

## CSC's Financial Services Offshore Outsourcing Tips

"INDIA HAS THE LARGEST POOL OF COMPUTER-LITERATE, ENGLISH-SPEAKING FOREIGN NATIONALS IN THE WORLD, AND OFFSHORE DEVELOPMENT HAD PROVEN LOWER UNIT COSTS. I THOUGHT IT WORTH EXPLORING WHETHER OFFSHORE WOULD WORK AT OUR MIDDLE MARKET SIZE."

— RUSS BOSTICK, CIO, ZURICH LIFE

**1. Government regulations** – Foreign governments set their own rules for labor regulation, taxes and economic development. Failing to comply with these rules can result in stiff penalties and lengthy delays. Make sure your supplier understands the rules and will keep you in compliance, and make sure your service agreement spells out your supplier's responsibilities.

**2. Time zone constraints** – The time differences between locations in the U.S. and Europe, Africa and Asia can range from seven to 14 hours. Your offshore resources may be going home when your work day is starting. To avoid unnecessary delays, your service agreement must spell out times of availability, including contingencies for matters that require immediate attention.

**3. Control** – A perceived lack of control is the single largest detractor in outsourcing decisions. Interestingly enough, the converse is true. Outsourcing often leads to improved control and performance because you can clearly spell out your expectations in the service agreement and include penalties if they are not met. Much of the anxiety around control issues can be addressed with well-defined business metrics, periodic performance inspections, clear escalation processes and sound communication practices.

**4. Political stability** – Political instability is one of the biggest unknowns in dealing with offshore suppliers. Civil insurrection or war can shut down your offshore operation indefinitely. An effective way to mitigate this risk is to work with a U.S.-based company with access to offshore operations in several

countries. In times of crisis, it can be the supplier's responsibility to minimize disruption by shifting the work to another location.

**5. Industry knowledge** – Offshore suppliers generally have good technical skills, but they often lack relevant business-related experience. In addition, they may not understand the business practices of your specific region. Choose a supplier that can incorporate proven industry-specific business knowledge, effective business models and experience specific to the regions in which you operate.

**6. Project management** - When companies choose to partner directly with an offshore supplier, they often underestimate the effort required to manage offshore projects. Most of the problems occur in the early stages, but those problems can throw an entire project behind schedule. Choose a supplier that has already learned the lessons of working with offshore resources and can assign certified project management professionals to work with your firm.

**7. Business continuity** – Business continuity planning and disaster recovery planning are fundamental to the well-being of any organization. Events ranging from local flooding to a citywide loss of electricity have the potential to disrupt day-to-day operations of an offshore supplier. Make sure your offshore supplier has a disaster recovery plan that will support your minimum service levels. The best approach is to plan carefully and make sure you have strong infrastructure support that can easily redistribute workloads to alternative locations, minimizing the chance of an interruption to your business.

**8. Infrastructure** – Your relationship with your offshore supplier is only as good as the communication and network infrastructure that separates your two countries. Your supplier's local infrastructure may be too primitive or unreliable for you to count on 24x7 connectivity. Make sure to factor in the cost of setting up a separate infrastructure that meets your organization's needs, or at least make sure you build in redundancies to your network.

**9. Cost savings** – Don't be fooled. Lower hourly labor rates do not necessarily translate into lower costs. Critical considerations are a supplier's transition processes, productivity rates, service delivery capabilities and quality commitment. These factors can impact the overall project cost and the value gained from the offshore engagement.

**10. Publicity** – Even if shifting work offshore makes good business sense, it can create public relations issues for your company. Your employees and the media will be watching your decision closely, and the resulting negative publicity could alienate your customers. By choosing an outsourcing supplier with both on-shore and offshore operations, you can minimize the potential for negative press.

### **About CSC**

Computer Sciences Corporation, one of the world's leading consulting and IT services firms, helps clients in industry and government achieve strategic and operational results through the use of technology. The company's success is based on its culture of working collaboratively with clients to develop innovative technology strategies and solutions that address specific business challenges.

Having guided clients through every major wave of change in information technology since 1959, CSC combines the newest technologies with its capabilities in consulting, systems design and integration, IT and business process outsourcing, applications software, and Web and application hosting to meet the individual needs of global corporations and organizations.

### **About CSC in Financial Services**

CSC distinguishes itself through its time-tested ability to plan, build and operate highly reliable, efficient and secure business and IT solutions for leading financial services firms around the world. To complement its capabilities in consulting, systems integration and outsourcing, CSC brings financial services industry knowledge and experience, a comprehensive portfolio of financial services application software and an extensive network of industry and technology partners. More than 10,000 CSC employees are dedicated to serving financial services clients, which include more than 1,200 major banks, insurers and investment management and securities firms.

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