6 steps
to successful outsourcing of software projects

Outsourcing software development: friend or enemy?

The decision to have software development carried out by a foreign company (outsourcing) is often primarily motivated by economic motives: it is cheaper and high-quality IT specialists are, as opposed to the Netherlands, abundant. In practice, however, the road to successful outsourcing is often strewn with obstacles.

It is a tough challenge to monitor projects remotely; moreover there are differences in culture, language, and many other issues that you have to contend with.

Yet the benefits are too great to ignore as many companies have experienced. There are several aspects of outsourcing that can go well, but that can also turn out wrong. Outsourcing can be a friend if you handle it properly but an enemy if you do not address it in the right way.

What are these aspects and how can you convert them from a risk of disappointment to a condition for success?

1. Develop a clear strategy for Outsourcing

First determine whether your IT organization is sufficiently 'mature' (minimum CMM level 3) to be able to manage outsourcing. Is there a sound project approach, are there standards for software development, frameworks, tools and a clear test strategy? Evaluate which types of projects are best qualified for outsourcing. These are often the larger projects with a clear(er) functional description. Or the somewhat smaller (mobile) applications with a repetitive character.

Other criteria apply to Agile. First of all, a clear Agile vision for business operations must be developed. In this respect, as they say in Japan: "Vision without action is daydreaming. Action without vision is a nightmare." Subsequently, well-insulated apps (e.g. microservices) can be developed by the outsource team within an Agile environment. Or a complete Agile project, of course, in which the Agile team maintains a direct communication with business operations (business).

Make at least a clear **Return On Investment** consideration for any strategy whatsoever. Which activities are best suited for outsourcing (software development, testing and documentation), how many percent do they make of the total costs and what are the savings if they can be carried out at a lower rate?

2. Find a good and reliable outsourcing partner

After you have determined the outsourcing strategy and what kind of projects you want to outsource, then look for a **reliable partner**. The goal is a longer-term cooperation. Not throwing one project over the fence and then running away ...

Only in a long-term cooperation the maximum results and cost savings can be achieved. Just as well as your own people needed a training period, this also applies to the outsourcing partner. Pay particular attention to a match in terms of culture, language and whether the employees match and like each other. In particular, the latter aspect is decisive for success.

Of course, the outsourcing partner must have the required expertise, technology, experience and knowledge. Preferably more than is present within your own company. So you can learn something from each other...

3. Product management

The presence of a **software strategy** on the client's side is crucial. There must be a 'product' owner who has an overview of the complete structure of the products and projects to be developed and delivered. And also knows how to express this to the IT team, both in communication and in the required documentation. And helps the team with setting priorities and making decisions.

If the client does not have such a person in-house, this task can also be placed with the outsourcing company that often possesses these skills. It is also important that the client recognizes this 'product' owner within the own organization as the person who has full responsibility for the product.

4. Project management

At the customer a project manager must be appointed who is responsible for project documentation, setting up and managing the total development process, requests for new (sub) projects, setting and managing deadlines and managing progress.

If the client does not have such a person in-house, this task can also be placed with the outsourcing company that often possesses these skills. As with the product manager, it is important that the client recognizes this 'project' owner within the organization as the person who has full responsibility for the project.

In order to be able to manage the entire software development process effectively, it is important to agree on the following prior to the start of the collaboration:

  • the tools to be used for tracking and version control
  • release management strategy and operational agreements
  • what does the internal infrastructure of the client look like and what are the joint infrastructure aspects?
  • communication appointments such as onsite visits, daily communication (Skype)
  • test procedures must be established in advance and strictly followed during the project. But if necessary, they also have to be changed in time, which then needs to be clearly agreed and recorded.

Measuring and managing results is only possible if clear accordance has been reached on all these matters and the corresponding agreements have been made.

5. Communication

What are the most important factors for saving costs and increasing the efficiency of the team at a distance? First, spend enough time working on the team and on communication. Because of the distance, more time is needed than when teams work in-house. The following points are important here:

- **Understanding what the team is doing** and adjusting quickly is the main challenge when working with a remote team, especially with Agile development. Often time is lacking on the client's side to manage and synchronize all details and (small) changes in the plan. While these details are decisive for success or failure of the project.
- A **proactive attitude** of the outsource team is of great importance. This team must continue to fine-tune plans, ask relevant questions, but avoid unnecessary questions. Stay on top to judge the entire picture. If something is not clear, you cannot wait. Throw the problem on the table, even if it is not your own task but someone else's.
- Another crucial element is to maintain a **knowledge database** that is used by all team members. It makes the collaboration more productive and minimizes the need for coordination.
- Clear and detailed agreement on how the entire development process is progressing and recorded also contributes to effective communication. Issues such as developing the project specifications must be agreed upon prior to development or communicated to the external team by the customer's project manager. It will greatly reduce the number of questions from external team members with a smaller chance of miscommunication.

To ensure that the team of the customer and the outsource team remain in sync, it is important to hold **evaluation sessions** after every step of the project. Go through all the pros and cons, carefully examine problems and approach and opinions. Continuous synchronization is important in every project, but certainly in outsourcing.

Note: There is a certain area of tension between (overly) detailed specifications and work instructions and the creativity of the software developers. There is a certain balance between freedom of the programmer and more or less extensive testing. We will pay attention to this in a separate whitepaper.

6. Quality assurance

To ensure quality assurance in a good way, one QA engineer is required per team of 3-4 developers. The QA role requires a good knowledge of the objectives of the project. In addition, the QA engineer can be part of the development team or of a customer's QA team. In both cases, however, he should be able to independently assess the quality, in accordance with the specifications agreed upon with the product owner. Test protocols must be developed on basis of the use cases and coordinated with the product owner. The results of the tests will be extensively discussed with the developers to make the necessary corrections and improvements, but the final result of the tests will have to be approved by the product owner. This is the one that ultimately determines whether the quality meets the specifications and whether the software can be taken into production.

Summary

A clear strategy, a reliable and knowledgeable outsourcing partner and especially structure and clear and frequent communication are the basic conditions to make outsourcing a success for your organization. In the initial phase, a lot of investment in time and energy will certainly be needed. But the ultimate effects of a long-term collaboration in this way ensure flexibility in your resources, quality improvement of the delivered software and considerable cost savings.

About the author

Anna Shemyakina is CEO of E-ngineers from St. Petersburg. E-ngineers has been active as an outsourcing company for 10 years. They design and build large- and small-scale software applications for a variety of clients in Russia, Sweden and Denmark. In its ambitious growth plans, E-ngineers now wants to expand its activities to the Benelux, Germany and the United Kingdom. The choice for the European office was made for the World Trade Center in The Hague, Netherlands

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