



Top Challenges in Outsourced Product Development

Myths and Realities



This article describes the recent trend of outsourcing product development and the challenges associated with it. It also puts to rest some of the myths that companies have about outsourcing product development.

Top Challenges in Outsourced Product Development

Outsourcing software development has been in place for some time now, with companies having overcome the initial hiatus to embrace this new trend. Both small startups and fortune 500 companies have saved millions of dollars outsourcing their software needs offshore to locations like India, China and Russia and acquired a definitive edge over their competitors who chose to go without software or ramp up an information technology team in house. Whereas traditional software outsourcing has been by brick and mortar companies whose core competency was not in writing software, a new wave has recently arrived where even the software product development companies are now looking out for coalitions or partners who can

manage their product development offshore. This is in stark contrast to the normal principle of outsourcing where companies used to outsource tasks which were not a part of their core competency. One must say competitive globalization has arrived. In this article the author deals with some of the initial challenges which a company looking to outsource product development for the first time faces and tries to put to rest some of the myths associated with these challenges.

Choosing an offshore product development partner
Myth: When it comes to choosing a development partner, there is no difference between a one-off software development company and a company focused on Software Product Engineering
Reality: You couldn't have been farther from the truth. There is a world of difference between one-off software development and creating a software product. One-off software development is more of a 'Get it working somehow approach' while companies focused on software product engineering live by making strongly architected, portable, maintainable, secure, adaptable, highly configurable and installable software. For more details on the difference between traditional outsourcing and outsourced product engineering,

Project Management Ownership

Myth: Keeping project management onsite with just retaining the team with the outsourcing partner would lower the risk by reducing the number of unknowns.
Reality: Managing the project from onsite is a tricky affair. 70% of the projects can be run successfully by just keeping tab of the deadlines and the deliverables. For another 30%, specially, the pressure cooker ones, it is important to have a pulse of the team and to keep them motivated. This is difficult to achieve when the manager sits at a different location than the team. Moreover, if the manager is co-located with the team, he/she can resolve project/people issues better and keep a closer watch at the quality and the deadlines.

Longevity of the product team with the development partner

Myth: It is difficult to motivate and retain crucial team members for long in the team. They tend to move out by the time they acquire enough expertise to contribute effectively.**Reality:** Yes, and No. No if you choose the right product development partner. Offshore companies focused on product engineering have realized that longevity of team members in the team is a very crucial factor in making any relationship successful. In contrast to companies doing traditional outsourced software; these companies understand that the onus for a long term commitment lies with them and not the customer. They understand the fact that a team member who has spent 2 years with the product becomes nearly inseparable with it.

For this reason, they have their compensation and bonus policies focused on retaining key team members for long in the same project. Moreover, with employees in different cultures being driven and motivated by different factors, it might also help to retain a project/people manager offshore so that he/she can take the right actions to motivate the team and keep it intact. At **VAssure** we have product teams where key members have been continuing for more than 2 years in the same team.

Protection of Intellectual Property

Myth: Our IP would be stolen if we outsource

Reality: Since product engineering is all the software engineering vendors do for a living, they realize the importance of the partner's intellectual property and use legal and technological measures to ensure the same. Hence they take extreme steps to ensure that the

most of the cases, these vendors have separate seating areas and sub nets to ensure safety of the partner's IP. All magnetic media taken in and out of the premises is accounted and the entire premises are under biometric access control. Employees of these vendors sign Non-Disclosure Agreements (NDA) with the partner and confidentially agreements with their employers.

Processes used for development and project management

Myth: The software engineering vendor would have separate set of processes than we have, and we would have to embrace them to effectively work with the vendor.

Reality: It is the software engineering vendor who aligns it with the partner's processes so that the partner does not feel any difference while working with them. Outsourced Product Engineering companies Outsourced Product engineering companies make it possible by create mini organizations inside called VODCs (Virtual Offshore Development Centers), one for each partner that they work with. The processes and functioning of this VODC is exactly similar as the vendor would have done onsite on its own, including processes for development, project and people management and time and expense reporting.

Visibility in product roadmap

Myth: Vendor teams are better managed by providing work on daily basis

Reality: Providing a long term visibility in the product roadmap helps the vendor teams to focus on work effectively and utilize resources better. Moreover, this reduces the overhead of the management team member at the partner's location.

Communication

Myth: With the product visionary team onsite and the implementation team with the software engineering vendor, it is difficult to communicate and share product ideas and vision. Day to Day project related communication may not be interpreted or captured correctly.

Reality: Product Engineering vendors realize the challenges that exist in doing distributed product development. To ensure quick and accurate communication, they are geared up with the state of the art facilities when it comes to E-mail, IM, phone, VOIP, fax, integrated development environments and Video/Audio conferencing. Product teams are available most of the time on published hours on Email/IM and Phone. All project related unstructured discussion (on phone/IM) is always followed up with a more formal and structured manner on email, so that the teams are in sync with each other.

About the author

Puneet Gupt is a graduate of the Indian Institute of Technology, New Delhi with more than 6 years of experience in software product engineering. He specializes in Java/J2EE and databases.

Puneet works for VAssure a premier software engineering vendor with marquee customers like AOL, Schlumberger, Axalto and Cingular Wireless, to name a few.

He has deep understanding in areas related to software product engineering and has a wealth of experience interacting with customers onsite and understanding their vision so that the same can be implemented at the VODC back in VAssure.

About VAssure

As an organization, VAssure is driven by innovation, knowledge and integrity. VAssure is defining the future of software product engineering through a combination of proven methodology, world-class engineers, unparalleled quality, and a 100% success guarantee. VAssure partners range from small to mid-size software companies to some of the leading technology companies in the world.

Today, it has active partnerships with more than 60 US based ISVs and ASPs in a wide range of markets, including VoIP, Wireless, Security, Payment and Finance.

VAssure has a global delivery organization of over 600 professionals, recruited primarily from the Indian Institute of Technology (IIT), the world's most competitive technical university.

For more information about VAssure, visit <http://www.VAssure.com>

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