

To Outsource or Not to Outsource

Once, one could argue very vehemently *against* outsourcing citing reasons like loss of control, alien cultures, the possibility of intellectual property compromise and so on. Over the past ten years, those arguments have been successfully demolished and outsourcing is seen as fiscally prudent and a means of reaching the market faster and cheaper.

And yet, it's not a very simple decision for everyone. Local company-specific conditions create hurdles in effective decision-making. Questions that can be raised include the choice of the outsourcing vendor, the ideal project to be outsourced, internal ability to successfully monitor project execution, organizational friction and so on.

We look at the story of a Japanese company that had a soft landing after it decided to take the plunge. For reasons of confidentiality, the name of the company has been changed.

Akira Technology Consultants is based in Nagoya, Japan. The company has been supplying software solutions to its clientele in the Nagoya area. These clients have a wide variety of businesses – flowers, books, specialty foods, fabrics and so on. In the process, they have understood their client's desire to expand their reach. Through a process of discussions, it was agreed that a Shopping Cart application to be run by a trader's collective, and advised by Akira would be a good idea. Internet shoppers could order their goods from this Shopping Cart site and the order would be channeled to the appropriate merchant. To the shopper, the experience would be that of accessing a wide variety of goods at one place, but the actual servicing would be by one of the members.

However, the problem of implementation hit the first roadblock – budget. Implementing a full-scale e-commerce site was found to be prohibitively expensive. Apart from software development, other issues such as accessing a Payment Gateway, the procurement of the platform and associated licenses made the whole matter impractical. The project was in danger of being shelved.

Akira Technology Consultants spoke to JIN in Tokyo and a possible solution emerged. Perhaps a PHP/MySQL based approach to be implemented at JIN's India branch would be a sensible option. Akira Consultants was apprehensive because they had never outsourced work to India before. In fact, one of their business partners had not had a good experience when they tried the model with some other company.

However, JIN consultants studied the experience and found that the reason for the negative experience was clear

- Specifications had not been written properly and the client was not clear about what he wanted.
- There was no Japanese language expertise available in the Indian company's office



- The company did work blindly without making suggestions for improvement
- Communications was poor

JIN explained that the situation here was entirely different. First, the specifications were known quite well. Second, JINIS had several years of experience in working with Japanese clients and also had language translators available in-house. Finally, the presence of JIN in Japan was a value-added interface especially for issues of communication.

Akira Technology Consultants agreed to try. An agreement was signed for a two calendar month, eight man-month project. JINIS assembled a project team under the guidance of Tom Jeyaraj, who had prior experience in PHP development and who had implemented eCommerce websites before. Other team members included two PHP developers, a database expert and a testing engineer.

The project was executed on time and except for a few technical issues regarding a Japan-specific payment gateway that were resolved easily, no major problems were found.

The result? Akira Technology Consultants was able to offer the eCommerce website to its clients. The easy-to-use GUI has made shopping very easy for clients and revenues for all partners are steadily rising. More flowers are being delivered, more books are being sold and read and member companies are optimistic about the future.

Akira Technology Partners was relieved that its experiment in outsourcing was a success. One reason was the availability of JIN in Tokyo; this allowed Akira to easily ask questions and get responses. A local interface made a huge difference. And working with an Indian company that had prior experience working with Japanese clients meant that more knowledge could be leveraged and applied.