

# EVERYTHING YOU ALWAYS WANTED TO KNOW ABOUT OUTSOURCING

...will become clear after reading this e-book



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## INTRODUCTION

This document contains everything you need to know before you decide to outsource your software development projects.

Not only will you read about the different types of outsourcing, but also find out about current outsourcing trends. Additionally, further in the document, we will provide you with tips that can help your product be as good as possible. We also included a case study, describing one of our projects, which is a proof that we live by the values we pledge and we follow them in our daily work.

What is more, if you are not familiar with Future Processing – at the end of this document we will briefly introduce our profile, our goals and references received over the years from our Clients.

# BEFORE YOU DECIDE TO OUTSOURCE

## WHAT IS OUTSOURCING?

Outsourcing seems to be the word that entered IT for good. Let us start by briefly defining what it really is.

Outsourcing is the cooperation between two companies, usually from different countries, where one company is the provider of services or processes on the other company's behalf.

Over the past 35 years it has immensely developed and has been noticed as an excellent solution to vastly reduce costs and time (that otherwise would have been spent on e.g. recruiting new personnel), yet still sustaining quality.

In the era of widespread Internet connection, outsourcing comes into sight as an easier way to do business. It frees management time, letting companies concentrate on their core competencies.

## DIFFERENT WORDS, THE SAME MEANING

### OUTSOURCING

It is assigning services or processes to another, usually external, company rather than conducting them internally. It frees you from many actions connected with managing your project. From planning, through supervision to market analysis. That is why, outsourcing has become popular, especially in the IT sector. It guarantees flexibility and can save you unnecessary expenses, because companies pay only for the services they require. Also, it eliminates the need to hire and train new employees.

### OFFSHORE OUTSOURCING

Offshore outsourcing is a type of a classic outsourcing model. It is an agreement between two companies, where one agrees to provide services for the other one. It is usually in a distant country. Its biggest advantage is lower price, in comparison to in-house services.

### NEARSHORE OUTSOURCING

Nearshore outsourcing is understood as an outsourcing to a neighbouring or nearby country or a region with similar, or a very close time-zone. It is based on exactly the same principles as offshore outsourcing, with the possibility of more frequent visits due to geographical proximity. Each can bring you high cost-effectiveness, while delivering tailor-made products.

*As you probably have noticed, all of the above mean almost exactly the same thing, regardless of the term.*

While choosing your outsourcing partners, always bear in mind political background of their country. Also, try to look for the country with similar culture, as this will make the cooperation easier and more pleasant.



## OUTSOURCING... BUT WHERE?

When you finally made that crucial decision and decided to outsource, you must choose from the best.

We consider location to be an important factor for successful software development outsourcing. According to **Rule Financial**, Poland is a top nearshore IT outsourcing destination for UK and other European companies that consider outsourcing their software development. Poland was also listed 2nd most attractive IT outsourcing location in the latest **KPMG report**.

Proving this, our team is constantly growing and we continue to acquire new customers. In 2014, Future Processing was included in the **Deloitte Fast 50** – an annual ranking that lists innovative technology companies. We were placed on **23rd position** in the overall ranking, with a **growth of 492%**. Among Polish companies, we are on 10th position.

### So, let's take a look at why Poland is such a good choice:

- Economically and politically stable country.
- Similar time-zone as a large part of Europe gives us the advantage to quickly respond to any challenges and meet our Clients in person.
- We don't need a visa to travel around Europe.
- Our working (and leisure) culture is not that different from our Clients'.
- Technical skills are incredibly strong in Poland, with many international award-winning developers
- Well-established member of the EU, meaning it not only follows, but also enforces European Union copyright and other laws.

Everything goes through the changes, the same is with outsourcing. Do you ever wonder what technology will be the best and most innovative for your company?

Well, we will show you the latest trends. You can read about them on the next page.



# THE REPORT: SOFTWARE DEVELOPMENT OUTSOURCING TRENDS

Outsourcing has taken a giant leap forward since it helps you make the most of your company's budget and resources, without hiring additional programmers to implement your ideas.

Mixing cost-effectiveness with remarkable quality? Yes, this is exactly what outsourcing can provide you with. So without any further ado – what 2016 has in stock for us? Let's see what was predicted, shall we?

## MANAGED SERVICE MODEL (MSM) USED TO CUT COSTS

Another change will be visible in measuring the effectiveness of sourcing relationships. The traditional client-vendor relation is changing into a partnership. It is no longer only cost-efficiency that matters, but also the impact that outsourcing has on the overall business. Managed Services Model allows the Client company to focus on their core business, whereas the outsourcer, being more independent, can manage the investment, benefiting the Client.

## SOFTWARE AS A SERVICE

SaaS caters to businesses of all sizes. It is a type of a managed service, working on a usage subscription model, paid regularly. All customers can effortlessly enter their data over the network, wherever they are. What is more, users pay only for the software and features they need and don't have to worry about additional costs. Since SaaS is used in the multitenant environment, scalability is much faster and highly beneficial for your Clients.

## NOVELTY ENTERS

We can easily observe the impact that growth of social media, mobility, analytics and cloud (SMAC) has on IT. These new technologies initiated a change in business strategies. The focus will now move to delivering better customer service experience. Outsourcers will go with the odds and use the SMAC model to stand out against the competition.

## INTERNET OF THINGS

Internet of things (IoT) is the trend with the broadest prospects to flourish. In 2006 there were 2 billion IoT objects, whereas in 2020 it is predicted to grow to 200 billion. IoT is the network of things connected to the Internet that interact with each other, completing tasks when you work or rest. It might be everything, from things that seem really obvious, like smart-watches or tablets, to unbelievably tiny and innovative stuff like smart dust.

# HOW TO MAKE THE MOST OF OUTSOURCING

How to combine success and cost-effectiveness without compromising on quality? This section will answer these very questions in depth.

Since this solution is a type of classic outsourcing model but with a big advantage – lower price. This is why, it is obvious you want to know everything about it. If you are after a delivery of tailor-made products,

close and regular contact with your developers and high cost-effectiveness offshore outsourcing is for you.

However, how to make it right? Are you afraid there's too much to take in? Are you scared your outsourcing process won't go the way you wish it to? Or, you simply don't know where to begin? **We'll try to help you in this endeavour.**

## 5 Cs TO SUCCESSFUL OUTSOURCING OF SOFTWARE DEVELOPMENT



### CONCENTRATION ON THE GOAL

Allow your outsourcing partner to implement their own way of working. Trust that they are the ones who want what's best for your business. Concentrate on what you want to achieve with outsourcing your software development, not how you want it to be done.



### CHOICE

It is important that you look for someone with knowledge and expertise, who will always try to deliver software developed according to industry's best practices. Look for outsourcers with vast expertise, who have similar goals and will understand your business.



### COMMITMENT

No matter how good your vendor company is, no matter how much expertise they have, you still need to remain involved, because nobody knows your business as well as you. Your commitment can have very tangible effects on the final product.



### CONTRACT

Appropriate business agreement can be crucial to the success of outsourcing your software development. The contract must reflect what was agreed on during the negotiations, specify the scope of the project and focus on business outcomes that both sides want to achieve.



### COMMUNICATION

For outsourced relationships to really succeed, the clients should clearly express their expectations, which will empower the supplier to deliver the best service. Be specific about what you want to achieve.





# COST-EFFECTIVE OUTSOURCING, IS IT POSSIBLE?

Software development outsourcing is not a new concept and you would hope that suppliers and customers alike have learnt from the mistakes of previous deals.

However, reading the trade press, this is not necessarily the impression one gets. On both sides of the outsourcing relationship companies seem to be making the same mistakes again and again. It appears that one of the biggest slip ups is around achieving real cost savings.

*While cost reduction remains the main driver for most software development outsourcing, there is a clear evidence that innovation and quality improvement are becoming more important than ever*

Companies need to take a long hard look at how focused they are on cost cutting and why. If you push cost savings too hard, the quality and innovation in your software will suffer.

## 1. INVEST IN TESTING

Look at testing for example. This is the area that most frequently gets cut when customers put downward pressure on prices. Yet it is one of the most important elements of best practice in software development. Avoiding testing or not taking time to incorporate QA testing results may cause bug-ridden code and greater problems when the software to be upgraded or developed further. But what is even worse, it may result in the product being not used or not suited to user's actual needs.

*Cutting testing time directly results in poor quality software, which in turn generally makes for unhappy customers who view the project as a failure.*

Additionally, a lack of testing can end up costing more as it takes much longer to fix poor code in the future than to release it correctly initially. We urge offshore developers and outsourcers of all types to resist pressure to cut testing time or at the very least to explain the consequences to customers. We also urge these customers to question their suppliers closely about testing and make sure that they feel satisfied that there is sufficient testing in the outsourcer's development process.

## 2. AVOID BODY SHOPPING

Here is another example of what can happen if you look too hard for cost savings: some companies decide to outsource just to build up teams at a lower cost. Recently this practice has received a fair amount of negative press in the UK. In terms of best practice it is certainly not the way to go. Most outsourcers have developers with fantastic skills. If customers are just body shopping they are not taking advantage of them or of the general knowledge and experience of the supplier.

*In other words, while the customers think this is a cheap option they are not really getting value for money.*

Again, body shopping usually gives the developers themselves no control over their work and can become boring and demotivating. This does not result in the best code being produced.

As we know, fixing poor code costs much more than doing it properly in the first place.

### 3. ESTABLISH THE RELATIONSHIP

So, if extra press on cost is poor practice and not the way to save money, what is?

**Well, the answer is simple:**

*The relationship between supplier and customer.*

This is the lynchpin of any outsourced project, whether it be software development or something else. It has the single biggest influence on the success or failure of the project, one that really can save you money in the long term.

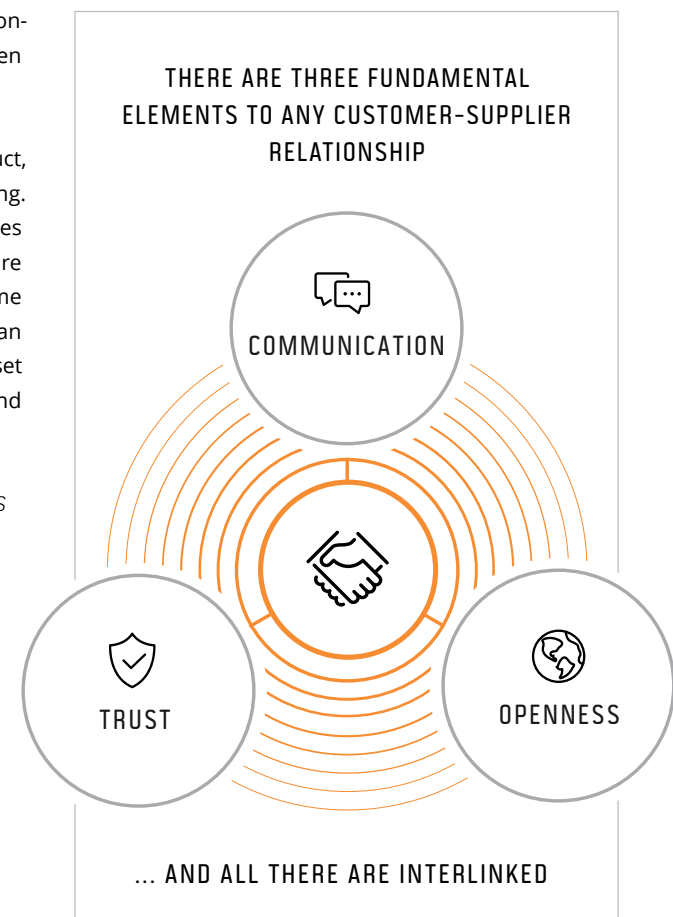
If you have a relationship based on openness, the outsourcer is more likely to tell the customer as soon as a problem occurs, rather than brushing it under.

Equally, without regular communication the project cannot progress. Openness and trust both make communication much easier – there is no doubt about that. Indeed the most successful second- and third- generation outsourcing deals are based more on a joint-venture, equal relationship than a standard contract.

Evidently there are other factors that can help relationships succeed. Primarily among these is the fit between outsourcer and customer.

Following these steps may result in a better end product, which will in turn result in the partnership continuing. And this is where the real savings come in on both sides – no time and money wasted trying to find a new software development outsourcer or customer, much less time required to brief the team, no steep learning curve, an understanding of how to work together from the outset and a willingness on all sides to produce a good end product.

*This definitely outweighs the cost savings that might be made from choosing someone basing purely on price.*





# SUCCESS AT OUTSOURCING

The most important thing that has to be done in order to succeed in outsourcing is believing and trusting your developer. However, are there any other aspects that should be taken into account? How can you make this process as smooth as possible? Read on and find out.

## 1. BELIEVE OUTSOURCING IS A GOOD CHOICE

*Outsourcing is delegating services or processes to another, usually external, company rather than conducting them in-house.*

It is a great solution due to extensive cost reduction that goes hand in hand with excellent quality and economics of scale. Outsourcing helps to control the funds for two reasons. First of all, it limits the need to spend money on specialised crew, equipment, technology and licences. Companies gain competitive advantage because they can focus on their core business and activities like building their brand awareness. Secondly, it improves the resource exploitation and may also increase the value of outsourced activities.

## 2. USE ITERATIVE DEVELOPMENT APPROACH

*Agile methodologies are constantly gaining popularity in outsourcing.*

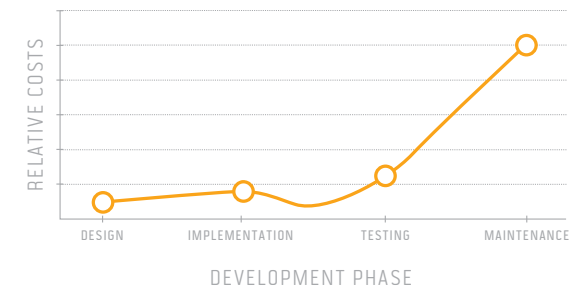
There are many advantages of introducing them to your project, although you will need to make time to be engaged in the process. Feedback is delivered regularly because the teams work in sprints, which are usually 2 or 3 weeks long. This guarantees that if any issues appear, they are addressed quickly. During the sprint, the scope of work is fixed, so that the team is focused only on the tasks agreed to be done. Because of that, it is easier to plan and adapt to changing business environment. Flexibility of the process helps preventing potential threats that may endanger the final product and supports faster time-to-market. All this put together results in a better end product and higher customer satisfaction.

Projects develop and evolve on a daily basis. Sometimes the final products differ from the initial version that you had in mind. However, changes should be embraced because they are crucial in order to develop the right, fully-functional product.

## 3. PUT EMPHASIS ON QUALITY

*We believe that the best approach is being focused on quality from the very beginning of the project.*

Not only does it reduce the unnecessary reworks, but also it is more time efficient. The sooner the defects are found and fixed, the lower costs your company will face. What is more, high quality of your product guarantees Customer's trust, which in turn may result in long-lasting cooperation.



The above graph shows the relation between costs and the development phase. In brief, the later you fix a bug the more expensive it is.

#### 4. TRUST YOUR PARTNER

*Trust is one of the fundamental elements to any customer-supplier relationship, there is no doubt about that*

Look for outsourcing partner that is focused on long-term collaboration, but will let you build up the scale of your commitment or exit, if you're not satisfied with the outcomes.

It is certainly easier to achieve your business objectives if you base your cooperation on trust, rather than getting caught up in micromanaging. You should let your partners work according to their processes and leave the room for them to define how.

Since, relationships rarely work well from the get-go, take time to consider issues from your outsourcing partner's perspective. If you have a strong relationship, both outsourcer and customer are more likely to work harder at resolving any problems that occur, simply because of the emotional investment on both sides. It has the single biggest influence on the success or failure of the project, one that really can save you money in the long term.

Once these conditions are met, do not hesitate to rely on the knowledge, experience and expertise your partner brings to the table.

#### 5. CHOOSE THE LOCATION WELL

*If you consider outsourcing, the most important question you should ask yourself is: where to outsource?*

Choosing Poland as a destination for software development outsourcing, it is possible to be cost effective, compared to domestic markets. Despite increases in salary, you are still likely to outsource to Poland at very competitive rates. Over-zealous bargain hunting can, in fact, cost you more.

Also, Poland is known for having a vast talent pool of IT professionals with unquestioned competence in their fields, which has been confirmed by this year's KPMG report where Poland was listed as 2nd best outsourcing location in the world.

An outsourcer needs to be compatible with its customer's corporate culture communication and working style. Employees from both organisations will be working alongside each other and they need to fit in.

Poland is a constantly growing country with stable economic and political situation. Our working culture is similar to our Clients'. This, in addition to being a member of European Union, makes us a secure choice.

*In short, companies that will follow these few steps in their outsourcer selection criteria can actually succeed at outsourcing, having a head start over their rivals that do not.*

# OUR EXPERIENCE

Once you decide outsourcing is the answer to your problems and start looking for outsourcing company, make sure to choose your partner well.

We hope that our Client's references speak for themselves. So, if you are looking for experience combined with professionalism and personal touch – Future Processing is the way to go.





## CASE STUDY – OUR COOPERATION WITH EUROMONEY

We started working with Euromoney Institutional Investor PLC in 2009 with just four software engineers.

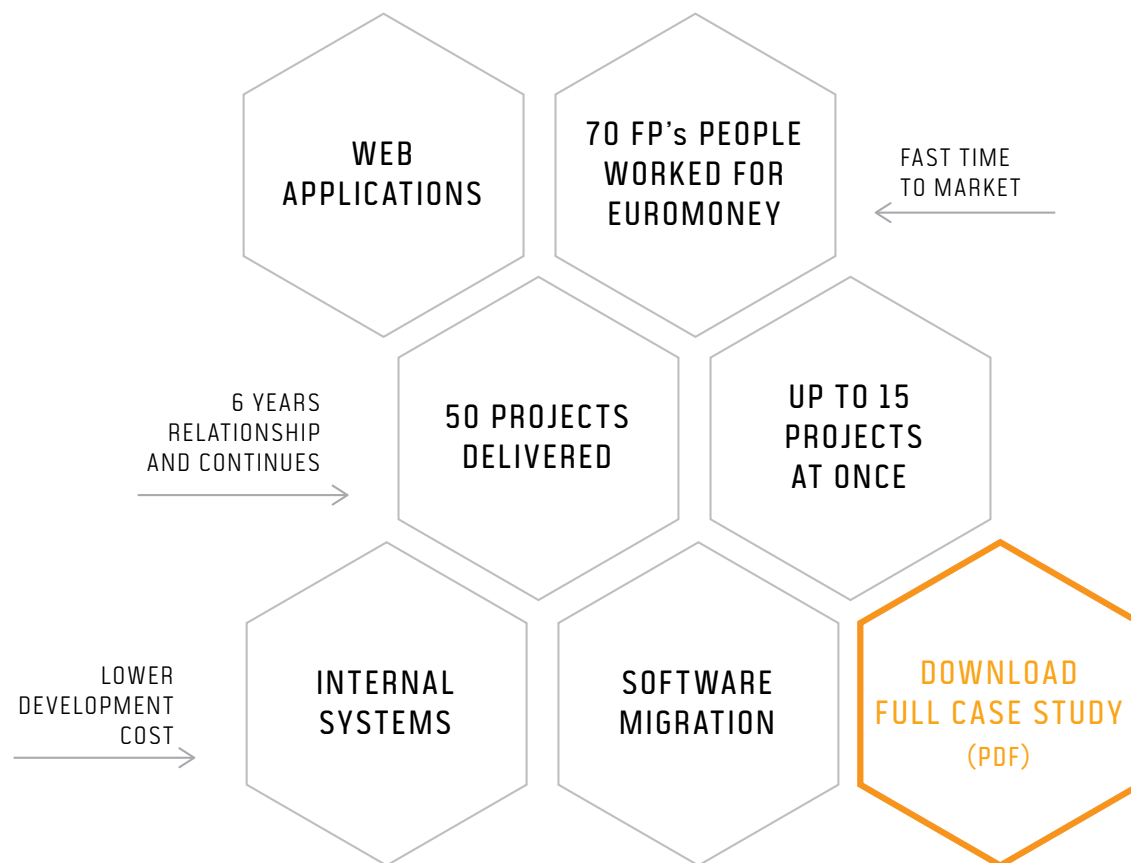
**Euromoney  
Institutional  
Investor PLC**

In the course of our cooperation as much as 70 people worked for the Client running up to 15 projects at once.

Within our cooperation with Euromoney, we have delivered nearly 50 projects. We were responsible for the development of web applications, back office configurations, internal systems and upgrading their software.

The main thing we did is allowing our Client to switch from paper publications to electronic ones, which greatly reduced maintenance costs and sped up time to market.

We have provided a highly scalable, competent team of engineers, able to work on a wide range of concurrent, yet diverse software projects. This enabled Euromoney to keep their development costs down, while delivering much higher volumes of software, without any compromise on quality. Cooperation with Future Processing has also resulted in the use of new technology and best practice.



## OUR CLIENTS' PROBLEMS. DO YOU RECOGNISE THEM?

We are aware that choosing your outsourcing partner isn't easy.

However, since everybody makes mistakes, who not learn from them? We decided that asking our Client about mistakes they've made and presenting you with the solutions may prove extremely beneficial. Read the following page and find out for yourself.

### CHANGING BUSINESS NEEDS

Well-chosen outsourcing partner will help you adapt to the changes that may arise during the development process. Future Processing works using iterative development approach, which not only embraces the modifications, but also makes the development process more effective, since it is based on mutual trust and frequent communication.

### NEGATIVE EXPERIENCE WITH OUTSOURCING

Finding the right outsourcing partner is like finding a life partner. This important decision must be well thought through. You should be given access to the most experienced engineers, to make the development process professional. Also, you should focus on choosing a partner in similar time zone, which will make it easy to keep communication frequent.

### TECHNICAL DEBT

It is crucial to use the latest, well-established technologies in your project. Protecting yourself from technical debt will be beneficial for your company in the future. Your outsourcing partner is there to keep track of the latest technologies and help you during their implementation. All done to help you stay ahead of the competition.

### TOO BIG EXPENSES

In these hectic times we are aware that your company must watch its spending. Choosing Poland as an outsourcing location will help you be cost-effective and simultaneously not compromise on quality. The rates are competitive, in comparison to those in the UK.

### LACK OF RESOURCES AND EXPERIENCE IN-HOUSE

Sometimes in-house options are impossible and not cost-effective, due to lack of talent on the market. In such situation, finding an external partner is the best solution. Only a team of skilled experts, who know their job, can help you develop a fully functional product. What is more, you don't need to invest in any resources because your outsourcing company offers the most professional equipment.



## REFERENCES

We care a great deal about our Clients success, that's why they work with us time and time again. It comes as no surprise that 90% of our Clients are very likely to recommend us or are actively doing so.

*Future Processing had the best development model. We were very impressed by the way quality assurance is built into their development system. They also offered very good technical expertise and fluent English. Members of my team spent two days with them and we felt that Future Processing was the best fit for us.*

**MIKE POOLE,**  
Steamship Mutual

*The need for close working relationships-made us start looking within Eastern Europe where it is relatively easy for people to hop on planes and visit each other's offices.*

**CRAIG KRITZINGER,**  
IT director for Staffcare

*Future Processing not only did the development job, but has also been important in understanding the business domain and the problems we want to solve. Involvement from the project manager and team leader of Future Processing has been really important to us.*

**THOMAS ANDRE MAGNUSSEN,**  
Solid Entreprenør AS

*We found FP engineers to be technically proficient, engaging, and open to new ideas. The team did an outstanding job managing the project and the final product met all of our expectations.*

**SHANE T. WARD,**  
GuideStar

WATCH THE VIDEO ▶





## WHAT CAN WE HELP YOU WITH?

We specialise in delivering managed software projects that help our Clients build competitive advantage.

After your project is done, our support and maintenance department can take care of it.

If you need extra expertise, we also have experts available in many fields.

### QUALITY ASSURANCE

Quality Assurance engineers are an integral part of each project team, present at every stage of software development project – right from the very beginning.





## ARE YOU CONSIDERING SOFTWARE DEVELOPMENT OUTSOURCING?

Feel free to contact us and let's talk about  
how we can work together!

 I'M INTERESTED

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