

# When Your Application Portfolio Outgrows You

A Quick Guide To Outsourcing



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The long-term financial health and growth of your organization are at the core of any outsourcing decision. It's never a simple undertaking to determine the best course of action, which is why understanding the full scope of work and the potential for success is the most important thing when it comes time to sift through the possibilities of ITO (IT Outsourcing).

Many businesses consider outsourcing for their custom-developed applications that are vital to the organization. However, in many cases, the right resources aren't devoted to the application portfolio. This inert potential can eventually become a drain unless a proactive approach is taken. Knowing the need, the next step becomes making the decision to spend the time and resources develop more in-house support staff or to outsource talent.

## Five Basic Questions Your Team Should Determine Before Deciding To Outsource

1. Is it appropriate for our organization?
2. Is it feasible—are we ready and can we support it?
3. What is the scope of work and ongoing service we will need?
4. Who should we work with and why?
5. Determine how well application portfolio is operating and if it can/should be optimized.

## Three Reasons It May Be Time To Outsource

### #1 Overall Cost in Time and Resources

- Small teams of IT experts is expensive to recruit, hire, and staff. Because of potentially drastic changes in workflow, employee sickness, retirement, and turnover, relying on one or even two people to take care of your IT needs is no longer a good idea.
- It's expensive and time-consuming for the small business to recruit, interview, onboard, and cross train if managing in-house talent.
- Salesforce and homegrown apps can be outsourced with expertise from a larger pool of dedicated, outside talent.
- When in-house talent is freed by outsourcing, the resources saved can be re-invested into the growth of the company.

## #2 Give Your Tech-Savvy Employee Room to Create Rather Than Put Out Fires

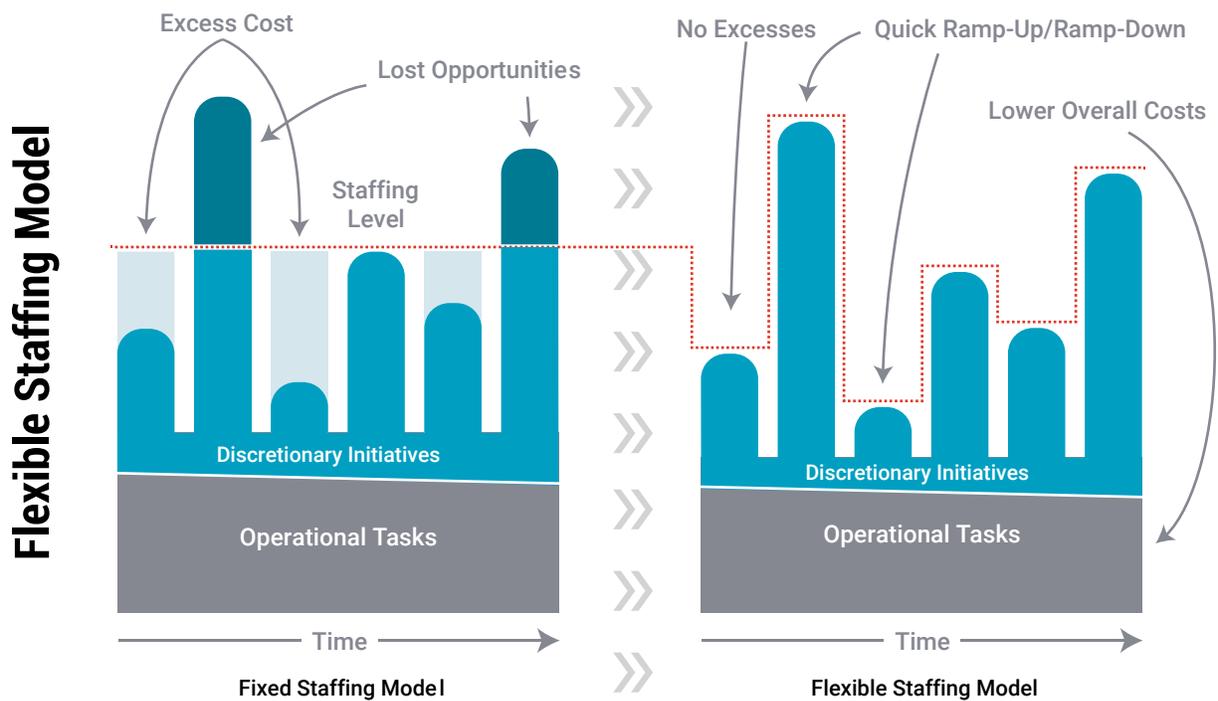
- There is more profitability in the long run when creative talent is freed to innovate.
- The “Jack-of-all-trade-IT-guy” often gets burnt out when it’s up to him or her to take on too much.
- Outsourcing with the right company means that your application is not dependent on one single person. Best practices are to cross-train so that you are never left “high and dry”.
- 80% or more of TCO (total cost of ownership) occurs after an application is deployed. That means that instead of creating, your staff could be spending a lot of time “putting out fires”.

## #3 Share the Risk Burden and Gain More Expertise on Your Project

- Cross-trained team means turnover risks are better mitigated and not all the pressure is on your employee (or you).
- Larger, dedicated pool of IT experts means that there is more timely support for your project and more talent during launch to stay on time and within budget
- An overworked in-house IT employee becomes less effective, and risks can increase, especially when support is required after launch.

More variables to consider when you’re choosing whether to outsource:

- Speed to Market
- Scalability for Growth & Demand Spikes
- Technology & Systems Hardening
- Organizational Change (M&A, Adopting a new culture, etc.)
- Improved Focus in Core Competencies for In-House Staff



Outsourcing can empower your organization to help mitigate the ups and downs.

## Offshoring vs. Onshoring

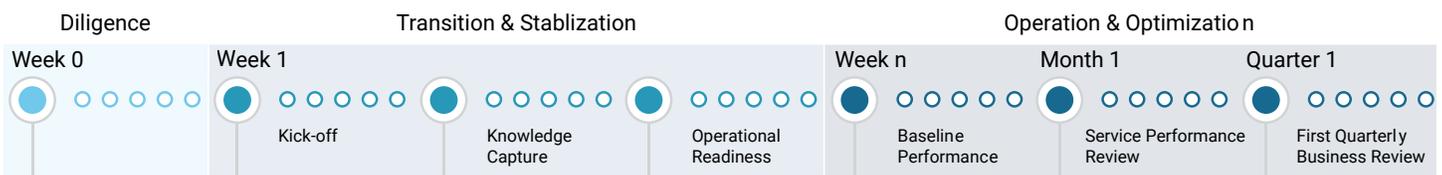
### What You Need to Consider:

- Proximity of onshoring requires less international travel.
- Communication issues offshore can create confusion and pose risk.
- Time differences can create lag in progress and inevitably delay launch.
- According to data pulled from a recent report released by the Hackett Group, labor-to-cost differences in prime offshore locations in the US are quickly diminishing.
- The US labor pool is generally more mature in the industry, more flexible in delivery, and willing to work outside of the script to solve issues that aren't necessarily documented in the "playbook".
- Increasingly changing social and political attitudes mean that there are better incentives to keep business onshore including grants and tax breaks.
- Be sure to check your local listings and find what resources may apply to you.
- Get better protections in the final creative assets. There are stronger protections and more robust enforcements in place for intellectual property rights in the US.

## Preparing For Knowledge Transfer

When it comes time to exchange hands, there can be a lot of murky waters to navigate knowledge isn't documented. That's why it's important to have a phased approach for undocumented knowledge transfers.

### Undocumented Knowledge Transfer Timeline



How well the knowledge transfer phase plays out depends on preparation and availability of teams. Many businesses follow a typical shadow then flip-shadow approach, which works, but doesn't take advantage of alternative learning approaches aimed at accelerating transitions and minimizing risk.



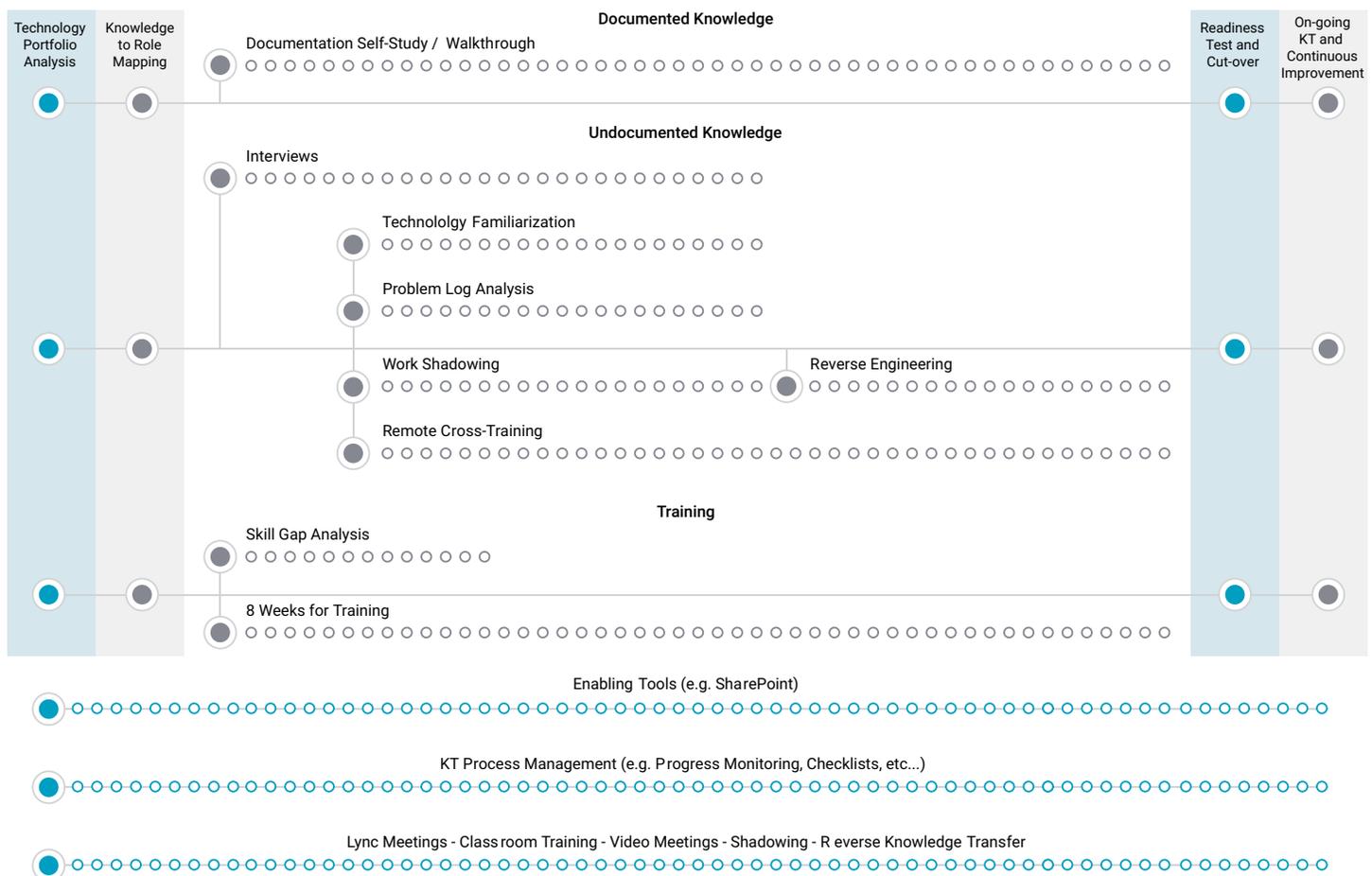
Additionally, typical outsourcers take 8-12 weeks to transition before going live and practicing the skills they learned during shadowing. People are most productive and operate best when given the chance to begin using newly learned skills as quickly as possible.

The “waterfall approach” to transition, while it makes some people comfortable because it is familiar, doesn’t take into account how new skills are actually learned and retained.

Instead, focus on developing responsive, iterative, and incremental improvements to realize the value sooner rather than later.

## Are You Documented?

Here’s what you can expect in documented vs. undocumented knowledge exchange:



An ounce of prevention is worth a pound of cure, and that is never truer than in the knowledge transfer and transition phases of IT outsourcing. Note the components of all that's involved in knowledge transfer when undocumented knowledge exchanges hands. It can certainly be done, but it takes partnering with the right organization and a team that understands the importance of each component in the transfer process.

## Mitigating Failures Means Protecting Your Bottom Line

We've all heard the horror stories of IT failures, but through better due diligence on the front end of your project, many of the worst issues can be avoided. Even the "gone wrong" moments from the biggest names in the industry can be traced back to missing key critical steps in the process.

The worst cases of IT failures are caused by ineffective communication, loose contracts, and not carefully vetting offshore and onshore providers.

## Seven Important Transition Factors In Application Outsourcing

When considering if IT outsourcing is right for you, finding the company with the right resources, knowledge, and expertise to meet your needs is vital to project success.

Take a look at the seven factors that will affect your transition, and help you vet the right candidate for your unique needs.

Transition Timeline Factor		 Decreases Time, Resources and Cost	 Increases Time, Resources and Cost
1	Functional/Technical Documentation	Highly Documented	Minimal or No Documentation
2	Process and Tool Standards	Established Standards Followed	Minimal Standards Applied
3	Incumbent Provider Availability for Knowledge Transfer	Collaborative Incumbent Provider	Confrontational or Absent Incumbent Provider
4	SME Availability	Multiple Resources with Adequate Time	New or Limited Resources with Limited Time
5	Incident/Support Process Maturity	Established, Efficient and Followed Processes	Informal and Undocumented Processes
6	Number of Users	Low (Under 50)	High (Over 500)
7	Technical Complexity	Consistent, Modern Technology, Straightforward Architecture	Variety of Technologies, Platforms, Architectures

## About Onebridge

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We are dedicated to empowering creative, driven, and entrepreneurial personalities that enable fun, dynamic, and highly collaborative teams.

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