Palestinian Enterprise Development (PED) Project

STTA Report (April 21 – May 3, 2008) - David L. Ross

An Assessment of the Outsourcing Capabilities of the Palestinian ICT Industry

Contract No. 294-M-00-05-00231-00

May 2008

Palestinian Enterprise Development (PED) Project

STTA Report (April 21- May 3 2008)
David L. Ross
CONTRACT NO. 294-M-00-05-00231-00

An Assessment of the Outsourcing Capabilities of the Palestinian ICT Industry

This report is prepared by David L. Ross:
    David L. Ross and Associates, Inc.
    111 E. 14th St Suite 250, New York, NY 10003
    www.davidlross.com

TABLE OF CONTENTS

Executive Summary

This study concludes that the Palestinian outsourcing industry is capable of sustaining multiple concurrent 10-20 person IT development projects at levels of quality, timeliness, and customer satisfaction as buyers would expect from a global IT outsourcing services provider.

Whereas the industry is not presently suitable for sole sourced contracts with US Fortune 500 firms, it could support the offshore IT development requirements for specific departments within large firms or the entire IT development needs for some midsized US companies.

Beyond custom development, the assessed ten companies have between 3 and 5 unique and potentially globally viable software service solutions that may be ready to commercialize and sell into foreign niche markets in the region, in the US, or in Europe.

In addition, there are latent untapped opportunities to develop a significant regional and global business process outsourcing (BPO) industry to capitalize on the labor cost, unemployment rate, time zone centrality, internet pervasiveness, and English/Arabic language. If properly developed, BPO services from Palestine will have the potential to generate significant revenue and employ hundreds of people across the West Bank and Gaza.

The Indian ICT sector has grown over the past 30 years to reach its current state. To achieve its potential, the Palestinian ICT industry will need consistent support and investment across a minimum 3-5 year horizon to realize opportunities described in this report.

Why was this study conducted?

To validate the capacity, capabilities, and scalability of the Palestinian outsourcing market in its current state and to offer suggestions for future development of the industry as well as commercial viability of individual firms.

What was done?

The requirements of this report included assessments of 10 individual companies to form opinions on the capabilities of the market. Due to interesting aspects of the market the study went beyond that to explore 11 additional companies, organizations, and individuals in the Palestinian ICT and outsourcing market.

The 10 Individual Company Assessments consisted of approximately 12 hours per company which was broken down into approximately 2 hours over the telephone with company management, 4 or more hours in person with company

management, and 2 hours with company IT professionals. The two companies in scope based in Gaza received assessments over the telephone.

In addition, this industry assessment included high level overviews of 11 organizations active in the industry to get a feel for challenges and latent opportunities that exist in the market.

For further information on the organizations involved with this study please see Appendix A.

How it was done

This study was done following the DLR Outsourcing Readiness Assessment© methodology to assess organizations, industries, and their capabilities to offer global outsourcing services to regional and global markets. The Palestinian Outsourcing Readiness Assessment followed similar assessments conducted in Costa Rica and Brazil.

For further information on the DLR Outsourcing Readiness Assessment© methodology please see Appendix B.

Current State of the Palestinian Outsourcing Market

Summary overview

Compared with other global outsourcing destinations, the Palestinian outsourcing market is relatively small, but with a set of potentially regionally and globally unique offerings. The industry is currently focused on IT outsourcing with a significant latent opportunity to compete globally in providing business process outsourcing (BPO) services.

There is a high degree of correlation between capabilities and US/Western business experience amongst Palestinian firms. Firms that have managers that have studied or worked in the US or Western Europe are largely more capable with respect to their capabilities, strategies, and adherence to global standards.

Past experience with international firms has developed capabilities but not developed sustainable employment. Consistent development effort on a multi-year horizon with firms and throughout the industry is needed to develop a sustainable industry.

SWOT Analysis

The following is a SWOT analysis with respect to the Palestinian outsourcing industry at its current state in comparison to other global outsourcing geographies.

Strengths	Weaknesses
■ Development assistance ■ Internet pervasiveness ■ Competitive labor arbitrage ■ Strong desire for improvement	■ International perceptions ■ Marketing/business development ■ International exposure/experience ■ Travel impediments – outward and inward ■ Scalability of labor pool ■ International telecom rates
Opportunities	Threats
■ Untapped BPO capabilities ■ Unemployment rate and available workforce ■ Growing Arabic industry with limited outsourcing players	■ Political conflict ■ Commodification

Strengths

Development assistance – The interest in Palestine by several international development organizations and donors is a benefit that few if any outsourcing industries are able to point to. This development assistance has trickled down to ICT companies through outsourced software development tenders from government, telecom, and other institutions. Through this development assistance ICT companies have been able to gain valuable experience and develop marketable solutions.

Internet pervasiveness – The telecommunications infrastructure built throughout assessed areas in Palestine allows for workers to work both in offices as well as to be accessible through broadband internet at home. This strength is in contrast to India where broadband to the home is still slowly developing.

Competitive labor arbitrage – The labor rates and associated costs of operating in Palestine allow for globally competitive propositions to the market. Companies have offered between $10-25/hour for custom development work which is on par with that seen in India while still capturing a healthy margin. Business process outsourcing work, while not currently present in Palestine, would likely be priced at $4-8/hour. This could allow for margins between 50-100% making it competitive on a global scale.

<u>Strong desire for improvement</u> – Elements of entrepreneurship, drive, resilience and a better life were expressed in each and every assessed company. Palestinian companies are interested in outsourcing and see it as a means to make their companies and their lives better over time.

Weaknesses

<u>International perceptions</u> – Global news media portrays an image of Palestine that is not conducive for business. When dealing with this perception, Palestinian companies must surpass it to win business outside of the country.

<u>Marketing/business development</u> – The ability of companies to express their unique value proposition to a defined customer profile is sorely lacking throughout Palestine. At present almost all of the organizations and individuals assessed do not have the knowledge or experience at present to implement a successful regional or global business development program.

<u>Travel impediments – inward and outward</u> – The Palestinian people have significant challenges in traveling across cities, into Israel, and internationally. These delays in time and in getting supplies hurt the ability to do business efficiently. Additionally, the international perceptions of personal risk and lack of attractiveness for Western visitors decreases the ability for Palestinian companies to develop strong relationships with clients.

<u>Scalability of the labor pool</u> – From several estimates the total number of IT graduates that emerge annually from Palestinian universities is around 1000. This is in stark contrast with the well over 100,000 graduates from Indian universities. The lack of mass supply will limit the ability of Palestine to grow into a global IT outsourcing player.

<u>International telecom rates</u> – Calling Palestine from the US costs approximately $0.29/minute versus $0.18 in India for a standard land line call, a 61% premium over the international leader in outsourcing. This weakness can be mitigated through the use of IP telephony and reliant on persistent and high bandwidth internet connections.

Threats

<u>Political conflict</u> – The possibility of increased political conflict overhangs Palestinian business and threatens the ability for Palestinian companies to do business effectively. The outsourcing industry is less affected in comparison to other industries, but few places in the world for doing business have similar levels of geo-political instability.

<u>Commodification</u> – Due to their lack of market knowledge several Palestinian firms are competing for the same services which are increasingly becoming

generic and standardized across the world with several global competitors entering the market for standard Java, Microsoft .Net, and other custom web development services. Without specialization or development of market solutions Palestinian companies are threatened by both individuals and corporations decreasing margins down to zero.

Opportunities

Untapped BPO opportunities – Factors that exist within the Palestinian market make it highly suitable for business process outsourcing. This will be discussed in sections following.

Unemployment rate and available workforce – Although the Palestinian industry is not likely able to scale to the level of global outsourcing players, there exists at present a significant degree of slack in the market supply for quality IT resources. Hiring for jobs for new projects has not been seen as a challenge for Palestinian IT companies as there is capacity to potentially double the current market needs at present.

Growing Arabic industry – The development of the Middle East is an opportunity for the Arabic speaking Palestinians. At present the global outsourcing players have just started to enter the Middle Eastern market focusing largely on the Gulf and through Dubai. There exist no true global players in outsourcing that have emerged from the Middle East. This geographic market is an opportunity for the Palestinians.

Development Opportunities

Past experience working for international firms has developed capabilities amongst a limited set of Palestinian outsourcing companies but these individual projects have not developed into sustainable employment.

For example, international firms such as Volvo Trucks have come to Palestine and outlined a project. Two Palestinian companies were selected for the project and they staffed up and successfully completed the project with high customer satisfaction.

Once the project was completed the Palestinian companies shed staff due to a lack of a sustainable pipeline of new business coming in. Consistent development effort with firms and throughout the industry is needed to develop a sustainable industry.

An outline for this sustained industry development is provided as a graphic in Appendix B.

Opportunities for Palestinian ICT can be broken down into factors that will develop both the industry as well as internal firms from an internal (corporate and capabilities development) and external (business development) perspective. These development opportunities are summarized in the following table.

|	Internal – Capabilities Development	External – Business Development
Industry	• Develop capabilities for BPO service • Provide facilities for the training of global standards • Government tax incentives	• Develop market strategy for BPO service • Training in market knowledge/segmentation • Diaspora program for business development • Palestinian Investment Guidance & Matchmaking
Individual Companies	• Adopt international standards of technology development	• Conduct market scan to validate opportunities • Develop commercialization strategies

Development opportunities within the Palestinian outsourcing industry

Industry - Internal Capabilities

Develop Business Process Outsourcing Capabilities

Business Process Outsourcing (BPO) is the outsourcing of administrative functions within an organization. This includes data entry and indexing at the lower end, clams processing in the mid-range of complexity, and taking on the full responsibility of HR of Finance in the most complex cases.

In its simplest form BPO is based upon millions of paper-based forms exist throughout US/Europe that are being digitized through the BPO industry. The forms are scanned in the USA/Europe, transmitted in batches to remote locations, entered, indexed, or processed by low wage workers. Then they are saved into a database or software platform and that data is transformed into useable information.
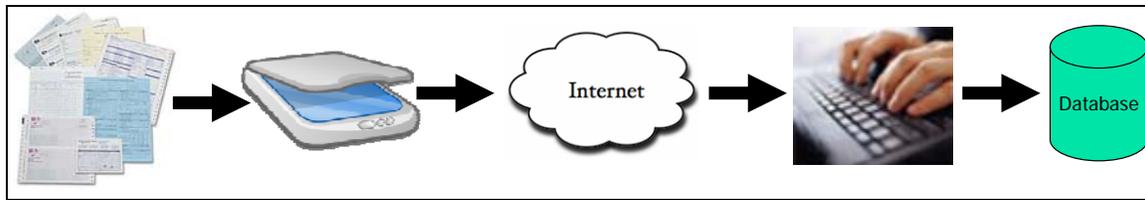
An illustration of simple BPO transactions

At more complex levels, BPO requires human intervention in a process to evaluate information with respect to a set of non-automated business rules.

BPO services
- Do not require special skills beyond reading and typing
- Do not require travel to function
- Do not require synchronous communication or connections

BPO services offer
- Recurring revenue streams for companies
- The ability to employ a large quantity of workers

With respect to the viability of offering BPO services in Palestine, the region offers:
- Globally competitive labor rates
- High levels of unemployment and ability to attract workers
- Capabilities in both English and Arabic language
- Time zone centrality
- Pervasive internet service
- Very low attrition rates

This assessment concludes that the greatest opportunity for increased employment in Palestine is through the development of BPO capabilities and industry.

To develop the capabilities for BPO the industry will need

- Understanding - Understand what BPO is, how its different from IT outsourcing, how to design efficient processes
- Workforce management – hiring, training, managing capacity and utilization of workers
- Tools – Hardware and software platforms for conducting BPO
- Process – Workflow, time and motion studies

This could be accomplished through visits with global BPO players and through a series of workshops conducted on-site or virtually through webinars.

Training of Global Standards

At large the Palestinian outsourcing industry does not adhere to the international standards followed by large globally outsourcing firms.

A selection of these standards can be found in Appendix B.

Palestinian companies have not largely adopted these standards due to their lack of awareness and the cost associated with being assessed. There are presently no certified assessors of global outsourcing standards in Palestine and to conduct an assessment for only one company is prohibitively expensive.

It is recommended that the Palestinian outsourcing industry build capabilities to conduct and maintain global outsourcing standards.

Government Tax Incentives

In the history of the development and promotion of outsourcing industries around the world each national government has provided tax incentives or tax holidays to encourage investments in and sustained customer relationships with outsourcing firms.

To compete in the global market the industry should work to follow what has worked across India, Philippines, and Costa Rica, and establish incentives to conduct business for global outsourcing firms as well as international firms providing outsourcing services.

Industry – Business Development

Develop market strategy for BPO service

In addition to developing capabilities for BPO service the industry needs to create a market strategy for doing so. This consists of finding the niche for business which speaks to the strengths of the industry, where the inherent weaknesses are not important, where large players are not likely to move in, and which can be large enough to build and sustain over time.

Spending coordinated time to focus on a niche will ensure that business development resources are spent efficiently.

Training in market knowledge / segmentation

Overwhelmingly the members of the Palestinian outsourcing industry have limited knowledge of the outsourcing marketplace and challenges in making a

compelling case for the adoption of their services beyond that what is offered in the market.

The industry as a whole would gain immensely from increased knowledge of the global outsourcing market, its players, their offerings, and related strategies. A market overview training course combined with a basic outsourcing services marketing and sales course would allow Palestinian firms to enunciate their value proposition to prospective clients in a meaningful way and win new business.

Diaspora program for business development

There exist a large Diaspora of Palestinian people that are interested in helping firms in their homeland. Connecting people across Europe, the Gulf, and the USA with proper incentives can aid in the development of new business for Palestinian firms.

A program to link the Diaspora using web forums, social networking, or through regional meetings would likely prove fruitful.

Palestinian Investment Guidance & Matchmaking

It is understood that there are several firms that would be interested in doing ICT projects with Palestinian firms. At present companies interested in outsourcing to Palestine would need to conduct an extensive company-by-company diligence effort to determine capabilities and the best means of working with firms.

Information contained within this report as well as specific guidance to firms interested in outsourcing to Palestine can be provided by a 3rd party advisor to help the firms both reduce their risk and increase their impact in the region.

Companies - Internal Capabilities

Adopt international standards of technology development

Through the coordinated industry effort, Palestinian firms should adopt international standards highlighted as part of the DLR Outsourcing Readiness Assessment© in Appendix B.

It will allow them to compete more effectively for business on a global scale as well as make prospective clients feel more at ease in working with Palestinian firms.

At present no company is fully compliant with all the international standards listed.

Competition at the global scale requires high (80-90%) adherence to each of these standards.

- Process methodology: 10% of the firms assessed follow CMM (self assessed) and about 40% follow the Rational Unified Process.

- Estimation methodology: 20% of firms follow formal estimation procedures to determine the amount of work necessary to accomplish specific tasks.

- Project Management: 20% of firms have one or more members of their team as a certified project manager by either of the two global project management standards bodies.

- Knowledge Management: 60% of firms conduct lunch and learn sessions but only 10% formally codify that knowledge so that it is saved for new joiners.

- Quality Assurance: 70% of firms had some degree of test planning, but only 30% had peer review and 10% used testing tools.

- Version Control: 70% of firms have some means of segmenting different versions of their software development and preventing overwriting.

- Bug Tracking: 60% have a modern form of tracking of and resolving bugs in software code.

- Disaster Recovery/Business Continuity: 80% of firms have some degree of backup of their work, but in a conflict region only 20% have capabilities for international backup.

- Customer Satisfaction: 20% of firms consistently and formally measure customer satisfaction and only 10% get testimonials from firms that they have worked well with in the past.

- Training: 20% of firms have formal induction training programs for new hires and 30% of firms had at least 1 person who was certified in a key technology used in their development efforts.

Companies – Business Development

Conduct Market Scan to Validate Opportunities

The following are some of the potentially unique solution capabilities found in Palestine.

- Grant Management System BPO
- Elevator ERP
- Archive BPO
- Fleet Management GIS
- SMS Application Services

Each of these requires a further market scan to determine if they are suitable for further investment.

<u>Develop Commercialization Strategies</u>

To minimize the expenditure of funds and to maximize the sustainability of each offering, potential industry offerings should be developed and commercialized following the Commercialization Roadmap.

The methodology to commercialize these offerings can be found in Appendix B.

Expected results if implemented

If the recommendations in this report are adopted with a consistent and sustained level of development and investment, the Palestinian outsourcing industry is likely to develop into a sustainable industry which employs hundreds of Palestinians and facilitates ongoing and mutually beneficial business linkages between Palestine and Israel, US, and Europe.

Expected outcome if not implemented

If recommendations are not adopted or an inconsistent method of development is adopted the industry will soon suffer commoditization, further reliance on government grants to fund software development, and temporary bursts of employment followed by long periods of unemployment, and loss of hope.

Appendices

Appendix A- Organizations and individuals assessed for this report

The requirements of this report included assessments of 10 individual companies to form opinions on the capabilities of the market, but due to interesting aspects of the market the study went beyond that to explore additional companies, organizations, and individuals in the Palestinian ICT and outsourcing market.

The 10 Individual Company Assessments included a approximately 12 hours per company which was broken down into approximately 2 hours over the telephone with company management, 4 or more hours in person with company management, and 2 hours with company IT professionals. The two companies in scope based in Gaza received assessments over the telephone.

Individual company assessments were completed on the following companies and their contacts and summary profiles are at the end of this appendix.
- Intertech
- Exhalt
- Asal Technologies
- Jaffa.Net
- Hulul
- Al-Andalus Software Development Company (ASD)
- Nextlevel Technology Systems
- Babilsoft
- Modern Tech Corp. (MTC)
- PhoenixBird Information Technology & Systems Ltd

Each of these 10 companies has received confidential Individual Company Reports which provides 4 pages of comments including 3 charts on the current state of the company with respect to its business strategy, management, process, and technology as well as recommendations for opportunities for both internal and external growth and improvement.

In addition this industry assessment included high level overviews of 11 organizations active in the industry to get a feel for challenges and latent opportunities that exist in the market.

They included meetings with the following organizations and individuals on the following topics.

- PITA
- Dr. Nizar Awartani of Annajah University
- ITASSCO
- Dimensions

- Galaxy
- Dr. Radwan Tahboub of Hebron Polytechnic University
- GSSI
- Sana Oded, New York University
- Dr. Wasel Ghanem of Brizeit University.
- SiData

CONTACTS

#	Company Name	Representative	Title	Tel	Fax	Mail	City	Website
1	Intertech Company	Ala Alaeldeen	G.M	9722-2957270	02-2955289	ala@p-ol.com	Ramallah	http://www.intertech-pal.com
2	Exalt	Tareq Ma'ayah	G.M	9722-296-5740	02-296-5742	tareq.Maayah@exalt-tech.com	Ramallah	http://www.exalt-tech.com
3	Asal Technologies	Murad Tahboub	Managing Director	972599-424065	02-242-9103	info@asaltech.com	Al-Bireh	http://www.asaltech.com
4	Jaffa.Net -	Dr.Yahya Al-Salqan	C.E.O	9722-296-1060	02-296-6613	alsalqan@i-jaffa.net	Ramallah	http://www.i-jaffa.net
5	Hulul	Luay Al Qattwa	IT Manager	9722-2410000 or 9722241-0015	02-2411111	info@hulul.com	Ramallah	http://www.hulul.com
6	Al-Andalus Software Development Company (ASD)	Mohammed Ewaida Betwai	General Manager	9722-240-8478	02-242-2407	mewaida@asd.ps	Al-Bireh	http://www.asd.ps
7	Nextlevel Technology Systems	Majed Ayyad	C.E.O	9722-295-9816or 9722-295-4468/9/ 0599673730	02-295-9817	majed@nts.ps	Al-Bireh	http://www.nts.ps
8	Babilsoft Co.	Muhana Manasra	G.M	9722-2408768	02-2408769	muhana@babisoft.com	Ramallah	http://www.babilsoft.com
9	PhoenixBird Information Technology & Systems Ltd	Yasser Elshantaf Mohanad Shurrab	G.M. IT Consultant	001-613-263-1304 or +970-59-983-3981	08 288 6377	info@phoenixbird.ps, mshurrab@phoenixbird.ps	Gaza/Canada	http://www.phoenixbird.ps
10	Modern Tech Corp. (MTC)	Rassem F. Mushtaha	G.M	97282824099 or 97282824199	08-2820929	mtcg@mtc.ps	Gaza	http://www.mtc.ps

SUMMARY PROFILES*

#	Company Name	COMPANY SUMMERY PROFILE
1	Intertech Company	Established in 1996, InterTech is a Palestinian Internet and software Co. aiming to provide the world with exclusive Palestinian perspective. In its enterprise, InterTech thrives to attain the highest standards in disseminating information and news available on Palestine. InterTech's aim is to increase the amount of Palestinian information found on the internet. We work on promoting Palestinian commercial activities including the marketing of goods and services.
2	Exalt	Exalt Technologies (formerly SIEMENS-ICT), was created in 1998 as a joint venture between Siemens AG and Hi-Tech engineering. As of January 2003, ICT became a separate startup. Exalt is a research and development center specialized in the field of data/telecomm products, in particular SONET/SDH, ATM and Ethernet technologies. Experience includes high-speed board design, FPGA, embedded software, VHDL, layer 3 network protocols, and management software developments.
3	Asal Technologies	ASAL Technologies is an ISO:9001:2000 certified Software& Outsourcing Company offering services to International hi-tech companies. Our professional staff is committed to delivery of top-notch product quality and customer service to all our clients. We offer the benefits of: Access to critical human resources; Cycle time reduction& Cost Saving through its professional ,certified personnel who put the highest emphasis on International standards of quality, efficiency & timeliness of product delivery
4	Jaffa.Net -	Jaffa.Net ICT Group Consists of: Jaffa.Net Software, VQTel Telecommunication, and Jaffa.Net Networking Companies. Jaffa.Net Software is an Oracle Certified Solution Partner and provides full ERP solutions: Financials, CRM, HRMS, Archiving, Check Clearing System for Banks, Billing, Schools, Courts, and e-commerce solutions. VQTel Telecommunication is a Broadband and VOIP Operator with Modern IP solutions including WiMax, WiFi, VOIP, Triple Play, Call Centers, and Hosted IP Communications.
5	Hulul	HULUL is a leading regional IT and Business solutions firm that emerged from the best breed of Palestinian IT personnel to provide solutions to the public and private sectors, HULUL provides a blend of technology solutions to the growing IT needs of businesses to help them maintain the continuity, productivity, security and integrity of their data and systems allowing them to concentrate on their core competencies, HULUL's mission is to support the business of its client.
6	Al-Andalus Software Development Company (ASD)	Al-Andalus Software Development & Technology (ASD) is a Software and Information Technology firm established in 1998 and based in the city of Ramallah, Palestine. The company specializes in the fields of Information systems, Management Information System and software solutions. Al-Andlus principals have considerable hands-on experience developing and implementing high-tech projects in Palestine and the region.
7	Nextlevel Technology Systems	NextLevel Technology Systems (Formally known as Safad Systems & Services) was officially established in 2001, having an aim of accelerating the development of the local & International IT sector in both terms hardware and software in order to improve the effectiveness of the local and regional organizations.
8	Babilsoft Co.	Software Development Company, founded 1992 with strategy in mind based on providing our clients with state of art software solution taken into consideration the trend of information and communications technology industry, to meet standards and to protect clients investments. Babil Soft provides top-notch financial management solutions for small-medium enterprises, helped our clients achieve increased profitability, reduced operating costs, improved productivity, efficiency and communication.

9	PhoenixBird Information Technology & Systems Ltd -	PhoenixBird is an advanced technology company specialized in providing turn-key solutions engaged in the development and implementation of exciting new directions and applications in information technology. PhoenixBird was established in Palestine and its part of international PhoenixBird Group which is located in Germany and UK and Canada. We strongly believe that our customers are our partners and any success would rely heavily on team work and a shared vision.
10	Modern Tech Corp. (MTC)	Modern Tech Corp. (MTC) Is Software Development Firm, has been established in 1987. MTC was committed to a "continuous development strategy" that was implemented through self and joint efforts with field companies combined with client feedback which allows MTC to sustain its operation and continue to serve it's clients and dealers of specialty with maximum efficiency. MTC has assigned strong dealers and representatives in UAE, Kuwait, Egypt, and Saudia Arabia. MTC – Your Partner for Success

* Source: Palestine IT Association of Companies, PITA.

Appendix B - The DLR Outsourcing Readiness Assessment Methodology

The DLR Outsourcing Readiness Assessment© was developed by David L. Ross and Associates in 2005 to assess the capabilities and scalability of national ICT industries and their member firms to provide service using a global outsourcing model.

It consists of 4 parts as follows.
- The Niche Services Focus
- The Capabilities Evolution Placement
- The Global Process Adherence
- The Global Services Commercialization Roadmap

**Niche Service Focus** – Assesses business, market, and strategy of firms and industries

The first step of the methodology is to understand the business and market strategy of each of the firms assessed with respect to their ability to leverage their strengths and surpass their weaknesses as well as to find a specific niche within the market.

This is compared to over 500 global services providers from large Tier 1 companies with market value over $20 Billion through startups across the USA, UK, India, China, Philippines, Brazil, Mexico, Eastern Europe, Africa, Australia, and other niche locations.
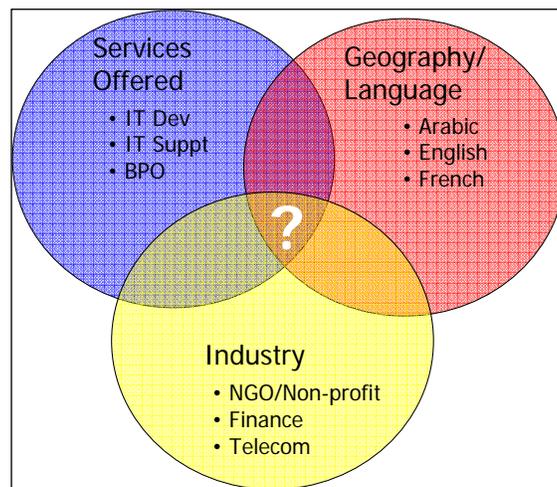
The Niche Service Focus Model assesses the degree to which an outsourcing organization offers its services a niche audience suitable to its strengths and weaknesses as a company

Capabilities Evolution Placement
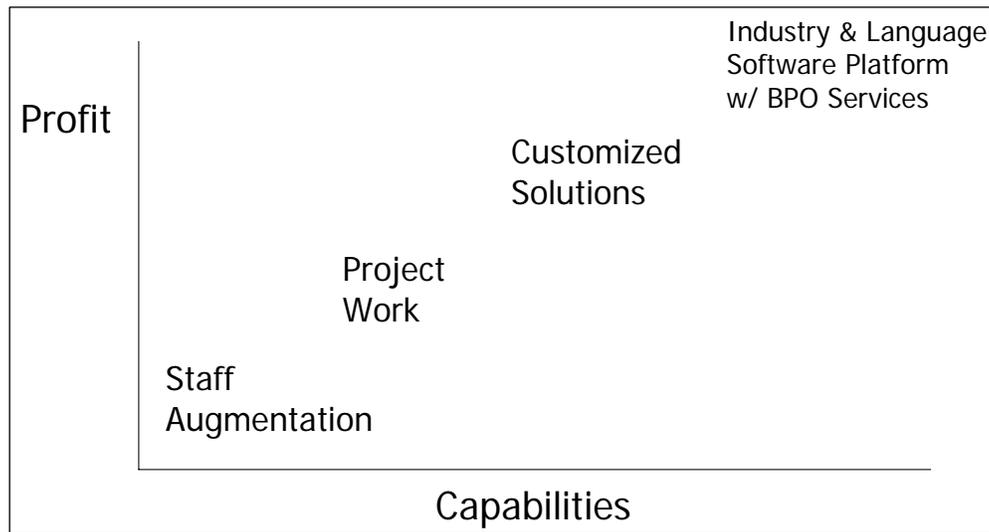
Capabilities Evolution Placement graphs firms and their maturity of service offerings

The Capabilities Evolution Placement exercise identifies the level of sophistication of the service offerings of an IT firm from simple labor arbitrage staff augmentation through project work and customized solutions to software platform based BPO services catering to a specific industry and geography.

Firms in an industry are graphed to identify where they are placed and what actions they should take to develop internal and external capabilities in order to maximize profit for the firm.

Global Process Adherence

The Global Process Adherence assessment identifies which aspects of an outsourcing organization follow specific standards, methodologies, and tool sets adopted by leading outsourcing providers.

The areas assessed include the following.

| Topic Area	Common Global Standards
Process methodology	CMM, RUP, ISO, Agile, RAD, Waterfall
Estimation methodology	SLIM, Effort Analysis, SEER-SEM
Project Management	PMI, Prince2
Knowledge Management	Lunch and Learn, Wikis, Library System
Code Quality Assurance	Peer review, test plans, testing tools
Version control	Source safe, PVCS
Bug tracking	Bugzilla, etc
Disaster Recovery, Business Continuity	Tape backups, international backups
Customer Satisfaction	Customer satisfaction queries, testimonials
Training	Training and development plan, certifications (MSFT, Java, Oracle, etc)

Global Process Adherence Model

These global processes allow an organization to function efficiently, mitigate risk, and deliver the highest service to customers.

Global Services Commercialization Roadmap

Each viable market capability requires commercialization to determine the best markets and best market entry strategy to maximize returns.

The following model uses a "teach a man to fish" metaphor to identify and consistently win new business through multiple segmented markets.
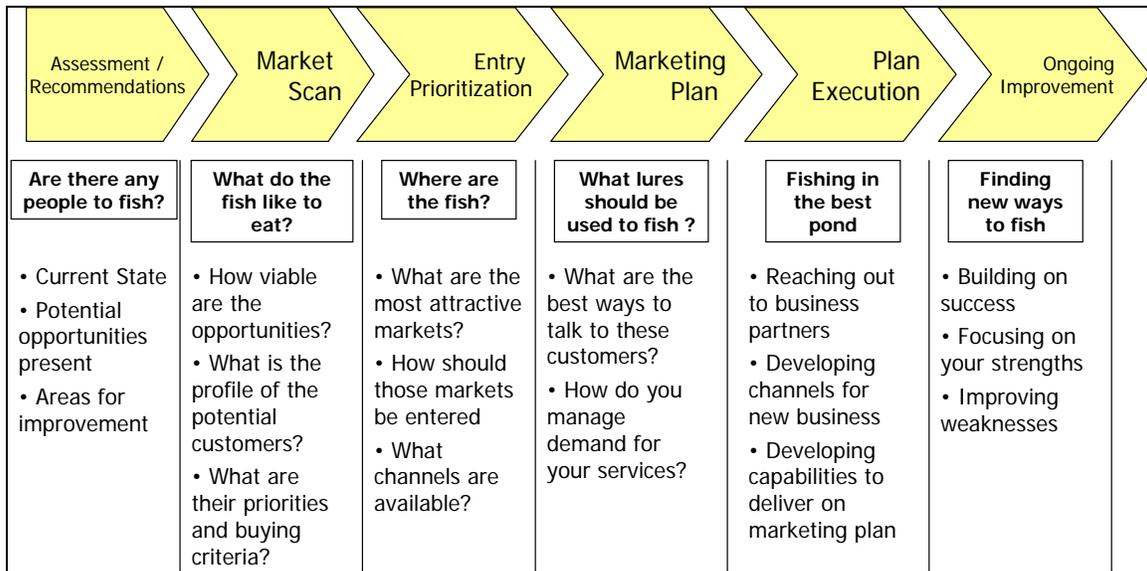
The Global Outsourcing Commercialization Roadmap

This model is a systematic process that uses quantitative primary research to identify opportunities within an industry and develop the most viable ones in markets that have the highest likelihood of enriching the company.

The following is an illustrative example of how these offerings could be commercialized.
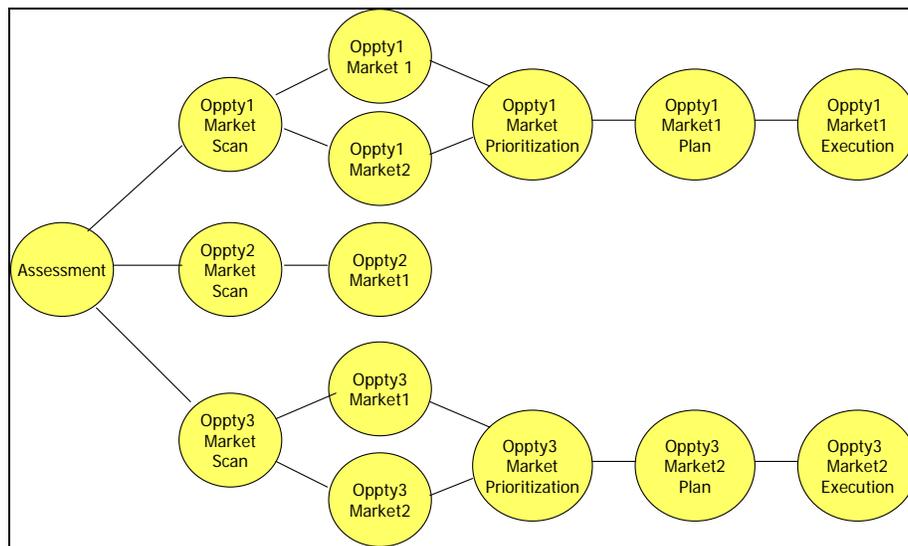
Commercialization Roadmap Illustration

In the above illustration the assessment phase has been completed and 3 opportunities (Oppty1, Opp2, Oppt3) have warranted further study.

A Market Scan was conducted (4-6 weeks) using primary and secondary research to evaluate the geography and customer profile in which the company would achieve the highest returns on expansion into this market.

The Market Scan shows that Opportunity 1 is found to have 2 separate viable markets, Opportunity 2 has 1 viable market, and Opportunity 3 has 2 viable markets.

An Entry Prioritization exercise is conducted (3-4 weeks) and Opportunities 1 and 3 have prioritized their markets based upon highest return. For example, the study finds that the US real estate developer market will pay $500,000 for a software solution per firm whereas a Saudi construction contractor market will only pay $30,000 per firm. Therefore the companies choose Markets 1 and 2 respectively whereas it was determined from the Market Scan that Opportunity 2 is not a viable market.

Opportunities 1 and 3 are further developed with a specific Marketing Plan (4-6 weeks) to approach these new markets which are then acted upon by the company and its identified partners in the Plan Execution Phase. Following successes and learning experiences in the market the company conducts Ongoing Improvement exercises to determine how to progress using lessons learned to date.