

# Offshore Program Management Service



Offshoring of business processes has become a strategic imperative for global firms to reduce costs and thereby improve profitability. These 'low cost' locations not only provide for lower operational costs but also provide performance arbitrage. The current debate in most organizations is therefore is not on whether it is meaningful to offshore, but on how to offshore effectively.

This white paper addresses your concerns on how to offshore. It details the various business models you can look at in your endeavor to offshore.



# What is Offshore Program Management Service?

Offshore Program Management Services (OPMS) is:

*A suite of services designed to help businesses decide on the appropriate model to rapidly set up and run offshore operations in India.*

OPMS aids you in setting up an offshore center while avoiding the pains and risks involved by leveraging on the expertise brought to you by MphasiS.

MphasiS ranks among top BPO's in India bringing to the table over five years of experience in running BPO operations across geographies; Pune and Bangalore in India and Tijuana in Mexico. MphasiS supports clients for their voice and non-voice processes spanning the complete customer life cycle; beginning from product information support in pre-sales to customer service and technical support. This experience in setting up and running offshore centers is being presented to you in the form of OPMS to help you offshore effectively both in terms of cost and time.

OPMS is a modular service to cater to the complete spectrum of requirements, be it for a turnkey project or for a modular service. The modules are:

- ✦ Infrastructure services
- ✦ Human resource services
- ✦ Delivery process support
- ✦ Business excellence
- ✦ Financial systems
- ✦ Program and transition management

## Challenges in Offshoring

Some of the challenges that need to be overcome in offshoring are:

- ✦ **Location identification** Identification of an appropriate location is imperative for success. Incorrect site selection could result in non-availability of required skills, high attrition, concerns with regards to security due to geo-political reasons and infrastructure issues.
- ✦ **Knowledge of local regulatory requirements** Non-familiarity with local business practices or regulatory/tax/legal environment will pose difficulties in establishing and managing the offshore unit.
- ✦ **Transitioning** Transitioning strategies need to take into consideration; cultural differences, mode of knowledge transfer etc.
- ✦ **Process Management** Lack of clearly defined processes could lead to inefficiencies between offshore and on-shore teams leading to increase in overall costs.
- ✦ **Project Coordination** Management of offshore initiatives requires well defined management structure with clearly defined roles and responsibilities with a defined escalation chart. Based on the nature & size of the project, one may need to explore setting up an independent project office.



# OPMS Service Offering

## Risks in Offshore Outsourcing

Outsourcing is about leveraging on competencies while managing risks. Identifying risks is the first step in managing them. Listed below are the major risks:

- ❖ **Suitability of vendor** This is the most critical factor for successful outsourcing. One should assess all vendors for:
  - Infrastructure capability
  - Technical service & delivery capability
  - Financial stability
  - Management capability & track record
  - Cultural compatibility
- ❖ **Cost structure** Benefits of outsourcing accrue gradually. Savings accrued is dependant on the model; captive versus outsourced and also the learning curve of the vendor.
- ❖ **IPR protection & Data security** Protection of data & intellectual property is imperative. Vendors with certified processes tend to be obviously better placed.
- ❖ **Political / Regulatory environment** Governments in most offshore destinations provide incentives. This may vary across different states in the country. Incentives, regulatory needs coupled with political / economic conditions can affect success.
- ❖ **Knowledge transfer / Retention & Staff attrition** Knowledge transfer is both time consuming and expensive. Another associated cost is the turnover of staff. Due to high demand, attrition is one of the biggest challenges. Re-training new hires adds to cost and the overall productivity.
- ❖ **Transition approach** the approach to transition could be; process v/s geography, big bang v/s phased, as is v/s re-engineered. The transition methodology depends upon business strategy, ability of transition team, vendor risks and rewards and management commitment. The transition approach contributes to the overall success / failure of outsourcing.

One may say that setting up an offshore unit is more complex than starting an organization and it may not be very wrong. OPMS therefore has been designed to address each of the challenges involved:

### Infrastructure service

Infrastructure services address the complete range of issues with respect to the infrastructure required, right from where to set up the offshore unit. It covers the following:

- ❖ Legalities like subsidiary incorporation
- ❖ Premise identification
- ❖ Setting up the office
- ❖ Telecom & Networking
- ❖ IT infrastructure
- ❖ Business Continuity Planning & Disaster Recovery

### HR service

Offshoring is primarily about leveraging on the low cost talent pool available. Putting in place the team who would be supporting the processes is the second biggest challenge. The HR service handles this aspect by:

- ❖ Recruiting the team
- ❖ Designing the compensation package
- ❖ Designing the policies and procedures
- ❖ Training the team, both on the processes as well as soft skills
- ❖ Designing payroll

### Delivery process support

This is the first step of getting into actual operations. Issues like capacity and resource management need to be addressed. Cost reduction may be guaranteed, but the advantages of cost cannot be offset by the disadvantages of inefficiency. Developing metrics for measuring business performance comes under the ambit of delivery process support and involves:

- ❖ Business activity monitoring
- ❖ Business process delivery platforms
- ❖ Business intelligence

### Financial services

This module is about putting in place reporting and control systems while ensuring that all regulatory and compliance requirements are met. Systems to track monitor and control costs are installed after achievement of steady state.

# O PMS Service Offering

## Business excellence

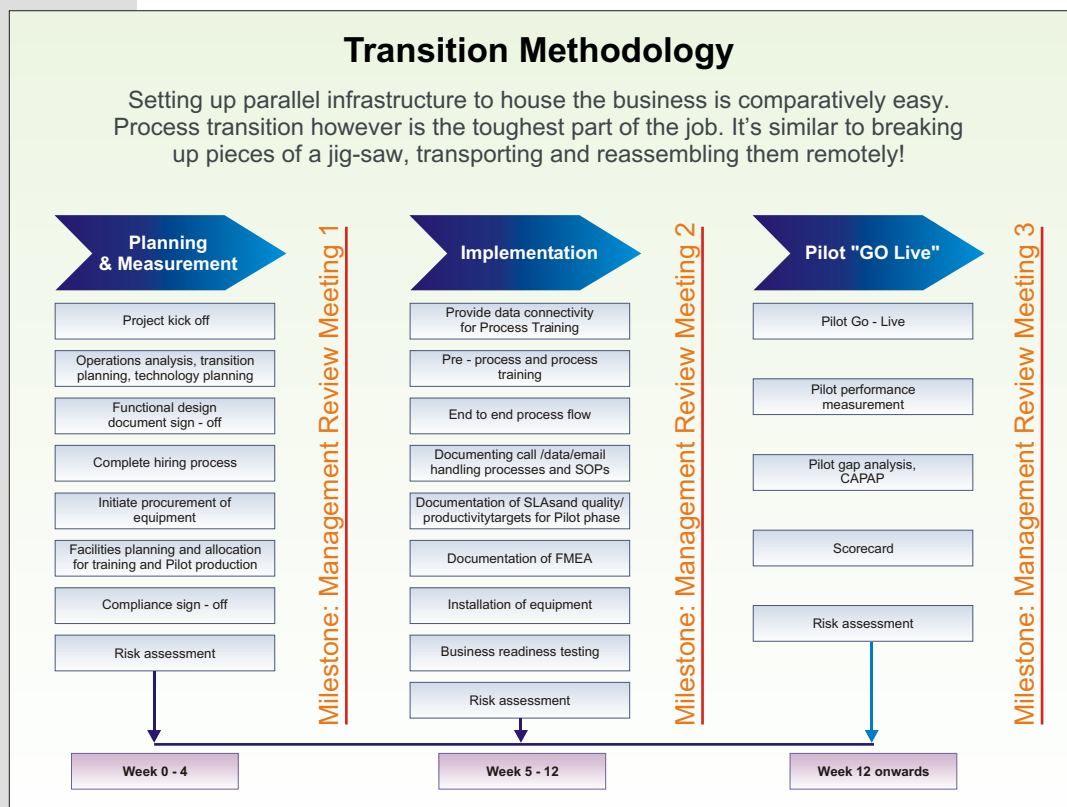
When businesses are offshored, the first step is to go the as-is way. But one needs to re-look the processes in the new environment to see if they can be re-engineered to attain better process efficiencies. Business excellence involves:

- ❑ QA and testing services
- ❑ Quality certifications / audits
- ❑ Process improvements through Six Sigma analysis

These modules are what it takes in setting up a fully functional offshore unit. The importance and focus on these modules would vary based on the offshoring model being adopted.

## Program and transition management

Program and transition management involves all activities that go into transferring the operations to the offshore center. This is a project in itself and requires all the skills that go into project management. It's essential to time the transition such that there is no idle time / wastages due to a mismatch in infrastructure readiness and transitioning of processes.



# Business models

Organizations need to deploy an appropriate business model based on the size of operations being outsourced, the investment and the risks involved. Mphasis provides this choice through a variety of models. Mphasis deliverables in each of the models is enumerated.

## 1. Build Operate Transfer model

- a. Team ramp up
- b. Delivery as per SLAs
- c. Administrative and infrastructure support

## 2. Assisted Build Out model

- a. Assist in setting up captive center
- b. Advisory & execution services

## 3. Joint Venture model

- a. Ownership of system / facility
- b. Risk & profit sharing
- c. Administrative & infrastructure support

## 4. Operational Support model

- a. Assist in software development / offshore processing and administrative activities
- b. Resource augmentation and provisioning

## 5. Strategic Vendor model

- a. Be the one stop shop in terms of resources and work towards the role of a strategic partner

Time lines for setting up 50 - 100 seater offshore center	
<b>Transitioning</b>	
> Planning & analysis	4 Weeks
> Implementation	5 - 16 Weeks
> Pilot	Week 21 Onwards
<b>Infrastructure</b>	<b>18 Weeks</b>
> Location and Premises Identification/ Selection	6 Weeks
> Planning for fit-out, procurements and support	4 Weeks
> Fit out	12 Weeks
> Equipment Procurement and installation	12 Weeks
> Support Services	8 Weeks
<b>HR</b>	<b>16 Weeks</b>
> Planning	4 Weeks
> Recruitment	12 Weeks
> Training	4 - 8 Weeks
<b>Entity Formation</b>	<b>8 Weeks</b>
> Subsidiary Incorporation	4 Weeks
> Registrations	8 Weeks
<b>Commencement of Operations</b>	<b>Start of Week 21</b>



# Value proposition

Like a guide who helps you reach your destination in the shortest and most convenient way, the OPMS offering helps you in achieving your business objectives of offshoring by affecting you in:

- Reducing risks of offshoring
- Reducing time to go live
- Providing for a business model for you to work on a variable cost structure, rather than make heavy investments (sunk costs) upfront.
- Traversing the learning curve faster

## About Mphasis

Mphasis - a global IT and BPO service provider to G2000 companies, assists its clients in innovating and streamlining their business processes by offering custom solutions for technology and operations outsourcing.

The company's expertise is focused on the financial services, logistics and technology verticals and spans across architecture, application development and integration, application management and business process outsourcing, including the operation of large-scale customer contact centers. Mphasis specializes in multi-channel solutions, which optimize sales and service processes from a cost and quality perspective.

Besides an onsite presence at key locations, the company has an extensive offshore infrastructure for IT Development and Business Process Outsourcing with centers in India, China and Mexico. Mphasis has a strong quality culture, reflected in ISO 9000 and BS 7799 certifications, an SEI CMM Level 5 rating and Six Sigma quality initiatives. The company currently employs 9,000+ professionals.

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