Offshore Outsourcing
Developing a Global Marketing Strategy

ITCOT Conference  |  December 2003
Chennai

Ramprasad Varanasi
Advisor
neoIT
Agenda

Introduction to neoIT
The Offshore Outsourcing Lifecycle
What Customers Want
   Knowledge
   Plan
   Source
   Manage
Recommendations
Q&A
### About neoIT

<table>
<thead>
<tr>
<th>Transactions:</th>
<th>75 offshore sourcing transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deal Value Advised:</td>
<td>$1billion by end of 2003</td>
</tr>
<tr>
<td>Clients:</td>
<td>Global 1000 and Fortune 500</td>
</tr>
<tr>
<td>Employees:</td>
<td>67 advisors and support professionals</td>
</tr>
<tr>
<td>Geographic Coverage</td>
<td>Advisors located in US, India, China and The Philippines</td>
</tr>
<tr>
<td>Methodology</td>
<td>04 Offshoring Methodology; A5 Assessment Methodology; neoQA Supplier Due Diligence Process; M5 Program Governance</td>
</tr>
<tr>
<td>Offshore Program Management</td>
<td>neoIT established first independent PMO in India to assist US client to transition over 200 resources, maximize savings, lower risk and enhance performance.</td>
</tr>
<tr>
<td>Provider Knowledge Management System</td>
<td>Deep knowledge about capabilities, expertise and reputation of Tier 1 and Tier 2 MNC and offshore suppliers in over 50 countries</td>
</tr>
</tbody>
</table>
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The Offshore Outsourcing Lifecycle

1. Knowledge
2. Plan
3. Source
4. Manage

Offshore Expertise & Experience
Market & Supplier Knowledge
Codified Methodologies and Offshoring Tools

Source: neoIT O4 Methodology
Introduction to neoIT

The Offshore Outsourcing Lifecycle

What Customers Want

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What Clients Are Looking For…

- How do I develop a long-term strategy?
  
  (Country, ownership model, what processes)

- How do we leverage best practices across different business units?

- What nations are the best sources of offshore outsourcing beyond India?

- What are the business continuity issues that I need to consider?

- What are the best practices for transition management?

- What are the best practices for building and sustaining offshore teams?
## Knowledge

<table>
<thead>
<tr>
<th>O4 Phase</th>
<th>Market Factors</th>
<th>neoIT Factors</th>
</tr>
</thead>
</table>
| Knowledge | ▪ Limited knowledge of Influencers; multiple influencers  
▪ Unclear long-term benefits  
▪ Inadequate knowledge of client business | ▪ Neutral party; Sourcing Advisory experience  
▪ Clear co-relation of corporate strategy with benefits  
▪ Independent assessment of client requirements  
▪ Setting & Managing expectations |
## Plan

<table>
<thead>
<tr>
<th>O4 Phase</th>
<th>Market Factors</th>
<th>neoIT Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan</td>
<td>▪ Improper matching of supplier competence with client business goals</td>
<td>▪ Neutral assessment of supplier capabilities</td>
</tr>
<tr>
<td></td>
<td>▪ Inadequate assessment of capabilities</td>
<td>▪ Structured, comprehensive assessment methodology, using neoQA</td>
</tr>
<tr>
<td></td>
<td>▪ ROI is less; decision-making is slow</td>
<td>▪ Save $ on RFPs</td>
</tr>
<tr>
<td></td>
<td>▪ Lack of alignment on timelines</td>
<td>▪ Hasten decision making</td>
</tr>
<tr>
<td></td>
<td>▪ Commoditized approach</td>
<td>▪ Ensure deal timelines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Portfolio Approach</td>
</tr>
</tbody>
</table>
# Source

<table>
<thead>
<tr>
<th>O4 Phase</th>
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<th>neoIT Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
<td>▪ Interested party</td>
<td>▪ Neutral party</td>
</tr>
<tr>
<td></td>
<td>▪ Generic understanding and secondary information</td>
<td>▪ Sourcing Advisory experience</td>
</tr>
<tr>
<td></td>
<td>▪ Limited knowledge of other offshore markets</td>
<td>▪ Extensive experience in offshore markets and supplier capabilities</td>
</tr>
<tr>
<td></td>
<td>▪ Third-party sourcing</td>
<td>▪ Best-fit sourcing model [BOT-Source-Build]</td>
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</table>

**What Customers Want**

© 2003 neoIT
### Source

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<th>O4 Phase</th>
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<th>neoIT Factors</th>
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</thead>
</table>
| Source   | - ROI, quality, control and risk is not optimized/maximized  
           - Increased risk to goals of cost savings and risk mitigation  
           - Limited knowledge of MNC operations offshore, competition among qualified suppliers | - Selecting right supplier for the right client, for the right deal to minimize risk and improve quality  
           - Clarity on commercial terms  
           - Knowledge of limitations of MNC suppliers offshore, local players; risks involved |
## Manage

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<tbody>
<tr>
<td>Manage</td>
<td>▪ Unsettling moments while offshoring – feeling of what’s-happening-around-here?</td>
<td>▪ Better transition &amp; resource planning</td>
</tr>
<tr>
<td></td>
<td>▪ ROI goals not realized. Higher transition costs and slower ramp-up</td>
<td>▪ Negotiated service levels &amp; contracts</td>
</tr>
<tr>
<td></td>
<td>▪ Limited knowledge of transition impact/ business factors</td>
<td>▪ Independent assessment of knowledge transfer capabilities</td>
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</table>

**What Customers Want**
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</thead>
</table>
| **Manage** | ▪ Inadequate knowledge of Program Management & PMO | Expertise in **M5 Methodology**:  
▪ Performance Management  
▪ Relationship Management  
▪ Financial Management  
▪ Resource Management  
▪ Contract Management |
| | ▪ Stopgap planning or knee-jerk reaction to program management and monitoring | ▪ Change in process workflow  
▪ Risk mitigation planning  
▪ Regular scorecard review  
▪ Steady State  
▪ Impact analysis |
| | ▪ Follow onshore experience  
▪ Do not see importance of offshore PM office | ▪ Offshore Assessment  
▪ Independent PM Office  
▪ Transition Support and Management to Steady State |
### Manage

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<tr>
<td>Manage</td>
<td>- Business metrics don’t address client’s perceived benefits</td>
<td>- Portfolio approach and program management</td>
</tr>
<tr>
<td></td>
<td>- Conflicting interests owing to multiple client base</td>
<td>- Stringent service levels monitoring &amp; linking it to client’s perceived benefits</td>
</tr>
<tr>
<td></td>
<td>- Certified capabilities leading to standardized improvement initiatives</td>
<td>- Focused continuous improvement to positively impact client bottomline</td>
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Recommendations

What are the critical success factors for suppliers?

- Service level compliance
- Develop Domain expertise
- Focus on objectives
- Build strength, not volume
- Invest in people
- Customize pricing
- Invest in R&D
- Continuous improvement
Outsourcing / Offshoring Resources

Outsourcing/Offshoring Knowledge

- neoIT:  www.neoIT.com
- The Offshore Knowledge Center:  www.neoOffshore.com
- Firmbuilder:  www.firmbuilder.com
- TPI:  www.tpi.net
- Outsourcing Institute:  www.outsourcing.com
- Outsourcing Journal:  www.outsourcingjournal.com
- NASSCOM:  www.nasscom.org
- Philippines:  www.outsourcephilippines.org
- Global:  www.witsa.org

To outsource through neutral parties

- neoIT:  www.neoIT.com
- TPI:  www.tpi.net
Contact Information

Allisson Butler  
Marketing Director  
allisson@neoIT.com  
(925) 355 0557

Ramprasad Varanasi  
Advisor  
rvaranasi@neoIT.com  
91 80 361 0371

 neoIT Global Headquarters  
2603 Camino Ramon, 2nd Floor  
San Ramon, CA  94583 USA

 neoIT Asia Headquarters  
210, Bellary Road  
Upper Palace Orchards  
Bangalore - 560 080 India