



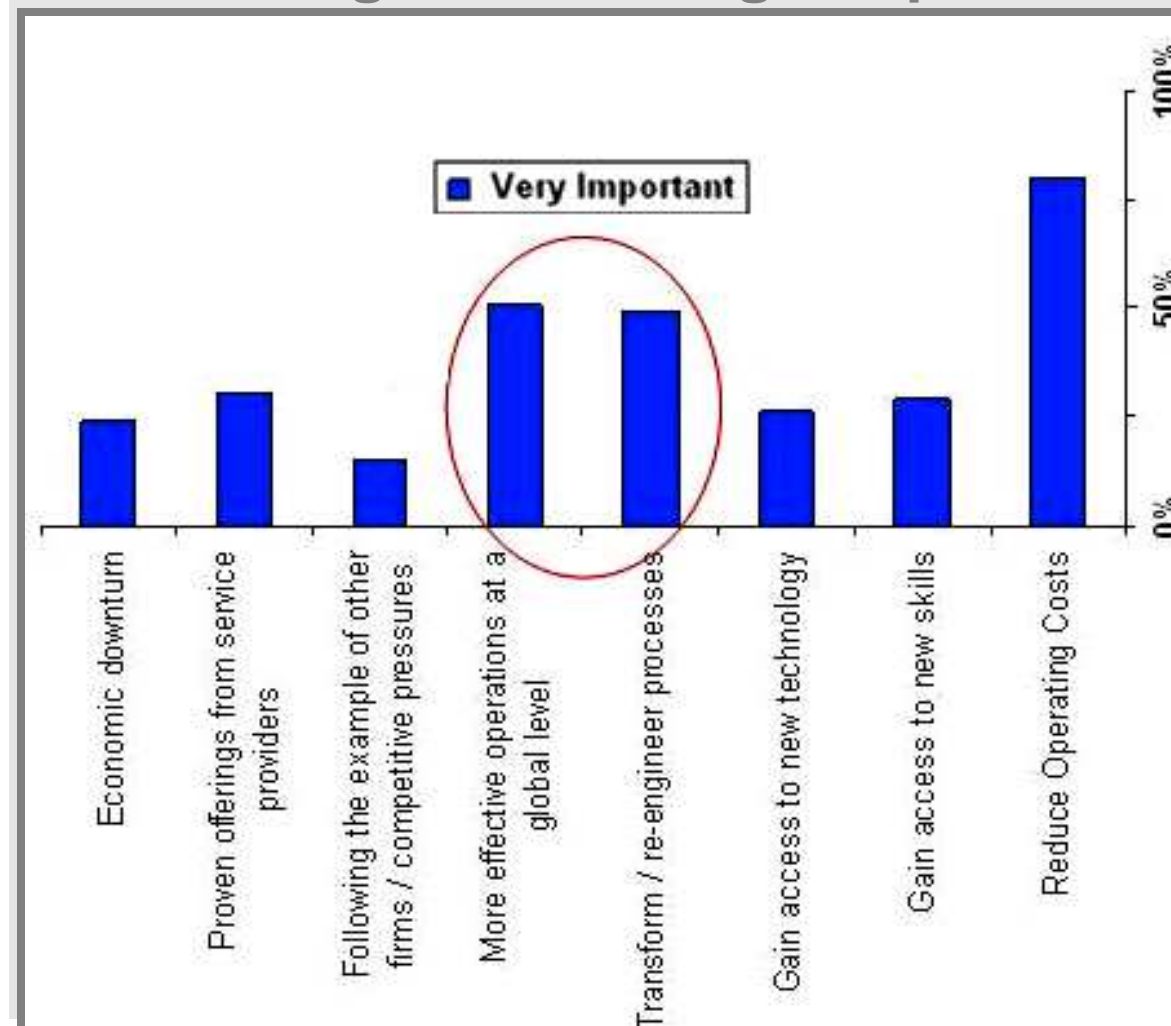
# IT Outsourcing today

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# Market overview: Global trends

## Factors driving outsourcing adoption





## Market overview: Clients trends

- General increase of demand for IT & BPO services
- Shift from supplier-buyer to partnership based relationships
- Establishing subsidiaries next to services providers
- Increase of interest towards infrastructure outsourcing, SaaS, cloud computing

### Requirements to provider:

- Highly scalable, competitive delivery capability
- Ability to provide Global Delivery Model
- Ability to accept large scale projects with less risk
- Global 24/7 support service abilities



## Market overview: Clients: Industries examples

- Telecom: outsourcing of network infrastructure centered requirements to the offshore providers
- Retail: outsourcing of IT & back-office
- Healthcare: outsourcing of clinical data management, back office, IT services



## Market overview: Service Providers

- Inorganic growth through company acquisition
- Focus on vertical specialization
- Focus on total outsourcing solutions (applications, BPO)
- Focus on flexibility & speed of development with no quality compromise



## Market overview: Globalization

- Globalization of the RUS It companies: e.g.
  - ✓ Exigen Services: opened in China
  - ✓ Luxoft: opened in Vietnam
  - ✓ Softline: opened in Iran, Venezuela, Vietnam, Turkey



## Three Key Sources of Outsourcing Risk

### **Rigid development practices**

- Assume complete spec and unchanging business priorities

### **Incorrect (feature-based) project governance**

- Success measured on feature/function delivery, not economic value

### **Conflict-of-interest commercial terms**

- Contracts incent overruns and minimize risk for vendors, not customers



## Three Key Ways To Offset risks

### **Agile development practices**

- Treat change as a normal part of the development process

### **Value-based project governance**

- Drive project based on economic value add of each feature

### **Performance-based contracts**

- Incent early delivery and correctly allocate risk to vendor



# Outsourcing in Crisis

## IT Budget allocation for Offshore Outsourcing

