



White Paper on Offshore Outsourcing

Table of Contents

- The Prelude..... 3
- Benefits of outsourcing 3
 - Save on resources and insurance 3
 - Risk sharing 3
 - Improve efficiency by focusing on core business..... 3
 - Save on labor cost and training..... 3
- Benefits of outsourcing to India..... 3
 - Availability of resources 3
 - Cheaper resources 3
 - Favorable government policies..... 4
- Cost of Outsourcing..... 4
 - Selecting a service provider / Vendor 4
 - Delegation of work 4
 - Cultural differences..... 4
 - Infrastructural differences 4
- Other overheads..... 4

The Prelude

Offshore Outsourcing means delegating responsibilities to an external organization overseas that has core competency within that area. Globally IT (Information Technology) is one of the most widely outsourced sectors in current industrial scenario. Supported by statistics (National Association for Software and Service Companies) stating 34% increase in software services export, India is leading this stride.

Benefits of outsourcing

Offshore outsourcing has a number of benefits to its credit. Some of them are:

Save on resources and insurance

In today's world with cutthroat competition, it is imperative for any organization to optimize its resource utilization and minimize on risks. Offshore Outsourcing of work facilitates revitalized utilization of existing resources and helps an organization concentrate on its strengths.

Risk sharing

Offshore outsourcing enables risk and responsibility sharing.

Improve efficiency by focusing on core business

With the help of offshore outsourcing, an organization can concentrate on its core competencies while an offshore firm handles other processes.

Save on labor cost and training

Offshore outsourcing helps in a major reduction in the need to hire and train human resources.

Benefits of outsourcing to India

India is at the forefront of offshore outsourcing with the IT industry growing exponentially. Some of the advantages of outsourcing to India are:

Availability of resources

India has the world's best education system with a very emphasis on computer literacy. With English as the second mother tongue, India has highly skilled English speaking IT professionals across all domains.

Cheaper resources

The value of Indian currency is much lower than that of most developed nations. This introduces a large gap between the cost of resources in India and most developed nations around the world.

Favorable government policies

Indian government has constantly worked towards supporting Information Technology and has laid down IT favorable policies. In fact, India is one of the few countries to have an Information Technology ministry to keep a check on the IT growth and welfare. India is one of the 12 nations to have special cyber laws and also have separate software technology parks.

Cost of Outsourcing

Like any other business process, offshore outsourcing has a cost associated with it, which varies with the nature of work outsourced. Some of the not-so-transparent costs associated with IT outsourcing are:

Selecting a service provider / Vendor

This is the first step and perhaps the most important of all. It preparation of preliminary documents like RFP (Request for Proposal), reviewing responses received on RFP (Request for Proposal) by different outsourcing firms, negotiations and other legal formalities.

Delegation of work

After selecting a suitable IT outsourcing company or service provider for outsourcing work, an important factor that contributes to the cost of outsourcing is the delegation of work. Cultural differences, infrastructural differences and accessibility add to the cost of IT outsourcing:

Cultural differences

These differences are raised by the fact that people are not alike everywhere. Across the nations different languages are used and different traditions are followed. Cost is directly proportional to the level of differences you may face as it may lead to poor communication or hindrances in expression. Considering this factor at the time of vendor selection can save on this cost drastically.

Infrastructural differences

Outsourcing work to a company might involve cost of upgrading their resources for seamless transition of work and better accessibility.

Other overheads

Offshore outsourcing comes with other overheads like the cost to manage the contract and to keep a track on the work progress, verify invoices and timesheet audit.

Physical Address

India

8C BigJo's Tower
Netaji Subhash Place
New Delhi 110088
India

6B BigJo's Tower
Netaji Subhash Place
New Delhi 110088
India

A6 Lok Vihar
New Delhi 110034
India

USA

8037 South Angel Street
Sandy, Utah 84070
USA

Australia

2/410 Middleborough Road
Blackburn
Victoria 3130
Australia

Telephone

+91 11 4247 0557-8

+1 866 404 6122 (toll free from within the USA/Canada)

Fax

+91 11 4247 999

eMail

support@vinove.com

Website

<http://www.vinove.com>