

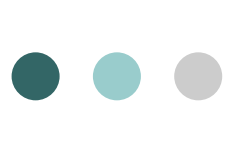
IT Outsourcing / Offshoring and the German Perception

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Agenda

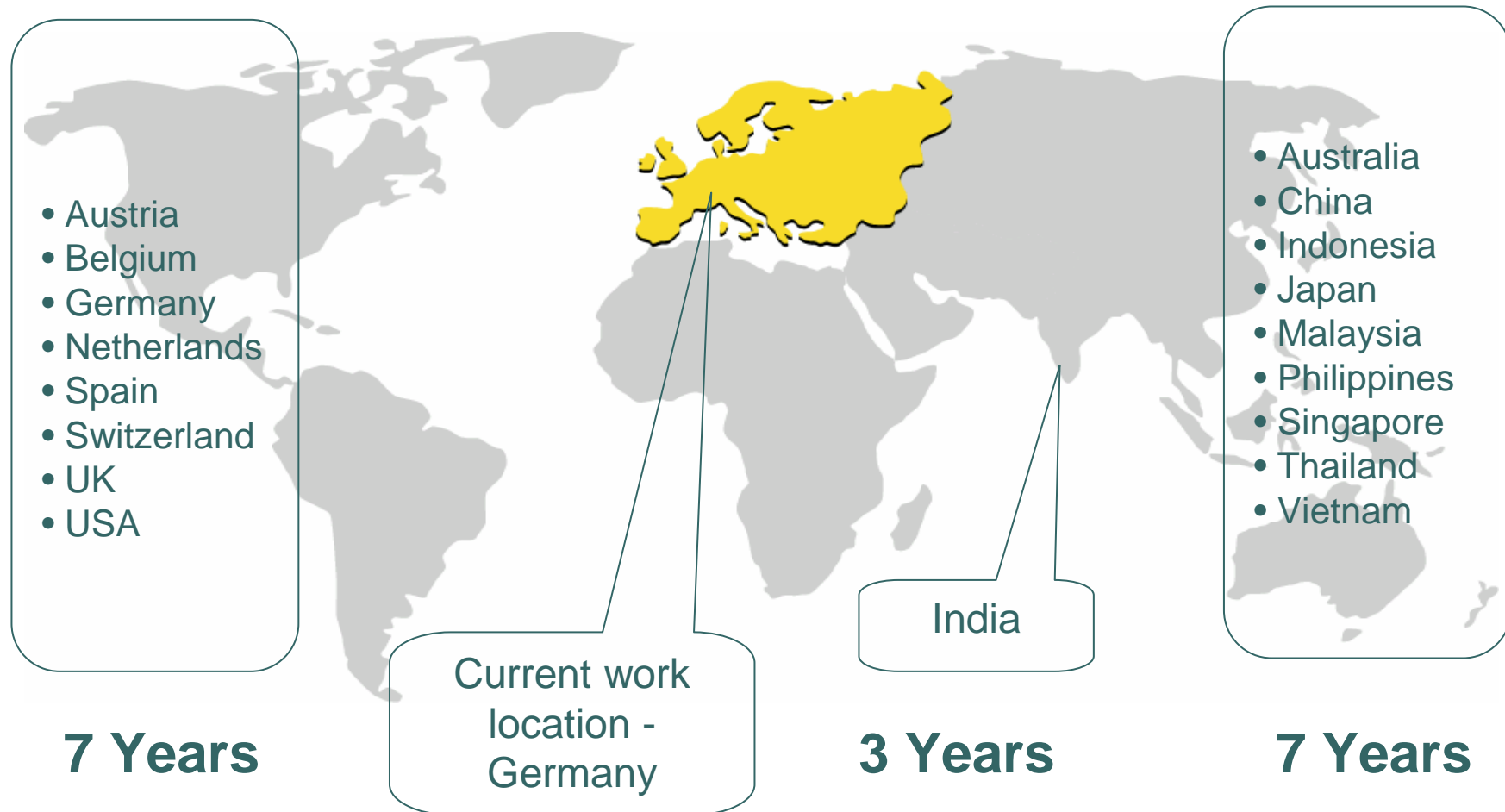
- Introduction
- Offshoring & Germany – My Experiences
- QA



Suneej Manikoth – Work Experience

- 17 years experience in IT, 14 years international work experience
- Project management Professional - PMP
- Current Designation: Service Director
 - Role: Service Delivery Management / Transition Management / Solution Design
- Department: Outsourcing Centre of Competence
- Have created proprietary :
 - Application Transition Models
 - Service Frameworks
 - Service Based Outsourcing Framework

● ● ● | Customer Familiarity





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● ● ● | Offshoring Perception and Country Views

General Perception

- It is a black box with lots of uncertainties
- It is a high risk model
- There are adjustments to be made at both work and culturally
- The bad examples are widely published and discussed
- The current economic climate makes one feel guilty to do Offshoring

US/UK View

- Attempt to make Offshoring models transparent
- Solid mitigation actions to counter the high risk
- Willingness to make adjustments at both work and culturally
- Looking at the glass as half full
- Clear that Offshoring will bring in long term benefits to the company and the economy in general

● ● ● | Offshoring Scenario in Germany

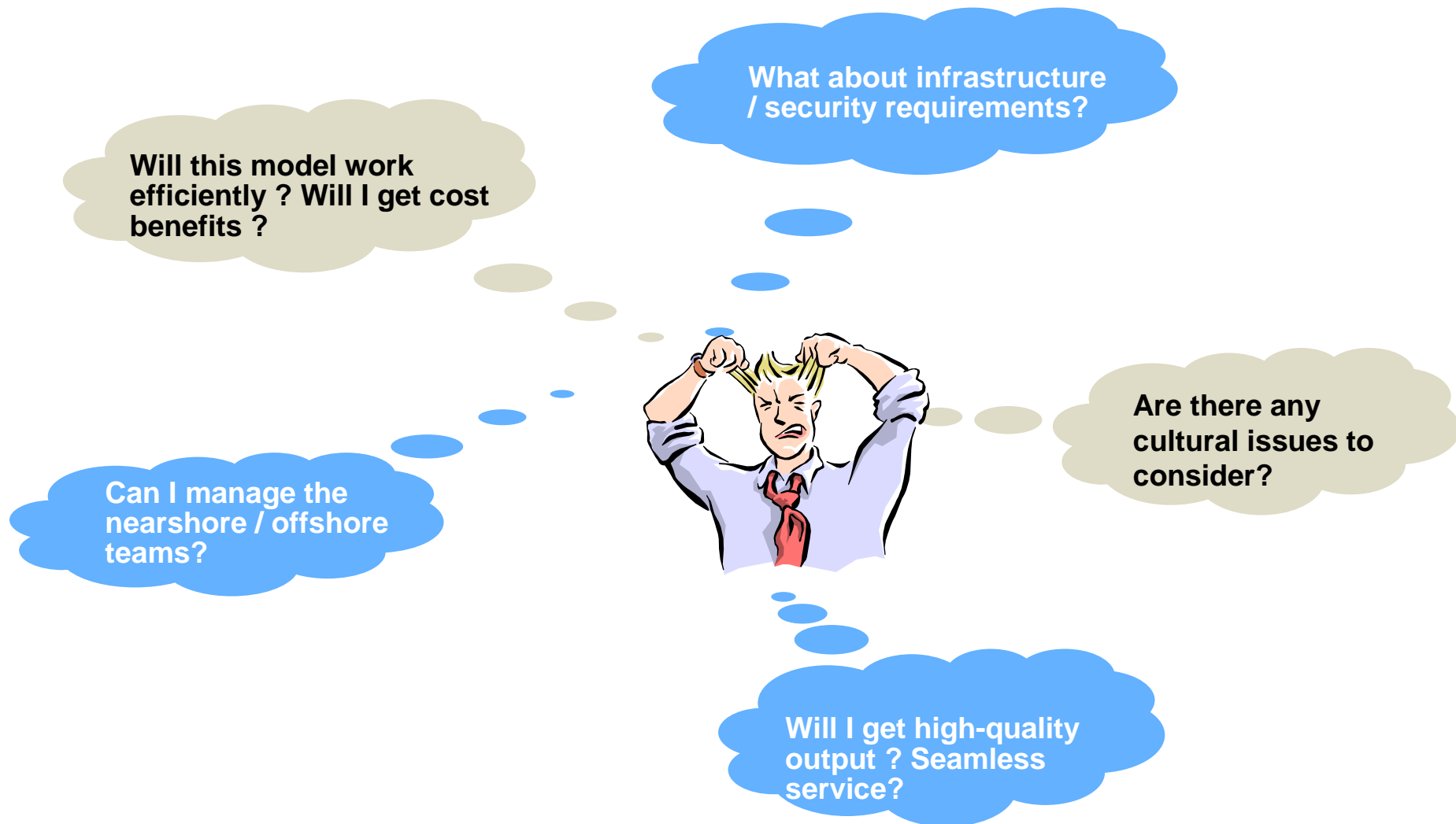
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German View

- Preference for models that are transparent
- Preference for very low risks
- Reluctant to make adjustments both work wise and culturally
- Looking at the glass as half empty
- Confused if supporting Offshoring is the right thing to do

German Customers – View on Offshoring





Customer Mindset

- Firm belief - Our model is the best
 - T&M model has sustained itself over the years and so automatically proven
 - Programmers work onsite
 - Interaction is easy
 - Why should we change the model when it works and is proven over the years?
 - People are used to follow only 100% proven models
 - Does the new model work 100% of the time?
 - If not, why change?
 - Qualified experts take the decision and others follow
 - Models, Frameworks, Processes, Procedures
 - Works well where leadership is already established
 - Works not so good in the new industries



Customer Mindset

- Reluctance to change, especially if it is adapted by US or UK
 - Why should we adopt their model ?
 - It will not work in Germany – Germany is different !!
 - Sitting-on-the-fence ...Sitting-too-long-on-the-fence
 - Final decision comes too late that in most cases, we 'miss-the-bus'
 - Time to Market – reduces the opportunity to be a leader in new industries
 - Ex. Digital Cameras, IT products, Outsourcing
 - The old way of working is carried on for too long that it hurts the business
 - Especially in the new industries
 - Ex. T&M model, Service Innovation
 - Reluctance to follow International Standards in Business
 - Language
 - Standards
 - Fear of losing the importance of German language and culture



Customer Mindset

- Service orientation is not a very high priority topic
 - Quality is very high but without service orientation it brings down:
 - User satisfaction
 - Will the customer stay loyal ??
 - Competitiveness
 - Will this also affect Innovation ???

● ● ● | How Offshoring can help Germany

Current Situation

- Innovation in new technology area is low
- Service standard or quality is low
- Fewer new products sold internationally
- Competition is bringing products faster to market
- Mostly low skilled people come to Germany
 - Creates a wider gap
 - Creates frustration

What Germany can gain

- Get cost benefits and enhance innovation
- Use technology to improve service quality
- Build more products and export them
- Bring new products faster to market and increase market share
- Bring in top talent to work along the best in Germany
 - Triggers innovation
 - New perspective
 - Make Germany more competitive



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Q & A

Disclaimer: The views expressed in this presentation are from my personal experiences and not that of LogicaCMG, the company I am representing.