in determining the final cost benefits.

Establish a Collegial Working Relationship Between Onshore and Offshore

The immediate reaction from current employees to an outsourcing initiative is generally one of fear. And rightfully so. Offshoring carries a connotation of a loss of jobs, driven by organizations that replace higher priced U.S. labor with less expensive offshore labor. Yet in many cases, a mix of onshore and offshore resources is required. When that is the case, best practices dictate establishing a more collegial working relationship between the two groups. If possible, hold face-to-face meetings with both teams, or at least key members of both teams. Don't do them all in the U.S. either. Bring onshore workers to the offshore sites too, so both sides can understand each others' cultures better. If the organization is seeking a particular skill set that is not in-house, or is pursuing a "follow the sun" strategy, make those reasons clear to the onshore workers.

Be Careful When Bringing Offshore Workers Onshore

There is a potential downside to bringing offshore workers to the U.S. For many, America is still the land of opportunity, the place where they ultimately want to live. Frequent visits can extend false hope of being transferred to the U.S., followed by disappointment. It can also breed jealousy among those who are not brought to the U.S. Again, be aware of the perceptions and be clear in communications about the nature and duration of any visit.

Make Success a Mutual Responsibility

You will get much better results if the offshore workers get excited about the work they will be doing and buy into the goals. Rather than placing responsibility for success with either the onshore group (they'll do the grunt work and then you fix it) or the offshore group (you're being paid to do this so get it right), encourage collegial thinking by sharing responsibility between both groups. Getting both sides to work towards a common goal removes the adversarial element that typically lurks beneath the surface of any outsourcing relationship.

Actively Manage the Offshore Relationship

In January 2004, AMR research released a research report entitled, "You Can't Outsource Outsourcing Management." This is an important point, because the temptation is to assign the work, check it off the list and move on to something else. That is a recipe for disaster. Leaders within the organization need to communicate constantly with the offshoring provider in order to ensure that projects stay on track. This is particularly true when users need change mid-stream, as happens with nearly every IT project. At the same time, performance needs to be reviewed regularly; here again is where an automated engagement management system simplifies the process. Just as managers would not assign work to in-house resources then wash their hands of it, so too must they be diligent in actively managing offshore resources.

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Understand the Time Commitments

If the organization is pursuing a "follow the sun" strategy, both sides will need to understand that it will require more than a 9-to-5 commitment. Late evening in the U.S. is the beginning of the workday in India and southeast Asia. Morning in the U.S. is the end of the day in Europe, or beyond for those on the West Coast. All involved will need to invest off-hours in order to communicate effectively. It is always the middle of the day somewhere. And the middle of the night somewhere else.

Why Offshore Projects Fail

There are many reasons why an offshore project may fail. Some, such as a change in the local political or global economic climate, are beyond the organization's control and must be adjusted to as they occur. Most causes, however, are a direct result of negligence on one or both sides. Among the most prevalent are:

Outsourcing an Ineffective Process to a Partner
If it didn't work within the organization's own infrastructure with its intimate self-knowledge, there is no reason to believe it will work with a partner coming in from the outside. It is incumbent upon the organization to make sure the processes being sent offshore can be effectively done within their own organization.

Shifting a Problem to a Partner
You cannot outsource a bad or ineffective process. Shifting a problem to a partner is a conscious effort to get it off the organization's plate and possibly to assign blame if/when it fails. Unless the partner is bringing in expertise to solve the problem, and it is acknowledged that the problem is a difficult one that requires particular expertise, the chances for success are minimal at best. The problem won't go away; it will merely show up elsewhere.

Vendor Mismatch
The organization looking to offshore the work must make sure that the partner's capabilities are what they claim to be. Do not assume that the vendors will represent themselves properly. Performing a thorough investigation of the partner's capabilities, track record and overall operations is essential to success.

Inability to Retain Key Team Leaders
These are the people who are required for continuity. Every time one of them leaves the engagement, there is a new learning curve that inevitably slows progress and productivity. Put the proper incentives in place for key people at all levels in order to make the relationship more effective.

Poor Project Scope Definition
Offshore providers cannot bid properly on what they do not know. The organization should not put a project out for bid until it is properly scoped out. Otherwise, the organization may enter into an agreement for work that is beyond the capabilities of the provider, or will take much longer than expected.

Excessive Focus on Cost Reduction
You probably wouldn't pick your heart surgeon based on lowest price, yet many firms will select the lowest cost bidder to perform something similar to their own organizations. Cost reduction is a valid outcome of offshoring, yet it cannot be the only selection criteria. What may be appear to be 'low cost' could turn out to be an expensive alternative after you factor in rework and loss of time. Consider additional factors such as the offshore provider's experience with this type of work.

Not Accounting for Impact on Customers

An offshoot of the cost reduction concerns, this one fails to take into account the impact an offshoring move will have on the organization's customers. In one well known example, a hardware manufacturer sent help desk support for its technical customers offshore in order to reduce costs. The IT professionals who called the help desk line found themselves talking to Level 1 technicians who were merely following scripts, even when the IT pros had already told the help desk personnel that they had tried the standard fixes. The manufacturer generated such ill will among its customers that it scrapped offshore support for businesses and brought it back to its home country. Could the offshore move have been successful? Possibly, had it been approached differently. As it was, it became a black eye for the organization from a public relations perspective.

Insensitivity to Cultural Differences & Prejudices

While call center agents may be located offshore, they shouldn't sound offshore. This is especially true for outbound calling. The National Do Not Call list is a prime example of the U.S. population's feelings about telemarketers in general. Add a person who is difficult to understand over the telephone and it spells disaster for the campaign. Does this mean the agents should try to sound "American?" No, as this strategy can backfire as well. Most people are resistant to others mimicking their speech patterns. The agent should be easily understandable without sounding false — there are many accents in the U.S too. Finally, prejudices do exist in the world. If hearing a foreign-sounding voice will put off the organization's target audience, no cost savings in the world can justify the decision.

Internal Resistance to Offshoring

This can manifest itself in many forms. Two of the most common are managers who are opposed to outsourcing on principle and those who resist change from the outside. In the former case, whether consciously or unconsciously, those managers are likely to sabotage the relationship in order to assure that it will fail. They don't want it, they don't like it and they're determined to get rid of it. In the latter instance, it's more a matter of protecting the fiefdom — if it wasn't invented here, it can't be good. This group is more likely to sabotage the idea through passive resistance. They will, however, be first in line to point out that it failed.

Imbalance Between Offshore & Onshore Workers

Successful IT engagements appear to have a ratio of roughly five offshore workers to every two or three onshore. Exceeding that will set up an imbalance that will hinder project progress. As previously stated, it is not an either-or proposition. The best teams are those with the right mix of skills and experience, not just with the technology, but with the business conditions driving it. Often this means sending tactical work offshore in order to free onshore workers to operate more strategically.

Failure to Make it a Win-Win With the Partner

As with any other contractual agreement, the most successful engagements are those that are fair to both sides, and both sides feel as though they're benefiting from the relationship. Setting up any other type of agreement is a quick ticket to failure.

Closing

Outsourcing (work done by someone else) and offshoring (work done elsewhere) are here to stay. When done properly, the benefits are clear and proven. Organizations will increasingly find themselves constrained if they do not incorporate sound outsourcing strategies into their business plans. However, they must take care to build internal capabilities in the management of outsourcing providers before they embark on this journey. Internal processes should allow them to manage offshore/outsourced engagements at least as effectively as they manage internal projects and functions. By taking a thoughtful approach, organizations will find it easier to attain the benefits they desire from offshoring.

Contact

To learn more about SAP Fieldglass or how to develop and manage an effective offshore program please don't hesitate to contact us at fieldglassinfo@sap.com or visit www.fieldglass.com.

About SAP Fieldglass

SAP Fieldglass provides the industry's leading cloud technology for services procurement and external workforce management. More than 400 global businesses leverage SAP Fieldglass' intuitive Vendor Management System (VMS) to gain visibility into its external labor, project-based services including Statements of Work (SOWs), independent contractors and additional flexible talent pools.

