

Outsourcing Software Development Starter Kit

1. Managing Distributed Projects: Questions to Ask Yourself

What are the key challenges in managing outsourced and offshore product development programs? As you consider moving your product development to an outsourcing partner, here are some important questions to consider.

Q1: Do you know the status of each task, even when it is 2pm in your office and 2am at your outsourcing partner's location?

Time zone differences can be both a blessing and a problem. While many believe a 'follow the sun' approach of 24x7 development is the way to go, the reality is that such an approach is almost impossible to implement successfully. It is important to define your strategy and provide a methodology for communication and status reporting of tasks, especially if the work hours do not have significant overlap.

Q2: Are you informed whenever an issue is raised or there is a roadblock, and if so, is it within seconds or days?

There may be issues or bugs that occur that are critical to the successful and timely execution of the development program. During the lifecycle of the project, defects and issues need to be escalated promptly, systematically and if possible, automatically. Do you have an escalation or notification system in place to inform you whenever there is an issue?

Q3: Can you ensure that the development team is responsive enough to keep up with changing requirements?

If you are like most fast-growing product companies, you can expect requirements to change during the development lifecycle. While this may be from factors outside your control, managing the new requirements and executing on them may be critical to success. Are you confident that your development

team can dynamically track the changing requirements, modify project plans and assign extra resources if needed?

Q4: Have you considered how to manage agile development processes in an outsourced setting?

If you have aggressive time-to-market deadlines and plan for the continual integration of new requirements, it is possible that you may opt for agile development lifecycle models like Scrum, XP or Crystal. Agile models can help development teams increase productivity and flexibility, while decreasing overhead. These processes also reduce formal documentation; however, they increase the emphasis on face to face and informal communication. Do you have the collaboration systems in place to leverage the benefits of agile processes in a distributed setting?

Q5: Are you confident that the product development program will not be affected by personnel changes?

Attrition and re-organizations are a fact of life and may affect the composition of your development team during the project lifecycle. If you choose to be in a long-term relationship with your outsourcing partner, future releases and new product development would also depend on ensuring the continuity of key skill sets. Do you have robust knowledge management practices to ensure that transitions occur with minimum impact?

2. Beyond CMMi: Making Sense of the Numbers

The popularity of the Capability Maturity Model (CMM) has boomed as overseas vendors have used CMM ratings to reassure prospective clients of the robustness of their processes. Today, out of the 70-odd companies that are known to have reached the highest rating of Level 5, about 50 are in India. This appears anomalous at first glance and raises as many questions as it answers. As you begin the search for your own outsourcing vendor, what should you know about CMM beyond the usual hype?

Fact 1: A CMM rating does not automatically imply quality

In a January 2003 report, Gartner cautions that CMM standards are descriptive rather than prescriptive, describing what must be done but not how it must be done. As a result, a company may specify a certain way of executing a process that is not the best possible way to implement that process. So, says Gartner, CMM standards certification in no way guarantees that a vendor's internal implementation of these standards is best-in-class in any way.

Fact 2: CMM is better suited to large well-defined project hand offs and less to cooperative development of innovative software

As James Bach (formerly of Borland International) points out wryly, CMM was originally meant as a tool to evaluate the ability of government contractors to perform a contracted software project. This leads to a philosophy that appears to revere institutionalization of process for its own sake. Innovation per se does not appear in the CMM at all, and it is only suggested by level 5. Where the innovation gurus recommend constant constructive innovation, the CMM mistakes it for chaos at level 1," says Mr. Bach, pointing out gleefully that many leading packaged software firms would probably fall into level 1 of the model since they rarely if ever manage their requirements documents as formally as the CMM describes for level 2 capability. This distinction is particularly important for startups and young companies that are, as innovators, more receptive to concepts like Extreme Programming - with quick planning, brief user stories, small releases, simple design, collective ownership and continuous integration - than to the large cumbersome procedures that a CMM shop typically embraces. An outsourcer that is oriented in the CMM-mindset will have great frustrations working with a client that is more flexible in its approach, and vice versa. Bart Perkins, a Computerworld columnist says, "The reality is that if an outsourcer is at Level 5 and the client is at Level 1 or 2, the client cannot take advantage of the Level 5 provider's standardized routines".

Fact 3: The genuineness of CMM certification can be dubious

There are several reasons why CMM certification may at best be a secondary parameter for evaluating a vendor, but the most important must be that the certification itself can be dubious in many ways. First, and thankfully less frequently,

some companies have been known to lie outright about their certification - a claim that is difficult to check on. Second, the certification usually applies to a department or center but is often advertised as if it applies to the entire company. Finally, several consultants have spoken up that they are pressured by their companies to award client companies certifications, regardless of the actual state of their processes. Ron Radice, CMM assessor, says, "There are some Indian organizations that come out of nowhere and appear at level 5. How could they have gotten there that fast when it's taking everyone else so much longer? There's a lot of suspicion about some of those [companies]. There's no proof that they're at level 5."

Conclusion

In summary, a company considering outsourcing cannot rely on the CMM certification of vendors. Adequate due diligence is a must to satisfy oneself about the quality of the vendor's people and processes, and, as importantly, the cultural fit between the way the two companies approach software development.



3. Outsourcing Partner Evaluation Scorecard

Criteria		Wt.(%)	Score (1-100)	Wt. Score (1-100)
Track Record		15%		
	Current client relationships and engagement capability	4%		
	Product development and maintenance experience	4%		
	Current client list	4%		
	Quality of customer references	3%		
Domain Expertise		15%		
	Experience with software product development vs IT projects	3%		
	Expertise in the target industry	3%		
	Expertise on hardware / software platform	3%		
	Expertise using development tools	3%		
	Experience with any third party tools / technologies	2%		
	Any other specific expertise requirements	1%		
Infrastructure		10%		
	Geographical location	1%		
	Offshore and local infrastructure	3%		
	Quality of server, desktop, network and backup infrastructure	2%		
	Communication and connectivity infrastructure	3%		
	Power	1%		
IP		10%		
	Contracts (vendor / client)	2%		
	Contracts (vendor / employee and client / employee)	1%		
	Physical security	1%		
	Network security	2%		
	IP security process and awareness	2%		
	Audits, 3rd party verifications	2%		
Manpower		15%		
	Management strength / stability	3%		
	Overall quality of technical pool	3%		
	Ability to attract mind share, hire and retain talent, quality of recruitment and HR engine	4%		
	Current attrition / attrition management	3%		
	Professionalism, responsiveness and openness	2%		
Process		15%		
	CMM certification, other process / quality certifications	1%		
	Tools used for process implementation	2%		
	Code management / source code control process	3%		
	QA process	3%		
	Documentation standards	2%		
	Knowledge Management process	2%		
	Project Management methodology(maturity of off shoring engine)	2%		
Deal		10%		
	Pricing	5%		
	Openness / flexibility for structuring a creative deal	2%		
	Experience with BOT	3%		
Risks		10%		
	Financial Strength / long term viability	6%		
	Conflicts of Interest	4%		
Total Score		100%		



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