

# Cost Optimization for IT Services Firms

**BEST PRACTICES, HANDY BUSINESS TIPS & FULL CHECKLIST**



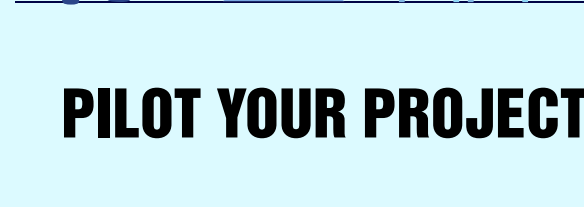
## 3 STEPS TO SUCCESSFUL IT OUTSOURCING



**SET CLEAR GOALS**



**CHOOSE RIGHT VENDOR**



**PILOT YOUR PROJECT**

## Checklist To Create The Successful IT Outsourcing Strategy

### Set clear goals

Here come some critical questions you should answer before harnessing IT project outsourcing:

#### What problems are you trying to solve?

- Shortage of in-house IT talents
- Technology lapse and skills gaps
- Need to optimize cost
- Tight project timeline

#### Which aspect do you prioritize in your IT project outsourcing?

- Competitive price
- Flexible pricing models
- Vast IT talent pool
- Quick team ramp-up
- High quality
- Diverse technology expertise

### Choose right vendor

Here come our suggestion to shortlist the long line of candidates:

#### Outsourcing Location: Where do you want to outsource your IT projects?

- Onshore outsourcing:** outsourcing IT projects to a team located in the same country/region as the business. You can have easier management and better communication by taking advantage of same working timezone. However, you will get no benefit in cost-reduction.
- Nearshore outsourcing:** outsourcing IT projects to a cross-border team. With this type, you will earn small timezone difference between the in-house vs the outsourced team, yet less advantage in cost-effectiveness.
- Offshore outsourcing:** bringing your business or projects overseas. Due to big timezone disparity, and geographical gap, you will face limited management ability. On the other hand, huge financial advantage is what you get.

#### Pricing Models: Which model is best for your business?

- Fixed-price contract:** Vendor commits to implement a project within the exact budget, timeline, scope, and outcome aligned with the client's business goals. The most suitable for simple, short-term projects.
- Time & Material:** Vendor supplies a team of experts who meet the client's needs in terms of skill set and experience. This is perfect for a short-term project phase or a particular task.
- Dedicated team:** Vendor builds an entire IT team for client's projects. This is best used for long-term outsourcing projects.

#### Experiences, Clients Reviews & Certifications

- Which big brands have cooperated with them before?
- How satisfied were their clients with the quality?
- Does your vendor have public client's success stories?
- Do their prior experiences include your industry?
- Is your vendor verified in well-known listing pages such as Clutch.co, Goodfirms, etc.?
- Does your vendor have prestigious global certifications and awards in IT industry?

#### Technology Expertise & Domains

- Does your vendor offer the technology stacks that meet your project's demand?
- What domain did your vendor have experience in?
- Does your vendor have diverse tech stacks and update them regularly?
- Does your vendor provide you with a clear knowledge transfer plan and let you access their robust technology skillsets?

#### Human resource capabilities

- How many highly-skilled IT engineers does your vendor offer?
- Can your vendor's staff speak your native language fluently?
- Is your outsourced IT team willing to support you 24/7?

#### Stable Performance

- Is your vendor located in a stable socio-political country?
- Does your vendor's country have supportive policies from the government in IT outsourcing activities?
- Can your vendor provide great facilities?

### Pilot your project

Here are some factors you need to consider during the pilot phase of an outsourcing project:

- Do you and your vendor have a well-prepared legal document such as a Non-Disclosure Agreement (NDA), employment agreement, or Memorandum of Understanding (MOU)?
- Have you and your vendor selected a precise and constant communication method?
- Do you have a clear method of measuring the project's effectiveness?
- Does your vendor offer free-week pilot?



## 4 Handy Tips For Successful IT Outsourcing

### 1 Sign an NDA to Ensure Security Management

Businesses can avoid confidential issues by signing an NDA (Non-Disclosure Agreement) – an authoritative document that sets up all the requirements for utilizing and transferring data, etc. This is an indispensable step before starting any IT project outsourcing.



### 2 Prioritize Value over Cost

A trusted outsourcing partner should be a reflection of expertise, technology capabilities, and quality of work. The successful IT outsourcing strategy can help you grow business, improve user experience, and enhance competitive advantage.



### 3 Create Plans for Effective Knowledge Sharing

Knowledge sharing and accumulation are essential, especially on long-term projects. Hence, be sure that your outsourcing vendor provides you with a comprehensive knowledge transfer plan and let you access their robust technology skillset.



### 4 Prepare a Backup Plan

IT project outsourcing to only one vendor might lead to a risk of putting all eggs into the same basket. Instead of accessing limited technology, and talent pool when working with only one vendor, stakeholders should cooperate with a slew of IT outsourcing providers to depend less on one vendor and minimize risk.

