



When Does Nearshoring Your Application Management Services Make Sense?





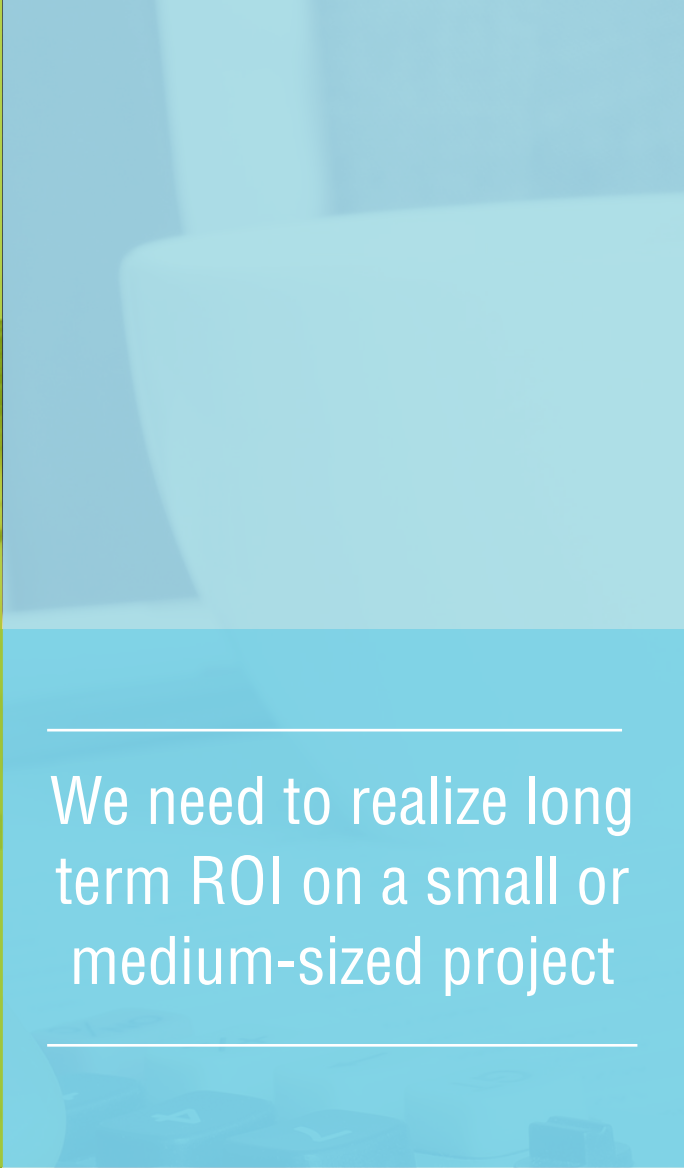
Introduction

Traditional IT outsourcing has typically been viewed as an exercise in offshoring to overseas resources. However, there are times when companies have projects that don't quite fit available offshoring models. Nearshoring may offer an attractive alternative to the offshore paradigm in several scenarios.


Four scenarios where nearshoring is a great fit




All we need is a cohesive team



We need to realize long term ROI on a small or medium-sized project



We lack outsourcing experience or maturity



We don't have the startup costs to launch an offshoring practice

SCENARIO #1

All we need is a small, cohesive team



Offshoring works well when the size of a project justifies the overhead of startup, management, communication and work product validation required by collaboration with overseas resources.



Nearshoring services, however, are dynamic and interactive, making them feasible for projects needing cohesive teams as small as 5 to 15 resources - which offshoring firms will not entertain.



Offshoring projects

Traditional model is built on large scale initiatives where large teams are leveraged.

SCENARIO #2

We need to realize long term ROI on a small or medium-sized project

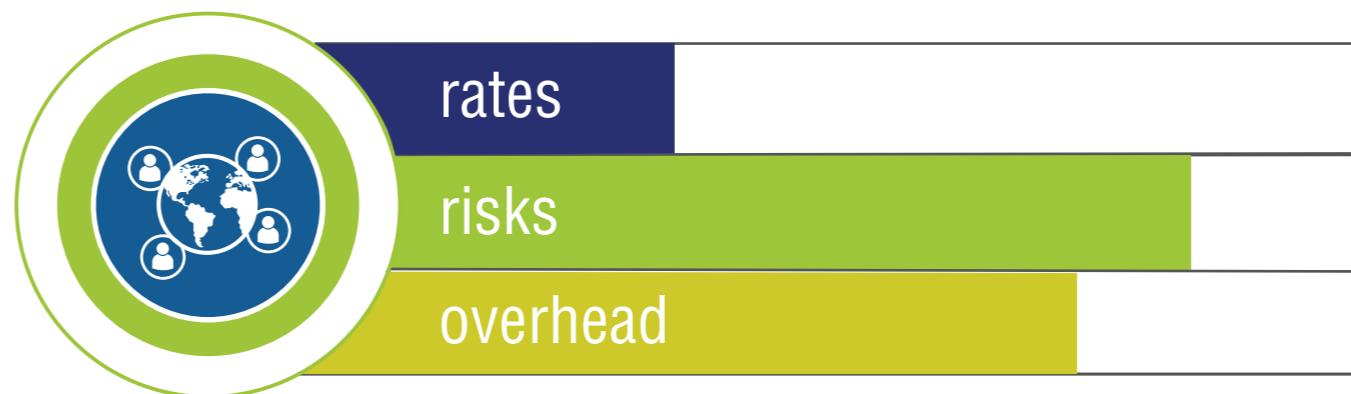
Hourly \$\$ less than internal/domestic resources

Risk are higher

- » **Quality**
- » **Accountability**
- » **Visibility/transparency**

Overhead can be higher

- » **Scheduling**
- » **Communication**
- » **Compliance/reporting**





Nearshoring projects

Model built on high expertise and direct management/interfacing in markets with competitive \$\$ rates.

SCENARIO #2

We need to realize long term ROI on a small or medium-sized project

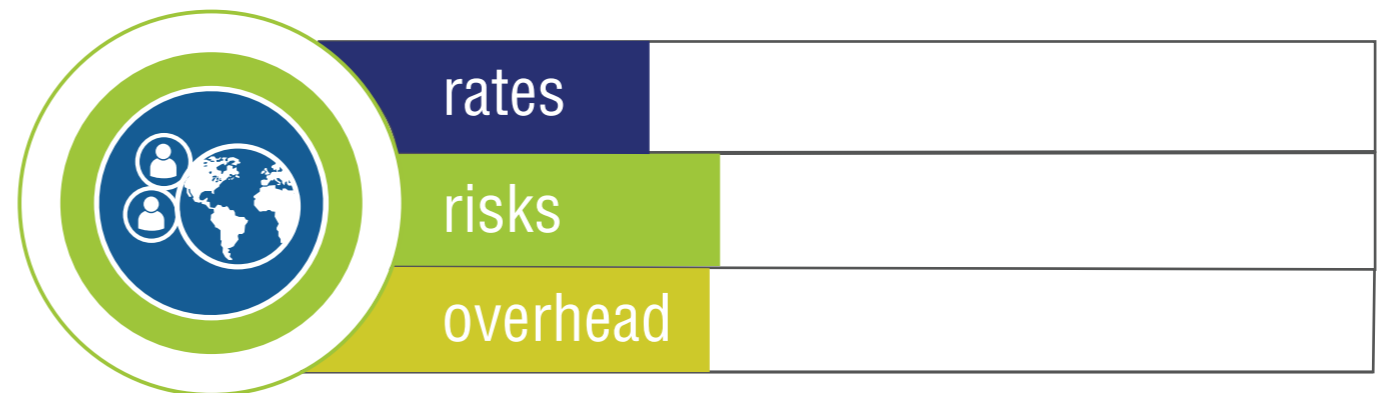
Hourly \$\$ still less than internal/domestic resources

Risk are lower

- » **On-site presence still feasible**
- » **Quality track records**

Lower overhead

- » **Same/similar time zones**
- » **Real time communication (phone, video)**
- » **In-market experience**



SCENARIO #3

We lack outsourcing experience or maturity

First-timers in the outsourcing world or those with limited experience can run into major hurdles just to get basic systems in place to deal with overseas resource teams

- » **Requirements**
- » **Documentation**
- » **Planning/Scheduling**
- » **Payments and tax implications**
- » **Technology & communications**



SCENARIO #3

We lack outsourcing experience or maturity

Nearshoring offers a low barrier-to-entry way to extend your team without requiring significant process maturity.

- » **Direct access to team members and managers**
- » **Feasibility of co-locating internal resources (domestic or nearshored)**
- » **More available expertise for financial and legal logistics**
- » **Similar or same networks for technology utilization**
- » **Frequent and real-time communication**



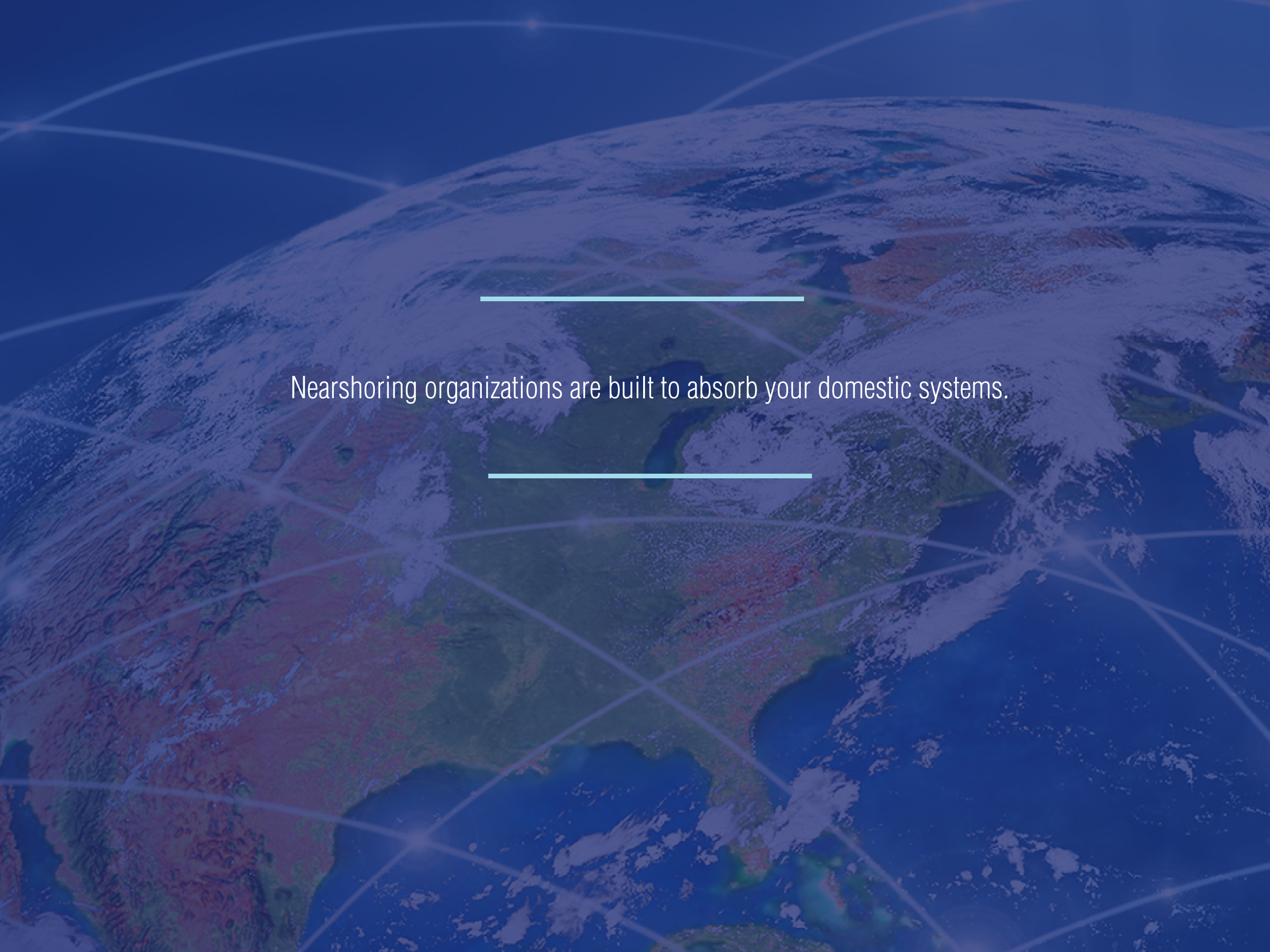
SCENARIO #4

We don't have the startup costs to launch an offshoring practice

Nearshoring eliminates many of the startup costs when first outsourcing your application management.

- » **Training**
- » **Internal-to-external transition (especially management)**
- » **Requirement management processes**
- » **Testing or validation standards for 3rd parties**
- » **Extensive international travel**





Nearshoring organizations are built to absorb your domestic systems.

Are you ready for nearshoring?

- Do you have mid-sized projects demanding fewer than 100 new resources or smaller projects where a tight knit team is needed?
- Do you lack developed and proven processes for effectively engaging overseas teams?
- Do you need to generate project long term ROI without overhauling your current management approach?
- Do you have one-time or sporadic resource scaling needs that prevent large investments in project start up?

If you answered yes to any of these, you may be a great candidate to consider nearshoring for your application development or management.

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Delivered projects

27

Delivery centers



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