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PDSA Special Report

Offshore is not the Bargain You
May Think

Where are my Savings?

Most people think you can save over 75% by developing applications offshore. The reality, as many studies have shown, is almost no savings at all. The savings of that low hourly rate are quickly eaten up in bad coding, not getting what you want, and your time managing those offshore people. This article explores the pitfalls of offshoring software development.

Be Careful What You Send Off Shore

Almost every article you read about companies sending projects offshore hoping to save money end up with higher costs than anticipated, missed milestones and inadequate quality. Add it all up and you are much better off doing your project here.

Reasons Why Offshore Does Not Work

There are a multitude of reasons developing applications outside of the USA does not work. Not to say it can't work, but to do it right you need professional project management, air-tight specifications, a bullet-proof architecture and the right development team. Some of the most often quoted reasons why sending an application to developed offshore does not work are:

- Can't meet face-to-face with your developers
- You spend more time explaining and managing the project
- Poor quality of the software delivered
- Large time zone differences slows down responsiveness
- Language barrier
- Lack of understanding of the American business culture
- Lack of a software development process
- No reuse of an existing enterprise-ready framework
- Turn-over of employees requires retraining
- Lack of experience of the programmers
- Not willing to speak up when things seem wrong
- You must employ a project manager and QA person locally
- Your time-to-market is delayed by the above problems

- Potential loss of intellectual property

When you consider all of the above, you are not saving time or money. Let's examine a few areas expressed in the above list in a little closer detail.

Interactions among Everyone Involved with the Project

Building a software application is like any complex project one may undertake. For example, if you are building a house, you can bet the architect and the project manager are onsite quite often to talk with the actual builder. Questions arise as the project progresses. Many of these questions can only be answered by everyone being in the same location at the same time and all speaking the same language. Think about how you sometimes interpret the contents of an email, that when you pick up the phone and talk to the author of the email, it meant something completely different. If you can't talk with your developers live, on the phone, you can have a lot of problems because of the same misinterpretations.

Long Distance Development

There are many problems that arise because of the distance between your team and the developers. First off with the time difference you may not always be able to talk in real time. The language barrier between yourself and those in a foreign country can be a source of big problems. Meanings can be misconstrued because of cultural, sociological, political, and language barriers. Companies offshore typically do not understand the American business culture. This can be a big source of confusion and frustration when you get back the software that just does not work right for your end-users. Another commonly reported problem is the large number of typos present in the end-user experience. Fixing all the typos can be a large project for someone here once you get the software back.

Developer Skills

There is a wide disparity in the skill set you get with an offshore development firm. To be fair, this can also be an issue with developers here in America as well. However, offshore development firms seem to have a larger turnover rate among their employees. This will hurt your project because just as someone is getting familiar with your project, they leave the company, and now a new developer must come up to speed on your project.

The Software Development Process

Many software firms do not employ a good process for how they develop software. Like any project you must follow a process to ensure the success of that project. You have to remember that developers like to code. They do not want to think about project management, time management, estimates and schedule. They just want to have fun coding. You need a professional project manager to manage all developers and ensure they stay on track. You need to use someone here to do that. Do not use any offshore project managers. Their job is to make money for their company. You need someone here who is keeping your interests in mind and pushing the development team to deliver your software in the time you want it.

A Good Software Architecture and Framework

Be careful of a low hourly rate. Many offshore companies will be building everything for your project from scratch. If they do not have a good architecture in place, or are not using a Framework with common application items already built, then that low rate is not a bargain. As an example, if you need a security system so users can be assigned into roles. This can take about 100-200 hours to develop from scratch. However, a good software company will already have this system built and should just be included in your project. This would be like an electrician working in your house having to build all the wire himself instead of just buying the wire pre-built. There are many software components that are needed in every application that should just be prebuilt. However many software companies do not use these. Why? Because then they can't charge you by the hour to build them.

What Should You Do

In order to make offshoring work you must spend more time up-front to develop a complete prototype and specification document that describes exactly what you want. By having this level of detail you ensure that any programmer, anywhere in the world, can create the application you need. You must also hire a professional project manager to manage the developers offshore. This project manager needs to be located here and not a part of the development company. You need someone that is looking out for your interests and not trying to just add more hours to the project. Make sure that either you supply the

company with an enterprise-ready architecture and framework, or that they already have one in place.

Summary

There are many pitfalls to developing an application offshore. We just covered a few of them. All of these add up to virtually no savings compared with developing locally in the US. What we have found that works is to have someone here in the US work with you to develop a complete prototype and specification for the project prior to any coding being done. In addition you need a professional project manager to manage the project from start to finish.

Contact Information

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