Global Software Development – Industry Perspectives

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Market Trends - IT Services Outsourcing

- The worldwide market for IT Services is growing
  - Technology intensity is going up across verticals
  - Emergence of new technologies

- The proportion of outsourced IT Services is growing
  - Shorter shelf-life of technology
  - Greater need for variablisizing costs

- Global sourcing has become a mainstream option

Source: Gartner, Nasscom
Evolution of Global Software Development (GSD)

- **Strategic Inputs**: Increasing requirement and impact of industry domain knowledge
- **Solution Design**: Functional specifications, Software specifications, IS architecture, Component design
- **Solution Delivery**: Application development, Product customization, Infrastructure deployment, Integration and testing
- **Support**: Application maintenance, Facilities management, Contact centers, Help desks

- **Knowledge**: Process reengineering, Product assessment, Business case definition, Change management
- **Process**: Tools, Skills
- **Skills**: Modules, Projects, Programs

Scaling of Customer Demands, Knowledge, Process, Tools, Skills
## Global Software Development Sourcing

### Sourcing Spectrum

<table>
<thead>
<tr>
<th>In sourcing</th>
<th>Selective sourcing</th>
<th>Strategic sourcing</th>
<th>Value Based</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-house/Captive</td>
<td>Single Function</td>
<td>Broad Scope</td>
<td>Value Sharing</td>
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### Client Geography

<table>
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<tr>
<th>Single Country</th>
<th>Multi-Country</th>
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### Vendors

- Single Supplier
- Multiple Suppliers
- Prime Sub
- Strategic Partners

### Vendor Location

- On Shore
- Near Shore
- Offshore
- Multi-site

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*TATA Consultancy Services*

Experience certainty.
The global software development full of uncertainties...

Selecting the right model is the key to success
Global Software Development (GSD) Considerations

- Outsourcing Model
- Delivery location & Setup
- Team Experience
- Commercial Models
- Culture/Language considerations
- Technology considerations
- Collaboration tools
- Governance & Project Management procedures
- Risk and Security
Outsourcing Operating Models

- **High Customer Involvement**
  - **Low Outsourcing Maturity**: Out Tasking
  - **High Outsourcing Maturity**: Staff Augmentation
- **Low Customer Involvement**
  - **Low Outsourcing Maturity**: Out Tasking
  - **High Outsourcing Maturity**: Managed Outsourcing

Outsourcing Maturity

- **Low**: Low
- **High**: High

Customer Involvement

- **Low**: Low
- **High**: High
Delivery Organization Setup

- **Location of Centers**
  - TCS facilities
  - Cust. facilities
  - New Locations
  - Shared Services
  - Geo Aligned

- **Governance Model**
  - Big Bang
  - Phased by Geo
  - Phased by Function / Tech

- **Transition Model**
  - TCS facilities
  - Cust. facilities
  - New Locations
  - Shared Services
  - Geo Aligned

- **Offshore Leverage**
  - 60:40
  - 80:20
  - 90:10

- **Local Support**
  - Local Country Support
  - Consolidate by Language/Region

- **Pricing Model**
  - T & M
  - Fixed Capacity
  - Fixed Price

- **Sourcing Model**
  - Single Vendor
  - In-house
  - Prime - Sub
  - TCS
  - Lateral Hiring
  - Rehire Staff
  - Rehire Contractors

- **In-Flight Projects**
  - Continue to Logical Completion
  - Staff Augmentation
  - Transfer Project/Contract

- **Staffing Model**
  - Single Vendor
  - In-house
  - Prime - Sub
  - TCS
  - Lateral Hiring
  - Rehire Staff
  - Rehire Contractors
Evolving Commercial Models

Typical Current State

Gen 1: T&M

Gen 2: Typical Proposed Model

Gen 3: IT Outcome Based

Next Gen: Business Outcome Based

Typical Current State

Gen 1

Gen 2

Gen 3

Fixed Price

Next Gen
Multi-sourcing and co-sourcing Setup – challenge or Advantage?

- Vendor A
- Vendor B
- Captive Centers
- In-House IT

Global Program Delivery
TCS experience
Tata Consultancy Services (TCS)
Pioneer and Leader in IT Services and Offshoring services

Global TCS Presence

- FY 2012 (March) revenue US$ 10.17 billion
- 97% of annual revenues from repeated customer business
- Global Presence with 183 offices in 43 countries and 242,000 employees
- Largest - Software R&D center in India
- Ranked as a leader in Application Outsourcing by leading Analysts

TCS in Nordic Region

- 22+ years Operations in all Nordic countries, represented through 5 offices, Partner to over 75 Nordic clients with 4,500 consultants
Cultural Sensitization Development
A Cultural Diversity Sensitization Program will go a Long Way to help Bridge the Cultural Divide

Sensitization Requires Developing an Understanding of Each Cultures…
- Context, e.g., Environment
- Behavior/Attitudes
- Communication Style
- Work Orientation

... Which Will help to shift Perceptions, Communication, Work Styles

Developing an appreciation for the “differences” and defining work style guidelines improves the effectiveness of personal communication and workflow efficiency.
Global Software Development – Multi-site Delivery

Customer

Onsite Team

China Team

Lead @China

India Team

Lead @India

Mexico Team

Lead @Mexico

Change Request → High-level Specs → Impact Analysis → Test Plan → Design, Develop, Bug Fix → Unit & System Test → UAT → Roll-out

Customer

Onsite

China

India

Mexico
Service Delivery Trends – Our take on the Future

Departure State
- Platform based solutions
  - Includes BPO / IT / IS
  - Technology becomes irrelevant
- SaaS based solutions
  - Includes IT / iS

Service Orientation
- Application Support as-a-Service
- App Development as-a-Service
- Assurance as-a-Service
- Analytics as-a-Service
- PMO as-a-Service

Service Consolidation

Service Evolution
- BPR/BPI Services
- Predictive Analysis
- EA Services
- Performance Tuning
- R&D Services
Additional Slides