



Is offshore software development suitable for your organisation?

‘Offshoring’ development work has been around for a long time now – and the idea is very simple. You give your software development work to a company based overseas in a country where professional services are considerably cheaper. They do the development work at local(ish) rates and return it to you, and you have only paid a small percentage of what it would have cost to have outsourced the work in the UK.

So what can go wrong with that?

I have two very different experiences to share. One is from around ten years ago, when the phenomenon of sending your software development offshore first started gaining serious traction in the UK. The second experience has been ongoing for the past 2 years.

A large national company I had associations with looked at the newly emerging offshore software development model – and the decision came down from the upper echelons to outsource large chunks of development work to an Indian offshore company.

I remember a time of much chaos and turbulence, as unhappy customers phoned the original development team desperate for them to take back support and get back to the level of support and ‘feel good factor’ they had before. Tales reverberated through the company about projects arriving being totally different from what the business had expected, late deliveries, any and every communication with the offshore company ending with a change request and a cost. It was a very painful experience for the company dipping their toe in the offshoring pool – right at the beginning of the surge in development outsourcing. The offshoring software development work experiment burst into flames and went down in a terminal tailspin as the company pulled out of the agreement at the first contractual exit point.

The years passed and I brushed with offshore development on several occasions. I was involved with engaging with another offshore company about 5 years ago – this one also based in India. They were very efficient and produced high quality work, but again everything (and I do mean everything) was a change order and an extra charge. They could only be used in pre-defined blocks of days. It was very inflexible. It worked well as long as there was no mid project adjustments required and work effort was accurately estimated. As soon as a tweak to the software to accommodate something new came along – and they always do – the costs racked up and quickly approached double.

I have also come across projects with offshore development teams in Poland, Vietnam and Slovakia and had mixed feedback from the companies that use them.



All the successful engagements do seem to work roughly to the same engagement model. I have laid out the high level rules below:

Rules for successful engagement

- Do your due diligence – check references and other customer’s feedback on an offshore company you are considering using.
- Find a company that will be flexible on ‘mid stream requirement changes’. Some changes will always be a change order of course because of the effort required and the subsequent testing, but common sense should prevail. If the text on a page needs updating (and we are talking about occasional small requests here – not a complete rewrite of the web interface), it is reasonable to expect this to be absorbed by the offshore development company during their ongoing development, and not warrant a ‘one day day charge for system updates and full end to end testing’.
- Successfully identifying – and then successfully communicating – the business requirements to the development team – will make or break any project. This is particularly critical for offshore development projects when the developers are of a different culture, sat in a different country, and have 3 or 4 layers of manager between them and the end user.
 - Firstly – the business needs to be very clear what the expected business benefit and how it will be achieved is from the project.
 - Then this needs to be converted conceptually to a software requirement
 - Then it needs to be formally documented as a functional specification – in a way that doesn’t offer any room for multiple interpretations.
 - The technical project manager should ensure that the specification and documentation reflects the needs and expectations of the business; is unambiguous; is inline with the estimate given by the offshore development company; an appropriate and realistic change control process in place before the project starts and that there are adequate safeguards in the specification and testplan/acceptance criteria to ensure that the business needs are met and that project closure is clearly defined.
- It is also a good idea in most cases – to document the acceptance criteria for the software, so that there is a clear benchmark for what the customer will accept back



from the offshore development company. (This should be done in such a way that it doesn't affect warranty and business as usual support of course). Putting the acceptance criteria into a test plan is a good way of doing this.

- Regular contact, progress reviews and interim testing should be conducted between the project manager and the offshore development team, so that continual progress is monitored and there are no 'huge misunderstandings' at the point of delivery.
- It is good working practice for the project manager to be engaged early enough to be involved with defining the engagement model with the offshore company (frequency of review meetings/delivery checkpoints/communication channels etc) so that he can be sure he has the contact with the offshore company that he feels appropriate to be able to deliver the project with sufficient risk management.
- Avoid a big bang approach to offshoring. Find a small non mission critical piece of work or support and use that to get the offshore model up and running. This will give the new process a chance to bed in and get established – so that workload can be increased with less risk of sudden death in the process delaying a high priority or mission critical project or support task.

What kinds of project are suitable for 'offshoring'?

Assuming the rules above can be followed successfully, some projects lend themselves to offshoring, and others do not. Those suitable for offshoring are

- Small or large well defined projects.
- Ongoing support and maintenance contracts
- Small (but regular) 1-2 day product enhancements and changes
- Migrating an existing software product to a new software platform

What's not suitable?

Not every piece of development work is suitable of course. There is unlikely to be a commercial benefit in offshoring the following:

- A small one off 1 day product enhancement
- A prototype piece of work that is specified as its developed on a trial and error basis
- Irregular or occasional - but mission critical - support of a project or key system

What about intellectual property and security?

Software very often is critical to a company, and of course may well be the product that they market and sell to their own customers. Is there a risk with Intellectual property then by letting it be developed by another company, and in fact an overseas company?



Intellectual property is contractually protected in the contract with the offshore development company (or should be – you should ensure this is the case) and remains the property of the customer (the customer being the company that has engaged the offshore development company). Most offshore companies (and certainly the company that we work with) takes code security very seriously indeed. You should ask a prospective company to provide details of their security measures. A well established company should have documented processes that they can immediately provide you with.

A strategy for maximising efficiency and cost savings

One strategy would be to combine offshore development and the use of the in-house team to reduce costs, maximise customer satisfaction, and free the architects, project managers and strategists to focus on the product roadmap and changes and opportunities in the market.

This strategy (which i am not claiming is suitable for every organisation) would be as follows:

Move product development work offshore. Have technical project managers that are experienced and focussed on managing offshore development work engage with and manage the offshore development teams.

Have your business analysts, strategists and product managers focussed on the product roadmap, market/compliancy changes and engaging with customers to understand the future direction of the product.

Have your product and core development work done offshore and managed by your technical project managers.

Use your in-house development team to support and maintain the application.

The advantage of this is that the development team are UK citizens based in the UK, and more likely to strike up a rapport with the customers and provide a feeling of a 'personal service'. They are your personnel and therefore there is an argument saying that you are better off keeping the customer relationship and engagement and account management issues in-house.

though the challenge for a company engaging in this model will be keeping the development team on board. Not all developers will see their move from product development to support as a positive step for them personally.

The last two years I have been working closely with an Offshore development company and we have had a number of successful projects by applying (and honing) the rules above. The work scope has been very varied and includes a brand new software product development,



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changes to a long established software system in a national bank, and ongoing change orders and maintenance for an established information system.

Rockwave Consulting has formed a partnership with this offshore company and we can offer a combined service of project delivery, comprising of project specification and project management through myself based in the UK, with offshore development based offshore.

Alternatively – if no project management is required a simple and straight forward introduction is only an email away.

To find out whether you could benefit on savings of up to 80% on some UK development rates contact enquiries@rockwaveconsulting.co.uk