



Utilizing Offshore Resources

Roger Crouch

**Actuaries' Club of the Southwest
Spring Meeting June 19-20, 2003**





Introduction to Offshore Support

- Remote development has become a way of life for IT companies
- Many countries competing for US business
- India is the leading remote software development location
- Indian IT Business Growth
 - 1995/6 - \$800 M business
 - 2001/2 - \$7.5 B business
- One in four global giants outsource to India
- India is the largest democracy in the world with over 1 billion people
- India is 5th largest in the world in purchasing power parity

Advantage India

- Culture motivated towards education
- World's 2nd largest college educated pool
- A million science & engineering graduates a year
- Computer Science a popular major
- Vast IT professional pool (About 560,000)
- English widely spoken & understood
- Work ethics, adaptability, flexibility
- Quality Focus
 - 196 ISO certified
 - 71 CMM assessed
- Cost effective
- Government support
- Western legal and financial system



CSC India- An Overview



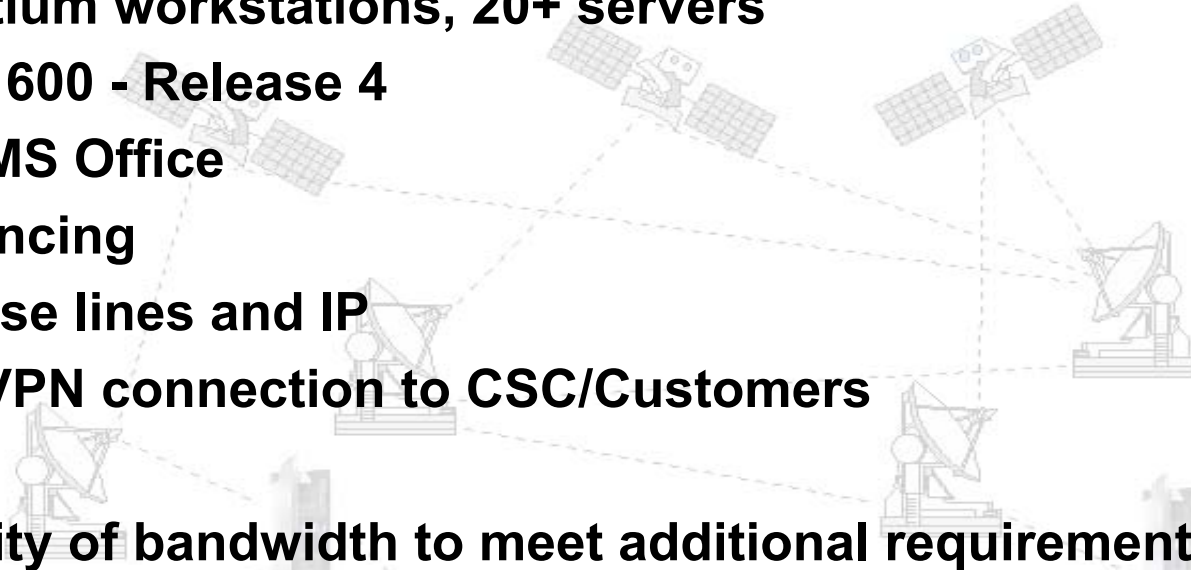
CSC India

A brief history

- **First office in Indore in Feb 1997**
- **100% CSC subsidiary**
- **Over 740 employees**
- **All work done for or through CSC**
- **More than 45 active projects**
- **Second office in Noida in Nov 2001**
- **90,000 sq. feet combined office space**
- **World-class facilities**
- **Excellent physical security**



Infrastructure

- 700+ IBM Pentium workstations, 20+ servers
 - AS/400 model 600 - Release 4
 - Lotus Notes, MS Office
 - Video conferencing
 - Voice over lease lines and IP
 - Leased lines/VPN connection to CSC/Customers
 - ISDN backup
 - Easy availability of bandwidth to meet additional requirement
- 



Disaster Recover Plan (DRP)

- **CSC India - DRP ready**
- **Every project and department covered**
- **Periodic audit**
- **Acceptable Recovery Time (ART) : 96 Hours.**
- **Acceptable Data Loss (ADL) : 1 Day.**
- **Acceptable Recovery Level (ARL) : 4,7,10 days for 1/3rd , 2/3rd and complete office**



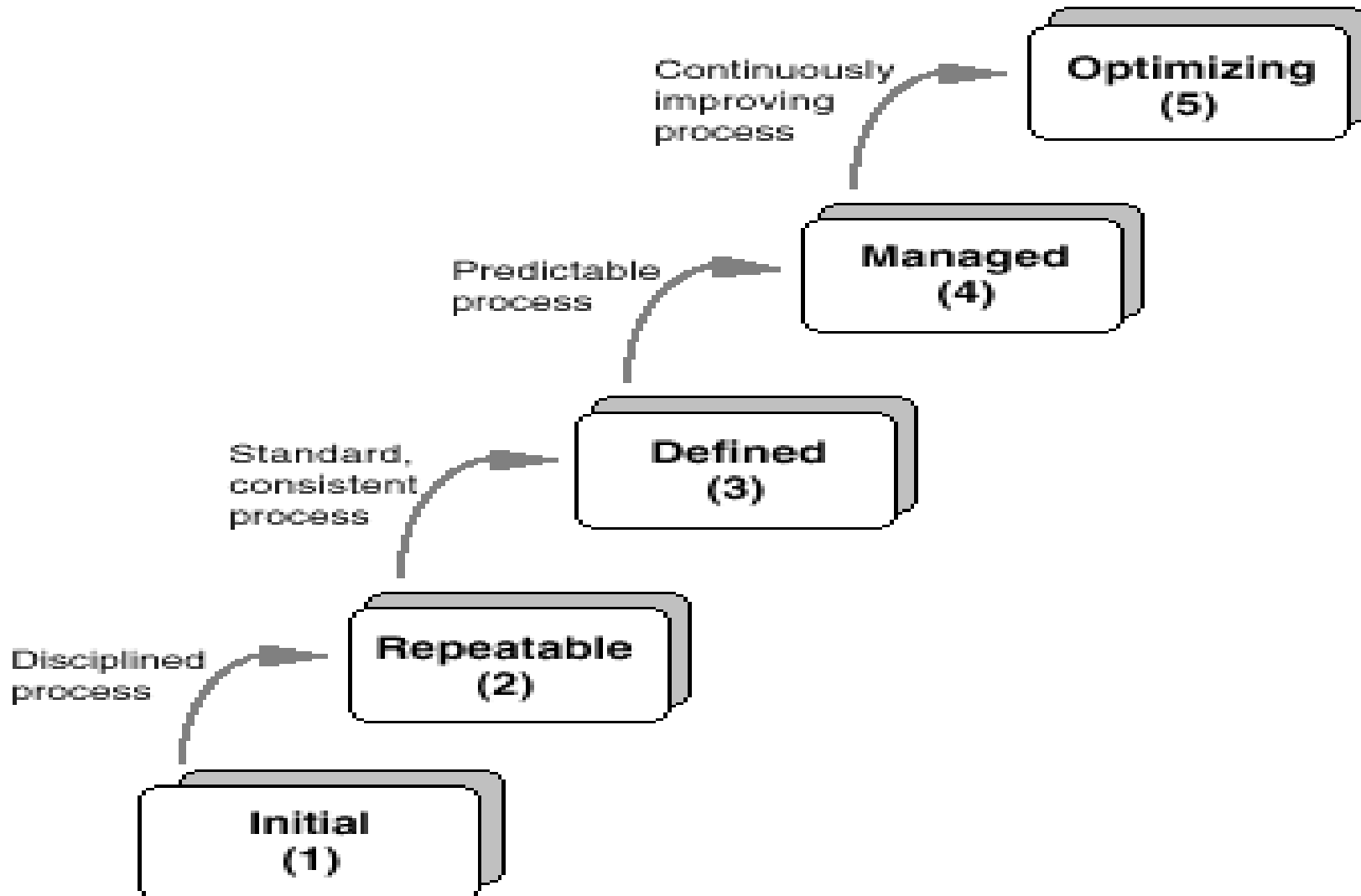
Quality Focus

- Achieved ISO 9001 in August 2000
- Achieved CMM Level 4 in April 2002
- Achieved CMM Level 5 in December 2002
- Expecting PCMM in 2003





SEI CMM Levels





Recruitment Criteria

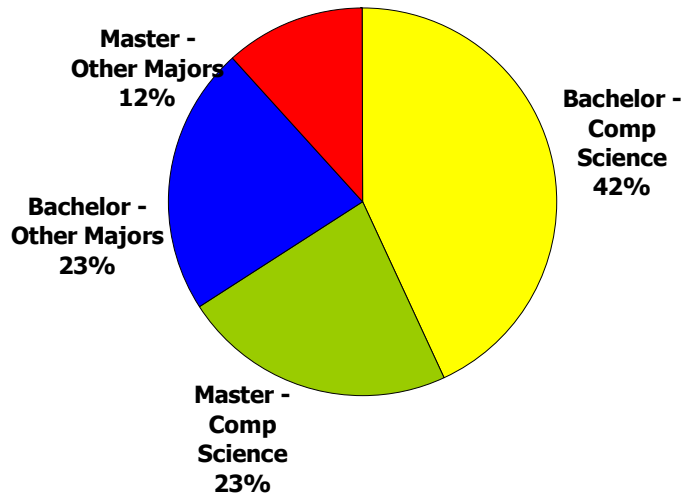
- **4 years Computer Science or related degree**
- **Premier Indian institutions**
- **Minimum 120 IQ**
- **Fluency in English**
- **Skill tests and series of interviews**
- **Selection ratio of 1:20+**
- **Screening by CSC US-Export Director**



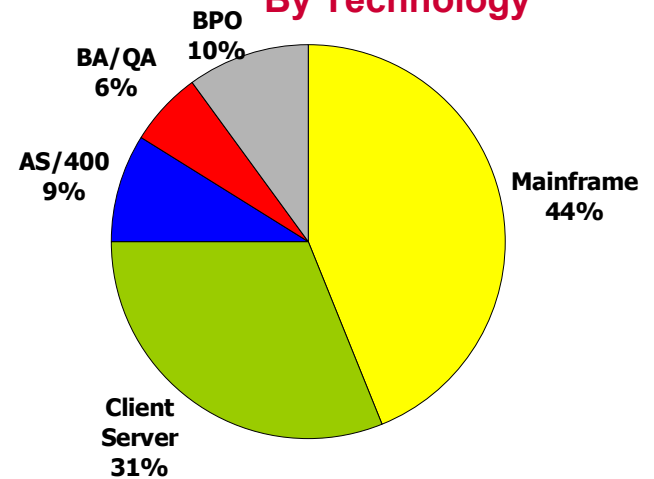


Employee Profile

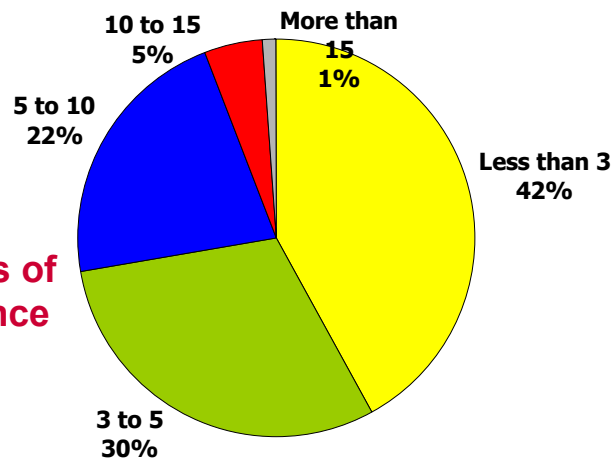
By Education



By Technology



By Years of Experience





Technical Skills

Mainframe

Client-Server

AS/400

E-Commerce



Technical Skills

Mainframe

- MVS
- JCL
- VSE
- COBOL
- Assembler
- CICS
- VSAM
- DB2
- IDMS
- Easytrieve

Client-Server

AS/400

E-Commerce



Technical Skills

Mainframe

Client-Server

AS/400

E-Commerce

- Windows NT, 2000
- OS/2, Unix
- C, C++, Visual C++
- Visual basic
- Visual J++
- Visual Source Safe
- Smalltalk
- Java
- COM/DCOM
- CORBA
- MQ Series
- SQL Server
- Access, Oracle
- MTS



Technical Skills

Mainframe

- OS/400

- CL/400

Client-Server

- RPG/400

- RPG IV

AS/400

- COBOL/400

- Synon

- Jacada

E-Commerce

- Jwalk

- GUI/400



Technical Skills

Mainframe

Client-Server

AS/400

E-Commerce

- HTML
- XML
- ASP
- JSP
- IIS
- ActiveX
- EJB
- Interdev
- VB Script
- Java Script
- WebSphere
- Rational Rose



Training

Technical training

- **College graduates – 3 months**
- **Continual internal and external training**
- **CBT, Standup, On – the - Job**



Training

- **Domain training for technical employees**
 - **Life Insurance**
 - **FLMI 280/290**
 - **P&C Insurance**
 - **Ins 21/22/23 or CPCU 1/5**
 - **Healthcare**
 - **AHM 250**
- **Others- Banking, PMP, CSQA**





CyberLife Global Sourcing Clients



Swiss Re



Jackson National Life Insurance Company®





Included in Cost of Resources

- **On work performed in India**
 - Covers: Salary, benefits, building rent, standard hardware/software, e-mail, phone, lease line access to client's data center
- **On work performed outside India (Customer site assumed)**
 - Covers: Salary, benefits, air fare, hotel, transportation, meal allowance
- **Additional charges paid by Customer**
 - CSC Data center mainframe charges, if any
 - Connectivity between CSC network to customer network
 - Special hardware / software / training unrelated to CSC applications & technology
 - All onsite charges including
 - Space allocation, Phone charges, Voice mail
 - Required HW/SW, E-mail access, LAN



Start Up Approach

- **Start with a limited number of people onsite**
- **(6-10 resources for the first six months)**
- **50-100% trained onsite for 3 to 6 months**
- **Lead time**
 - **1-2 months to start due to Visa filing requirements**
 - **More, if specialized training required**



Remote development is different ! ! !

- **Project manager commitment**
- **Planning is critical**
- **One point of customer contact**
- **Onsite coordinator / Liaison manager**
 - **Effective communication**
- **Initial project selection is critical**
 - **Start with easy projects**
 - **As knowledge develops-maintenance, service**
- **Well-defined requirements**
- **Initial investment / nurturing by customer**
- **Realistic goals in the first 6 months**
- **Stable relationship**

Opportunities, Challenges, Risks, Lessons Learned





How We Got To Where We Are Today

- Who started looking offshore, and Why?
- Pricing demands
- Limited supply of skills in newer technology
- What is the relationship?
 - Vendor
 - Direct engagement



Culture Shock (Us and Them)

- American culture
- Indian culture
- Coming to America
- Body language, inflections
 - Nod = Yes?
- Education
- Desire to please – Fear of disappointing
- Company Loyalty



What Are the Skillsets?

- **Technical**
 - Host
 - Other platforms
 - Special projects
 - Disaster Recovery
 - Core support for legacy systems
 - Code development
 - Repeatable activities



Skillsets (cont'd)

- **Project Management**
- **Business Analysts**
- **Underwriters**
- **Customer Service/Call Center**
- **Actuaries?**



Labor Laws/Regulations

- Recruiting
- Hiring and firing



Opportunities

- **Work ethic**
- **24 hours per day**
- **Cost**
- **Shadow employees**
- **Training**
- **CMM and ISO**



Challenges

- **24 hours per day (Yes, it is also a challenge)**
- **Language**
- **Resource switching**
- **Judgment**
- **Resistance by domestic employees**
- **Learning curve**
- **Limited disciplines**
 - “Older” technology
 - Actuaries
 - Variable products
- **Analysis and debugging**
- **Lack of Control**



Risks

- **Pakistan**
- **Anyone else**
- **Intellectual capital**
- **Salary spiral**
- **Visa's**
- **INS issues**
- **Turnover**
- **Political situation**
- **Connectivity**



Is It Right For You?

- **Strategy**
 - Onshore/Offshore/Domestic mix
 - Price guarantees
 - Long-term agreements
 - No swapping resources
- **Critical success factors**
 - Train onshore for 6+ months
 - Have qualified, dedicated SME as mentor
 - Have US presence

QUESTIONS ?

Roger Crouch
rcrouch2@CSC.com



Go ahead, we're listening.SM