

## Outsourcing Software Services



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## Outsourcing Software Services

Everyone has read the news. The world economy has taken a beating, businesses are hurting and there is pressure to reduce costs and cut expenditures. Many companies have begun to look again at how outsourcing their software development and maintenance services can help them achieve those goals.

Many are also thinking ahead. What will happen when the current crisis is over? How will they make up lost ground after projects have been cancelled? How can they maintain or increase their market share during the downturn, and end up on top when the economy recovers?

*This month we look at the why, what and how of Software Outsourcing.*

### Why Should I Outsource my Software Development?

The reasons people outsource in the current climate are straightforward. They want to reduce their costs but do not want to cut the projects that will drive their business in the future. When the current crisis is over nobody wants to be left behind because they suspended crucial projects to save costs. [Outsourcing Software Development](#) can allow you to retain those projects and still cut costs.

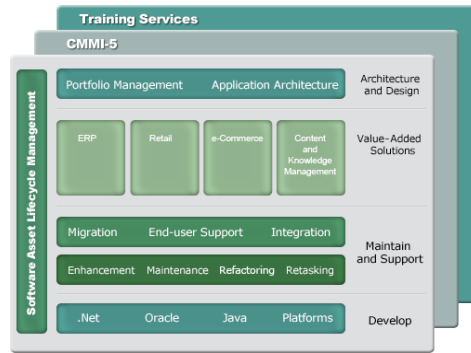
Bamboo's recommendation is to look for cost savings of greater than 40% from your outsourcing vendor. This should be afforded with no decrease in quality relative to an onshore solution.

### What Kind of Work can be Outsourced?

The industry has come a long way, and the heavy emphasis on communications technologies means that almost anything can be outsourced and done remotely, provided the correct outsourcing model is chosen. Software development, website design and product design are all traditional projects which are readily outsourced. For an increased return however, look at outsourcing [Software Testing](#) and [Application Maintenance](#).

Bamboo's recommendation is to choose a vendor that has a wide

range of [service offerings](#) that integrate together. Then progressively outsource components of your work as you gain experience. A good outsourcer will help you plan a step by step program, with regular checkpoints, service levels and guaranteed returns.



## Big vs. Small

We get asked this all the time. Should I go for the big, mega-company, or should I use a smaller company who will grow with my requirements? The answer is that bigger is not necessarily better in that even the largest company will probably be hiring to cover your requirements. Only a poorly run company will have teams of resources sitting idle. What is important is the way in which the outsourcer manages a team's recruitment and retention.

Bamboo recommends that you ask questions and get answers about [how people are recruited](#) at each level. A company of 300 "A – Level" resources can do more and better work than a company of 1500 "B – Level" resources. Other factors include commitment and experience. Can you reasonably expect to get a mega-vendor's best team if you are a small client? Is a big name better than direct experience?

## What should I expect?

It is important that you go in with reasonable expectations. There are three factors which you must decide up front.

- **Cost savings** – You expect to save costs. However it is hardly worth doing if you are getting a cost saving of less than 40% for the same work.
- **Quality** – You should expect to achieve an equal or greater level of quality from your outsourcer relative to work performed internally. Look at their CMMI certification level. Really, do you deserve less than a Level 4 or 5? [Read Bamboo's take on quality.](#)
- **Model** – The most productive initial outsourcing model is the hybrid or onsite/offshore model. Certain staff work onsite at your office and maintain communications between yourself and the offshore teams. While onsite they maintain requirements, manage the projects and handle any issues that arise. Over time, the ratio of onsite to offshore changes to increase leverage.

## How do I get Started?

A good plan is essential. A good outsourcer will provide Consulting and Planning Services that can get you going quickly. This starts by doing a Portfolio Analysis followed by an Outsourceability Review.



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