
Keane White Paper

Going Global with Application Outsourcing

Optimizing IT Performance
with a Seamless Global
Delivery Model

Maximizing financial advantages of outsourcing without
organizational disruption.

EXECUTIVE SUMMARY

Organizations in virtually all industries seek to capitalize on the cost and quality advantages of moving IT projects offshore. Keane's Seamless Global Delivery Model enables clients to benefit from significantly lower costs while ensuring high quality, low risk, and maximum flexibility.

About Keane

Keane, an NTT DATA Company, is an IT services firm headquartered in the US with more than 12,500 professionals worldwide. For 45 years, Keane has been an Application Services specialist with distinguished project management credentials. Today, we offer a flagship suite of Application Services, as well as Infrastructure and Business Process Outsourcing solutions delivered through onsite, nearshore, and offshore resources.

Visit www.keane.com to learn how our projects, managed services, and outsourcing engagements deliver value for a range of businesses and government agencies.

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Abstract

Drawn by the need to reduce costs, increase productivity, and access large pools of highly skilled resources, more and more companies are engaging global IT service providers to help them deliver critical projects and services. Yet while the advantages of global sourcing are convincing, the challenges can be equally daunting.

The complexities of managing widely dispersed engagements demand a sophisticated delivery strategy - one that is based on stringent project management disciplines, yet that is flexible enough to accommodate changing business needs. At Keane, we believe that the key to success is a unified delivery model that leverages onsite, offsite, nearshore, and offshore delivery capabilities through common processes and a single point of local accountability. With an optimized sourcing solution, companies gain significant cost and quality advantages without the risk and organizational disruption typically associated with global sourcing initiatives.

For organizations contemplating the best way to capitalize on global sourcing, this paper outlines Keane's Global Delivery Model and shows how this approach can maximize the benefits of global sourcing. The paper features:

- » The advantages a proven Global Delivery Model affords over other industry approaches
- » A detailed look at the model's infrastructure, delivery resources, and client interface processes
- » A discussion of how work is distributed, managed, and tailored to each client's objectives

- » Reasons why the Global Delivery Model is the most effective approach to managing risk
- » Examples of the model in action, drawn from the three stages of an application portfolio lifecycle
- » Critical success factors to consider when selecting a global sourcing partner

Introduction

Shifting work to low-cost locales has long been a business strategy for gaining economic advantage. Global sourcing, like in other industries, from agriculture to manufacturing, is now mainstream and widely used in the information technology (IT) community. Driven by a combination of cost benefits and the availability of large, highly-skilled resource pools, IT organizations are increasingly turning to global service providers to handle a growing percentage of their work.

Global sourcing is an important part of many companies' strategies as they seek to lower costs, accelerate time-to-market, and gain access to a large pool of skilled resources. Gaining these advantages, however, requires overcoming considerable risks and logistical challenges. Obstacles ranging from the complexities of managing widely dispersed teams to cultural nuances and the uncertainties of geopolitics demand considerable knowledge and experience.

However, companies can capitalize on the benefits of global sourcing while minimizing its risks and challenges. Many companies have learned that global sourcing is not an all-or-nothing decision about transferring work offshore. It should be a broader

strategy that blends local, nearshore, and offshore capabilities into a seamless delivery model managed through an onsite interface.

Such a strategy enables a company to tailor work distribution at any time to meet its unique business priorities while balancing cost, resource, and risk requirements. It allows any portion of any project to be implemented at the optimal location with a mix of highly qualified resources needed to achieve corporate objectives.

Maintaining local presence is also crucial to the success of this approach. Use of a local client management interface, often in the form of a Program Management Office (PMO), provides a single point of responsibility that insulates the company from the nuances and logistics of managing distributed work efforts. Additionally, local technical resources handle the highly interactive tasks and support needs that require regular face-to-face contact.

Global Sourcing that Balances Risk with Reward

When deployed correctly, global sourcing produces a tangible, positive impact on corporate bottom lines, providing cost savings and enabling a quicker response to opportunities. As a client-tailored solution, the Global Delivery Model maximizes these benefits, but also lowers risk and reduces negative organizational impact often associated with implementing and managing a global sourcing strategy.

The Keane Global Delivery Model merges a full range of onsite, local offsite, nearshore, and offshore capabilities under one common management structure. Supported by best practices in program and project management, quality assurance, and application management, this model offers unprecedented advantages over other industry approaches (e.g., pure offshore delivery). These advantages include:

Accountability

Because all work is managed through the PMO and local, onsite personnel, the Global Delivery Model provides a single point of accountability for all projects or services no matter where they are executed. The PMO assumes full responsibility for all aspects of project execution, insulating its clients from the details and logistics of managing distributed work efforts.

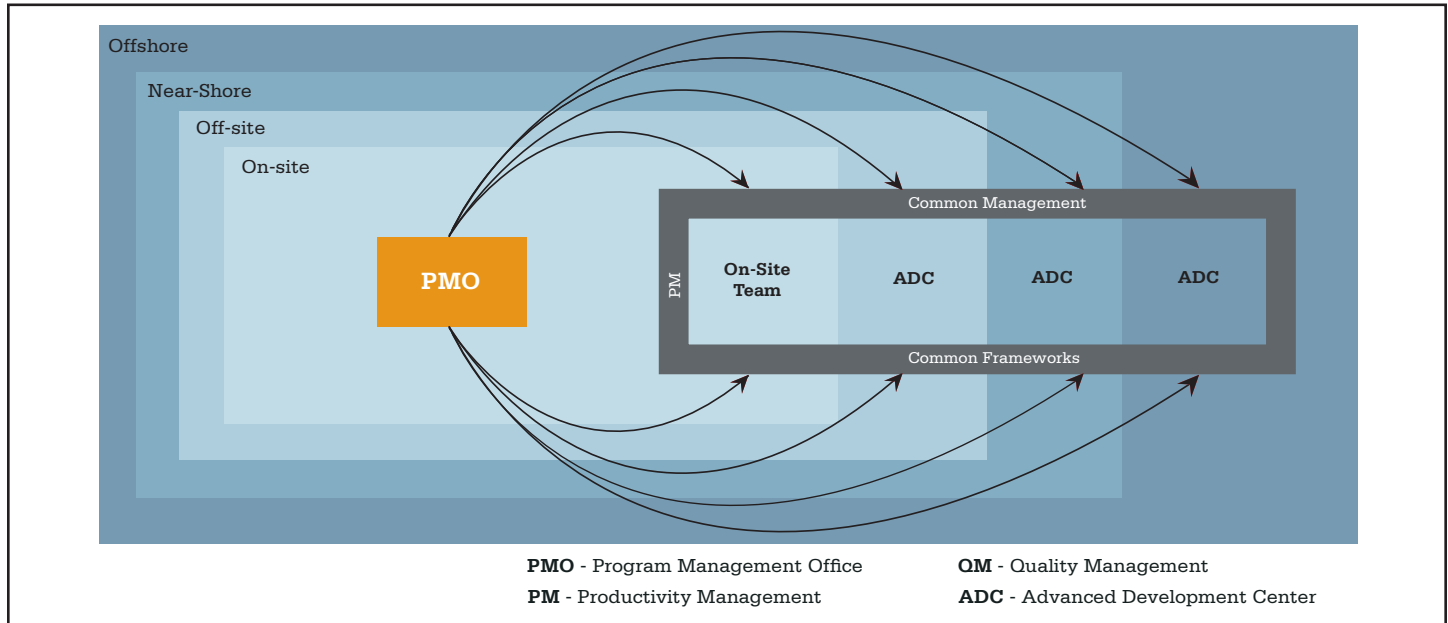
Predictability

The consistent use of common processes, management disciplines, methodologies, and metrics across all teams and application development centers ensures consistent, predictable, high-quality performance across all locations.

Flexibility

The Global Delivery Model enables work distribution to be tailored at any time to match the needs of the business. Work can be done offshore at a pace consistent with corporate objectives, and completed onsite should objectives change. All aspects of project execution, work volumes, and service levels can be adjusted over time to adapt to changes in business requirements.

Figure 1: Seamless Global Delivery Mode



Faster Time-to-Market

The flexibility and scalability of this approach allows clients to ramp up resource levels as required to deliver high-priority projects faster. Teams working in different locations can exploit time zones to offer multi-shift, “follow the sun” development.

Proven Quality

The Global Delivery Model uses independently verified, world-class quality processes and continuous process improvement initiatives to ensure the quality of its deliverables and project performance.

For example, Keane’s facilities in India have achieved Level 5 ratings in the Software Engineering Institute’s (SEI) Capability Maturity Model (CMM), which has become the standard for

world-class IT organizations. In addition, 49 of Keane’s client engagements have been assessed at CMM level 3 or 4.

Responsiveness

The distributed resources enable a high level of responsiveness to IT and business users. Resources are available around the clock to meet the needs of even the most demanding organizations.

Cost-Effectiveness

A key driver for implementing a global delivery model is to capitalize on the labor arbitrage opportunities available in today’s global marketplace. Dramatic cost savings can be realized by organizations that intelligently allocate portions of their applications workload to nearshore and offshore alternatives where resident skill sets are optimally suited to project and

service requirements. However, implemented correctly, a global delivery model can bring added value, not just cost reductions.

Global Sourcing from Here to There

The purpose of a global sourcing strategy is to direct work to the most qualified resources in the optimal location. The Global Delivery Model goes beyond saving money by sending an occasional project to an offshore service provider; rather, it involves building a global network of resources, a framework for selecting, distributing, executing, and managing work efforts among those resources, and an infrastructure for optimizing delivery and controlling risks. This type of environment ensures that services are delivered in a way that is aligned with corporate objectives. This section describes how the Global Delivery Model meets this goal through its structure, work distribution approach, and risk management strategies.

The Seamless Global Delivery Model

The Keane Global Delivery Model provides true global sourcing capabilities across a seamless management structure. As illustrated in figure 1, the model consists of a range of delivery resources, onsite through offshore, all of which operate under common processes, management disciplines, and performance metrics. This proven model ensures that work transfer can take place smoothly and reliably.

Resources

Delivery teams are located onsite and/or in any combination of local offsite, nearshore, and offshore development centers. These teams provide the full

range of application portfolio optimization services, encompassing application development, management, and rationalization. Each sourcing option has its own characteristics in terms of cost, skills, operating hours, risk parameters, and optimal work assignments.

Processes

All global delivery teams and development centers operate under common management and share processes and best practices. Teams follow core project and quality management disciplines, use proven methodologies, and measure success by a common set of performance metrics. This Factory disciplined approach ensures consistency, quality, and predictability in delivery across locations.

Interface

Clients interact with the Seamless Global Delivery Model through an onsite PMO.

The PMO assumes full responsibility for delivery across all teams and development centers. It distributes work according to client objectives, handles all logistical issues, and provides onsite support to business areas and executives.

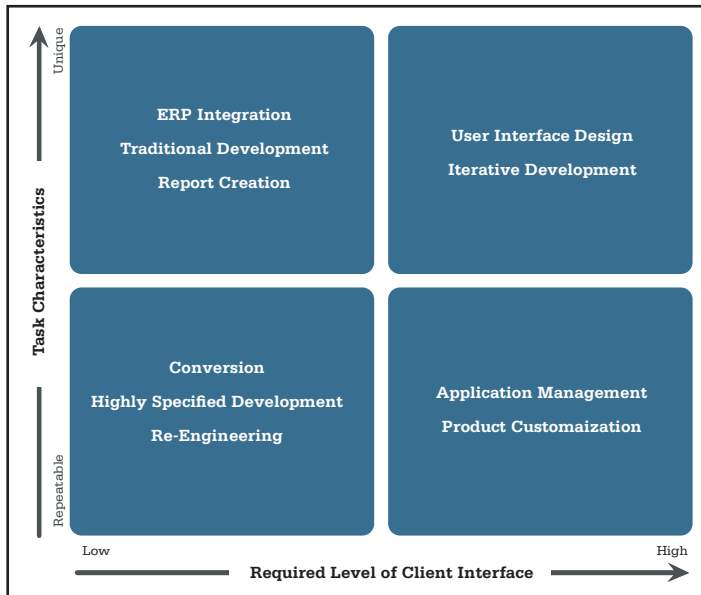
Dynamic Work Distribution

The Global Delivery Model addresses work distribution in the context of companies having varying objectives and unique business requirements. From the location of teams, to the allocation of data and computer resources, to the ratio of onshore to nearshore/offshore personnel, every engagement is tailored to current needs. Work distribution is dynamic, allowing clients

to shift work between onsite teams and other global resources, in order to meet the current objectives.

Figure 2 categorizes different types of work by task characteristics and required level of client interaction, and figure 3 illustrates how these characteristics lead to the optimal delivery model. For example, a database conversion project in quadrant 1 of figure 2 is highly specified, requiring little client interaction. Its highly repeatable tasks are amenable to delivery by a highly leveraged offshore model. On the other hand, an application maintenance project, in quadrant 2 of figure 2, although having some repeatable tasks, may involve considerable user interaction or tight service levels that mandate a more balanced mix of onsite and offshore resources.

Figure 2 : Project Characteristics



Combating Risk with Responsibility

Every project has inherent risks, and global sourcing adds its own set of challenges. However, the Global Delivery Model helps minimize these risks for clients by providing a single point of responsibility for handling the following:

Project Management

Many global projects fail because of poor project management. Thus, a service delivery model that incorporates the project management, quality assurance, communications, performance processes, and metrics necessary to keep all aspects of the engagement on track is essential.

Program and Data Integrity

Through its shared tools, backup, and version control procedures, the Seamless Global Delivery Model protects the integrity and ensures full recoverability of software and data assets.

Security

Infrastructure security is a key attribute of a sound global delivery model. The partner must assume responsibility for physical security and the protection of intellectual property assets across its application development centers. In addition, it should protect its application development centers from critical infrastructure failures via business continuity and disaster recovery methods such as back-up generators and redundant communication lines and network equipment.

Business Disruption

The global delivery model's flexible distribution of work protects against business disruption resulting

from political unrest, natural disasters, or other catastrophes. Work and resources can be quickly shifted between locations to minimize the impact of disruptions. Depending on the nature of the problem, the shift can be temporary or permanent.

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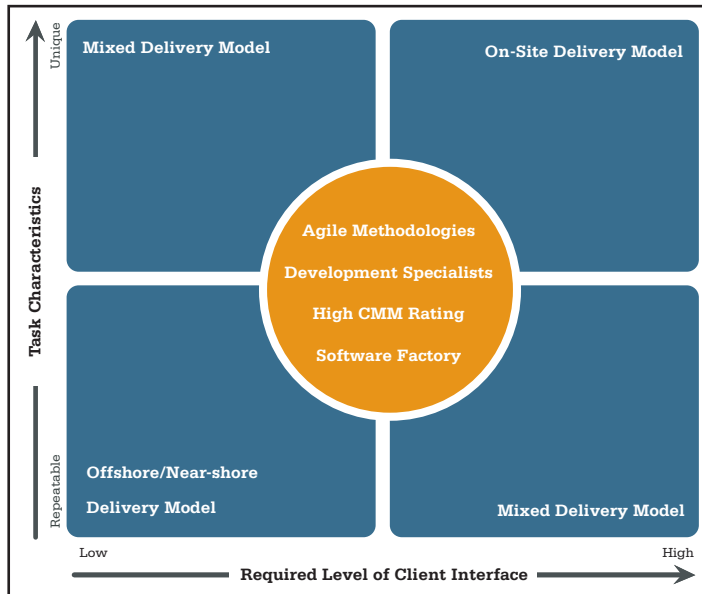
The Critical Success Factors for Global Sourcing

Companies considering global sourcing can set up and manage their own captive offshore facilities, contract with multiple providers, or develop a partnership with a single global services firm. When developing a sourcing strategy and selecting providers companies should consider the following:

Quality of Client Interface

The success of a sourcing relationship depends upon the quality of regular interactions and communications between the company and its service provider. Local presence is essential to creating effective relationships and to meeting service level commitments. With this Global Delivery Model, a locally-based client interface ensures proper communication of requirements and issues, sets performance expectations, and handles the nuances of intercultural exchanges. Trust in the quality and responsiveness of this interface is essential if a company is to free itself from involvement in "behind the scenes" operational details.

Figure 3 : Optimal Delivery Model



Quality of Processes

Processes, and the tools that support them, provide the bond among distributed development teams. These processes ensure consistency in the performance of disparate teams, and serve as the foundation for measurement and continuous improvement. The quality of a provider's processes should be judged by the methodologies that support them and the process maturity, as measured by industry standards such as the SEI CMM.

Quality of Governance

Any sourcing model that distributes work across multiple locations involves many handoffs, and thus

requires close coordination in order to manage to service levels. At a minimum, strong project and program management is necessary to manage risk and keep work efforts on track. More comprehensive governance structures may be needed to increase efficiency and ensure predictable, verifiable performance to objectives. Common management across the entire sourcing model results in the greatest benefit.

Quality of Resources

Consider the resources provided by each potential solution provider. Evaluate current skills, hiring profiles, training programs, and institutional learning capabilities. Scalability is equally important. Will the firm provide their own resources or depend on partnerships and alliances? Ask how the solution will support rapid growth with capable people, and how it addresses a drop-off or change in resource requirements.

Quality of Service Provider

Services firms differ significantly in performance, style, and experience. Offering offshore resources does not guarantee that a firm has the skills, processes, and management capabilities to support a true global sourcing model. Carefully evaluate a firm's reputation, references, and level of experience before proceeding. Since a global sourcing arrangement tends to be a long-term partnership, consider the firm's culture, values, and management style and whether or not it fits with your organization.

The Seamless Global Delivery Model in Action

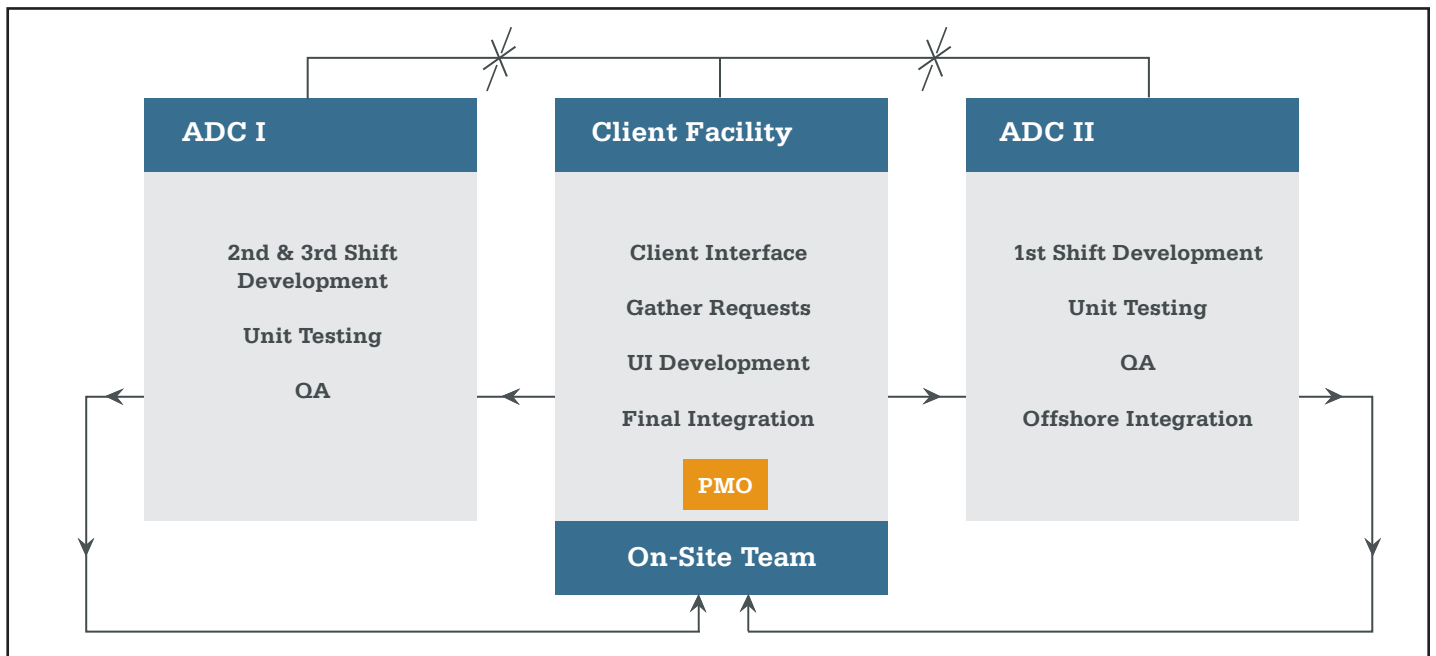
Every company has unique needs, and those needs will change over time. Since a solution that is effective today may not work tomorrow, a “one size fits all” approach really doesn’t fit anyone.

The flexibility of the Global Delivery Model enables the creation of a delivery solution that meets the needs of the moment, while maintaining the ability to adapt to changes in circumstances or objectives. For example, today’s project mix may include a high proportion of conversion efforts and package upgrades that can be delivered quickly and cost-effectively through an

offshore development center. Next year’s foray into customer self-service applications may best be served by teams of onsite designers and developers working closely with customers and customer service personnel.

The Global Delivery Model can support these changing needs by shifting work assignments across its global network of skilled resources while retaining the single client interface and common set of management practices that ensure consistent, high-quality delivery, regardless of where the work is performed. Following are three examples of the Global Delivery Model in action on engagements supporting the three stages of an application portfolio’s lifecycle: development, management, and rationalization.

Figure 4 : The Seamless Global Delivery Model in an Application Development Project



An Application Development Project

Application development projects vary considerably in their requirements. Figure 4 illustrates one of many possible permutations based on a company's objectives and the project's characteristics. The sample project is a large development effort that involves a sophisticated user interface (UI) and substantial back-end processing. Time-to-market is the company's primary delivery objective, and the Seamless Global Delivery Model handles this requirement by partitioning work efforts across local, nearshore, and offshore development facilities. The local onsite team manages the project's PMO and handles the highly interactive components of the project, such as requirements gathering and UI development. The nearshore and offshore facilities handle more highly specified development and testing tasks, allowing considerable work to be performed on an around-the-clock basis.

An Application Management Project

The delivery model for an application management outsourcing engagement can take many forms based on a company's objectives, the mix of applications in its portfolio, and the desired service level targets. Long-term application management engagements are managed to service level agreements (SLAs) that typically balance responsiveness, cost-efficiency, and operational effectiveness requirements.

The example illustrated in figure 5 shows a Seamless Global Delivery Model engagement set up to support a highly responsive environment for a large and diverse application portfolio. Program management, including the client interface and access to subject matter experts, is performed at the client site. Most of the local IT team is situated at a nearby offsite facility to free space at the client site and reduce facility costs.

Operating in proximity to the client and within the same time zone, this facility handles high-priority "business hours" support activities that require a greater level of client interaction. Other work requests and support tasks are assigned through the PMO to nearshore and offshore facilities by project characteristics, skill requirements, and SLA responsiveness objectives. Simpler permutations of this model include performing the entire engagement at the client site or splitting work assignments between an onsite team and a single nearshore and/or offshore facility.

An Application Rationalization Project

Application rationalization, which is the optimization of an application portfolio to reduce costs and capitalize on residual business value, is an ideal example of a project suited for offshore delivery. A typical application rationalization initiative includes the modernization of an application from an older database and system platform to a newer, more strategic platform.

This project, illustrated in figure 6, reduces the cost of support by allowing the elimination of the older platform while extending the useful life of the application and increasing its flexibility to support future business requirements. This type of project work is highly repeatable and requires relatively little client interaction. That allows for a very high proportion of the work assignment to be performed offshore, reducing the cost of project execution. An onsite team provides the client interface for the project, packages components for the offshore team, performs the final integration tests, and oversees production deployment.

A Global Delivery Model that Works

Keane can help your company capture the benefits of global sourcing in your own way, at your own pace, with guaranteed performance, and less risk. We are dedicated to being the global service provider of choice for our clients. We believe that our integrity, flexibility, breadth of capabilities, and uncompromising commitment to customer satisfaction, combined with our unique and industry-leading Seamless Global Delivery Model, set us apart in the global sourcing field. The following factors contribute to the strength of our offerings:

Local Presence and Customer Interface

Keane understands the importance of building local

client relationships to complement its global capabilities and responsiveness. We work to gain a deep understanding of your business, and proactively bring operational improvements and innovative solutions forward.

Processes and Management Disciplines

Keane delivers its services with world-class processes, management disciplines, and performance metrics. Its best practices are embodied in its methodologies and are supported by centralized strategic practices and quality assurance. The strength of these processes is demonstrated by Keane's industry-leading performance as measured by the SEI's Capability Maturity Model. Keane's Advanced Development Centers in India are all certified at SEI CMM Level 5.

Figure 5 : The Seamless Global Delivery Model in an Application Management Project

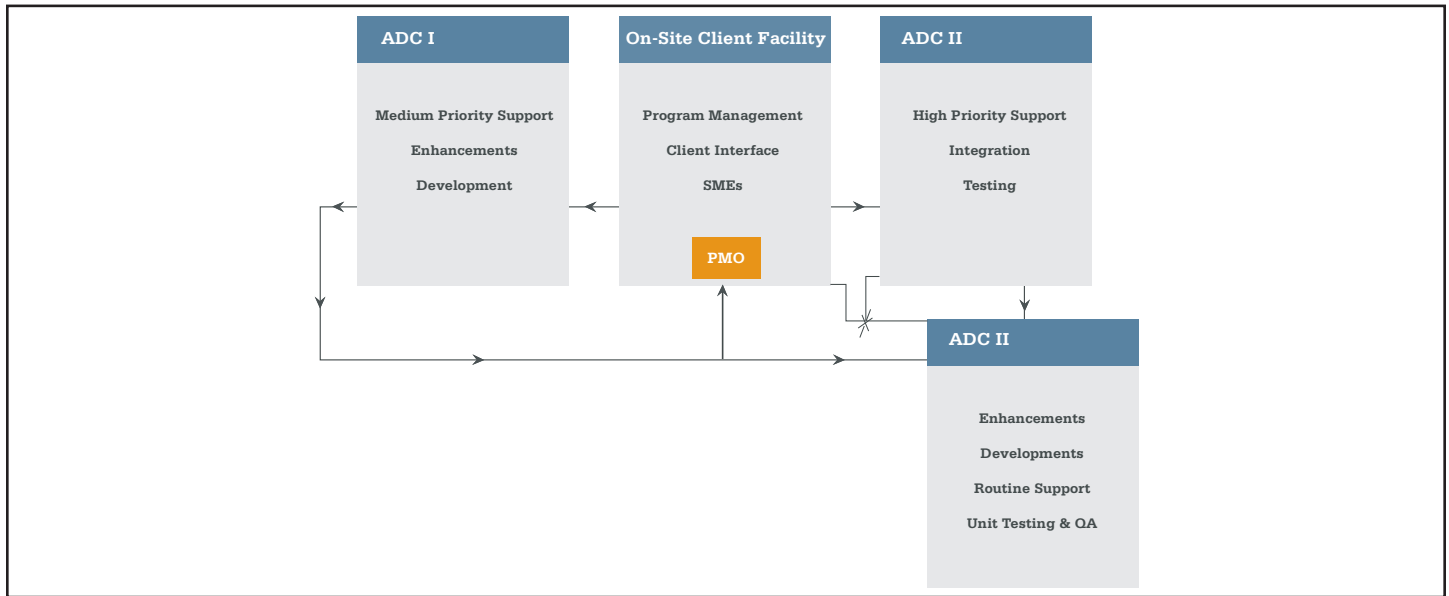
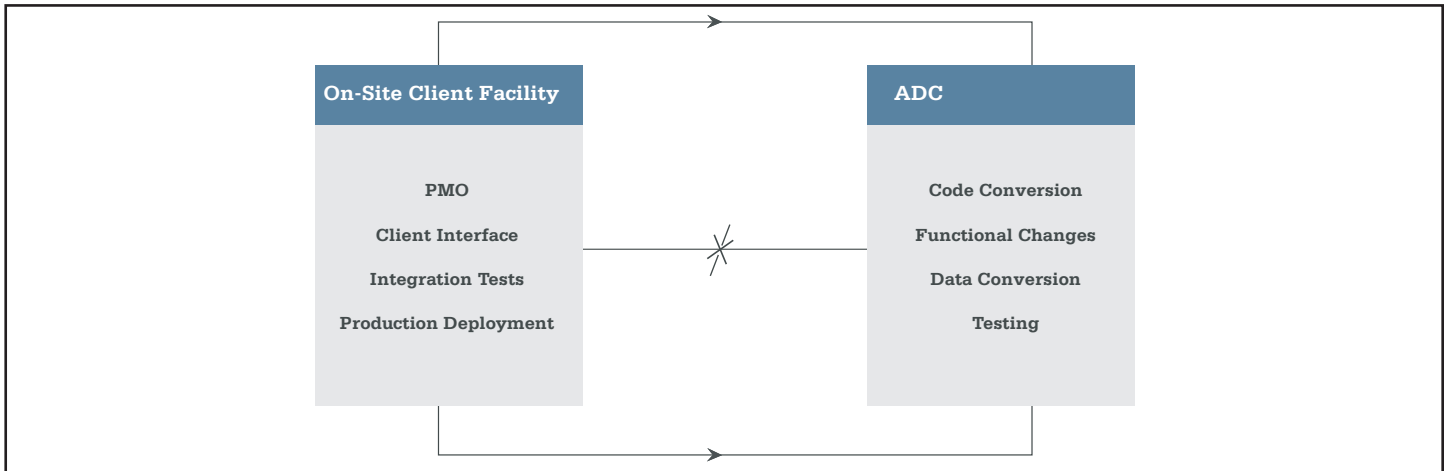


Figure 6 :The Seamless Global Delivery Model in an Application Rationalization Project



Project and Program Management

Keane is renowned for its project and program management skills. Our project management approach, distinguished by the Six Principles of Productivity Management, has been taught to thousands of managers at hundreds of companies and is employed on all Keane projects. An early adopter and extender of the PMO concept, Keane relies on onsite PMOs for “command and control” of globally distributed engagements. The PMO provides clients with a single point of responsibility, and ensures that work is delivered on time, within budget, and to specifications — regardless of delivery location.

Flexibility

Flexibility is the centerpiece of Keane’s Global Delivery Model. We recognize that companies have unique needs, and business conditions can frequently change those needs. To support changing requirements, we work with our clients to optimally allocate work among delivery options throughout an engagement. This flexibility enables our clients to

capitalize on labor arbitrage opportunities while ensuring that projects and services within the engagement are implemented with the most qualified mix of resources to achieve company objectives.

Breadth of Capabilities

Keane offers a full range of services to help companies plan, build, manage, and rationalize their IT application portfolio. These services include:

- » Application Development and Management Services
- » Architecture Services
- » Business Transformation Services
- » Enterprise Application Services
- » Infrastructure Services
- » Program & Performance Management Services
- » QA & Testing Service
- » Technology Services

Conclusion

The key to successful global sourcing is not to think of it as a means to an end; rather, it is a strategy that, when deployed correctly, can provide long-term benefits to a company's bottom line. While pure offshore delivery offers significant cost savings, a robust global delivery model enables a company to make strategic sourcing decisions based on corporate objectives and business requirements, and is flexible enough to adapt as circumstances and objectives change.

With a Global Delivery Model, clients gain advantages that are not available in other industry approaches. Onsite program management provides a single point of accountability that insulates the company from details and logistics that can sidetrack other IT efforts. Consistency in process, methodology, and metrics ensures high-quality performance throughout the engagement and across all delivery locations. Distributed resources enable the client to access a large resource pool with high levels of responsiveness, reducing time-to-market.

High-quality development and support environments that are supported by continuous process improvement initiatives ensure solid project performance and service delivery. Perhaps the most important advantage is risk management. The risks of global sourcing should never overshadow the rewards. Yet without the right combination of capabilities, processes, and accountability, the risks can usurp the cost and productivity benefits that a typical global sourcing strategy was meant to provide. Choosing a solution that meets the critical success factors for global sourcing will ensure that any application outsourcing engagement can successfully leverage the advantages of global delivery without losing sight of the most important objective: delivering targeted projects or services with high customer satisfaction.
