LogicaCMG
Releasing your potential

Outsourcing/Offshoring – The challenges

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Agenda afternoon

- 13:25 – 14:05   TestFrame

- 14:50 – 15:30   Outsourcing/Offshoring – The challenges

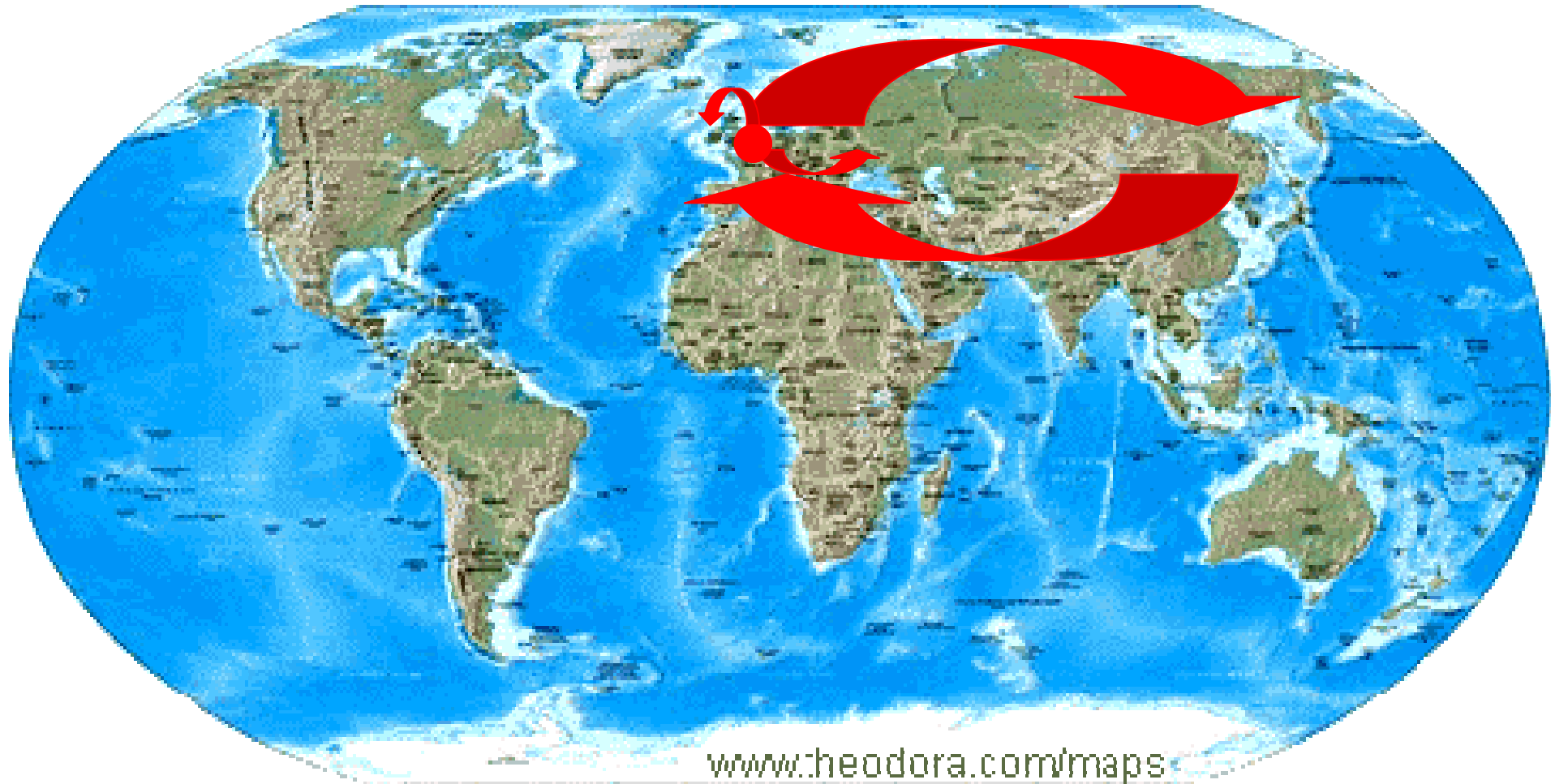- 15:40 – 16:30   Outsourcing/Offshoring – Under control

Agenda Outsourcing/Offshoring – The challenges

- All this sourcing

- Why outsourcing

- Challenges when outsourcing

Questions

- Who has experience with outsourcing?

- Who has experience with offshoring?

- Which countries did you outsource/offshore to?

All this sourcing…

Some statements on outsourcing / offshoring

Statement 1

Outsourcing & offshoring are not the same thing

challenge: what do you exactly want to achieve?

Statement 2

Indian people don't always mean yes when they say Yes

challenge: how do you handle cultural differences?

Statement 3

Communication through telephone and email is not enough

challenge: how do you communicate
to other organizations nearby or far away?

Why outsourcing*

- Better quality software and applications in the end   41%

- Better control of the development process through SLA's   38%

- More accountability for the projects   37%

- Faster time to market for developments   36%

- Better project planning   33%

- Reduced cost of development   31%

- Better communication with the end user department   13%

* Testing times for board rooms. A study by LogicaCMG into software testing in the UK, the Netherlands and Sweden
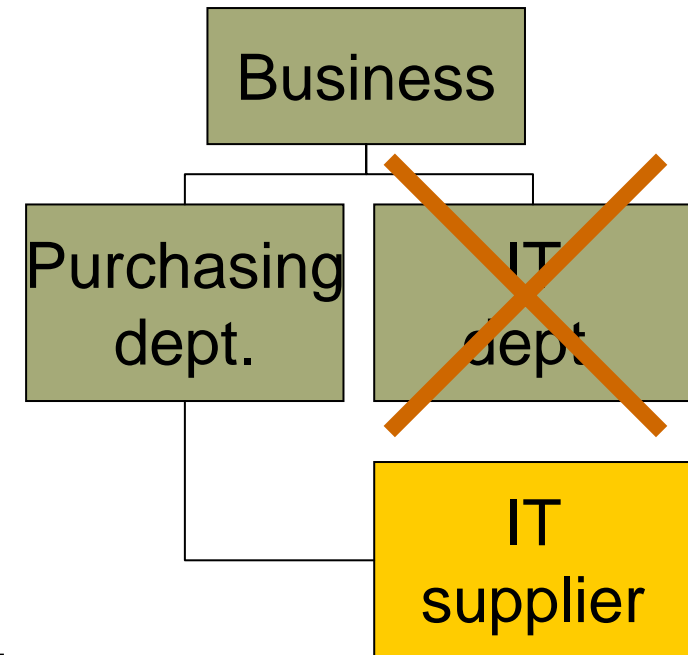
Why outsourcing

- Go from fixed (high) costs to flexible (fit to needs) costs

- Compensate for peaks in need for personnel

- Need for specific knowledge and/or experience
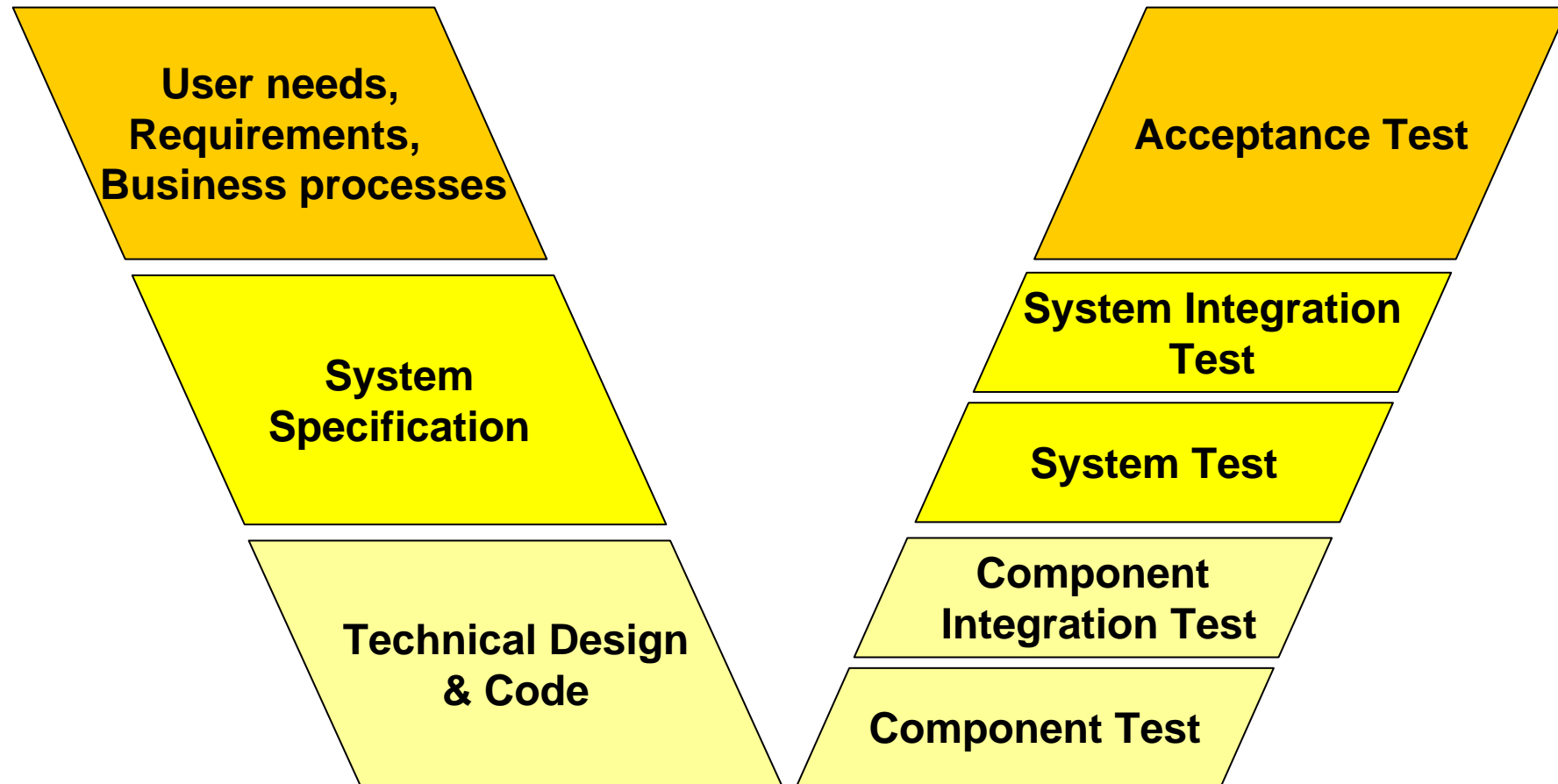
- Independent judgment of quality

What changes in your organization when outsourcing / offshoring IT Development?
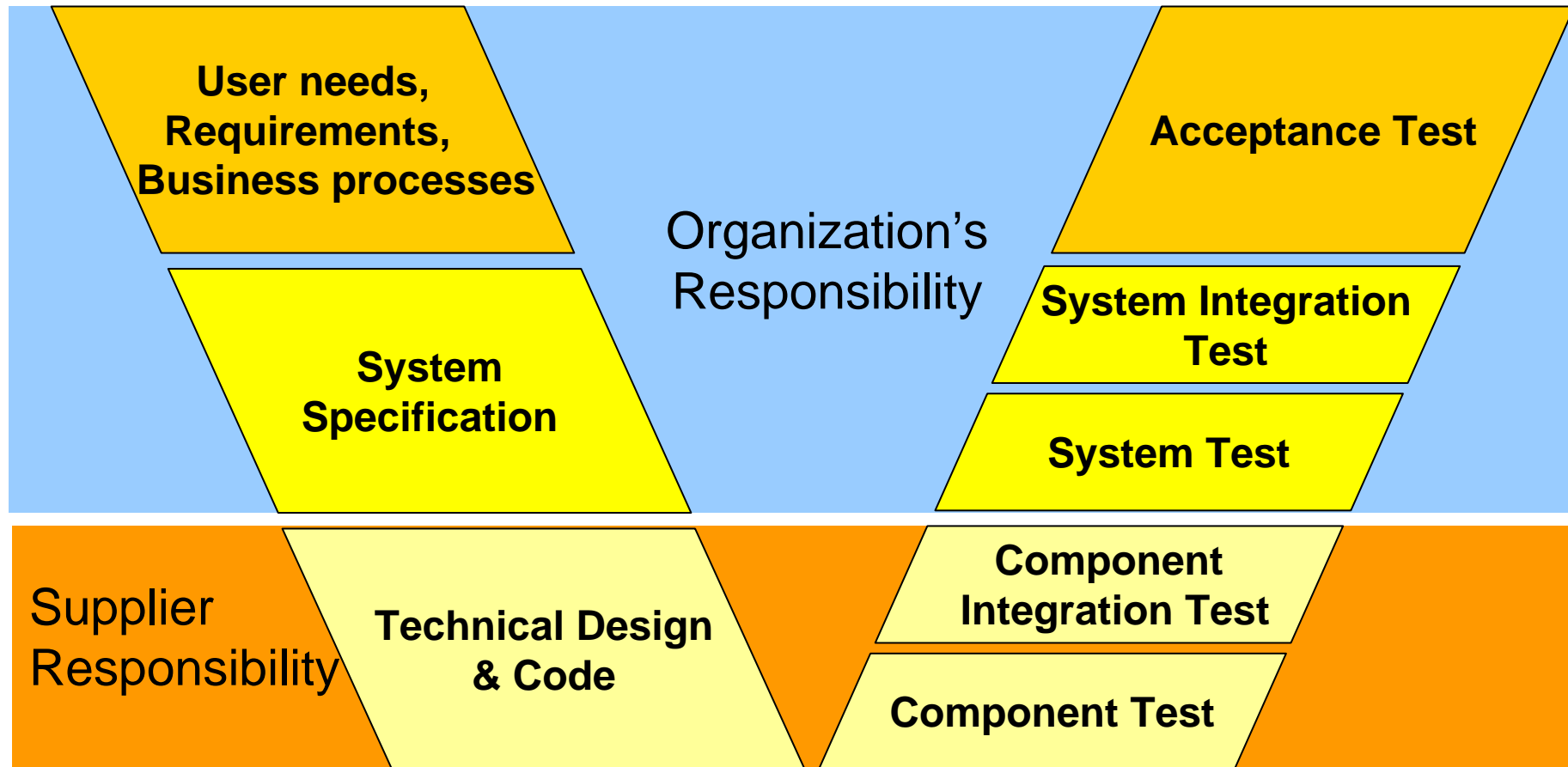
- A purchasing department remains
- Purchasing:
  - Selects the supplier
  - Makes a contract / SLA
  - Makes assessment of the supplier
  - Supports the business to assess the product
- The Business accepts/assesses, but on what basis?
- Acceptance requires IT knowledge; not structured but occasionally
- How to cope with this?

Test levels in the V-model

User needs,
Requirements,
Business processes

System
Specification

Technical Design
& Code

Acceptance Test

System Integration
Test

System Test

Component
Integration Test

Component Test

terms according to: ISTQB

Possible Situation 1

User needs,
Requirements,
Business processes

Acceptance Test

Organization's
Responsibility

System Integration
Test

System
Specification

System Test

Supplier
Responsibility

Technical Design
& Code

Component
Integration Test

Component Test

terms according to: **ISTQB**

User needs, Requirements, Business processes

Organization's Responsibility

Acceptance Test

System Specification

Supplier Responsibility

System Integration Test

System Test

Technical Design & Code

Component Integration Test

Component Test

terms according to: **ISTQB**

An unwillingness to consider outsourcing?

- Loss of control

- Projects and contracts going wrong

- Increasing dependence on a single supplier

- Loss of skills

- Employment law issues

- Security

- Privacy

- Loss of ability to differentiate in the market
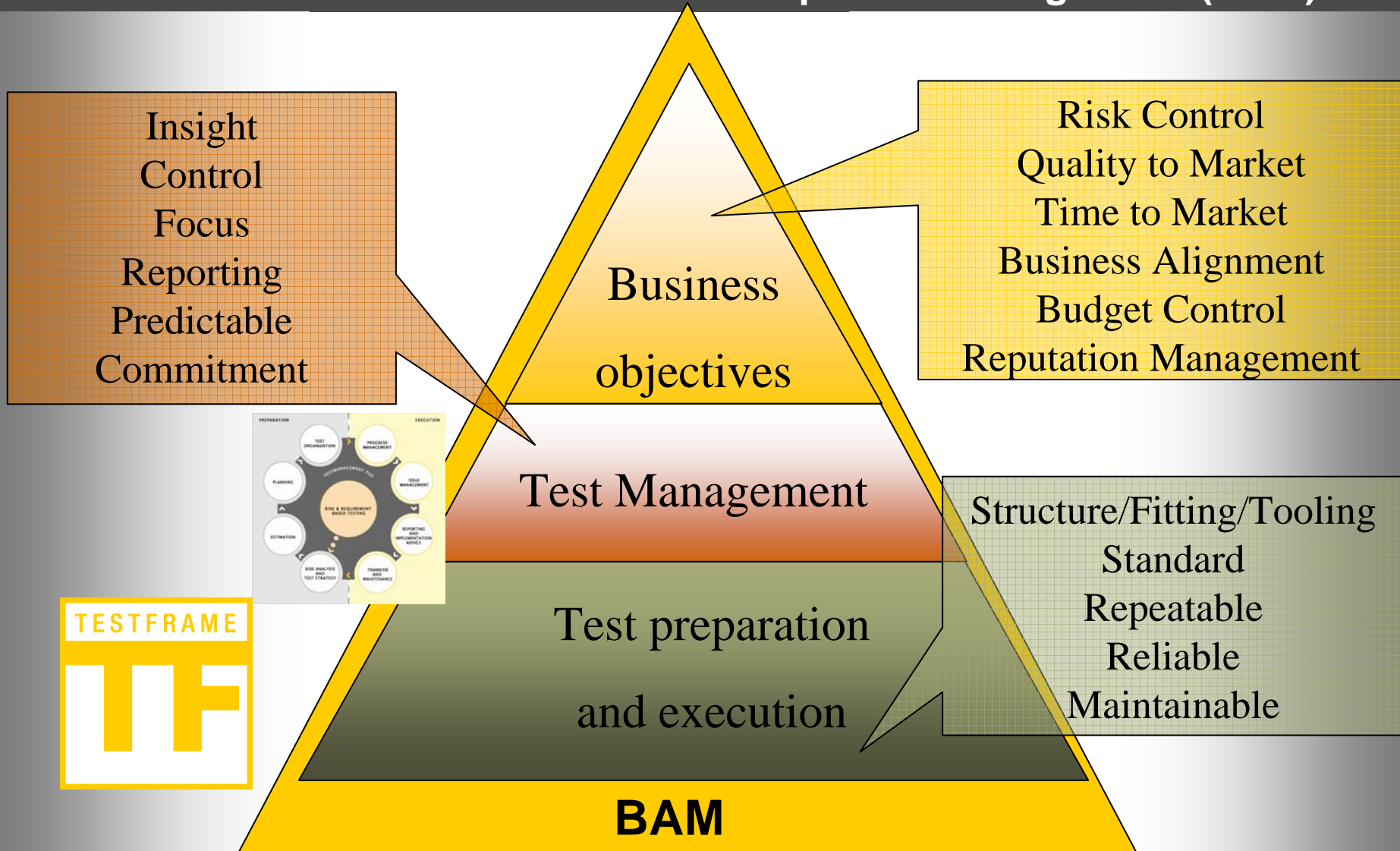
- Rising costs

By outsourcing / offshoring we will lose our job

Insight
Control
Focus
Reporting
Predictable
Commitment

Risk Control
Quality to Market
Time to Market
Business Alignment
Budget Control
Reputation Management

Business objectives

Test Management

Test preparation and execution

Structure/Fitting/Tooling
Standard
Repeatable
Reliable
Maintainable

BAM

TESTFRAME